

APPENDIX A
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
SENIOR OWNERSHIP COMPONENT

APPENDIX A: TABLE 1

**ESTIMATED DEVELOPMENT COSTS
49 RESIDENTIAL CONDOMINIUMS
SENIOR OWNERSHIP COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | | | | |
|---|---------------------------|------------------|--|---------------------|
| I. <u>Land -Related Costs</u> ¹ | | | | |
| Land Acquisition | | | | \$0 |
| Relocation | | | | 100,000 |
| Demolition | | | | 53,000 |
| Off-Site Improvements | | | | 216,000 |
| Total Land-Related Costs | | | | \$369,000 |
| II. <u>Direct Costs</u> ² | | | | |
| On-Site Improvements | 49 Units | \$10,000 /Unit | | \$490,000 |
| Parking | 98 Spaces | \$30,000 /Space | | 2,940,000 |
| Building Shell | 63,603 Sf GBA | \$190 /Sf | | 12,085,000 |
| FF&E | Allowance | | | 50,000 |
| Total Direct Costs | 63,603 Sf GBA | \$245 /Sf | | \$15,565,000 |
| III. <u>Indirect Costs</u> | | | | |
| Architecture, Engineering & Consulting | 6.0% Direct Costs | | | \$934,000 |
| Public Permits & Fees ³ | 49 Units | \$26,429 /Unit | | 1,295,000 |
| Taxes, Legal & Accounting | 2.0% Direct Costs | | | 311,000 |
| Insurance | 49 Units | \$15,000 /Unit | | 735,000 |
| Marketing ⁴ | 49 Units | \$6,020 /Unit | | 295,000 |
| Developer Fee ⁵ | 3.0% Revenues | | | 829,000 |
| Soft Cost Contingency Allowance | 5.0% Other Indirect Costs | | | 220,000 |
| Total Indirect Costs | | | | \$4,619,000 |
| IV. <u>Financing/Closing Costs</u> | | | | |
| Interest & Loan Origination Fees ⁶ | 70.0% Financed | | | \$981,000 |
| Resid Closing, Comm & Warranties ⁷ | 5.0% Residential Revenues | | | 1,391,000 |
| Total Financing/Closing Costs | | | | \$2,372,000 |
| V. Total Development Costs | 63,603 Sf GBA | \$360 /Sf | | \$22,925,000 |
| Total Construction Costs | 63,603 Sf GBA | \$355 /Sf | | \$22,556,000 |

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 \$539,924 ; and impact fees are equal to \$756 per affordable unit.

⁴ Assumes \$5,000 per unit for marketing; and \$50,000 for a model unit.

⁵ See APPENDIX A: TABLE 2 for the sales revenue estimate.

⁶ A 7.0% interest cost for debt and equity; a 14 month construction period; a 8 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.

⁷ 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)
 49 RESIDENTIAL CONDOMINIUMS
 SENIOR OWNERSHIP COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

| | | | |
|---|-------------------------|------------------------|---------------------|
| I. Residential Sales Revenues ¹ | | | |
| Senior Units @ Market Rate -2-Bdrms - 1,247 Sf | 49 Units | \$564,000 /Unit | \$27,636,000 |
| Total Project Sales Revenues | 49 Units | \$564,000 /Unit | \$27,636,000 |
| II. Development Costs | | | |
| Land-Related Costs | See APPENDIX A: TABLE 1 | | \$369,000 |
| Construction Costs | See APPENDIX A: TABLE 1 | | 22,556,000 |
| Threshold Developer Profit ² | 15.0% Sales Revenues | | 4,145,000 |
| Total Development Costs | 49 Units | \$552,400 /Unit | \$27,070,000 |
| III. Residual Land Value/(Financial Gap) | | | |
| Total Project Sales Revenues | | | \$27,636,000 |
| (Less) Total Development Costs | | | (27,070,000) |
| V. Total Residual Land Value/(Financial Gap) | 49 Units | \$11,600 /Unit | \$566,000 |

¹ Derived from recent market sales price data in the Northwest area of Pasadena.

