# Density Bonus Application
# 1315 Park Ave, Merced

**1. Site plan showing total number of units, number, and location of target units, and number and location of proposed density bonus units.**

Please see attached document

**2. Level of affordability of target units and proposals for ensuring affordability. [See Section 20.56.060 (Affordability and Development Standards)]**

All units will be income restricted for 55 years at 30% area median income. These deed restrictions will be recorded when HCD and tax credit funding is awarded.

**3. Description of any requested incentives, waivers, or modifications of development standards, or modified parking standards.**

Density Bonus Background

The City of Merced's Density Bonus Program was adopted in September 2016 by Ordinance No. 2465. Since that time, state legislation has significantly modified the requirements of State Density Bonus Law (California Government Code Sections 65915 – 65918), most notably with AB 1763 (2019), AB 2345 (2019), and SB 290 (2021). This legislation expanded the density and bonuses available for affordable housing projects beyond that which was previously available in the City's Density Bonus Program. In instances where state and local density bonus are in conflict, state requirements supersede local requirements.

> *Gov. Code §65915.a.1 "failure to adopt an ordinance shall not relieve a city, county, or city and county from complying with this section."*

Mercy Village is a multifamily rental project where one hundred percent of all units in the development, including total units and density bonus units, but exclusive of a manager's unit or units, are for lower income households, as defined by Section 50079.5 of the Health and Safety Code. As such, the project is eligible for an 80% density bonus, four incentives or concessions, and an unlimited number of additional waiver or reduction of development standards.

> Government Code §65915.b.1: *A city, county, or city and county shall grant one density bonus, the amount of which shall be as specified in subdivision (f), and, if requested by the applicant and consistent with the applicable requirements of this section, incentives or concessions, as described in subdivision (d), waivers or reductions of development standards, as described in subdivision (e),*
>
> Government Code §65915.b.1.G: *One hundred percent of all units in the development, including total units and density bonus units, but exclusive of a manager's unit or units, are for lower income households, as defined by Section 50079.5 of the Health and Safety Code, except that up*

**ATTACHMENT 4**

*to 20 percent of the units in the development, including total units and density bonus units, may be for moderate-income households, as defined in Section 50053 of the Health and Safety Code.*

Government Code §65915.d.1: *An applicant for a density bonus pursuant to subdivision (b) may submit to a city, county, or city and county a proposal for the specific incentives or concessions that the applicant requests pursuant to this section, and may request a meeting with the city, county, or city and county. The city, county, or city and county shall grant the concession or incentive requested by the applicant unless the city, county, or city and county makes a written finding, based upon substantial evidence, of any of the following:*

> *(A) The concession or incentive does not result in identifiable and actual cost reductions, consistent with subdivision (k), to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in subdivision (c).*
> *(B) The concession or incentive would have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households.*
> *(C) The concession or incentive would be contrary to state or federal law.*

*Government Code §65915.d.2: The applicant shall receive the following number of incentives or concessions: … Four incentives or concessions for projects meeting the criteria of subparagraph (G) of paragraph (1) of subdivision (b).*

Government Code §65915.e.1: *In no case may a city, county, or city and county apply any development standard that will have the effect of physically precluding the construction of a development meeting the criteria of subdivision (b) at the densities or with the concessions or incentives permitted by this section. Subject to paragraph (3), an applicant may submit to a city, county, or city and county a proposal for the waiver or reduction of development standards that will have the effect of physically precluding the construction of a development meeting the criteria of subdivision (b) at the densities or with the concessions or incentives permitted under this section, and may request a meeting with the city, county, or city and county.*

Government Code §65915.f.3.D: *For housing developments meeting the criteria of subparagraph (G) of paragraph (1) of subdivision (b), the following shall apply:*

*(i) Except as otherwise provided in clause (ii), the density bonus shall be 80 percent of the number of units for lower income households.*

<u>Requested Density Bonus, Incentives, and/or Waivers</u>

General Plan Designation and Zoning Designation - The General Plan Designation of the site is "High-Medium Density Residential" and the zoning is Planned Development #4 (PD-4). PD-4 does not have design standards. Therefore, the design standards revert to the zone that corresponds to the General Plan Designation which is R-3-1.5.

- Density Bonus – High-Medium Density residential allows for a density between 12-24 units/acre. State Density Bonus Law enables an increase in density of 80% above the base density for development where 100% of the units are affordable to Very Low-Income Households, exclusive of managers units. Applicant requests a density bonus of 43.2 units/acre. The proposed density is 66 units on approximately 1.54 acres which is a density of approximately 42.8 units/acre.
- Incentive #1: Parking – The development code requires "1.75 spaces per unit of 2 bedrooms or less up to 30 units and 1.5 spaces per unit thereafter". The development code would require 106 parking spaces. The developer proposes 30 parking spaces.
- Incentive #2: Height – The development code has a maximum height of 35 feet. The proposed height is 45 feet.
- Incentive #3: Setbacks – Per the development code, the minimum setbacks are 15 feet (front), 10 feet (side), and 14 feet (rear). The proposed minimum setbacks are 10 feet (front), 10 feet (side), and 35 feet (rear).
- Incentive #4: Lot area per dwelling – Per the development code, the minimum lot area per dwelling unit is 1,500 square feet. The proposed ratio is 1,260 square feet per dwelling unit.
- Waivers: The applicant has not requested any waivers.

**4. For all incentives, the application shall include substantial evidence that the requested incentives result in identifiable, financially sufficient, and actual cost reductions.**

- Density – Increasing the density on the site reduces the cost of land per unit. Because of construction efficiencies, the cost of construction per unit decreases as the total number of units increases. A tax credit project is not feasible with less units. Since the land area is fixed, in order to meet the target number of units, density must be increased.
- Incentive #1: Parking – Decreasing parking provided on site decreases the amount of paving required which reduces overall project costs. Decreasing parking also enables greater utilization of the land for housing, which further decreases project costs.
- Incentive #2: Height – Increasing the height of the buildings allows for greater efficiencies by enabling a greater building mass. This enables greater densities which reduces the cost of land per unit.
- Incentive #3: Setbacks – Decreasing setbacks allows for a greater building envelope which increases the efficiency of the development and decreases project costs per unit.
- Incentive #4: Lot Area per Dwelling – Decreasing lot area per dwelling allows for a greater building envelope which increases the efficiency of the development and decreases project costs per unit.

