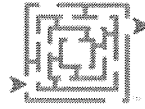


Appendix J: Alternatives Testing: Financial Analyses



KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
REDEVELOPMENT
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
ROBERT J. WELMORE
RIED T. KAWAHARA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABE
PAUL C. ANDERSON
GREGORY D. NOO-HOO
KEVIN I. ENGSTROM
BETH L. ROMBY
DENISE BICKERSTAFF

SAN DIEGO
GERALD M. TRIMBLE
PAUL C. MARRA

To: Cynthia Nelson, Deputy City Manager for Development Services
City of Santa Ana

From: Kathleen Head

Date: February 23, 2010

Subject: Station District EIR: Alternatives Testing

Keyser Marston Associates, Inc. (KMA) has been engaged to prepare financial analyses of the "Project" and three alternative development scenarios identified in the draft Station District Environmental Impact Report (EIR). The California Environmental Quality Act (CEQA) Guidelines require EIR's to evaluate a "range of reasonable alternatives to the project, or location of the project, which could feasibly attain the basic objectives of the project". The alternatives being evaluated in the following analysis represent three out of the six alternatives identified in the draft EIR.

DESCRIPTION OF THE PROJECT AND THE ALTERNATIVES

The Project and the three alternatives being evaluated in this analysis can be described as follows:

Project

The Project identified in the draft EIR can be described as follows:

1. Sites A – E are developed with 33 market rate townhomes and single-family homes.
2. Site F is developed with six market rate ownership units.
3. Lot #1 is developed with 75 podium apartment units that are rented to extremely low and very-low income households.

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4. Lot #2 is developed with 18 at-grade apartment units that are rented to extremely-low and very-low income households.
5. Lot #3 is developed with 18 at-grade apartment units that are rented to extremely-low and very-low income households.
6. Lot #4 is developed with 15 at-grade apartment units that are rented to extremely-low and very-low income households.
7. The Mercy House project includes 12 new construction apartment units for extremely-low, very-low, and low income households.

The Agency has completed the property assemblage activities required to implement the proposed scope of development for the Project.

Alternative #4: Rehabilitate in Place

Alternative #4 varies from the Project in the following ways:

1. The Santa Ana Redevelopment Agency (Agency) owns 13 improved properties within the boundaries of Sites A – E:
 - a. The 13 homes are rehabilitated and then sold to low or moderate income households.
 - b. This action replaces the 33 new development ownership units included in the Project.
2. Lot #1 includes a motor court developed with 13 studio apartment units. These units are converted into one 1-bedroom unit and six 2-bedroom units. The remaining area on Lot #1 is developed with 31 new townhouse style apartment units.
3. The Agency owned property located on Lot #4 is rehabilitated and then sold to a low or moderate income household. The balance of the site is developed with four townhouse style apartment units.
4. The Mercy House project includes two rehabilitated homes and six new development units.
5. The development scopes for Lot F, #2 and #3 are unchanged from the scope identified for the Project.

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No additional property needs to be assembled to undertake this alternative.

Alternative #5: Relocate and Rehabilitate on Agency Owned Infill Sites

The objective in Alternative #5 is to create a concentration of historic homes along Fifth and Sixth Streets between Mortimer and Lacy Streets. To accomplish this objective, the following actions are taken:

1. The Agency owns eight homes within the identified area. These homes are rehabilitated and sold to low or moderate income households.
2. The Agency owns five vacant parcels within the identified area, and three vacant parcels in other parts of the district. These eight parcels serve as receiver sites for historic homes located on properties earmarked for new development. The relocated and rehabilitated homes are sold to low or moderate income households.
3. The eight relocation homes identified in this analysis were selected based on the following criteria:
 - a. The homes are currently owned by the Agency, or have been identified as potential future acquisitions.
 - b. Given the size constraints associated with the receiver sites, no multi-unit dwellings are considered for relocation.
 - c. The selected single-family homes include at least two-bedrooms.

The Agency identified 20 potential property acquisitions to assist in achieving the Project objectives. Only seven of the 20 potential acquisitions fulfill all the criteria identified in #3 above. Therefore, this analysis is based on the assumption that these seven homes, plus one home that is currently owned by the Agency, are used as the relocation houses. The assemblage costs for the acquisition of the seven properties are included in the implementation cost estimate for Alternative #5.

Alternative #6: Rehabilitate 611 North Minter Street in Place

Alternative #6 is based on the Project with the exception of the development scope for Lot #1. The changes to the Lot #1 development are:

1. The 13 studio apartments in the motor court are converted and rehabilitated into one 1-bedroom unit and six 2-bedroom units.

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2. The remaining site area is developed with 31 at-grade apartment units.

ANALYSIS SCOPE AND ASSUMPTIONS

The purpose of the KMA analysis is to identify the following information pertaining to the Project and the three alternatives:

1. To quantify the number of residential units, the housing tenure, and the affordable housing mix, to be provided.
2. To estimate, on an order of magnitude basis, the Agency costs to be incurred in the future to complete the identified activities.

The major assumptions applied in the KMA analysis are:

1. The scope of development information is based on the definition of the Alternatives and the Project presented in the draft EIR.
 - a. Lot #1
 - i. The development scope that includes 75 podium apartment units is based on a pro forma analysis submitted by Related Companies of California (Related).
 - ii. The development that includes 31 new development units, plus the motor court conversion to seven units, was prepared by William Hezmalhalch Architects, Inc. (WHA).
 - b. The development scopes for Lots #2 and #3 were created by KMA based on at-grade apartment pro forma analyses submitted by Related.
 - c. Lot #4
 - i. The development scope that includes 15 units was created by KMA based on at-grade apartment pro forma analyses submitted by Related.
 - ii. WHA prepared the development scope that includes four units.
 - d. The ownership housing development on Lots A – E, and on Lot F, are based on a pro forma analysis submitted by City Ventures.