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

APPENDIX A: TABLE 3

**KMA & DEVELOPER COMPARISON
SENIOR OWNERSHIP COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | <u>KMA</u> | <u>DEVELOPER</u> | <u>DIFFERENCE</u> |
|---|---------------------|---------------------|--------------------|
| I. <u>Development Costs</u> | | | |
| Land Assemblage | \$369,000 | \$0 | \$369,000 |
| Direct Costs | 15,565,000 | 12,691,000 | 2,874,000 |
| Indirect Costs | 4,619,000 | 3,662,000 | 957,000 |
| Financing Costs | 2,372,000 | 1,708,000 | 664,000 |
| Total Development Costs | \$22,925,000 | \$18,061,000 | \$4,864,000 |
| Per Unit | \$467,900 | \$368,600 | \$99,300 |
| II. <u>Residential Sales Revenues</u> | | | |
| Senior Units @ Market Rate | \$27,636,000 | \$22,050,000 | \$5,586,000 |
| Total Project Sales Revenues | \$27,636,000 | \$22,050,000 | \$5,586,000 |
| III. <u>Development Costs</u> | | | |
| Land Related Costs | \$369,000 | \$0 | \$369,000 |
| Construction Costs | 22,556,000 | 18,061,000 | 4,495,000 |
| Threshold Developer Profit | 4,145,000 | 3,785,000 | 360,000 |
| Total Development Costs | \$27,070,000 | \$21,846,000 | \$5,224,000 |
| IV. <u>Residual Land Value/(Financial Gap)</u> | | | |
| Total Project Sales Revenues | \$27,636,000 | \$22,050,000 | \$5,586,000 |
| (Less) Total Development Costs | (27,070,000) | (21,846,000) | (5,224,000) |
| Residual Land Value/(Financial Gap) | \$566,000 | \$204,000 | \$362,000 |
| Per Unit | \$11,600 | \$4,200 | \$7,400 |
| Per Sf Land Area | \$5 | \$2 | \$3 |

APPENDIX B
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
SENIOR RENTAL COMPONENT

APPENDIX B: TABLE 1

ESTIMATED DEVELOPMENT COSTS
 98 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
 SENIOR RENTAL COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

| | | | |
|---|--------------------------------|------------------------|---------------------|
| I. Land-Related Costs ¹ | | | |
| Land Acquisition | | | \$0 |
| Relocation | | | 97,000 |
| Demolition | | | 52,000 |
| Off-Site Improvements | | | 211,000 |
| Total Land-Related Costs | | | \$360,000 |
| II. Direct Costs ² | | | |
| On-Site Improvements | 99 Units | \$10,000 /Unit | \$990,000 |
| Building Shell | 62,117 Sf GBA | \$150 /Sf | 9,318,000 |
| Subterranean Parking | 99 Spaces | \$30,000 /Space | 2,970,000 |
| Furnishing | | Allowance | 50,000 |
| Total Direct Costs | 99 Units | \$134,600 /Unit | \$13,328,000 |
| III. Indirect Costs | | | |
| Architecture, Engineering & Consulting | 6.0% Direct Cost | | \$800,000 |
| Permits & Fees ³ | 99 Units | \$4,250 /Unit | 421,000 |
| Taxes, Legal & Accounting | 1.5% Direct Cost | | 200,000 |
| Insurance | 99 Units | \$2,000 /Unit | 198,000 |
| Marketing/Leasing | 99 Units | \$1,000 /Unit | 99,000 |
| Developer Fee ⁴ | 7% Applicable Tax Credit Basis | | 1,200,000 |
| Soft Cost Contingency | 5.0% Other Ind | | 146,000 |
| Total Indirect Costs | 99 Units | \$30,900 /Unit | \$3,064,000 |
| IV. Financing Costs | | | |
| Capitalized Reserves ⁵ | 99 Units | \$1,424 /Units | \$141,000 |
| Tax Credit Costs ⁶ | | | 116,000 |
| Interest During Construction ⁷ | \$14,353,000 Loan | 7.0% Interest | 904,000 |
| Loan Origination Fees | | | |
| Construction Loan | \$14,353,000 | 1.50 Points | 215,000 |
| Permanent Loan | \$2,485,000 | 2.00 Points | 50,000 |
| Total Financing Costs | 99 Units | \$14,400 /Unit | \$1,426,000 |
| V. Total Development Costs | 99 Units | \$183,600 /Unit | \$18,178,000 |

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 \$345,857; 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 18 month construction period; & a 60% average outstanding balance.

APPENDIX B: TABLE 2

**STABILIZED NET OPERATING INCOME
98 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
SENIOR RENTAL COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | | | |
|---|-------------------|-----------------|--------------------|
| I. Income¹ | | | |
| Manager | 1 Unit @ | \$0 /Month | \$0 |
| <u>VL Inc Redev/Tax Credit @ 30% Median</u> | | | |
| 1-Bdrm @ 580 Sf | 8 Units @ | \$336 /Month | 32,300 |
| 2-Bdrms @ 800 Sf | 2 Units @ | \$400 /Month | 9,600 |
| <u>Tax Credits @ 45% Median</u> | | | |
| 1-Bdrm @ 580 Sf | 32 Units @ | \$531 /Month | 203,900 |
| 2-Bdrms @ 800 Sf | 3 Units @ | \$634 /Month | 22,800 |
| <u>Tax Credit @ 50% Median</u> | | | |
| 1-Bdrm @ 580 Sf | 50 Units @ | \$596 /Month | 357,600 |
| 2-Bdrms @ 800 Sf | 3 Units @ | \$712 /Month | 25,600 |
| Laundry/Miscellaneous Income | 99 Units @ | \$5 /Month | 6,000 |
| Gross Income | | | \$657,800 |
| (Less) Vacancy and Collection | 5.0% Gross Income | | (32,900) |
| II. Effective Gross Income (EGI) | | | \$624,900 |
| III. Operating Expenses² | | | |
| General Operating Expenses | 99 Units @ | \$3,200 /Unit | \$316,800 |
| Property Taxes ³ | 99 Units @ | \$30 /Unit | 3,000 |
| Supportive Services ⁴ | 99 Units @ | \$240 /Unit | 23,800 |
| Capital Reserve | 99 Units @ | \$300 /Unit | 29,700 |
| Total Operating Expenses | 99 Units @ | (\$3,770) /Unit | (\$373,300) |
| IV. Net Operating Income | | | \$251,600 |