**5. For waivers or modifications of development standards, the application shall provide substantial evidence to show that the waiver or modification is necessary to make the housing units economically feasible and that the development standards, without waiver or modification, will have the effect of precluding the construction of a housing development meeting the criteria of Section 20.56.020 (Density Bonus; Incentives) at the densities or with the incentives permitted by this section**

Successful affordable housing requires appropriate scale. Without the waivers and modifications to the development standards requested herein, the per-unit cost of construction would not be feasible given the funding resources available for the development of affordable housing. The economies of scale are also realized on the operating side – this allows for sufficient flow of residential income to ensure that all day-to-day property management and maintenance. Without a density bonus and the related waivers and modifications, the development team will not be able to move forward on the creation of supportive housing units at this site.

**6. The applicant shall submit a development pro forma in a form prescribed by the City or the City's Economic Consultant. The applicant shall pay the cost of peer review of the development pro forma.**

See attached proforma

**7. If a density bonus or concession is requested for a land donation, the application shall show the location of the land to be dedicated and provide evidence that each of the findings included in Section 20.56.030 (Land Donations) can be made.**

Not applicable

**8. If a density bonus or incentive is requested for a child care facility, the application shall show the location and square footage of the child care facility and provide substantial evidence that each of the findings included in Section 20.56.040 (Child Care Facilities) can be made.**

Not applicable

| 9/11/2020 | # of units | # | Square | AMI % | Tenant rent | Tenant | Total rent+util | Max HTC rent | Market | FMR | Rental | Subsid | Rent to | Monthly |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NPLH | | 1 | 660 | 15% | | | $ - | | | | $ 914 | Sec 8 | $ 914 | $ - |
| | 32 | 1 | 660 | 30% | | | | | | | $ 914 | Sec 8 | $ 914 | $ 29,248 |
| | | | | | | | | | | | | | $ - | $ - |
| | 13 | 1 | 660 | 30% | | | $ - | $ - | | | $ 914 | | $ 914 | $ 11,882 |
| | 20 | 1 | 660 | 30% | $ 362 | $ 30 | $ 392 | $ 392 | | | | | $ 362 | $ 7,244 |
| | | | | | | | $ - | | | | | | $ - | $ - |
| Manager units | 1 | 2 | 900 | | | | $ - | | | | | | $ - | $ - |
| | | | | | | | $ - | | | | | | $ - | $ - |
| | | | | | | | | | | | | | $ - | $ - |
| | | | | | | | | | | | | | $ - | $ - |
| | **66** | | Avg AMI: | 30.0% | | | | | | | | | | **$ 48,374** |

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| | | | |
|---|---|---|---|
| Rental | Annual rental income | | $580,488 |
| | Residential vacancy | 6% | -$34,829 |
| | Commercial income | | |
| | Vacancy | 20% | $0 |
| Financial | Interest income | | |
| | Interest from reserve accounts | | |
| | Other financial income | | |
| Service | Laundry | | $ 6,864 |
| | Tenant charges/fees | | |
| | Elderly care/service delivery | | |
| | Laundry Vacancy | 20% | $ (1,373) |
| | **Effective gross income** | | **$ 551,150** |

Source: 2022 HUD FMRs for Merced County

| FMR | Studio | 1-bed | 2-bed | 3-bed |
|---|---|---|---|---|
| | | $ 914 | $ 1,120 | $ 1,591 |

| Area | | Studio | 1-bed | 2-bed | 3-bed |
|---|---|---|---|---|---|
| | 15% | | | | |
| | 30% | | $ 392 | $ 471 | $ 545 |
| | 40% | | | | |
| | 50% | | $ 653 | $ 785 | $ 906 |
| | 60% | | $ 784 | $ 942 | $ 1,087 |
| | 80% | | $ 1,046 | $ 1,256 | $ 1,450 |
| Market Rent | | | | | |

| Unit Count by Size | | | Unit Count by Income | | Parking |
|---|---|---|---|---|---|
| 1 bed | 65 | 100.00% | 15% | 0 | |
| 2 bed | 0 | 0.00% | 30% | 65 | |
| 3 bed | 0 | 0.00% | 60% | 0 | |

Utility Allowance

| Tenant-Paid | 0 | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| Heat (heat pump) | | | | | | |
| Cooking (natural gas) | | | | | | |
| Electric | | $ 10.26 | $ 13.05 | $ 19.76 | | |
| Water Heating (electric) | | $ 19.54 | $ 23.70 | $ 26.56 | | |
| Air Conditioning | | | | | | |
| Water/Sewer | | | | | | |
| Trash | | | | | | |
| Other: Gas Customer Charge | $ - | $ - .00 | $- .00 | $ - .00 | $ - .00 | $ - .00 |
| **TOTAL** | **$ -** | **$ 30** | **$ 37** | **$ 46** | **$ -** | **$ -** |

