EXHIBIT D

FINANCIAL ANALYSIS

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Gregory Robinson, Housing Administrator
City of Pasadena

From: Julie Romey

Date: December 9, 2005

Subject: Fair Oaks Court – Financial Gap Analysis

At your request, Keyser Marston Associates, Inc. (KMA) performed a financial gap analysis of the HHP-DFO, LLC (Developer) revised proposal to construct new units and rehabilitate existing units on the 1.76-acre site located at the southeast corner of Fair Oaks and Peoria (Site). There are currently 18 units located on the Site and the Developer is proposing the following:

1. Eight units will remain on the Site;
2. One unit will be relocated to another property;
3. Thirty-one (31) condominium units will be constructed on the Site; and
4. Seven units will be demolished.[1]

In addition, the Developer is proposing to rehabilitate an additional unit at 171 Carlton and construct two new units at 504 and 506 Cypress. The completed development will include 43 units, of which 33 units and 1,150 square feet of commercial space will be newly constructed and ten units will be rehabilitated (Project). The 43 units will be sold to the following households:

1. Thirty-seven (37) of the units are proposed to be sold to low and moderate income households;

[1] Four units are currently configured as duplexes and will be converted to two single-family detached units.

2. Two units will be sold as workforce housing; and

3. Four units will be unrestricted and sold at market rate sales prices.

The purpose of the KMA analysis is to describe the revised transaction and estimate the financial gap associated with the proposed scope of development.

BACKGROUND STATEMENT

In April 2002, Heritage Housing Partners (HHP) entered into an agreement with the City of Pasadena Housing Commission (Commission) to provide 15 affordable ownership housing units on scattered parcels throughout Northwest Pasadena (HHP Contract). Then, in 2003, HHP submitted a proposal to rehabilitate 12 units and to construct an additional 12 units on the Site, which KMA evaluated in a memorandum dated June 24, 2003. In that memorandum, KMA outlined a number of issues that needed to be resolved prior to the completion of the financial analysis of the 24-unit project. In addition, it is our understanding that the original Site plan was not acceptable to the City of Pasadena's (City) Planning and Development Department (PDD).

Subsequently in 2004, HHP submitted another proposal for a 44-unit project, and requested approximately $3.9 million in assistance from the Commission. The Commission approved the 2004 proposal with the condition that HHP attempt to obtain New Markets Tax Credit (NMTC) funding and entered into an Owner Participation and Loan Agreement (OPLA) with HHP. The OPLA also stipulated that the Project was to provide nine units towards the affordable housing unit requirements of the HHP Contract.

Since then, the HHP has obtained the NMTC funding. However, construction costs and interest rates have increased, and the Project received a $600,000 lower City of Industry allocation from the County of Los Angeles (County) than was expected. In addition, HHP has created a subsidiary, HHP-DFO, LLC (Developer), which is now the entity that will be responsible for the development of the Project. Due to changes in the structure of the transaction, the Developer is currently requesting $4.2 million in assistance to the Project, which includes the $3.9 million of assistance approved in the OPLA and $300,000 from the existing HHP Contract.

It should be noted that the NMTC funding requires that the existing HHP Contract and OPLA be terminated and two new agreements be entered into.

ANALYSIS ORGANIZATION

The KMA analysis, of the currently proposed scope of development, is presented at the end of this memorandum and is organized as follows:

Appendix A
Project Description

Appendix B
Financial Gap Analysis

The Developer is proposing that the Commission provide financial assistance to fill the portion of the Project's financial gap that cannot be funded from outside sources. The amount of Commission assistance required to make the Project financially feasible is equal to the gap between the estimated development costs, including a reasonable Developer profit, and the estimated sales revenues plus the proposed non-Commission subsidies.