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: 1-Bdrm - \$53 and 2-Bdrm - \$68; 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)
 98 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
 SENIOR RENTAL COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

I. Available Funding Sources

A. Conventional Financing

| | | | |
|--|----------------|-----------|----------------|
| Net Operating Income | | \$251,600 | |
| Avail for Debt Service @ 115% Coverage | | \$218,800 | |
| Interest Rate/Mortgage Constant | 8.00% Interest | | 8.81% Constant |

Total Supportable Debt **\$2,485,000**

B. Federal Low Income Housing Tax Credit Proceeds ¹

| | | |
|------------------------|---------------------------|--|
| Gross Tax Credit Value | \$18,387,000 | |
| Syndication Value | \$0.95 /Tax Credit Dollar | |

Net Tax Credit Value **\$17,451,000**

C. AHP Grant 99 Units \$7,088 /Unit \$702,000

D. City of Industry Funds 99 Units \$24,600 /Unit \$2,440,000

E. Deferred Developer Fee ² \$200,000

Total Available Funding Sources **\$23,278,000**

II. Residual Land Value/(Financial Gap)

| | |
|---------------------------------|---------------------|
| Total Available Funding Sources | \$23,278,000 |
| (Less) Total Development Costs | <u>(18,178,000)</u> |

III. **Total Residual Land Value/(Financial Gap)** **99 Units** **\$51,500 /Unit** **\$5,100,000**

¹ \$22.7 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
98 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
SENIOR RENTAL COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | <u>KMA</u> | <u>DEVELOPER</u> | <u>DIFFERENCE</u> |
|---|---------------------|---------------------|----------------------|
| I. <u>Development Costs</u> | | | |
| Land-Related Costs | \$360,000 | \$500,000 | (\$140,000) |
| Direct Costs | 13,328,000 | 16,317,000 | (2,989,000) |
| Indirect Costs | 3,064,000 | 3,836,000 | (772,000) |
| Financing Costs | 1,426,000 | 1,213,000 | 213,000 |
| Total Development Costs | \$18,178,000 | \$21,866,000 | (\$3,688,000) |
| Per Unit | \$183,600 | \$220,900 | (\$37,300) |
| Per Sf GBA | \$290 | \$350 | (\$60) |
| II. <u>Net Operating Income</u> | | | |
| Effective Gross Income | \$624,900 | \$633,600 | (\$8,700) |
| (Less) Operating Expenses | (373,300) | (397,500) | 24,200 |
| Net Operating Income | \$251,600 | \$236,100 | \$15,500 |
| III. <u>Available Funding Sources</u> | | | |
| Conventional Financing | \$2,485,000 | \$2,234,000 | \$251,000 |
| Federal Low Income Tax Credits | 17,451,000 | 16,290,000 | 1,161,000 |
| AHP Grant | 702,000 | 702,000 | 0 |
| City of Industry Funds | 2,440,000 | 2,440,000 | 0 |
| Deferred Developer Fee | 200,000 | 200,000 | 0 |
| Total Available Funding Sources | \$23,278,000 | \$21,866,000 | \$1,412,000 |
| Per Unit | \$235,100 | \$220,900 | \$14,300 |
| IV. <u>Residual Land Value/(Financial Gap)</u> | | | |
| Total Available Funding Sources | \$23,278,000 | \$21,866,000 | \$1,412,000 |
| (Less) Total Development Costs | (18,178,000) | (21,866,000) | 3,688,000 |
| V. Total Residual Land Value/(Financial Gap) | \$5,100,000 | \$0 | \$5,100,000 |
| Per Unit | \$51,500 | \$0 | \$51,500 |
| Per Sf Land Area | \$41 | \$0 | \$41 |

APPENDIX C
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
FAMILY RENTAL COMPONENT