| | | Amount | Basis |
|---|---|---|---|
| **Acquisition** | Land | $ 800,000 | |
| | Demolition | | $ - |
| | Legal | $ 20,000 | $ 20,000 |
| | Land Lease | | $ - |
| | Existing Improvements | | $ - |
| | Off-site Improvements | | $ - |
| | Predevelopment Interest/Holding Cost | $ 200,000 | $ 200,000 |
| | Existing Debt Interest | | $ - |
| | Excess Purchase Price Over Appraisal | | $ - |
| | Other | | $ - |
| | **Total** | **$ 1,020,000** | **$ 220,000** |
| **Hard construction** | Site Work | | $ - |
| | Structures | $ 18,000,000 | $18,000,000 |
| | Price escalation | | $ - |
| | General requirements | | $ - |
| | Contractor overhead | | $ - |
| | Contractor profit | | $ - |
| | Insurance | $ 300,000 | $ 300,000 |
| | SDI- Subcontractor Bonding | | |
| | Photovoltaic | | $ - |
| | Prevailing Wages | | $ - |
| | Other: | | $ - |
| | **Total** | **$ 18,300,000** | **$18,300,000** |
| **Arch Fees** | Architectural fee | $ 800,000 | $ 800,000 |
| | Supervision | $ 75,000 | $ 75,000 |
| | Civil Engineering | $ 85,000 | $ 85,000 |
| | Survey | | $ - |
| | Utility Coordination | $ 50,000 | $ 50,000 |
| | **Total** | **$ 1,010,000** | **$ 1,010,000** |
| **Const Interest & Fees** | Construction Loan Interest | $ 940,000 | $ 470,000 |
| | HOME loan interest | | $ - |
| | Origination Fee | $ 235,000 | $ 235,000 |
| | Credit Enhancement/Application Fee | | $ - |
| | Bond Premium | | $ - |
| | Cost of Issuance | | $ - |
| | Title & Recording | $ 75,000 | $ 75,000 |
| | Lender Inspection & third-party estimate | $ 75,000 | $ 75,000 |
| | Financial consultant | $ 60,000 | $ 60,000 |
| | **Total** | **$ 1,385,000** | **$ 915,000** |

| | | | |
|---|---|---|---|
| **Permanent Financing** | Loan Origination Fee | $ 250,000 | |
| | Credit Enhancement/Application Fee | | |
| | Title & Recording | $ 20,000 | |
| | Taxes | | $ - |
| | Insurance | | $ - |
| | Other | | $ - |
| | Other | | $ - |
| | **Total** | **$ 270,000** | **$ -** |
| **Legal Fees** | Lender Legal Paid by Applicant | $ 70,000 | $ 70,000 |
| | Legal Costs | $ 90,000 | $ 90,000 |
| | **Total** | **$ 160,000** | **$ 160,000** |
| **Reserves** | Transition reserve | $ 175,488 | |
| | Capitalized Operating Subsidy Reserve | | |
| | Operating reserve | $ 224,667 | |
| | Commercial Year 1 reserve | | |
| | Other Reserves | | |
| | **Total** | **$ 400,155** | **$ -** |
| **Contingency** | Soft Cost Contingency | $ 150,000 | $ 150,000 |
| | Hard Cost Contingency 5% | $ 915,000 | $ 915,000 |
| | **Total** | **$ 1,065,000** | **$ 1,065,000** |
| **Other Project Costs** | TCAC Application Fee | $ 3,500 | |
| | TCAC Reservation Fee | $ 35,000 | |
| | TCAC Monitoring Fee | $ 15,000 | |
| | TCAC Allocation Fee | | |
| | TCAC Performance Fee | | |
| | Environmental Audit | $ 20,000 | $ 20,000 |
| | Local Development Impact Fees | $ 252,648 | $ 252,648 |
| | Permit Processing Fees | $ 200,000 | $ 200,000 |
| | School district impact fees | $ 250,000 | $ 250,000 |
| | Marketing & Lease Up | $ 50,000 | |
| | FF&E | $ 495,000 | $ 495,000 |
| | Market Study | $ 10,000 | $ 10,000 |
| | Accounting/Reimbursable | $ 35,000 | $ 35,000 |
| | Appraisal | $ 4,000 | $ 4,000 |
| | Soil Studies/geotech | $ 5,000 | $ 5,000 |
| | Energy consultant | $ 25,000 | $ 25,000 |
| | Materials Testing | $ 50,000 | $ 50,000 |
| | Construction monitor | $ 80,000 | $ 80,000 |
| | IT/Networking | | $ - |
| | **Total** | **$ 1,530,148** | **$ 1,426,648** |

| | | | |
|---|---|---|---|
| **Developer Costs** | Developer Fee | $ 3,450,000 | $ 3,450,000 |
| | Consultant/Processing Agent | $ - | $ - |
| | Project Administration | $ - | $ - |
| | Broker Fees Paid to a Related Party | $ - | $ - |
| | Construction Oversight by Developer | $ - | $ - |
| | Other | $ - | $ - |
| | **Total** | **$ 3,450,000** | **$ 3,450,000** |

| | | | |
|---|---|---|---|
| **Syndication** | Legal - Syndication/Organization | $ 50,000 | $ - |
| | Audit | $ 10,000 | |
| | Consultant - Syndication | | |
| | **Total** | **$ 60,000** | **$ -** |

| | | |
|---|---|---|
| **Total** | **$ 28,650,303** | **$26,546,648** |

| | | |
|---|---|---|
| Total development costs per unit | $ 434,096 | $402,221.94 |
| Hard costs/unit | $ 272,727 | |
| Hard costs/SF | | |

| 4% LIHTC | | |
|---|---|---|
| Eligible basis | $ | 26,546,648 |
| Deducted federal financing | | |
| Non-qualifying units | | |
| Historic tax credit | | |
| Net eligible basis | $ | 26,546,648 |
| Boost | | 30% |
| Adjusted basis | $ | 34,510,642 |
| Applicable tax credit percentage | | 9.00% |
| Annual credit allocation | $ | 3,105,958 |
| Tax credit reductions | | |
| Total housing credits eligible | $ | 2,500,000 |
| Total ten-year tax credit equity | $ | 25,000,000 |
| Net cent raise | $ | 0.90 |
| Gross equity | $ | 22,497,750 |
| Bridge loan interest | | |
| **Net tax credit equity** | **$** | **22,497,750** |

