

**APPENDIX A
HERITAGE HOUSING PARTNERS
FAMILY OWNERSHIP COMPONENT**

APPENDIX A: TABLE 1

**ESTIMATED DEVELOPMENT COSTS
32 RESIDENTIAL CONDOMINIUMS
FAMILY OWNERSHIP COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

I. <u>Land -Related Costs</u>¹			
Land Acquisition			\$0
Relocation			89,000
Demolition			47,000
Off-Site Improvements			369,000
Total Land-Related Costs			\$505,000
II. <u>Direct Costs</u>²			
On-Site Improvements	32 Units	\$10,000 /Unit	\$320,000
Subterranean Parking Structure ³	67 Spaces	\$15,600 /Space	1,042,000
Building Shell	33,400 Sf GBA	\$190 /Sf	6,346,000
FF&E	Allowance		-
Total Direct Costs	33,400 Sf GBA	\$231 /Sf	\$7,708,000
III. <u>Indirect Costs</u>			
Architecture, Engineering & Consulting	6.0% Direct Costs		\$462,000
Public Permits & Fees ⁴	32 Units	\$12,250 /Unit	392,000
Taxes, Legal & Accounting	2.0% Direct Costs		154,000
Insurance	32 Units	\$15,000 /Unit	480,000
Marketing ⁵	32 Units	\$6,560 /Unit	210,000
Developer Fee ⁶	3.0% Revenues		298,000
Soft Cost Contingency Allowance	5.0% Other Indirect Costs		100,000
Total Indirect Costs			\$2,096,000
IV. <u>Financing/Closing Costs</u>			
Interest & Loan Origination Fees ⁷	70.0% Financed		\$300,000
Resid Closing, Comm & Warranties ⁸	5.5% Residential Revenues		542,000
Total Financing/Closing Costs			\$842,000
V. Total Development Costs	33,400 Sf GBA	\$334 /Sf	\$11,151,000
Total Construction Costs	33,400 Sf GBA	\$319 /Sf	\$10,646,000

¹ Based on estimate provided by City Staff, prorated by GBA.

² Estimates assume prevailing wage requirements will be imposed on the Project. The budget includes a 14% allowance for contractor overhead, supervision costs, and profit; a 5% contingency allowance and a 1% allowance for construction bonds.

³ KMA estimated the total parking costs to be \$30,000 per space less the \$14,400 per space benefit from the NMTC program.

⁴ Based on estimates provided by City Staff. Assumes permit fees are equal to \$279,701; and impact fees are equal to \$756 per affordable unit.

⁵ Assumes \$5,000 per unit for marketing; and \$50,000 for a model unit.

⁶ See APPENDIX A: TABLE 2 for the sales revenue estimate.

⁷ A 7.0% interest cost for debt and equity; a 12 month construction period; a 5 unit/month absorption period; 10% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

⁸ See APPENDIX A: TABLE 2 for residential sales revenue estimates. Assumes 3.0% and 1.5% of residential sales revenues for commissions and closing costs, respectively. Also includes \$3,000/unit for warranties.

APPENDIX A: TABLE 2

**RESIDUAL LAND VALUE/(FINANCIAL GAP)
32 RESIDENTIAL CONDOMINIUMS
FAMILY OWNERSHIP COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

I. Residential Sales Revenues ¹			
New Moderate - Inclusionary -1-Bdrms - 850 Sf	5 Units	\$189,000 /Unit	\$945,000
New Moderate - Inclusionary -2-Bdrms - 1,050 Sf	5 Units	\$212,100 /Unit	1,061,000
New Moderate - Inclusionary -3-Bdrms - 1,250 Sf	4 Units	\$236,600 /Unit	946,000
New Workforce @ 140%-160% -1-Bdrms - 850 Sf	4 Units	\$304,000 /Unit	1,216,000
New Workforce @ 140%-160% -2-Bdrms - 1,050 Sf	4 Units	\$343,000 /Unit	1,372,000
New Workforce @ 140%-160% -3-Bdrms - 1,250 Sf	4 Units	\$381,900 /Unit	1,528,000
New Market 1-BR -1-Bdrms - 850 Sf	2 Units	\$400,000 /Unit	800,000
New Market 2-BR -2-Bdrms - 1,050 Sf	2 Units	\$475,000 /Unit	950,000
New Market 3-BR -3-Bdrms - 1,250 Sf	2 Units	\$550,000 /Unit	1,100,000
Total Project Sales Revenues	32 Units	\$309,900 /Unit	\$9,918,000
II. Development Costs			
Land-Related Costs		See APPENDIX A: TABLE 1	\$505,000
Construction Costs		See APPENDIX A: TABLE 1	10,646,000
Threshold Developer Profit ²		15.0% Sales Revenues	1,488,000
Total Development Costs	32 Units	\$395,000 /Unit	\$12,639,000
III. Residual Land Value/(Financial Gap)			
Total Project Sales Revenues			\$9,918,000
(Less) Total Development Costs			(12,639,000)
V. Total Residual Land Value/(Financial Gap)	32 Units	(\$85,000) /Unit	(\$2,721,000)

¹ Market rate sales prices are based on Developer's estimates while KMA used the City published affordable sales prices for the income restricted units.