The analysis details are discussed in Appendix B, and the pro forma tables are organized as follows:

Table 1A	Estimated Development Costs
Table 1B	Estimated Development Costs – Footnotes
Table 2A	Affordable Price Calculations – Non-Historic Units
Table 2B	Affordable Price Calculations – Historic Units
Table 3	Estimated Sales Revenues
Table 4	Financial Gap Calculation

Appendix C
NMTC Transaction Analysis

Exhibit 1	NMTC Transaction Flow Chart
Exhibit 2	Fair Oaks Court Transaction Flow Chart

PROJECT DESCRIPTION (APPENDIX A)

There are currently 18 single-family detached units located on the Site, which equates to a density of 10 units per acre. Recognizing that many existing units are considered to be of historical significance, the Developer proposes to undertake the following activities:

1. Seven units will be demolished;

2. One unit will be relocated to an off-site location at 171 Carlton;

3. Three units will be relocated on the Site; and

4. Five units will remain at their current locations.[2]

The Developer is proposing to rehabilitate the relocated unit and eight on-site units. In addition, the Developer is proposing to construct 31 attached units on the Fair Oaks side of the Site and three single-family detached units on Cypress. The resulting 43-unit Project will include the following:

1. The development on the Site will include eight rehabilitated units and 31 new condominium units. This represents a density of 22-units per acre on the 1.76-acre Site. The proposed unit mix is presented in the following table:

	Rehabilitated Units	New Construction Units	Total Units
One-Bedroom Units	0	6	6
Two-Bedroom Units	1	8	9
Three-Bedroom Units	5	8	13
Four-Bedroom Units	1	9	10
Five-Bedroom Units	1	0	1
Totals	8	31	39

2. The following summarizes the off-site units:

	Rehabilitated Units	New Construction Units	Total Units
Two-Bedroom Units	1	1	2
Three-Bedroom Units	0	2	2
Totals	1	3	4

3. Ground floor office space totaling 1,150 square of gross building area (GBA) will be located on the corner of Fair Oaks and Peoria.

[2] Four units are currently configured as duplexes and will be converted to two single-family detached units.

4. The City's Parking Code requires the residential/office development to include 86 parking spaces. These spaces will be provided in a subterranean parking structure.

The following summarizes the income and affordability restrictions proposed to be placed on the units:

	Low Income Units	Moderate Income Units	Workforce Units	Unrestricted Units	Total Units
One-Bedroom Units	2	4	0	0	6
Two-Bedroom Units	2	8	1	1	12
Three-Bedroom Units	2	9	1	2	14
Four-Bedroom Units	2	8	0	0	10
Five-Bedroom Units	0	0	0	1	1
Total Units	8	29	2	4	43
% of Total Units	19%	67%	5%	9%	100%

FINANCIAL GAP ANALYSIS (APPENDIX B)

The following summarizes KMA's detailed financial gap analysis, which is provided in Appendix B.

Total Development Costs

The Developer has estimated the development costs to total $18.36 million, or $427,000 per unit. In contrast, KMA estimates the development costs to total $18.48 million, or $429,700 per unit. The $114,000 difference is a less than 1% differential and therefore considered not to significant for a project of this size.

Estimated Sales Revenues

The following summarizes the estimated sales revenues:

1. The 1,150 square feet of office space will be used by the Developer for their own use. KMA previously estimated the cost of the office space to be $153,000, which equates to $133 per square foot of GBA. The Developer will pay the Commission $100,000 for the office space at the end of the seven-year NMTC period, if the funds are available. KMA assumed that no revenue will be generated from this space due to the uncertainty and timing of the payment.

2. KMA calculated the allowable sales prices for the low and moderate income units based on the assumption that the home buyers will obtain mortgage financing at a 6.08% interest rate.[3] In contrast, the Developer applied a 6% interest rate to the homebuyer's mortgages. The resulting differences in the revenues projections for the income restricted units are summarized as follows:

	KMA	Developer	Difference
Average Affordable Price/Unit	$189,830	$191,830	($2,000)
Number of Units	37	37	37
Total Revenues – Affordable Units	$7,023,700	$7,097,600	($73,900)

The Developer will also restrict two units as workforce housing, which limits the household income of qualified buyers to be 120% to 180% of the Los Angeles area median income (Median). These units will carry 15-year affordability restrictions. According to the City's 2005 published sales prices for such units, the maximum sales prices are as follows:

	Workforce Housing Sales Prices
Two-bedroom Units	$386,500
Three-bedroom Units	$429,400

3. Based on recent conversations with local realtors, the Developer estimates the total sales revenues for the four market rate units at $2.18 million, or an average or $545,000 per unit.[4] KMA applied the Developer's market rate sales prices in our analysis.

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[3] This estimate assumes the current FNMA 30-year fixed interest rate of 6.08% plus a 75 basis point spread for future interest rate increases to arrive at a base interest rate of 6.83%. Given that the Project has received approval for the BLOCK Program interest rate buy-down, which is approximately 75 basis points, KMA assumed that the low and moderate income homebuyers would finance their first deed of trust mortgages at a 6.08% net interest rate.