APPENDIX C: TABLE 1

**ESTIMATED DEVELOPMENT COSTS
21 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
FAMILY RENTAL COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | | | |
|---|--------------------------------|------------------------|--------------------|
| I. Land-Related Costs ¹ | | | |
| Land Acquisition | | | \$0 |
| Relocation | | | 39,000 |
| Demolition | | | 21,000 |
| Off-Site Improvements | | | 85,000 |
| Total Land-Related Costs | | | \$145,000 |
| II. Direct Costs ² | | | |
| On-Site Improvements | 22 Units | \$10,000 /Unit | \$220,000 |
| Building Shell | 25,100 Sf GBA | \$170 /Sf | 4,267,000 |
| Parking | 24 Spaces | \$30,000 /Space | 720,000 |
| Furnishing | Allowance | | 50,000 |
| Total Direct Costs | 22 Units | \$239,000 /Unit | \$5,257,000 |
| III. Indirect Costs | | | |
| Architecture, Engineering & Consulting | 6.0% Direct Cost | | \$315,000 |
| Permits & Fees ³ | 22 Units | \$10,560 /Unit | 232,000 |
| Taxes, Legal & Accounting | 1.5% Direct Cost | | 79,000 |
| Insurance | 22 Units | \$2,000 /Unit | 44,000 |
| Marketing/Leasing | 22 Units | \$1,000 /Unit | 22,000 |
| Developer Fee ⁴ | 8% Applicable Tax Credit Basis | | 500,000 |
| Soft Cost Contingency | 5.0% Other Ind | | 60,000 |
| Total Indirect Costs | 22 Units | \$56,900 /Unit | \$1,252,000 |
| IV. Financing Costs | | | |
| Capitalized Reserves ⁵ | 22 Units | \$1,455 /Units | \$32,000 |
| Tax Credit Costs ⁶ | | | 35,000 |
| Interest During Construction ⁷ | \$3,839,000 Loan | 7.0% Interest | 188,000 |
| Loan Origination Fees | | | |
| Construction Loan | \$3,839,000 | 1.50 Points | 58,000 |
| Permanent Loan | \$600,000 | 2.00 Points | 12,000 |
| Total Financing Costs | 22 Units | \$14,800 /Unit | \$325,000 |
| V. Total Development Costs | 22 Units | \$317,200 /Unit | \$6,979,000 |

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 \$157,565; 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 14 month construction period; & a 60% average outstanding balance.

APPENDIX C: TABLE 2

STABILIZED NET OPERATING INCOME
 21 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
 FAMILY RENTAL COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

| | | | | |
|--|-------------------|-----------------|--|-----------------|
| I. <u>Income</u>¹ | | | | |
| Manager | 1 Unit @ | \$0 /Month | | \$0 |
| <u>VL Inc Redev/Tax Credit @ 30% Median</u> | | | | |
| 1-Bdrm @ 0 Sf | 0 Units @ | \$336 /Month | | 0 |
| 2-Bdrms @ 800 Sf | 1 Unit @ | \$400 /Month | | 4,800 |
| 3-Bdrms @ 1,050 Sf | 2 Units @ | \$461 /Month | | 11,100 |
| <u>Tax Credits @ 45% Median</u> | | | | |
| 1-Bdrm @ 0 Sf | 0 Units @ | \$531 /Month | | 0 |
| 2-Bdrms @ 800 Sf | 5 Units @ | \$634 /Month | | 38,000 |
| 3-Bdrms @ 1,050 Sf | 3 Units @ | \$731 /Month | | 26,300 |
| <u>Tax Credit @ 50% Median</u> | | | | |
| 1-Bdrm @ 0 Sf | 0 Units @ | \$596 /Month | | 0 |
| 2-Bdrms @ 800 Sf | 5 Units @ | \$712 /Month | | 42,700 |
| 3-Bdrms @ 1,050 Sf | 5 Units @ | \$821 /Month | | 49,300 |
| Laundry/Miscellaneous Income | 22 Units @ | \$5 /Month | | 1,000 |
| Gross Income | | | | \$173,200 |
| (Less) Vacancy and Collection | 5.0% Gross Income | | | (8,700) |
| II. Effective Gross Income (EGI) | | | | \$164,500 |
| III. <u>Operating Expenses</u>² | | | | |
| General Operating Expenses | 22 Units @ | \$3,200 /Unit | | \$70,400 |
| Property Taxes ³ | 22 Units @ | \$136 /Unit | | 3,000 |
| Supportive Services ⁴ | 22 Units @ | \$1,080 /Unit | | 23,800 |
| Capital Reserve | 22 Units @ | \$300 /Unit | | 6,600 |
| Total Operating Expenses | 22 Units @ | (\$4,720) /Unit | | (\$103,800) |
| IV. <u>Net Operating Income</u> | | | | \$60,700 |

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: 1-Bdrm - \$53 and 2-Bdrm - \$68; 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 C: TABLE 3

RESIDUAL LAND VALUE/(FINANCIAL GAP)
 21 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
 FAMILY RENTAL COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

I. Available Funding Sources

A. Conventional Financing

| | | | |
|--|----------------|----------|----------------|
| Net Operating Income | | \$60,700 | |
| Avail for Debt Service @ 115% Coverage | | \$52,800 | |
| Interest Rate/Mortgage Constant | 8.00% Interest | | 8.81% Constant |