| State Tax Credit | | |
|---|---|---|
| Eligible basis | $ | 26,546,648 |
| Deducted federal financing | | |
| Non-qualifying units | | |
| Historic tax credit | | |
| Net eligible basis | $ | 26,546,648 |
| Boost | | |
| Adjusted basis | $ | 26,546,648 |
| Applicable tax credit percentag | | 13.00% |
| Annual credit allocation | $ | 3,451,064 |
| Tax credit reductions | | |
| Total housing credits eligible | | |
| | $ | - |
| Net cent raise | $ | 0.80 |
| Gross equity | $ | - |
| Bridge loan interest | | |
| **Net tax credit equity** | | |

| Construction sources | | Amount | Interest | Debt service | Loan term | Amort. Term |
|---|---|---|---|---|---|---|
| Construction loan (tax-exempt) | $ | 23,500,000 | | | | |
| Tax credit equity | $ | 3,043,576 | | | | |
| Deferred developer fee | $ | 1,353,397 | | | | |
| City of Merced | $ | 1,325,000 | | | | |
| City of Merced additional | | | | | | |
| GP equity | $ | 50,000 | | | | |
| Deferred costs | | | | | | |
| HCD (MHP or HHC) | $ | - | | | | |
| Other | | | | | | |
| **Total construction period sources** | **$** | **29,271,972** | | | | |

| Permanent sources | | Amount | Interest | D/S 1-15 | D/S 16-30 | Loan term | Amort. Term |
|---|---|---|---|---|---|---|---|
| | Tax credit equity | $ 20,290,506 | | | | | |
| | NPLH (competitive) | $ 5,000,000 | 3.00% | | $ - | 30 | 55 |
| | NPLH (non-competitive) | $ 631,401 | 3.00% | | $ - | 30 | 55 |
| | City of Merced (PLHA) | $ 1,325,000 | 3.00% | | $ - | | |
| | Deferred developer fee | $ 1,353,397 | | | | | |
| | GP equity | $ 50,000 | | | | | |
| | HCD (MHP or HHC) | | | | | | |
| | | | | | | | |
| | Other: | | | | | | |
| | | | | | | | |
| | **Total permanent sources** | **$ 28,650,303** | **Ann. Debt** | **$ -** | **$ -** | | |

| | |
|---|---|
| **Total development costs** | **$ 28,650,303** |
| **Gap** | **$0.00** |