² KMA estimate based on development profit requirements for similar projects.

APPENDIX A: TABLE 3

**KMA & DEVELOPER COMPARISON
FAMILY OWNERSHIP COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

	<u>KMA</u>	<u>DEVELOPER</u>	<u>DIFFERENCE</u>
I. <u>Development Costs</u>			
Land Assemblage	\$505,000	\$100,000	\$405,000
Direct Costs	7,708,000	6,912,000	796,000
Indirect Costs	2,096,000	2,915,000	(819,000)
Financing Costs	842,000	1,103,000	(261,000)
Total Development Costs	\$11,151,000	\$11,030,000	\$121,000
Per Unit	\$348,500	\$344,700	\$3,800
II. Residential Sales Revenues	\$9,918,000	\$10,422,000	(\$504,000)
Per Unit	\$309,900	\$325,700	(\$15,800)
III. <u>Development Costs</u>			
Land Related Costs	\$505,000	\$100,000	\$405,000
Construction Costs	10,646,000	10,931,000	(285,000)
Threshold Developer Profit	1,488,000	0	1,488,000
Total Development Costs	\$12,639,000	\$11,031,000	\$1,608,000
IV. <u>Residual Land Value/(Financial Gap)</u>			
Residential Sales Revenues	\$9,918,000	\$10,422,000	(\$504,000)
(Less) Total Development Costs	(12,639,000)	(11,031,000)	(1,608,000)
Residual Land Value/(Financial Gap)	(\$2,721,000)	(\$609,000)	(\$2,112,000)
Per Unit	(\$85,000)	(\$19,000)	(\$66,000)
Per Sf Land Area	(\$22)	(\$5)	(\$17)

**APPENDIX B
HERITAGE HOUSING PARTNERS
FAMILY RENTAL COMPONENT**

APPENDIX B: TABLE 1

**ESTIMATED DEVELOPMENT COSTS
40 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
FAMILY RENTAL COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

I. Land-Related Costs ¹			
Land Acquisition			\$0
Relocation			135,000
Demolition			72,000
Off-Site Improvements			562,000
Total Land-Related Costs			\$769,000
II. Direct Costs ²			
On-Site Improvements	41 Units	\$10,000 /Unit	\$410,000
Building Shell	45,950 Sf GBA	\$150 /Sf	6,893,000
Subterranean Parking	96 Spaces	\$30,000 /Space	2,880,000
Community Room	1,500 Sf GBA	\$150 /Sf	225,000
Childcare Center	3,350 Sf GBA	\$150 /Sf	503,000
Furnishing		Allowance	50,000
Total Direct Costs	41 Units	\$267,300 /Unit	\$10,961,000
III. Indirect Costs			
Architecture, Engineering & Consulting	6.0% Direct Cost		\$658,000
Permits & Fees ³	41 Units	\$9,430 /Unit	387,000
Taxes, Legal & Accounting	1.5% Direct Cost		164,000
Insurance	41 Units	\$2,000 /Unit	82,000
Marketing/Leasing	41 Units	\$1,000 /Unit	41,000
Developer Fee ⁴	12% Applicable Tax Credit Basis		1,479,000
Soft Cost Contingency	5.0% Other Ind		141,000
Total Indirect Costs	41 Units	\$72,000 /Unit	\$2,952,000
IV. Financing Costs			
Capitalized Reserves ⁵	41 Units	\$1,707 /Units	\$70,000
Tax Credit Costs ⁶			60,000
Interest During Construction ⁷	\$7,209,000 Loan	7.0% Interest	530,000
Loan Origination Fees			
Construction Loan	\$7,209,000	1.50 Points	108,000
Permanent Loan	\$1,197,000	2.00 Points	24,000
Total Financing Costs	41 Units	\$19,300 /Unit	\$792,000
V. Total Development Costs	41 Units	\$377,400 /Unit	\$15,474,000

¹ Based on estimate provided by City Staff, prorated by GBA.

² Estimates assume prevailing wage requirements will be imposed on the Project. The budget includes a 14% allowance for contractor overhead, supervision costs, and profit; a 5% contingency allowance and a 1% allowance for construction bonds.

³ Based on estimates provided by City Staff. Assumes permit fees are equal to \$355,538; and impact fees are equal to \$756 per affordable unit.