Total Supportable Debt \$600,000

B. Federal Low Income Housing Tax Credit Proceeds¹

| | |
|------------------------|---------------------------|
| Gross Tax Credit Value | \$6,011,000 |
| Syndication Value | \$0.95 /Tax Credit Dollar |

Net Tax Credit Value \$5,704,000

C. AHP Grant 22 Units \$7,500 /Unit \$165,000

D. City of Industry Funds 22 Units \$36,400 /Unit \$800,000

E. Deferred Developer Fee² \$100,000

Total Available Funding Sources \$7,369,000

II. Residual Land Value/(Financial Gap)

| | |
|---------------------------------|-------------|
| Total Available Funding Sources | \$7,369,000 |
| (Less) Total Development Costs | (6,979,000) |

III. **Total Residual Land Value/(Financial Gap) 22 Units \$17,700 /Unit \$390,000**

¹ \$7.4 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 C: TABLE 4

**KMA & DEVELOPER COMPARISON
21 VERY-LOW INCOME UNITS & 1 MANAGER'S UNIT
FAMILY RENTAL COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | <u>KMA</u> | <u>DEVELOPER</u> | <u>DIFFERENCE</u> |
|--|--------------------|----------------------|--------------------|
| I. <u>Development Costs</u> | | | |
| Land-Related Costs | \$145,000 | \$25,000 | \$120,000 |
| Direct Costs | 5,257,000 | 5,806,000 | (549,000) |
| Indirect Costs | 1,252,000 | 1,404,000 | (152,000) |
| Financing Costs | 325,000 | 194,000 | 131,000 |
| Total Development Costs | \$6,979,000 | \$7,429,000 | (\$450,000) |
| Per Unit | \$317,200 | \$337,700 | (\$20,500) |
| Per Sf GBA | \$280 | \$300 | (\$10) |
| II. <u>Net Operating Income</u> | | | |
| Effective Gross Income | \$164,500 | \$158,200 | \$6,300 |
| (Less) Operating Expenses | (103,800) | (114,000) | 10,200 |
| Net Operating Income | \$60,700 | \$44,200 | \$16,500 |
| III. <u>Available Funding Sources</u> | | | |
| Conventional Financing | \$600,000 | \$372,000 | \$228,000 |
| Federal Low Income Tax Credits | 5,704,000 | 4,722,000 | 982,000 |
| AHP Grant | 165,000 | 165,000 | 0 |
| City of Industry Funds | 800,000 | 800,000 | 0 |
| Deferred Developer Fee | 100,000 | 100,000 | 0 |
| Total Available Funding Sources | \$7,369,000 | \$6,159,000 | \$1,210,000 |
| Per Unit | \$335,000 | \$280,000 | \$55,000 |
| IV. <u>Residual Land Value/(Financial Gap)</u> | | | |
| Total Available Funding Sources | \$7,369,000 | \$6,159,000 | \$1,210,000 |
| (Less) Total Development Costs | (6,979,000) | (7,429,000) | 450,000 |
| V. <u>Total Residual Land Value/(Financial Gap)</u> | \$390,000 | (\$1,270,000) | \$1,660,000 |
| Per Unit | \$17,700 | (\$57,700) | \$75,500 |
| Per Sf Land Area | \$3 | (\$10) | \$13 |

APPENDIX D
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
COMMERCIAL COMPONENT

APPENDIX D: TABLE 1

ESTIMATED DEVELOPMENT COSTS
 COMMERCIAL COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

| | | | | |
|---|---------------|---------------|----------------------|---------------------|
| I. Land-Related Costs ¹ | | | | |
| Land Acquisition | | | | \$0 |
| Demolition | | | | 64,000 |
| Relocation | | | | 34,000 |
| Off-Site Improvements | \$138,000 | Allowance | | 138,000 |
| | | | | \$236,000 |
| II. Direct Costs ² | | | | |
| On-Site Improvements | 40,554 | Sf GBA | \$10 /Sf GBA | \$406,000 |
| Parking ³ | 60 | Subterranean | \$30,000 /Space | 1,800,000 |
| Building Shell | 40,554 | Sf GBA | \$120 /Sf GBA | 4,866,000 |
| Tenant Improvements | 40,554 | Sf GLA | \$30 /Sf GBA | 1,217,000 |
| Total Direct Costs | | | | \$8,289,000 |
| III. Indirect Costs | | | | |
| Architecture, Eng. & Consulting | 6.0% | Direct Costs | | \$497,000 |
| Permits & Fees ¹ | 40,554 | Sf GBA | \$6.60 /Sf GBA | 268,000 |
| Taxes, Legal & Accounting | 2.0% | Direct Cost | | 166,000 |
| Insurance | 1.0% | Direct Cost | | 83,000 |
| Marketing/Leasing | 40,554 | Sf GBA | \$5.00 /Sf GBA | 203,000 |
| Developer Fee | 3.0% | Direct Cost | | 249,000 |
| Contingency Allowance | 5.0% | Other Ind | | 73,000 |
| Total Indirect Costs | | | | \$1,539,000 |
| IV. Financing Costs | | | | |
| Interest During Construction | | | | |
| Construction ⁴ | \$5,923,000 | Cost | 7.00% Interest | 314,000 |
| Loan Origination Fees | | | | |
| Construction Loan | \$5,923,000 | Cost | 1.50 Points | 89,000 |
| Permanent Financing ⁵ | \$7,539,000 | Loan | 2.00 Points | 151,000 |
| Closing Costs ⁶ | | | | 380,000 |
| Total Financing Costs | | | | \$934,000 |
| V. Total Development Costs | 40,554 | Sf GBA | \$271 /Sf GBA | \$10,998,000 |

¹ Based on estimate provided by City Staff.