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Administration** | | | | | | | | | | | | | | | | |
| Advertising and Marketing | | $ 5,000 | $ 5,175 | $ 5,356 | $ 5,544 | $ 5,738 | $ 5,938 | $ 6,146 | $ 6,361 | $ 6,584 | $ 6,814 | $ 7,053 | $ 7,300 | $ 7,555 | $ 7,820 | $ 8,093 |
| Office Expenses | | $ 5,000 | $ 5,175 | $ 5,356 | $ 5,544 | $ 5,738 | $ 5,938 | $ 6,146 | $ 6,361 | $ 6,584 | $ 6,814 | $ 7,053 | $ 7,300 | $ 7,555 | $ 7,820 | $ 8,093 |
| Administrative Salaries | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Telephone | | $ 2,500 | $ 2,588 | $ 2,678 | $ 2,772 | $ 2,869 | $ 2,969 | $ 3,073 | $ 3,181 | $ 3,292 | $ 3,407 | $ 3,526 | $ 3,650 | $ 3,778 | $ 3,910 | $ 4,047 |
| Management Fee | 6% | $ 32,739.52 | $ 33,885 | $ 35,071 | $ 36,299 | $ 37,569 | $ 38,884 | $ 40,245 | $ 41,654 | $ 43,112 | $ 44,621 | $ 46,182 | $ 47,799 | $ 49,472 | $ 51,203 | $ 52,995 |
| Management Salary | | $ 60,000 | $ 62,100 | $ 64,274 | $ 66,523 | $ 68,851 | $ 71,261 | $ 73,755 | $ 76,337 | $ 79,009 | $ 81,774 | $ 84,636 | $ 87,598 | $ 90,664 | $ 93,837 | $ 97,122 |
| Legal Expense | | $ 5,000 | $ 5,175 | $ 5,356 | $ 5,544 | $ 5,738 | $ 5,938 | $ 6,146 | $ 6,361 | $ 6,584 | $ 6,814 | $ 7,053 | $ 7,300 | $ 7,555 | $ 7,820 | $ 8,093 |
| Audit Expense | | $ 10,000 | $ 10,350 | $ 10,712 | $ 11,087 | $ 11,475 | $ 11,877 | $ 12,293 | $ 12,723 | $ 13,168 | $ 13,629 | $ 14,106 | $ 14,600 | $ 15,111 | $ 15,640 | $ 16,187 |
| Accounting Fees | | $ 10,000 | $ 10,350 | $ 10,712 | $ 11,087 | $ 11,475 | $ 11,877 | $ 12,293 | $ 12,723 | $ 13,168 | $ 13,629 | $ 14,106 | $ 14,600 | $ 15,111 | $ 15,640 | $ 16,187 |
| Bad Debts | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tenant Relations | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Misc. Administrative Expenses | | $ 5,000 | $ 5,175 | $ 5,356 | $ 5,544 | $ 5,738 | $ 5,938 | $ 6,146 | $ 6,361 | $ 6,584 | $ 6,814 | $ 7,053 | $ 7,300 | $ 7,555 | $ 7,820 | $ 8,093 |
| HOME Monitoring Fee | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| CalHFA Admin Fee | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other Admin 3 | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total | | $ 135,240 | **$ 139,973** | **$ 144,872** | **$ 149,942** | **$ 155,190** | **$ 160,622** | **$ 166,244** | **$ 172,062** | **$ 178,085** | **$ 184,318** | **$ 190,769** | **$ 197,446** | **$ 204,356** | **$ 211,509** | **$ 218,911** |
| **Utilities** | | | | | | | | | | | | | | | | |
| Electricity and gas | | $ 21,443 | $ 22,194 | $ 22,970 | $ 23,774 | $ 24,607 | $ 25,468 | $ 26,359 | $ 27,282 | $ 28,237 | $ 29,225 | $ 30,248 | $ 31,306 | $ 32,402 | $ 33,536 | $ 34,710 |
| Water | | $ 7,500 | $ 7,763 | $ 8,034 | $ 8,315 | $ 8,606 | $ 8,908 | $ 9,219 | $ 9,542 | $ 9,876 | $ 10,222 | $ 10,579 | $ 10,950 | $ 11,333 | $ 11,730 | $ 12,140 |
| | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Sewer | | $ 7,500 | $ 7,763 | $ 8,034 | $ 8,315 | $ 8,606 | $ 8,908 | $ 9,219 | $ 9,542 | $ 9,876 | $ 10,222 | $ 10,579 | $ 10,950 | $ 11,333 | $ 11,730 | $ 12,140 |
| Cable/Internet | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other Utility 1 | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other Utility 2 | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total | | $ 36,443 | **$ 37,719** | **$ 39,039** | **$ 40,405** | **$ 41,819** | **$ 43,283** | **$ 44,798** | **$ 46,366** | **$ 47,989** | **$ 49,668** | **$ 51,407** | **$ 53,206** | **$ 55,068** | **$ 56,996** | **$ 58,990** |
| **Operating/Maintenance** | | | | | | | | | | | | | | | | |
| Operating/Maintenance Contracts | | $ 45,000 | $ 46,575 | $ 48,205 | $ 49,892 | $ 51,639 | $ 53,446 | $ 55,316 | $ 57,253 | $ 59,256 | $ 61,330 | $ 63,477 | $ 65,699 | $ 67,998 | $ 70,378 | $ 72,841 |
| Elevator | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Garbage/Trash Removal | | $ 15,000 | $ 15,525 | $ 16,068 | $ 16,631 | $ 17,213 | $ 17,815 | $ 18,439 | $ 19,084 | $ 19,752 | $ 20,443 | $ 21,159 | $ 21,900 | $ 22,666 | $ 23,459 | $ 24,280 |
| Van Driver Payroll | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Janitor Payroll | | $ 25,000 | $ 25,875 | $ 26,781 | $ 27,718 | $ 28,688 | $ 29,692 | $ 30,731 | $ 31,807 | $ 32,920 | $ 34,072 | $ 35,265 | $ 36,499 | $ 37,777 | $ 39,099 | $ 40,467 |
| Maintenance Payroll | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Maintenance Supplies | | $ 10,000 | $ 10,350 | $ 10,712 | $ 11,087 | $ 11,475 | $ 11,877 | $ 12,293 | $ 12,723 | $ 13,168 | $ 13,629 | $ 14,106 | $ 14,600 | $ 15,111 | $ 15,640 | $ 16,187 |
| Painting and Decorating | | $ 7,500 | $ 7,763 | $ 8,034 | $ 8,315 | $ 8,606 | $ 8,908 | $ 9,219 | $ 9,542 | $ 9,876 | $ 10,222 | $ 10,579 | $ 10,950 | $ 11,333 | $ 11,730 | $ 12,140 |
| HVAC Maintenance | | $ 7,500 | $ 7,763 | $ 8,034 | $ 8,315 | $ 8,606 | $ 8,908 | $ 9,219 | $ 9,542 | $ 9,876 | $ 10,222 | $ 10,579 | $ 10,950 | $ 11,333 | $ 11,730 | $ 12,140 |