⁴ Equal to the amount identified by the Developer. This amount is less than the maximum allowed by TCAC.

⁵ Assumes 3 months of general operating expenses, capital reserve deposits and debt service.

⁶ Includes \$2,000 application fee; \$410/unit monitoring fee; and 4% of the gross Tax Credit proceeds for one-year.

⁷ The construction loan includes 50% of the Tax Credit equity which will not be funded during construction. Assumes a 21 month construction period; & a 60% average outstanding balance.

APPENDIX B: TABLE 2

STABILIZED NET OPERATING INCOME
 40 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
 FAMILY RENTAL COMPONENT
 HERITAGE HOUSING PARTNERS
 PASADENA, CALIFORNIA

I. Income¹			
Manager	1 Unit @	\$0 /Month	\$0
<u>VL Inc Redev/Tax Credit @ 30% Median</u>			
2-Bdrms @ 850 Sf	3 Units @	\$400 /Month	14,400
3-Bdrms @ 1,050 Sf	1 Unit @	\$461 /Month	5,500
<u>Tax Credits @ 40% Median</u>			
2-Bdrms @ 850 Sf	3 Units @	\$556 /Month	20,000
3-Bdrms @ 1,050 Sf	1 Unit @	\$641 /Month	7,700
<u>Tax Credit @ 50% Median</u>			
2-Bdrms @ 850 Sf	21 Units @	\$712 /Month	179,400
3-Bdrms @ 1,050 Sf	11 Units @	\$821 /Month	108,400
Laundry/Miscellaneous Income	41 Units @	\$5 /Month	2,000
Gross Income			\$337,400
(Less) Vacancy and Collection	5.0% Gross Income		(16,900)
II. Effective Gross Income (EGI)			\$320,500
III. Operating Expenses²			
General Operating Expenses	41 Units @	\$4,000 /Unit	\$164,000
Property Taxes ³	41 Units @	\$73 /Unit	3,000
Supportive Services ⁴	41 Units @	\$488 /Unit	20,000
Capital Reserve	41 Units @	\$300 /Unit	12,300
Total Operating Expenses	41 Units @	(\$4,860) /Unit	(\$199,300)
IV. Net Operating Income			\$121,200

¹ Based on Los Angeles County 2006 incomes distributed by HUD/HCD. As pertinent, the rents are based on California Health & Safety Code Section 50053; and rents published by TCAC. Utilities allowances: 2-Bdrm - \$68 and 3-Bdrm - \$79; the manager's unit is treated as a low income Tax Credit unit.

² Based on KMA experience with similar projects.

³ Based on assumption that the Developer will receive the property tax abatement accorded to nonprofit organization that develop income restricted apartments.

⁴ Based on Developer estimates.

APPENDIX B: TABLE 3

RESIDUAL LAND VALUE/(FINANCIAL GAP)
 40 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
 FAMILY RENTAL COMPONENT
 HERITAGE HOUSING PARTNERS
 PASADENA, CALIFORNIA

I. Available Funding Sources			
A. Conventional Financing			
Net Operating Income		\$121,200	
Avail for Debt Service @ 115% Coverage		\$105,400	
Interest Rate/Mortgage Constant	8.00% Interest		8.81% Constant
Total Supportable Debt			\$1,197,000
B. Federal Low Income Housing Tax Credit Proceeds ¹			
Gross Tax Credit Value		\$10,315,000	
Syndication Value	\$0.95 /Tax Credit Dollar		
Net Tax Credit Value			\$9,790,000
C. Center for Community & Family Services			\$1,200,664
D. AHP Grant ²	41 Units	\$4,878 /Unit	\$200,000
E. City of Industry Funds ²	41 Units	\$40,400 /Unit	\$1,658,000
F. NMTC Proceeds for Parking Costs ²	96 Spaces	\$14,444 /Unit	\$1,387,000
G. Deferred Developer Fee ²			\$581,000
Total Available Funding Sources			\$16,013,664
II. Residual Land Value/(Financial Gap)			
Total Available Funding Sources			\$16,013,664
(Less) Total Development Costs			(15,474,000)
III. Total Residual Land Value/(Financial Gap)	41 Units	\$13,200 /Unit	\$539,664

¹ \$12.7 million eligible basis (including a 130% difficult to develop premium); an 8.10% tax credit rate; and an applicable fraction of 100%.

² Based on Developer estimates.