[4] While these units will be single-family detached units, the homes will be developed on small lots, and the units will be included in the Project's homeowner's association (HOA). In addition, the parking for each unit will be located in a subterranean parking garage with no access to the units. These features act to reduce the achievable market rate prices from the levels exhibited in the surrounding neighborhood.

Based on the assumptions noted previously, the Project's sales revenues are estimated as follows:

Sales Revenues	KMA	Developer	Difference
Restricted Units	$7,023,700	$7,097,600	($73,900)
Workforce Units	815,900	815,900	--0--
Market Rate Units	2,180,000	2,180,000	--0--
Total Sales Revenues	$10,019,600	$10,093,500	$73,400

Financial Gap Calculation

The total Project costs include a reasonable profit for the Developer. KMA set the threshold profit at 10% of the projected sales revenues, which the Developer assumed a 9.4% threshold profit.[5] The resulting financial gap calculations are presented as follows:

	KMA	Developer	Difference
Total Development Costs	$18,477,000	$18,363,000	$114,000
Developer Profit	1,002,000	950,000	52,000
(Less) Sales Revenues	(10,020,000)	(10,094,000)	74,000
Financial Gap	$9,459,000	$9,219,000	$240,000
Per Unit	$220,000	$214,400	$5,600
Per Affordable Unit	$255,600	$249,200	$6,400

As illustrated in the preceding table, prior to the receipt of any outside financial assistance, KMA estimates the Project's financial gap at $9.46 million, which is $240,000 higher than the Developer's estimate.

[5] The Developer did not include a developer fee in the total development costs and the resulting developer profit equals 12%. For comparison purposes, KMA assumed 3% of sales revenues is the developer fee and the remaining 9% is the developer profit, which is lower than the KMA 10% assumption.

Non-Commission Financial Assistance Sources

To partially off-set the financial gap, the Project has received approval for the following funding sources:

	Non-Commission Subsidy
County of Los Angeles / City of Industry Loan	$1,200,000
NMTC Net Proceeds	2,916,000
Total Non-Commission Subsidy	$4,166,000
Per Affordable Units	$111,200

Net Financial Gap

Once the identified outside public assistance funds are deducted from the financial gap, the net financial gap equals:

	KMA	Developer	Difference
Financial Gap	$9,459,000	$9,219,000	$240,000
(Less) Non-Commission Subsidy	(4,166,000)	(4,166,000)	--0--
Net Financial Gap	$5,343,000	$5,103,000	$240,000
Per Affordable Unit	$144,400	$137,900	$6,500

The Project demonstrates an unfilled gap of at least $5.10 million. The Developer is proposing that the Commission allocate the following funds to the Project:

1. The Commission has received a $930,000 BEGIN allocation from the State of California to be used on the 31 on-site new construction units that are going to be restricted to low and moderate income households.

2. The remaining unfunded gap, which totals $4.17 million, is requested to be funded with tax increment housing set-aside funds (Set-Aside) via the New Markets Tax Credit program.

NEW MARKETS TAX CREDIT FINANCIAL STRUCTURE ANALYSIS

The March 2004 OPLA required HHP to attempt to use the NMTC program to assist the Project. HHP has since assembled a transaction that requires the following:

1. The existing OPLA and HHP Contract must be terminated. It should be noted that currently there is $2.1 million of Commission funds outstanding on these agreements.

2. The Commission will enter into a new Investment Agreement to loan $4.17 million to HHP Investment, LLC. These funds will be pooled with $3.25 million from the City of Glendale (Glendale) and $6.27 million from Commercial Capital Bank (CCB) for a total of $13.86 million.

3. Clearinghouse, a Community Development Entity (CDE), has received a $13.68 million NMTC allocation from the U.S. Treasury Department. Therefore, HHP Investment, LLC will invest $13.68 million to the CDE.

4. The CDE has agreed to loan $13.68 million to the Developer, of which

   a. $10.44 million will be loaned to the Project based on the following:

      i. The $4.17 million Commission loan;[6] and

      ii. The $6.27 million CCB loan.

   b. $3.24 million will be provided to the Glendale project for land acquisition.

5. To have use of the CCB funds, the Project must pay the following:

   a. A 4% annual interest payment on the $6.27 million CCB loan; and

   b. A 1% annual allocation fee on the $13.68 million CDE allocation.