| Snow Removal/Landscaping | | $ 10,000 | $ 10,350 | $ 10,712 | $ 11,087 | $ 11,475 | $ 11,877 | $ 12,293 | $ 12,723 | $ 13,168 | $ 13,629 | $ 14,106 | $ 14,600 | $ 15,111 | $ 15,640 | $ 16,187 |
| Vehicle Operation and Repairs | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Rent Concessions/Incentives | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Extermination | | $ 5,000 | $ 5,175 | $ 5,356 | $ 5,544 | $ 5,738 | $ 5,938 | $ 6,146 | $ 6,361 | $ 6,584 | $ 6,814 | $ 7,053 | $ 7,300 | $ 7,555 | $ 7,820 | $ 8,093 |
| | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total | | $ 125,000 | **$ 129,375** | **$ 133,903** | **$ 138,590** | **$ 143,440** | **$ 148,461** | **$ 153,657** | **$ 159,035** | **$ 164,601** | **$ 170,362** | **$ 176,325** | **$ 182,496** | **$ 188,884** | **$ 195,495** | **$ 202,337** |
| **Taxes and Insurance** | | | | | | | | | | | | | | | | |
| Real Estate Taxes | | $ 2,000 | $ 2,040 | $ 2,081 | $ 2,122 | $ 2,165 | $ 2,208 | $ 2,252 | $ 2,297 | $ 2,343 | $ 2,390 | $ 2,438 | $ 2,487 | $ 2,536 | $ 2,587 | $ 2,639 |
| Payroll Taxes | | $ 10,000 | $ 10,300 | $ 10,609 | $ 10,927 | $ 11,255 | $ 11,593 | $ 11,941 | $ 12,299 | $ 12,668 | $ 13,048 | $ 13,439 | $ 13,842 | $ 14,258 | $ 14,685 | $ 15,126 |
| Property/Liability Insurance | | $ 50,000 | $ 51,750 | $ 53,561 | $ 55,436 | $ 57,376 | $ 59,384 | $ 61,463 | $ 63,614 | $ 65,840 | $ 68,145 | $ 70,530 | $ 72,998 | $ 75,553 | $ 78,198 | $ 80,935 |
| Fidelity Bond Insurance | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Workers Compensation | | $ 5,000 | $ 5,150 | $ 5,305 | $ 5,464 | $ 5,628 | $ 5,796 | $ 5,970 | $ 6,149 | $ 6,334 | $ 6,524 | $ 6,720 | $ 6,921 | $ 7,129 | $ 7,343 | $ 7,563 |
| Health Insurance/Benefits | | $ 10,000 | $ 10,300 | $ 10,609 | $ 10,927 | $ 11,255 | $ 11,593 | $ 11,941 | $ 12,299 | $ 12,668 | $ 13,048 | $ 13,439 | $ 13,842 | $ 14,258 | $ 14,685 | $ 15,126 |
| Misc. Taxes/Insurance/License | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax/Ins Other 1 | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax/Ins Other 2 | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax/Ins Other 3 | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total | | $ 77,000 | **$ 79,540** | **$ 82,165** | **$ 84,876** | **$ 87,679** | **$ 90,574** | **$ 93,566** | **$ 96,658** | **$ 99,853** | **$ 103,154** | **$ 106,566** | **$ 110,091** | **$ 113,734** | **$ 117,498** | **$ 121,388** |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Other** | | | | | | | | | | | | | | | | |
| Replacement reserves | $500 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 |
| Other: service coordination | | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 |
| Bond monitoring fee | | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 |
| HCD monitoring fee | 0.42% | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 |
| | **Total** | **$ 75,652** | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 |
| **Total annual expenses** | | **$ 449,335** | **$ 462,259** | **$ 475,630** | **$ 489,466** | **$ 503,781** | **$ 518,592** | **$ 533,917** | **$ 549,773** | **$ 566,179** | **$ 583,154** | **$ 600,718** | **$ 618,891** | **$ 637,694** | **$ 657,149** | **$ 677,279** |
| Less reserves | | $ 416,335 | $ 427,219 | $ 440,550 | $ 454,343 | $ 468,616 | $ 483,384 | $ 498,665 | $ 514,476 | $ 530,836 | $ 547,764 | $ 565,280 | $ 583,404 | $ 602,157 | $ 621,562 | $ 641,640 |
| **Income** | | | | | | | | | | | | | | | | |
| Residential income | | $ 545,659 | $ 559,300 | $ 573,283 | $ 587,615 | $ 602,305 | $ 617,363 | $ 632,797 | $ 648,617 | $ 664,832 | $ 681,453 | $ 698,489 | $ 715,952 | $ 733,850 | $ 752,197 | $ 771,001 |
| Commercial income | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Effective gross income** | | **$ 545,659** | **$ 559,300** | **$ 573,283** | **$ 587,615** | **$ 602,305** | **$ 617,363** | **$ 632,797** | **$ 648,617** | **$ 664,832** | **$ 681,453** | **$ 698,489** | **$ 715,952** | **$ 733,850** | **$ 752,197** | **$ 771,001** |
| **Debt service** | | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| **NOI** | | **$ 96,324** | **$ 97,042** | **$ 97,652** | **$ 98,149** | **$ 98,524** | **$ 98,771** | **$ 98,880** | **$ 98,843** | **$ 98,653** | **$ 98,299** | **$ 97,771** | **$ 97,061** | **$ 96,157** | **$ 95,048** | **$ 93,722** |
| **Cash flow** | | $ 96,324 | $ 97,042 | $ 97,652 | $ 98,149 | $ 98,524 | $ 98,771 | $ 98,880 | $ 98,843 | $ 98,653 | $ 98,299 | $ 97,771 | $ 97,061 | $ 96,157 | $ 95,048 | $ 93,722 |
| Asset Mgmt Fee | | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 |
| **Debt coverage ratio** | | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** |
| Expense coverage ratio | | 1.21 | 1.21 | 1.21 | 1.20 | 1.20 | 1.19 | 1.19 | 1.18 | 1.17 | 1.17 | 1.16 | 1.16 | 1.15 | 1.14 | 1.14 |
| | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** | **Year 11** | **Year 12** | **Year 13** | **Year 14** | **Year 15** |