APPENDIX B: TABLE 4

**KMA & DEVELOPER COMPARISON
40 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
FAMILY RENTAL COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

	<u>KMA</u>	<u>DEVELOPER</u>	<u>DIFFERENCE</u>
I. <u>Development Costs</u>			
Land-Related Costs	\$769,000	\$35,000	\$734,000
Direct Costs	10,961,000	14,669,000	(3,708,000)
Indirect Costs	2,952,000	3,560,000	(608,000)
Financing Costs	792,000	1,896,000	(1,104,000)
Total Development Costs	\$15,474,000	\$20,160,000	(\$4,686,000)
Per Unit	\$377,400	\$491,700	(\$114,300)
Per Sf GBA	\$300	\$400	(\$90)
II. <u>Net Operating Income</u>			
Effective Gross Income	\$320,500	\$316,900	\$3,600
(Less) Operating Expenses	(199,300)	(199,600)	300
Net Operating Income	\$121,200	\$117,300	\$3,900
III. <u>Available Funding Sources</u>			
Conventional Financing	\$1,197,000	\$1,168,000	\$29,000
Federal Low Income Tax Credits	9,790,000	11,255,000	(1,465,000)
Ctr for Comm & Family Services	1,201,000	1,201,000	0
AHP Grant	200,000	200,000	0
City of Industry Funds	1,658,000	1,658,000	0
NMTC Proceeds for Parking	1,387,000	1,387,000	0
Deferred Developer Fee	581,000	581,000	0
Total Available Funding Sources	\$16,014,000	\$17,450,000	(\$1,436,000)
Per Unit	\$390,600	\$425,600	(\$35,000)
IV. <u>Residual Land Value/(Financial Gap)</u>			
Total Available Funding Sources	\$16,014,000	\$17,450,000	(\$1,436,000)
(Less) Total Development Costs	(15,474,000)	(20,160,000)	4,686,000
V. Total Residual Land Value/(Financial Gap)	\$540,000	(\$2,710,000)	\$3,250,000
Per Unit	\$13,200	(\$66,100)	\$79,300
Per Sf Land Area	\$4	(\$22)	\$26

**APPENDIX C
HERITAGE HOUSING PARTNERS
HISTORICAL SENIOR RENTAL COMPONENT**

APPENDIX C: TABLE 1

ESTIMATED DEVELOPMENT COSTS
 27 VERY-LOW INCOME UNITS & 0 MANAGER'S UNIT
 HISTORICAL SENIOR RENTAL COMPONENT
 HERITAGE HOUSING PARTNERS
 PASADENA, CALIFORNIA

I. Land-Related Costs ¹			
Land Acquisition			\$0
Relocation			43,000
Demolition			23,000
Off-Site Improvements			179,000
Total Land-Related Costs			\$245,000
II. Direct Costs ²			
On-Site Improvements	27 Units	\$10,000 /Unit	\$270,000
Rehab & Moving Costs ³	16,200 Sf GBA	\$183 /Sf	2,972,000
Parking	17 Spaces	\$30,000 /Space	510,000
Furnishing	Allowance		0
Total Direct Costs	27 Units	\$139,000 /Unit	\$3,752,000
III. Indirect Costs			
Architecture, Engineering & Consulting	6.0% Direct Cost		\$225,000
Permits & Fees ⁴	27 Units	\$5,900 /Unit	159,000
Taxes, Legal & Accounting	1.5% Direct Cost		56,000
Insurance	27 Units	\$2,000 /Unit	54,000
Marketing/Leasing	27 Units	\$1,000 /Unit	27,000
Developer Fee	3% Direct Costs		113,000
Soft Cost Contingency	5.0% Other Ind		32,000
Total Indirect Costs	27 Units	\$24,700 /Unit	\$666,000
IV. Financing Costs			
Capitalized Reserves ⁵	27 Units	\$1,185 /Units	\$32,000
Interest During Construction ⁶	\$2,549,000 Loan	7.0% Interest	125,000
Loan Origination Fees			
Construction Loan	\$2,549,000	1.50 Points	38,000
Permanent Loan	\$2,265,000	2.00 Points	45,000
Total Financing Costs	27 Units	\$8,900 /Unit	\$240,000
V. Total Development Costs	27 Units	\$181,600 /Unit	\$4,903,000

¹ Based on estimate provided by City Staff, prorated by GBA.

² Estimates assume prevailing wage requirements will be imposed on the Project. The budget includes a 14% allowance for contractor overhead, supervision costs, and profit; a 5% contingency allowance and a 1% allowance for construction bonds.

³ Based on estimates provided by the Developer.

⁴ Based on estimates provided by City Staff. Assumes permit fees are equal to \$138,774; and impact fees are equal to \$756 per affordable unit.

⁵ Assumes 3 months of general operating expenses, capital reserve deposits and debt service.

⁶ The construction loan includes 50% of the Tax Credit equity which will not be funded during construction. Assumes a 14 month construction period; & a 60% average outstanding balance.