6. At the end of the Project:

   a. Approximately $3.35 million will be repaid to the Developer, which will then loan the funds to the Glendale project.

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[6] Approximately $2.1 million will be reimbursed to the Commission at the end of escrow for funds already expended on predevelopment and acquisition costs.

b. As a result, the Project will benefit from a $2.91 million subsidy.

c. The Developer will receive $4.17 million in second trust deed mortgage to the 37 affordable units. The Developer will transfer these mortgages to the Commission at the end of the seven years.

7. The net benefit to the Project from the use of the NMTC program is $2.86 million, or $77,200 per affordable unit.

AFFORDABILITY COVENANTS

Each of the proposed assistance sources imposes income and affordability restrictions on the Project. The affordable housing cost standards all conform to the requirements imposed by California Health and Safety Code Section 50052.5, and the most stringent covenant period requirement is established by California Health and Safety Code Section 33334.2.

Based on that fact, KMA recommends that the affordability covenants be set at 45 years for all 37 income-restricted housing units. Further, all of the Commission (Set-Aside and BEGIN) and the City of Industry funds should be secured by silent second and third trust deeds. The various funding sources have the following restrictions:

1. The $930,000 in BEGIN Program funds must be provided directly to the purchases of the 31 new construction units.

   a. The assistance is capped at $30,000 per unit.

   b. These funds can be provided to low or moderate income households.

2. The $1.20 million County loan must be applied to the 37 affordable units as follows:

   a. Up to $75,000 per low income unit, of which there will be eight units; and

   b. Up to $37,500 per moderate income unit, of which there are 29 units.

3. The Commission Set-Aside funds must be applied to all 37 units. This represents an average of $112,800 per unit.

The silent second and third trust deeds should be distributed as follows:

1. The BEGIN funds can be possibly combined with the Commission funds, and treated as second trust deeds on the 31 condominium units. This equals total assistance of $4.43 million, or an average of $142,800 per unit.

2. The Commission funds should be treated as silent second trust deeds on the four on-site moderate income rehabilitated units, one off-site moderate income new construction unit, and one off-site moderate income rehabilitation unit. This equals total assistance of $676,800.

3. The County loan will be structured as third trust deeds that will encumber all 37 restricted units. The assistance totals $1.20 million, or an average of $32,400 per unit.

It is important to note that the second and third trust deed amounts imposed on the unit will vary as a function for the number of bedrooms in the units and the income restriction being imposed. Further, in no event can the sum of the homebuyer's purchase price plus the silent second and third trust deeds exceed the unit's market value.

SUMMARY

KMA concludes that the Project exhibits a $4.17 million to $4.41 million net financial gap. Therefore, KMA concludes that the Developer's $4.17 million request for financial assistance is warranted. As such, the Commission funds that will be dedicated to this Project will total $4.17 million, or $112,800 per affordable unit.

APPENDIX A
PROJECT DESCRIPTION

APPENDIX A - TABLE 1

PROJECT DESCRIPTION
43 UNITS (34 NEW CONSTRUCTION UNITS, 9 REHABILITATED UNITS (39 ON-SITE UNITS AND 4 OFF-SITE UNITS)
FAIR OAKS COURT
PASADENA, CALIFORNIA