| | |
|---|---|
| Expenses per unit | $ 6,808 |
| Expenses per unit w/o utilties | $ 6,256 |

| **Assumptions** | **Traditional** | **CTCAC** | **Commercial** |
|---|---|---|---|
| Income escalator | 2% | 2.5% | 2.0% |
| Expense escalator | 3% | 3.5% | |
| RE tax escalator | 2% | 2% | |

| | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 | Year 23 | Year 24 | Year 25 | Year 26 | Year 27 | Year 28 | Year 29 | Year 30 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Administration** | | | | | | | | | | | | | | | |
| Advertising and Marketing | $ 8,377 | $ 8,670 | $ 8,973 | $ 9,287 | $ 9,613 | $ 9,949 | $ 10,297 | $ 10,658 | $ 11,031 | $ 11,417 | $ 11,816 | $ 12,230 | $ 12,658 | $ 13,101 | $ 13,559 |
| Office Expenses | $ 8,377 | $ 8,670 | $ 8,973 | $ 9,287 | $ 9,613 | $ 9,949 | $ 10,297 | $ 10,658 | $ 11,031 | $ 11,417 | $ 11,816 | $ 12,230 | $ 12,658 | $ 13,101 | $ 13,559 |
| Administrative Salaries | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Telephone | $ 4,188 | $ 4,335 | $ 4,487 | $ 4,644 | $ 4,806 | $ 4,974 | $ 5,149 | $ 5,329 | $ 5,515 | $ 5,708 | $ 5,908 | $ 6,115 | $ 6,329 | $ 6,550 | $ 6,780 |
| Management Fee | $ 54,850 | $ 56,770 | $ 58,757 | $ 60,813 | $ 62,942 | $ 65,145 | $ 67,425 | $ 69,785 | $ 72,227 | $ 74,755 | $ 77,372 | $ 80,080 | $ 82,882 | $ 85,783 | $ 88,786 |
| Management Salary | $ 100,521 | $ 104,039 | $ 107,681 | $ 111,449 | $ 115,350 | $ 119,387 | $ 123,566 | $ 127,891 | $ 132,367 | $ 137,000 | $ 141,795 | $ 146,758 | $ 151,894 | $ 157,210 | $ 162,713 |
| Legal Expense | $ 8,377 | $ 8,670 | $ 8,973 | $ 9,287 | $ 9,613 | $ 9,949 | $ 10,297 | $ 10,658 | $ 11,031 | $ 11,417 | $ 11,816 | $ 12,230 | $ 12,658 | $ 13,101 | $ 13,559 |
| Audit Expense | $ 16,753 | $ 17,340 | $ 17,947 | $ 18,575 | $ 19,225 | $ 19,898 | $ 20,594 | $ 21,315 | $ 22,061 | $ 22,833 | $ 23,632 | $ 24,460 | $ 25,316 | $ 26,202 | $ 27,119 |
| Accounting Fees | $ 16,753 | $ 17,340 | $ 17,947 | $ 18,575 | $ 19,225 | $ 19,898 | $ 20,594 | $ 21,315 | $ 22,061 | $ 22,833 | $ 23,632 | $ 24,460 | $ 25,316 | $ 26,202 | $ 27,119 |
| Bad Debts | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tenant Relations | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Misc. Administrative Expenses | $ 8,377 | $ 8,670 | $ 8,973 | $ 9,287 | $ 9,613 | $ 9,949 | $ 10,297 | $ 10,658 | $ 11,031 | $ 11,417 | $ 11,816 | $ 12,230 | $ 12,658 | $ 13,101 | $ 13,559 |
| HOME Monitoring Fee | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| CalHFA Admin Fee | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other Admin 3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | **$ 226,573** | **$ 234,503** | **$ 242,711** | **$ 251,206** | **$ 259,998** | **$ 269,098** | **$ 278,517** | **$ 288,265** | **$ 298,354** | **$ 308,796** | **$ 319,604** | **$ 330,790** | **$ 342,368** | **$ 354,351** | **$ 366,753** |
| **Utilities** | | | | | | | | | | | | | | | |
| Electricity and gas | $ 35,925 | $ 37,182 | $ 38,484 | $ 39,831 | $ 41,225 | $ 42,667 | $ 44,161 | $ 45,706 | $ 47,306 | $ 48,962 | $ 50,676 | $ 52,449 | $ 54,285 | $ 56,185 | $ 58,151 |
| Water | $ 12,565 | $ 13,005 | $ 13,460 | $ 13,931 | $ 14,419 | $ 14,923 | $ 15,446 | $ 15,986 | $ 16,546 | $ 17,125 | $ 17,724 | $ 18,345 | $ 18,987 | $ 19,651 | $ 20,339 |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Sewer | $ 12,565 | $ 13,005 | $ 13,460 | $ 13,931 | $ 14,419 | $ 14,923 | $ 15,446 | $ 15,986 | $ 16,546 | $ 17,125 | $ 17,724 | $ 18,345 | $ 18,987 | $ 19,651 | $ 20,339 |
| Cable/Internet | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other Utility 1 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other Utility 2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | **$ 61,055** | **$ 63,192** | **$ 65,404** | **$ 67,693** | **$ 70,062** | **$ 72,514** | **$ 75,052** | **$ 77,679** | **$ 80,398** | **$ 83,212** | **$ 86,124** | **$ 89,139** | **$ 92,258** | **$ 95,487** | **$ 98,830** |
| **Operating/Maintenance** | | | | | | | | | | | | | | | |
| Operating/Maintenance Contracts | $ 75,391 | $ 78,029 | $ 80,760 | $ 83,587 | $ 86,513 | $ 89,540 | $ 92,674 | $ 95,918 | $ 99,275 | $ 102,750 | $ 106,346 | $ 110,068 | $ 113,921 | $ 117,908 | $ 122,035 |
| Elevator | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Garbage/Trash Removal | $ 25,130 | $ 26,010 | $ 26,920 | $ 27,862 | $ 28,838 | $ 29,847 | $ 30,891 | $ 31,973 | $ 33,092 | $ 34,250 | $ 35,449 | $ 36,689 | $ 37,974 | $ 39,303 | $ 40,678 |
| Van Driver Payroll | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Janitor Payroll | $ 41,884 | $ 43,350 | $ 44,867 | $ 46,437 | $ 48,063 | $ 49,745 | $ 51,486 | $ 53,288 | $ 55,153 | $ 57,083 | $ 59,081 | $ 61,149 | $ 63,289 | $ 65,504 | $ 67,797 |
| Maintenance Payroll | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Maintenance Supplies | $ 16,753 | $ 17,340 | $ 17,947 | $ 18,575 | $ 19,225 | $ 19,898 | $ 20,594 | $ 21,315 | $ 22,061 | $ 22,833 | $ 23,632 | $ 24,460 | $ 25,316 | $ 26,202 | $ 27,119 |
| Painting and Decorating | $ 12,565 | $ 13,005 | $ 13,460 | $ 13,931 | $ 14,419 | $ 14,923 | $ 15,446 | $ 15,986 | $ 16,546 | $ 17,125 | $ 17,724 | $ 18,345 | $ 18,987 | $ 19,651 | $ 20,339 |