APPENDIX C: TABLE 2

STABILIZED NET OPERATING INCOME
 27 VERY-LOW INCOME UNITS & 0 MANAGER'S UNIT
 HISTORICAL SENIOR RENTAL COMPONENT
 HERITAGE HOUSING PARTNERS
 PASADENA, CALIFORNIA

I. Income ¹			
Manager	0 Units @	\$0 /Month	\$0
<u>Inclusionary Housing Moderate Income</u>			
1-Bdrm @ 600 Sf	27 Units @	\$1,244 /Month	403,100
Laundry/Miscellaneous Income	27 Units @	\$5 /Month	2,000
Gross Income			<u>\$405,100</u>
(Less) Vacancy and Collection	5.0% Gross Income		<u>(20,300)</u>
II. Effective Gross Income (EGI)			\$384,800
III. Operating Expenses ²			
General Operating Expenses	27 Units @	\$3,200 /Unit	\$86,400
Property Taxes ³	27 Units @	\$1,514 /Unit	40,900
Supportive Services ⁴	27 Units @	\$0 /Unit	20,000
Capital Reserve	27 Units @	\$300 /Unit	8,100
Total Operating Expenses	27 Units @	(\$5,760) /Unit	(\$155,400)
IV. Net Operating Income			\$229,400

¹ Based on Los Angeles County 2006 incomes distributed by HUD/HCD. As pertinent, the rents are based on the City's Inclusionary Housing Ordinance rents published by the City; a 1-Bdrm - \$53 utility allowance; and no unit set aside for manager.

² Based on KMA experience with similar projects.

³ Based on the assumption that the units will qualify to receive a property tax exemption due to the Mills Act. Estimate provided by the Developer.

⁴ Based on Developer estimates.

APPENDIX C: TABLE 3

RESIDUAL LAND VALUE/(FINANCIAL GAP)
 27 VERY-LOW INCOME UNITS & 0 MANAGER'S UNIT
 HISTORICAL SENIOR RENTAL COMPONENT
 HERITAGE HOUSING PARTNERS
 PASADENA, CALIFORNIA

I. Available Funding Sources

A. Supportable Private Investment

Stabilized Net Operating Income		\$229,400	
Threshold Return on Investment		9.00%	
			\$2,549,000

Supportable Private Investment

B. Fuller House Moving Allowance ¹	27 Units @	\$11,100 /Unit	\$300,000
C. NMTC Proceeds for Parking ¹	17 Spaces	\$14,444 /Unit	\$246,000
D. Residual Land Value from Ownership Component			\$0

Total Available Funding Sources **\$3,095,000**

II. Residual Land Value/(Financial Gap)

Total Available Funding Sources		\$3,095,000
(Less) Total Development Costs		(4,903,000)

III.	Total Residual Land Value/(Financial Gap)	27 Units	(\$67,000) /Unit	(\$1,808,000)
------	--	----------	------------------	----------------------

¹ Based on Developer estimates.

APPENDIX C: TABLE 4

**KMA & DEVELOPER COMPARISON
27 VERY-LOW INCOME UNITS & 0 MANAGER'S UNIT
HISTORIC SENIOR RENTAL COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

	KMA	DEVELOPER	DIFFERENCE
I. <u>Development Costs</u>			
Land-Related Costs	\$245,000	\$100,000	\$145,000
Direct Costs	3,752,000	3,662,000	90,000
Indirect Costs	666,000	1,261,000	(595,000)
Financing Costs	240,000	225,000	15,000
Total Development Costs	\$4,903,000	\$5,248,000	(\$345,000)
Per Unit	\$181,600	\$194,400	(\$12,800)
Per Sf GBA	\$300	\$320	(\$10)
II. <u>Net Operating Income</u>			
Effective Gross Income	\$384,800	\$399,000	(\$14,200)
(Less) Operating Expenses	(155,400)	(212,600)	57,200
Net Operating Income	\$229,400	\$186,400	\$43,000
III. <u>Available Funding Sources</u>			
Supportable Private Investment	\$2,549,000	\$2,514,000	\$35,000
Fuller House Moving Allowance	300,000	300,000	0
NMTC Proceeds for Parking	246,000	246,000	0
Excess Profits from Condominiums	0	785,000	(785,000)
Total Available Funding Sources	\$3,095,000	\$3,845,000	(\$750,000)
Per Unit	\$114,600	\$142,400	(\$27,800)
IV. <u>Residual Land Value/(Financial Gap)</u>			
Total Available Funding Sources	\$3,095,000	\$3,845,000	(\$750,000)
(Less) Total Development Costs	(4,903,000)	(5,248,000)	345,000
V. Total Residual Land Value/(Financial Gap)	(\$1,808,000)	(\$1,403,000)	(\$405,000)
Per Unit	(\$67,000)	(\$52,000)	(\$15,000)
Per Sf Land Area	(\$15)	(\$11)	(\$3)