	# of Bedrooms	Unit Size (SF)	# of Units	Affordability Restrictions: Low	Moderate	Workforce Housing	None
I. Teardown Units [1]							
606 Fair Oaks	1	599	1	NA	NA	NA	NA
38 Peoria	1	538	1	NA	NA	NA	NA
612-14 Fair Oaks	2	1,261	1	NA	NA	NA	NA
6 Peoria	1	717	1	NA	NA	NA	NA
12 Peoria	1	717	1	NA	NA	NA	NA
14 Peoria	1	717	1	NA	NA	NA	NA
22 Peoria	1	717	1	NA	NA	NA	NA
Total Teardown Units	**8**	**752**	**7**	**NA**	**NA**	**NA**	**NA**
II. Off-Site Rehabilitation Units [1]							
604 Fair Oaks (Relocated-Carlton)	2	2,125	1	-	1	-	-
Total Off-Site Relocation Units	**2**	**NA**	**1**	**-**	**1**	**-**	**-**
III. Off-Site New Construction Units							
171 Carlton	2	1,500	1	-	-	1	-
504 Cypress	3	1,200	1	-	1	-	-
506 Cypress	3	1,200	1	-	-	1	-
Total Off-Site New Const. Units	**8**	**1,300**	**3**	**-**	**1**	**2**	**-**
IV. On-Site Rehabilitated Units [1]							
584 Fair Oaks [2]	3	1,473	1	-	1	-	-
590 Fair Oaks [2]	3	1,365	1	-	-	-	1
600 Fair Oaks [2]	5	3,500	1	-	-	-	1
24-26 Peoria	4	2,350	1	-	1	-	-
36 Peoria	3	1,702	1	-	1	-	-
40-42 Peoria	3	1,840	1	-	1	-	-
44 Peoria	2	1,375	1	-	-	-	1
46 Peoria	3	980	1	-	-	-	1
Total Rehabilitated Units	**26**	**1,823**	**8**	**-**	**4**	**-**	**4**
V. New Construction Units							
Type 1	1	725	6	2	4	-	-
Type 2	2	1,132	8	2	6	-	-
Type 3	3	1,685	8	2	6	-	-
Type 4	4	1,803	9	2	7	-	-
Total New Construction Units	**82**	**1,391**	**31**	**8**	**23**	**-**	**-**
VI. Project Units							
Off-Site Units	10		4	-	2	2	-
On-Site Units	108		39	8	27	-	4
Total Project Units	**118**		**43**	**8**	**29**	**2**	**4**
% of Total Units			**100%**	**19%**	**67%**	**5%**	**9%**

[1] Historic units.
[2] These units will be relocated on the Site.

Prepared by: Keyser Marston Associates, Inc.
Filename: HHP Analysis - 12 14 05; Appx A - Table 1; jlr; 12/14/2005

APPENDIX B
FINANCIAL GAP ANALYSIS

FINANCIAL GAP ANALYSIS

DEVELOPMENT COSTS (TABLES 1A AND 1B)

As shown in Table 1A, the development costs were based on the following assumptions:

Assemblage Costs

The Developer estimates the acquisition costs as follows:

1. In April 2005, HHP purchased the Site for $2.68 million, or $148,600 per existing unit and $35 per square foot of land area. A February 2004 appraisal of the Site values the property at $3.01 million, or $187,800 per unit.[7] HHP will transfer the property to the Developer as part of this transaction.

2. The Project requires one unit to be relocated to another location as well as three existing HHP projects to be completed off-site. HHP already owns the four off-site locations, totaling 11,167 square feet, which were purchased for $335,000, or $30 per square foot of land area. These sites will also be transferred to the Developer.

3. The relocation consultant currently estimates that the existing units are occupied by 24 households and that the relocation costs will average $45,000 per household. The total relocation costs are estimated at $1.08 million. This estimate assumes that all of the current households will receive a lump sum payment, and will not be able to purchase one of the completed units. However, there could be some potential cost savings since eleven tenants are scheduled to be relocated to the Orange Grove project once it is completed in April 2006.

The total assemblage costs are estimated at $4.09 million, $95,100 per unit.

Direct Costs

The KMA financial analysis is based on the assumption that the Developer will not be required to pay prevailing wages to the contractors and subcontractors engaged to construct the Project.[8] The Developer's direct cost assumptions also include contractor fees, and a $665,000 contingency allowance, which equates to 7.5% of the hard construction costs. The costs are estimated as follows:

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[7] The Purchase Agreement allowed for the Site owner to receive a charitable donation deduction if the appraised value was higher than the agreed upon purchase price.

[8] The Developer will indemnify the City from future risk of a prevailing wage requirement.

1. The off- and on-site improvements and landscaping costs are estimated at $791,000, or $18,400 per unit. We suggest that the City staff verify the scope of the improvements and the accuracy of the Developer's estimates.

2. The demolition of seven units and relocation of four units is estimated to cost $226,000, or $20,500 per unit.

3. The 86-space subterranean parking structure is estimated to cost $20,200 per space, or a total of $1.74 million.

4. The rehabilitation costs are estimated at $1.05 million, or $116,700 per unit for the nine units to be rehabilitated.

5. The building shell construction costs are estimated as follows:

    a. Approximately $153,000, or $133 per square foot for the office space; and

    b. Approximately $6.36 million for the residential space, which equates to $187,000 per new construction unit and $147 per square foot of GBA.