| HVAC Maintenance | $ 12,565 | $ 13,005 | $ 13,460 | $ 13,931 | $ 14,419 | $ 14,923 | $ 15,446 | $ 15,986 | $ 16,546 | $ 17,125 | $ 17,724 | $ 18,345 | $ 18,987 | $ 19,651 | $ 20,339 |
| Snow Removal/Landscaping | $ 16,753 | $ 17,340 | $ 17,947 | $ 18,575 | $ 19,225 | $ 19,898 | $ 20,594 | $ 21,315 | $ 22,061 | $ 22,833 | $ 23,632 | $ 24,460 | $ 25,316 | $ 26,202 | $ 27,119 |
| Vehicle Operation and Repairs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Rent Concessions/Incentives | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Extermination | $ 8,377 | $ 8,670 | $ 8,973 | $ 9,287 | $ 9,613 | $ 9,949 | $ 10,297 | $ 10,658 | $ 11,031 | $ 11,417 | $ 11,816 | $ 12,230 | $ 12,658 | $ 13,101 | $ 13,559 |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | **$ 209,419** | **$ 216,748** | **$ 224,334** | **$ 232,186** | **$ 240,313** | **$ 248,724** | **$ 257,429** | **$ 266,439** | **$ 275,764** | **$ 285,416** | **$ 295,406** | **$ 305,745** | **$ 316,446** | **$ 327,521** | **$ 338,985** |
| **Taxes and Insurance** | | | | | | | | | | | | | | | |
| Real Estate Taxes | $ 2,692 | $ 2,746 | $ 2,800 | $ 2,856 | $ 2,914 | $ 2,972 | $ 3,031 | $ 3,092 | $ 3,154 | $ 3,217 | $ 3,281 | $ 3,347 | $ 3,414 | $ 3,482 | $ 3,552 |
| Payroll Taxes | $ 15,580 | $ 16,047 | $ 16,528 | $ 17,024 | $ 17,535 | $ 18,061 | $ 18,603 | $ 19,161 | $ 19,736 | $ 20,328 | $ 20,938 | $ 21,566 | $ 22,213 | $ 22,879 | $ 23,566 |
| Property/Liability Insurance | $ 83,767 | $ 86,699 | $ 89,734 | $ 92,874 | $ 96,125 | $ 99,489 | $ 102,972 | $ 106,576 | $ 110,306 | $ 114,166 | $ 118,162 | $ 122,298 | $ 126,578 | $ 131,009 | $ 135,594 |
| Fidelity Bond Insurance | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Workers Compensation | $ 7,790 | $ 8,024 | $ 8,264 | $ 8,512 | $ 8,768 | $ 9,031 | $ 9,301 | $ 9,581 | $ 9,868 | $ 10,164 | $ 10,469 | $ 10,783 | $ 11,106 | $ 11,440 | $ 11,783 |
| Health Insurance/Benefits | $ 15,580 | $ 16,047 | $ 16,528 | $ 17,024 | $ 17,535 | $ 18,061 | $ 18,603 | $ 19,161 | $ 19,736 | $ 20,328 | $ 20,938 | $ 21,566 | $ 22,213 | $ 22,879 | $ 23,566 |
| Misc. Taxes/Insurance/License | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax/Ins Other 1 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax/Ins Other 2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax/Ins Other 3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | **$ 125,408** | **$ 129,563** | **$ 133,855** | **$ 138,292** | **$ 142,876** | **$ 147,614** | **$ 152,510** | **$ 157,570** | **$ 162,799** | **$ 168,203** | **$ 173,788** | **$ 179,560** | **$ 185,524** | **$ 191,689** | **$ 198,060** |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Other** | | | | | | | | | | | | | | | |
| Replacement reserves | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 | $ 33,000 |
| Other: service coordination | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 |
| Bond monitoring fee | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 | $ 4,000 |
| HCD monitoring fee | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 | $ 23,652 |
| | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 | $ 75,652 |
| **Total annual expenses** | **$ 698,107** | **$ 719,658** | **$ 741,957** | **$ 765,029** | **$ 788,901** | **$ 813,602** | **$ 839,160** | **$ 865,605** | **$ 892,967** | **$ 921,279** | **$ 950,574** | **$ 980,885** | **$ 1,012,248** | **$ 1,044,700** | **$ 1,078,279** |
| Less reserves | $ 662,416 | $ 683,913 | $ 706,156 | $ 729,172 | $ 752,988 | $ 777,630 | $ 803,129 | $ 829,513 | $ 856,813 | $ 885,062 | $ 914,293 | $ 944,538 | $ 975,835 | $ 1,008,218 | $ 1,041,727 |
| **Income** | | | | | | | | | | | | | | | |
| Residential income | $ 790,277 | $ 810,033 | $ 830,284 | $ 851,041 | $ 872,317 | $ 894,125 | $ 916,478 | $ 939,390 | $ 962,875 | $ 986,947 | $ 1,011,621 | $ 1,036,911 | $ 1,062,834 | $ 1,089,405 | $ 1,116,640 |
| Commercial income | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Effective gross income** | **$ 790,277** | **$ 810,033** | **$ 830,284** | **$ 851,041** | **$ 872,317** | **$ 894,125** | **$ 916,478** | **$ 939,390** | **$ 962,875** | **$ 986,947** | **$ 1,011,621** | **$ 1,036,911** | **$ 1,062,834** | **$ 1,089,405** | **$ 1,116,640** |
| **Debt service** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| **NOI** | **$ 92,169** | **$ 90,375** | **$ 88,328** | **$ 86,013** | **$ 83,416** | **$ 80,523** | **$ 77,319** | **$ 73,786** | **$ 69,908** | **$ 65,668** | **$ 61,047** | **$ 56,026** | **$ 50,586** | **$ 44,704** | **$ 38,361** |
| **Cash flow** | $ 92,169 | $ 90,375 | $ 88,328 | $ 86,013 | $ 83,416 | $ 80,523 | $ 77,319 | $ 73,786 | $ 69,908 | $ 65,668 | $ 61,047 | $ 56,026 | $ 50,586 | $ 44,704 | $ 38,361 |
| Asset Mgmt Fee | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | | | | | | | | | | |
| **Debt coverage ratio** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** |
| Expense coverage ratio | 1.13 | 1.13 | 1.12 | 1.11 | 1.11 | 1.10 | 1.09 | 1.09 | 1.08 | 1.07 | 1.06 | 1.06 | 1.05 | 1.04 | 1.04 |
| | **Year 16** | **Year 17** | **Year 18** | **Year 19** | **Year 20** | **Year 21** | **Year 22** | **Year 23** | **Year 24** | **Year 25** | **Year 26** | **Year 27** | **Year 28** | **Year 29** | **Year 30** |

Expenses per unit

Expenses per unit w/o utilties