**APPENDIX D
HERITAGE HOUSING PARTNERS
COMMERCIAL COMPONENT**

APPENDIX D: TABLE 1

ESTIMATED DEVELOPMENT COSTS
COMMERCIAL COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA

I. <u>Land-Related Costs</u>¹				
Land Acquisition				\$0
Demolition				43,000
Relocation				23,000
Off-Site Improvements	\$177,000	Allowance		177,000
				\$243,000
II. <u>Direct Costs</u>²				
On-Site Improvements	16,000	Sf GBA	\$10 /Sf GBA	\$160,000
Parking				
At-Grade Spaces	85	Spaces	\$30,000 /Space	2,550,000
Subterranean Spaces	24	Spaces	\$2,500 /Space	60,000
Building Shell	16,000	Sf GBA	\$120 /Sf GBA	1,920,000
Tenant Improvements	16,000	Sf GLA	\$30 /Sf GBA	480,000
Total Direct Costs				\$5,170,000
III. <u>Indirect Costs</u>				
Architecture, Eng. & Consulting	6.0%	Direct Costs		\$310,000
Permits & Fees ³	16,000	Sf GBA	\$11.89 /Sf GBA	190,000
Taxes, Legal & Accounting	4.1%	Direct Cost		211,000
Insurance	1.0%	Direct Cost		52,000
Marketing/Leasing	16,000	Sf GBA	\$5.00 /Sf GBA	80,000
Developer Fee	3.0%	Direct Cost		155,000
Contingency Allowance	5.0%	Other Ind		50,000
Total Indirect Costs				\$1,048,000
IV. <u>Financing Costs</u>				
NMTC Loan Interest During Construction ⁴	\$5,480,000	Loan	6.0% Interest	\$384,000
NMTC Allocation Fee ⁵	\$5,480,000	Loan	10.0 Points	548,000
Total Financing Costs				\$932,000
V. Total Development Costs	16,000	Sf GBA	\$462 /Sf GBA	\$7,393,000

¹ Based on estimate provided by City Staff, prorated by GBA.

² Estimates assume prevailing wage requirements will be imposed on the Project. The budget includes a 14% allowance for contractor overhead, supervision costs, and profit; a 5% contingency allowance and a 1% allowance for construction bonds.

³ Based on estimates provided by City Staff.

⁴ Based on an 14 month construction and absorption period. Assumes that the loan is interest only and that \$4.11 will be forgiven at the end of the seven year loan term.

⁵ Based on Developer estimate.

APPENDIX D: TABLE 2

STABILIZED NET OPERATING INCOME
 COMMERCIAL COMPONENT
 HERITAGE HOUSING PARTNERS
 PASADENA, CALIFORNIA

I. Gross Income ¹			
Retail	9,500 Sf GLA	\$24.00 /Sf/Year	\$228,000
Office	6,500 Sf GLA	\$24.00 /Sf/Month	156,000
Gross Income			\$384,000
(Less) Vacancy & Collection Allowance	5% Gross Income		(19,200)
II. Effective Gross Income			\$364,800
III. <u>Unreimbursed Operating Expenses</u>			
Management	4.0% EGI		\$14,600
General Expenses ²	800 Sf GLA	\$1.00 /SF GLA	800
Reserves	16,000 Sf GLA	\$0.15 /SF GLA	2,400
Total Unreimbursed Operating Expenses			(\$17,800)
IV. Net Operating Income			\$347,000

¹ Based on market data gathered by KMA.

² Cost assessed against vacant space.

APPENDIX D: TABLE 3

RESIDUAL LAND VALUE/(FINANCIAL GAP)
COMMERCIAL COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA

I.	<u>New Market Tax Credit Loan</u>			
	Initial NMTC Loan			\$5,480,000
II.	Estimated Development Costs	See APPENDIX D: TABLE 1		\$7,393,000
III.	Total Residual Land Value/(Financial Gap)	16,000 Sf GBA	(\$120) /Sf GBA	(\$1,913,000)