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 KMA experience with similar product type.

⁴ Based on an 14 month construction and absorption period. Average outstanding balance is set at 65%.

⁵ Based on a 60% loan to value ratio and a 7.0% capitalization rate.

⁶ Based on Developer estimate.

APPENDIX D: TABLE 2

STABILIZED NET OPERATING INCOME
 COMMERCIAL COMPONENT
 SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
 PASADENA, CALIFORNIA

| | | | | |
|------|---|-----------------|------------------|------------------|
| I. | Gross Income ¹ | | | |
| | Retail | 40,554 Sf GLA | \$24.00 /Sf/Year | \$973,300 |
| | (Less) Vacancy & Collection Allowance | 5% Gross Income | | \$973,300 |
| | | | | (48,700) |
| II. | Effective Gross Income | | | \$924,600 |
| III. | <u>Unreimbursed Operating Expenses</u> | | | |
| | Management | 4.0% EGI | | \$37,000 |
| | General Expenses ² | 2,028 Sf GLA | \$1.00 /SF GLA | 2,000 |
| | Reserves | 40,554 Sf GLA | \$0.15 /SF GLA | 6,100 |
| | Total Unreimbursed Operating Expenses | | | (\$45,100) |
| IV. | Net Operating Income | | | \$879,500 |

¹ Derived from KMA research on loopnet.com and survey of local commercial real estate brokers.

² Cost assessed against vacant space.

APPENDIX D: TABLE 3

RESIDUAL LAND VALUE/(FINANCIAL GAP)
COMMERCIAL COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA

| | | | |
|------|--|-------------------------|-----------------------|
| I. | <u>Supportable Private Investment</u> | | |
| | Net Operating Income | See APPENDIX D: TABLE 2 | \$879,500 |
| | Return on Total Investment | | 9.00% |
| | Total Supportable Private Investment | | \$9,772,000 |
| II. | Estimated Construction Costs | See APPENDIX D: TABLE 1 | \$10,998,000 |
| III. | Total Residual Land Value/(Financial Gap) | 40,554 Sf GBA | (\$30) /Sf GBA |
| | | | (\$1,226,000) |

APPENDIX D: TABLE 4

**KMA & DEVELOPER COMPARISON
COMMERCIAL COMPONENT
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA**

| | <u>KMA</u> | <u>DEVELOPER</u> | <u>DIFFERENCE</u> |
|--|----------------------|--------------------|--------------------|
| I. <u>Development Costs</u> | | | |
| Land Assemblage | \$236,000 | \$0 | \$236,000 |
| Direct Costs | 8,289,000 | 5,987,000 | 2,302,000 |
| Indirect Costs | 1,539,000 | 617,000 | 922,000 |
| Financing Costs | 934,000 | 859,000 | 75,000 |
| Total Development Costs | \$10,998,000 | \$7,463,000 | \$3,535,000 |
| Per Sf GBA | \$270 | \$180 | \$90 |
| II. <u>Effective Gross Income</u> | | | |
| Effective Gross Income | \$924,600 | \$855,300 | \$69,300 |
| (Less) Operating Expenses | (45,100) | (63,300) | 18,200 |
| Net Operating Income | \$879,500 | \$792,000 | \$87,500 |
| III. <u>Supportable Private Investment</u> | | | |
| Net Operating Income | \$879,500 | \$792,000 | \$87,500 |
| Return on Total Investment | 9% | 11% | |
| Total Supportable Private Investment | \$9,772,000 | \$7,129,000 | \$2,643,000 |
| IV. <u>Residual Land Value/(Financial Gap)</u> | | | |
| Total Supportable Private Investment | \$9,772,000 | \$7,129,000 | \$2,643,000 |
| (Less) Total Development Costs | (10,998,000) | (7,463,000) | (3,535,000) |
| V. <u>Total Residual Land Value/(Financial Gap)</u> | (\$1,226,000) | (\$334,000) | (\$892,000) |
| Per Sf GBA | (\$30) | (\$10) | (\$20) |