The direct costs are estimated at $10.32 million. This equals $239,900 per unit.

Indirect Costs

KMA estimated the indirect costs under the following assumptions:

1. KMA estimated the architecture, engineering and consulting fees at 6% of the acquisition and direct costs, or $800,000.

2. The Developer estimates the public permits and fees costs at $325,000, or $7,600 per unit. This estimate includes a $25,000 façade easement. The Developer assumed that the City will not waive the majority of the Project's fees under existing programs for affordable housing projects as not to trigger a prevailing wage requirement. The City staff should verify the accuracy of the Developer's estimate.

3. KMA provided an allowance equal to 2% of acquisition and direct costs for legal, taxes and accounting costs.

4. Due to the complexity of the NMTC transaction, the Developer has assumed $100,000 for the legal fees related to the NMTC transaction.

5. The Developer estimates the insurance costs at $922,000, which equates to $21,450 per unit and 9% of the sales revenues.

6. KMA provided a $1,500 per unit marketing allowance for the Project.

7. The Developer fee is intended to compensate the Developer for out-of-pocket general and administrative expenses. KMA set this fee at the industry standard of 3% of the sales revenues.

8. KMA provided a contingency allowance equal to 5% of the other indirect costs.

KMA estimates the indirect costs at $2.92 million, which is approximately $59,000 lower than the Developer's $2.98 million estimate.

Financing Costs

The following summarizes the KMA financing and closing cost estimates:

1. Interest During Predevelopment and Construction:

    a. Enterprise Loan – The Project received a $1.73 million acquisition loan from the Enterprise Foundation. The loan will be repaid when the NMTC transaction closes, a 21-month total predevelopment period, and carries a 6% interest rate.[9]

    b. Construction Loan – Assumes the Project will obtain a $4.40 million construction loan carrying a 6% interest rate, and an average outstanding balance of 25% over the 18-month construction period. The Developer plans to take-down the construction loan during the last stages of construction.

    c. NMTC Loan – The Project will receive a $6.27 million loan via the NMTC transaction. The terms on this loan are a 4% interest rate and a 100% outstanding average balance. It is estimated that the loan will be outstanding for 18 months. The estimated $376,000 interest payments will ultimately be paid to Commercial Capital Bank (CCB).

2. Financing Fees:

    a. Enterprise Loan – The loan fees are estimated at two points, or $35,000.

    b. Construction Loan – The loan fees are estimated at two points, or $44,000.

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[9] The Enterprise Loan is to be repaid with NMTC funds during escrow.

c. BLOCK Program Interest Rate Lock Fee – The Project has received a forward commitment for the BLOCK Program, which has a 1.5 point fee totaling $110,000.

d. NMTC Loan - The loan fees are estimated at 3.27 points on the $6.27 million loan. However, the fees are based on annual payments of 1% of the $13.68 million NMTC allocation. The estimated $205,000 in allocation fees will ultimately be paid to Clearinghouse, the CDE.

3. The Developer estimates that the existing units will generate approximately $9,500 per month in net operating income during the 21-month predevelopment period. This monthly cash flow will discontinue once the relocation and rehabilitation processes begin.

4. The closing costs, commissions and warranties are estimated as follows:

   a. The closing costs are estimated at 1.5% of the total residential sales revenues.

   b. The Developer is warranting that commissions will not be required to be paid on the affordable units. Therefore, KMA assumed that the total commission costs would include 3% of the market rate sales prices.

   c. The warranties are estimated to cost $2,000 per unit.

KMA estimated the total financing and closing costs at $1.15 million, which is $173,000 higher than the Developer's estimate of $978,000. The difference between the KMA and Developer estimates are predominately the result of the higher sales costs estimates by KMA.

Total Development Costs

As shown in Table 1A, KMA estimates the total development costs at $18.48 million, which is $114,000 higher than the Developer's estimate. However, the KMA estimates differ from the Developer's estimates on a category-by-category basis. The differences are summarized in the following table:

	KMA	Developer	Difference
Acquisition Costs	$4,090,000	$4,090,000	$0
Direct Costs	10,317,000	10,317,000	0
Indirect Costs	2,919,000	2,978,000	(59,000)
Financing/Closing Costs	1,151,000	978,000	173,000
Total Development Costs	$18,477,000	$18,363,000	$114,000
Per Unit	$429,700	$427,700	$2,000