APPENDIX D: TABLE 4

**KMA & DEVELOPER COMPARISON
COMMERCIAL COMPONENT
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA**

	<u>KMA</u>	<u>DEVELOPER</u>	<u>DIFFERENCE</u>
I. <u>Development Costs</u>			
Land Assemblage	\$243,000	\$100,000	\$143,000
Direct Costs	5,170,000	4,805,000	365,000
Indirect Costs	1,048,000	1,635,000	(587,000)
Financing Costs	932,000	1,102,000	(170,000)
Total Development Costs	\$7,393,000	\$7,642,000	(\$249,000)
Per Sf GBA	\$460	\$480	(\$20)
II. <u>Effective Gross Income</u>			
Effective Gross Income	\$364,800	\$467,700	(\$102,900)
(Less) Operating Expenses	(17,800)	(24,600)	6,800
Net Operating Income	\$347,000	\$443,100	(\$96,100)
III. <u>Supportable Private Investment</u>			
Net Operating Income	\$347,000	\$443,100	(\$96,100)
Return on Total Investment	6.33%	6.33%	
Total Supportable Private Investment	\$5,480,000	\$6,997,000	(\$1,517,000)
IV. <u>Residual Land Value/(Financial Gap)</u>			
Total Supportable Private Investment	\$5,480,000	\$6,997,000	(\$1,517,000)
(Less) Total Development Costs	(7,393,000)	(7,642,000)	249,000
V. Total Residual Land Value/(Financial Gap)	(\$1,913,000)	(\$645,000)	(\$1,268,000)
Per Sf GBA	(\$120)	(\$40)	(\$80)

**APPENDIX E
HERITAGE HOUSING PARTNERS
DEVELOPMENT COMPONENTS SUMMARY**

APPENDIX E - TABLE 1

KMA DEVELOPMENT COMPONENTS SUMMARY
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA

	FAMILY RENTAL COMPONENT	HISTORIC SENIOR RENTAL	FAMILY OWNERSHIP COMPONENT	COMMERCIAL COMPONENT	TOTAL PROJECT
I. Project Description					
Number of Units	41	27	32	NA	100
Number of Affordable Units	41	27	32	NA	100
Gross Building Area (Sf)	50,800	16,200	33,400	16,000	116,400
Parking Spaces	96	17	67	85	265
II. Development Costs					
Land Assemblage	\$769,000	\$245,000	\$505,000	\$243,000	\$1,762,000
Direct Costs	10,961,000	3,752,000	7,708,000	5,170,000	27,591,000
Indirect Costs	2,952,000	666,000	2,096,000	1,048,000	6,762,000
Financing Costs	792,000	240,000	842,000	932,000	2,806,000
Total Development Costs	\$15,474,000	\$4,903,000	\$11,151,000	\$7,393,000	\$38,921,000
Per Unit	\$377,400	\$181,600	\$348,500	NA	\$389,200
Per SF GBA	\$300	\$300	\$330	\$460	\$330
III. Average Monthly Rents/Sales Prices					
Per Unit	\$680	\$1,244	\$309,900	NA	
Per Sf Net Area	\$0.74	\$2.07	\$297	\$2.00	
IV. Net Operating Income/Sales Revenues	\$121,200	\$229,400	\$9,918,000	\$347,000	\$33,120,000
V. Available Funding Sources/Supportable Investment	\$14,627,000	\$3,095,000	\$9,918,000	\$5,480,000	\$33,120,000
Required Return on Investment	NA	NA	NA	6.3%	
VI. Residual Land Value/(Financial Gap)	\$14,627,000	\$3,095,000	\$9,918,000	\$5,480,000	\$33,120,000
Available Funding Sources/Supportable Investment	NA	NA	(1,488,000)	NA	(1,488,000)
(Less) Threshold Developer Profit	(15,474,000)	(4,903,000)	(11,151,000)	(7,393,000)	(38,921,000)
(Less) Development Costs					
VII. Residual Land Value/(Financial Gap)	(\$847,000)	(\$1,808,000)	(\$2,721,000)	(\$1,913,000)	(\$7,289,000)
Per Unit	(\$20,700)	(\$67,000)	(\$85,000)	NA	
Per Sf GBA	(\$17)	(\$112)	(\$81)	(\$120)	(\$63)
VIII. Net Financial Surplus / (Gap)		Residual Land Value / (Financial Gap)	(Less) Land Cost / Value	Net Financial Surplus / (Gap)	\$/Unit
A. Land Acquisition at Commission Cost		(\$7,289,000)	(\$9,000,000)	(\$16,289,000)	(\$162,900)
B. Land Acquisition at Estimated Market Value		(\$7,289,000)	(\$11,000,000)	(\$18,289,000)	(\$182,900)