APPENDIX E
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
DEVELOPMENT COMPONENTS SUMMARY

APPENDIX E - TABLE 1

KMA DEVELOPMENT COMPONENTS SUMMARY
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA

| | SENIOR RENTAL COMPONENT | FAMILY RENTAL COMPONENT | SENIOR OWNERSHIP COMPONENT | COMMERCIAL COMPONENT | TOTAL PROJECT |
|--|---------------------------------------|-------------------------|----------------------------|-------------------------------|---------------------|
| I. Project Description | | | | | |
| Number of Units | 99 | 22 | 49 | NA | 170 |
| Number of Affordable Units | 99 | 22 | 49 | NA | 170 |
| Gross Building Area (Sf) | 62,117 | 25,100 | 63,603 | 40,554 | 191,374 |
| II. Development Costs | | | | | |
| Land Assemblage | \$360,000 | \$145,000 | \$369,000 | \$236,000 | \$1,110,000 |
| Direct Costs | 13,328,000 | 5,257,000 | 15,565,000 | 8,289,000 | 42,439,000 |
| Indirect Costs | 3,064,000 | 1,252,000 | 4,619,000 | 1,539,000 | 10,474,000 |
| Financing Costs | 1,426,000 | 325,000 | 2,372,000 | 934,000 | 5,057,000 |
| Total Development Costs | \$18,178,000 | \$6,978,000 | \$22,925,000 | \$10,988,000 | \$58,080,000 |
| Per Unit | \$183,600 | \$317,200 | \$487,900 | NA | \$347,500 |
| Per SF GBA | \$290 | \$280 | \$360 | \$270 | \$310 |
| III. Average Monthly Rents/Sales Prices | | | | | |
| Per Unit | \$550 | \$652 | \$564,000 | NA | |
| Per Sf Net Area | \$0.92 | \$0.71 | \$452 | \$2.00 | |
| IV. Net Operating Income/Sales Revenues | \$251,600 | \$80,700 | \$27,636,000 | \$879,500 | |
| V. Available Funding Sources/Supportable Investment | \$23,278,000 | \$7,369,000 | \$27,636,000 | \$9,772,000 | \$68,055,000 |
| Required Return on Investment | NA | NA | NA | 9.0% | |
| VI. Residual Land Value/(Financial Gap) | | | | | |
| Available Funding Sources/Supportable Investment | \$23,278,000 | \$7,369,000 | \$27,636,000 | \$9,772,000 | \$68,055,000 |
| (Less) Threshold Developer Profit | NA | NA | (4,145,000) | NA | (4,145,000) |
| (Less) Development Costs | (18,178,000) | (6,979,000) | (22,925,000) | (10,988,000) | (59,080,000) |
| VII. Residual Land Value/(Financial Gap) | \$5,100,000 | \$390,000 | \$566,000 | (\$1,226,000) | \$4,830,000 |
| Per Unit | \$51,500 | \$17,700 | \$11,600 | NA | \$25 |
| Per Sf GBA | \$82 | \$16 | \$9 | (\$30) | |
| VIII. Net Financial Surplus / (Gap) | | | | | |
| A. Land Acquisition at Commission Cost | | | | | |
| | Residual Land Value / (Financial Gap) | \$4,830,000 | (Less) Land Cost / Value | Net Financial Surplus / (Gap) | \$/Unit |
| | | \$4,830,000 | (\$9,000,000) | (\$4,170,000) | (\$24,500) |
| B. Land Acquisition at Estimated Market Value | | | | | |
| | | \$4,830,000 | (\$11,000,000) | (\$6,170,000) | (\$36,300) |

APPENDIX E - TABLE 2

DEVELOPER DEVELOPMENT COMPONENTS SUMMARY
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA

| I. Project Description | SENIOR RENTAL COMPONENT | FAMILY RENTAL COMPONENT | SENIOR OWNERSHIP COMPONENT | COMMERCIAL COMPONENT | TOTAL PROJECT |
|--|---------------------------------------|---------------------------------------|----------------------------|-------------------------------|----------------------|
| Number of Units | 99 | 22 | 49 | NA | 170 |
| Number of Affordable Units | 99 | 22 | 49 | NA | 170 |
| Gross Building Area (Sf) | 62,117 | 25,100 | 63,603 | 40,554 | 191,374 |
| II. Development Costs | | | | | |
| Land-Related Costs | \$500,000 | \$25,000 | \$0 | \$0 | \$525,000 |
| Direct Costs | 16,317,000 | 5,806,000 | 12,691,000 | 5,987,000 | 40,801,000 |
| Indirect Costs | 3,836,000 | 1,404,000 | 3,662,000 | 617,000 | 9,519,000 |
| Financing Costs | 1,213,000 | 194,000 | 1,708,000 | 859,000 | 3,974,000 |
| Total Development Costs | \$21,866,000 | \$7,429,000 | \$18,061,000 | \$7,463,000 | \$54,819,000 |
| Per Unit | \$220,900 | \$337,700 | \$368,600 | NA | \$322,500 |
| Per SF GBA | \$350 | \$300 | \$280 | \$180 | \$290 |
| III. Average Monthly Rents/Sales Prices | | | | | |
| Per Unit | \$567 | \$661 | \$450,000 | NA | |
| Per Sf Net Area | \$0.95 | \$0.72 | \$361 | \$1.85 | |
| IV. Net Operating Income/Sales Revenues | | | | | |
| Available Funding Sources/Supportable Investment | \$236,100 | \$44,200 | \$22,050,000 | \$792,000 | \$57,204,000 |
| Required Return on Investment | NA | NA | NA | 11.11% | |
| VI. Residual Land Value/(Financial Gap) | | | | | |
| Available Funding Sources/Supportable Investment | \$21,866,000 | \$6,159,000 | \$22,050,000 | \$7,128,000 | \$57,204,000 |
| (Less) Threshold Developer Profit | NA | NA | (3,785,000) | NA | (3,785,000) |
| (Less) Development Costs | (21,866,000) | (7,429,000) | (18,061,000) | (7,463,000) | (54,819,000) |
| Residual Land Value/(Financial Gap) | \$0 | (\$1,270,000) | \$204,000 | (\$334,000) | (\$1,400,000) |
| Per Unit | \$0 | (\$57,700) | \$4,200 | NA | |
| Per Sf GBA | \$0 | (\$51) | \$3 | (\$8) | (\$7) |
| VIII. Net Financial Surplus / (Gap) | | | | | |
| A. Land Acquisition at Commission Cost | | | | | |
| | Residual Land Value / (Financial Gap) | Residual Land Value / (Financial Gap) | (Less) Land Cost / Value | Net Financial Surplus / (Gap) | \$/Unit |
| | (\$1,400,000) | (\$1,400,000) | (\$9,000,000) | (\$10,400,000) | (\$61,200) |
| B. Land Acquisition at Estimated Market Value | | | | | |
| | (\$1,400,000) | (\$1,400,000) | (\$11,000,000) | (\$12,400,000) | (\$72,900) |

APPENDIX E - TABLE 3

KMA & DEVELOPER DEVELOPMENT COMPONENTS SUMMARY
SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION
PASADENA, CALIFORNIA

| <u>I. Project Description</u> | <u>KMA ANALYSIS</u> | <u>DEVELOPER ANALYSIS</u> | <u>DIFFERENCE</u> |
|--|---------------------|---------------------------|---------------------|
| Number of Units | 170 | 170 | 0 |
| Number of Affordable Units | 170 | 170 | 0 |
| Gross Building Area (Sf) | 191,374 | 191,374 | 0 |
| <u>II. Development Costs</u> | | | |
| Senior Rental Project | \$18,178,000 | \$21,866,000 | (\$3,688,000) |
| Family Rental Project | 6,979,000 | 7,429,000 | (450,000) |
| Senior / Family Ownership Project | 27,070,000 | 21,846,000 | 5,224,000 |
| Commercial Project | 10,998,000 | 7,463,000 | 3,535,000 |
| Total Development Costs | \$63,225,000 | \$58,604,000 | \$4,621,000 |
| Per Unit | \$371,900 | \$344,700 | \$27,200 |
| Per Sf GBA | \$330 | \$310 | \$20 |
| <u>V. Available Funding Sources/Supportable Investment</u> | | | |
| Senior Rental Project | \$23,278,000 | \$21,866,000 | \$1,412,000 |
| Family Rental Project | 7,369,000 | 6,159,000 | 1,210,000 |
| Senior / Family Ownership Project | 27,636,000 | 22,050,000 | 5,586,000 |
| Commercial Project | 9,772,000 | 7,129,000 | 2,643,000 |
| Total Available Sources / Supportable Investment | \$68,055,000 | \$57,204,000 | \$10,851,000 |
| <u>VI. Residual Land Value/(Financial Gap)</u> | | | |
| Senior Rental Project | \$5,100,000 | \$0 | \$5,100,000 |
| Family Rental Project | 390,000 | (1,270,000) | \$1,660,000 |
| Senior / Family Ownership Project | 566,000 | 204,000 | \$362,000 |
| Commercial Project | (1,226,000) | (334,000) | (\$892,000) |
| Residual Land Value/(Financial Gap) | \$4,830,000 | (\$1,400,000) | \$6,230,000 |
| Per Unit | \$28,400 | (\$8,200) | \$36,600 |
| Per Sf GBA | \$25 | (\$7) | \$33 |
| Per Sf Land Area | \$39 | (\$11) | \$51 |
| <u>VIII. Net Financial Surplus / (Gap)</u> | | | |
| <u>A. Land Acquisition at Commission Cost</u> | | | |
| Per Unit | (\$4,170,000) | (\$10,400,000) | \$6,230,000 |
| | (\$24,500) | (\$61,200) | \$36,700 |
| <u>B. Land Acquisition at Estimated Market Value</u> | | | |
| Per Unit | (\$6,170,000) | (\$12,400,000) | \$6,230,000 |
| | (\$36,300) | (\$72,900) | \$36,600 |