APPENDIX E - TABLE 2

DEVELOPER DEVELOPMENT COMPONENTS SUMMARY
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA

	FAMILY RENTAL COMPONENT	HISTORIC SENIOR RENTAL COMPONENT	FAMILY OWNERSHIP COMPONENT	COMMERCIAL COMPONENT	TOTAL PROJECT
I. Project Description					
Number of Units	41	27	32	NA	100
Number of Affordable Units	41	27	32	NA	100
Gross Building Area (Sf)	50,800	16,200	33,400	16,000	116,400
Parking Spaces	96	17	67	109	289
II. Development Costs					
Land-Related Costs	\$35,000	\$100,000	\$100,000	\$100,000	\$335,000
Direct Costs	14,669,000	3,662,000	6,912,000	4,805,000	30,048,000
Indirect Costs	3,560,000	1,261,000	2,915,000	1,635,000	9,371,000
Financing Costs	1,896,000	225,000	1,103,000	1,102,000	4,326,000
Total Development Costs	\$20,160,000	\$5,248,000	\$11,030,000	\$7,642,000	\$44,080,000
Per Unit	\$491,700	\$194,400	\$344,700	NA	\$440,800
Per SF GBA	\$400	\$320	\$330	\$480	\$380
III. Average Monthly Rents/Sales Prices					
Per Unit	\$695	\$1,296	\$325,668	NA	
Per SF Net Area	\$0.76	\$2.16	\$312	\$4.32	
IV. Net Operating Income/Sales Revenues	\$117,300	\$186,400	\$10,422,000	\$443,100	\$38,714,000
V. Available Funding Sources/Supportable Investment Required Return on Investment	\$17,450,000	\$3,845,000	\$10,422,000	\$6,997,000	\$38,714,000
	NA	NA	NA	6.33%	
VI. Residual Land Value/(Financial Gap)	\$17,450,000	\$3,845,000	\$10,422,000	\$6,997,000	\$38,714,000
Available Funding Sources/Supportable Investment	NA	NA	0	NA	0
(Less) Threshold Developer Profit	(20,160,000)	(5,248,000)	(11,030,000)	(7,642,000)	(44,080,000)
(Less) Development Costs					
VII. Residual Land Value/(Financial Gap)	(\$2,710,000)	(\$1,403,000)	(\$608,000)	(\$645,000)	(\$5,366,000)
Per Unit	(\$66,100)	(\$52,000)	(\$19,000)	NA	
Per SF GBA	(\$53)	(\$87)	(\$18)	(\$40)	(\$46)
VIII. Net Financial Surplus / (Gap)					
A. Land Acquisition at Commission Cost		Residual Land Value / (Financial Gap)	Land Cost / Value	Net Financial Surplus / (Gap)	\$/Unit
		(\$5,366,000)	(\$9,000,000)	(\$14,366,000)	(\$143,700)
B. Land Acquisition at Estimated Market Value		(\$5,366,000)	(\$11,000,000)	(\$16,366,000)	(\$163,700)

APPENDIX E - TABLE 3

KMA & DEVELOPER DEVELOPMENT COMPONENTS SUMMARY
HERITAGE HOUSING PARTNERS
PASADENA, CALIFORNIA

<u>Project Description</u>	<u>KMA ANALYSIS</u>	<u>DEVELOPER ANALYSIS</u>	<u>DIFFERENCE</u>
I. Project Description			
Number of Units	100	100	0
Number of Affordable Units	100	100	0
Gross Building Area (Sf)	116,400	116,400	0
II. Development Costs (Includes Parking Gap)			
Senior / Family Ownership Project	\$11,151,000	\$11,030,000	\$121,000
Family Rental Project	16,962,000	20,160,000	(3,198,000)
Historic Senior Rental Project	4,903,000	5,248,000	(345,000)
Commercial Project	7,393,000	7,642,000	(249,000)
Total Development Costs	\$40,409,000	\$44,080,000	(\$3,671,000)
Per Unit	\$404,100	\$440,800	(\$36,700)
Per SF GBA	\$350	\$380	(\$30)
III. Available Funding Sources/Supportable Investment			
Senior / Family Ownership Project	\$9,918,000	\$10,422,000	(\$504,000)
Family Rental Project	14,627,000	17,450,000	(2,823,000)
Historic Senior Rental Project	3,095,000	3,845,000	(750,000)
Commercial Project	5,460,000	6,997,000	(1,517,000)
Total Available Sources / Supportable Investment	\$33,120,000	\$38,714,000	(\$5,594,000)
IV. Residual Land Value/(Financial Gap)			
Senior / Family Ownership Project	(\$1,233,000)	(\$608,000)	(\$625,000)
Family Rental Project	(2,335,000)	(2,710,000)	375,000
Historic Senior Rental Project	(1,808,000)	(1,403,000)	(405,000)
Commercial Project	(1,913,000)	(645,000)	(1,268,000)
V. Residual Land Value/(Financial Gap)	(\$7,289,000)	(\$5,366,000)	(\$1,923,000)
Per Unit	(\$72,900)	(\$53,700)	(\$19,200)
Per Sf GBA	(\$63)	(\$46)	(\$17)
VI. Net Financial Surplus / (Gap)			
A. Land Acquisition at Commission Cost			
Per Unit	(\$16,289,000)	(\$14,366,000)	(\$1,923,000)
Per Unit	(\$162,900)	(\$143,700)	(\$19,200)
B. Land Acquisition at Estimated Market Value			
Per Unit	(\$18,289,000)	(\$16,366,000)	(\$1,923,000)
Per Unit	(\$182,900)	(\$163,700)	(\$19,200)