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2. The income and affordability assumptions were created by KMA. The affordable rent and sales price calculations are based on the requirements imposed by California Health and Safety Code Sections 50053 and 50052.5, respectively.
3. The following costs used in the KMA analysis are based on estimates prepared by City of Santa Ana (City):
 - a. Property acquisition costs;
 - b. Tenant relocation costs;
 - c. Demolition costs;
 - d. Rehabilitation costs; and
 - e. Home moving costs.
4. The financial gap estimates are based on pro forma analyses prepared by KMA. These pro forma analyses are based on conceptual development plans, and should only be used to provide order of magnitude estimates of the financial gaps associated with the development. These pro formas should not be used for financial planning purposes.

FINDINGS

The results of the KMA analysis are summarized in Table 1, and detailed in the following appendices:

A:	Estimates of Agency Costs
B:	Pro Forma Analyses
1	Lot #1 – 75 Apartment Units
2	Lot #1 with Motor Court – 38 Units
3	60 Apartment Units – At Grade Development
4	12 Units New Development – Mercy House
5	8 Rehab and New Units – Mercy House
6	39 Townhouse & Single-Family Homes

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The key findings can be summarized as follows:

	Alternative #4	Alternative #5	Alternative #6	Project
Number of Units				
Rental	88	138	101	138
Ownership	25	22	39	39
Total Units	113	160	140	177
Agency Costs	\$15,923,000	\$31,985,000	\$20,959,000	\$24,926,000
Cost / Unit	\$140,900	\$199,900	\$149,700	\$140,800

TABLE 1

**ALTERNATIVES ANALYSES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

	Alternative 4	Alternative 5	Alternative 6	Base Case
	Rehabilitate in Place	Relocate & Rehabilitate on Agency Owned Infill Sites	Rehabilitate 611 N. Minter Street in Place	Project
I. <u>Number of Residential Units Provided</u>				
A. Rental Units				
Extremely-Low Income Units	12	34	15	34
Very-Low Income Units	70	97	79	97
Low Income Units	2	2	2	2
Moderate Income Units	0	0	0	0
Market Rate Units	0	0	0	0
Manager Units	4	5	5	5
Total Rental Units	88	138	101	138
B. Ownership Units				
Low Income Units	19	16	0	0
Moderate Income Units	0	0	0	0
Market Rate Units	6	6	39	39
Total Ownership Units	25	22	39	39
Total Residential Units Provided	113	160	140	177
II. <u>Agency Costs</u>				
Property Assemblage	\$0	\$7,169,000	\$5,239,000	\$5,239,000
Demolition	0	686,000	1,011,000	1,135,000
House Moving & Rehabilitation ¹	2,918,000	6,163,000	0	0
Financial Gaps	13,005,000	17,967,000	14,709,000	18,552,000
Total Agency Costs	\$15,923,000	\$31,985,000	\$20,959,000	\$24,926,000
III. Agency Cost / Residential Unit	\$140,900	\$199,900	\$149,700	\$140,800

¹ As pertinent, the estimated rehabilitation costs for the existing homes on the Mercy House site, and the motor court units, are included in the financial gap pro formas for the Mercy House and Lot #1 projects.

**APPENDIX A
ESTIMATES OF AGENCY COSTS
ALTERNATIVES ANALYSES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

TABLE 1

**POTENTIAL AGENCY PROPERTY ACQUISITIONS ¹
 ESTIMATED ACQUISITION AND RELOCATION COSTS
 ALTERNATIVES ANALYSES
 STATION DISTRICT EIR
 SANTA ANA, CALIFORNIA**

	Alternative 4	Alternative 5	Alternative 6	Base Case
	Rehabilitate in Place	Relocate & Rehabilitate on Agency Owned Infill Sites	Rehabilitate 611 N. Minter Street in Place	Project
1 812 E. Santa Ana Blvd.				
2 611 N. Garfield				
3 911 Brown St.		***		
4 617 E. Sixth St.		***		
5 613 E. Sixth St.		***		
6 609 E. Sixth St.		***		
7 607 E. Sixth St.		***		
8 515 E. Fifth St.		***		
9 519 E. Fifth St.		***		
10 609 E. Fifth St.		***		
11 702 E. Sixth St.		***	***	***
12 706 E. Sixth St.		***	***	***
13 701 E. Fifth St.		***	***	***
14 713 E. Fifth St.		***	***	***
15 602 E. Fifth St.; 409 N. Minter				
16 702 E. Fifth St. (Parking Lot)				
17 708 E. Fifth St.				
18 716 E. Fifth St.				
19 720 E. Fifth St. (Belongs to 716 5th)				
20 610 E. Sixth St. (and 608)				
Total Estimated Assemblage Cost	\$0	\$7,168,856	\$5,239,428	\$5,239,428

¹ Properties marked with *** are assumed to be acquired in each Alternative respectively.

TABLE 2

**ESTIMATED DEMOLITION COSTS
ALTERNATIVES ANALYSES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

	Alternative 4 <u>Rehabilitate in Place</u>	Alternative 5 Relocate & Rehabilitate on Agency Owned Infill Sites	Alternative 6 Rehabilitate 611 N. Minter Street in Place	Base Case <u>Project</u>
I. <u>Agency Owned Parcels</u>				
1			\$97,000	\$97,000
2			30,000	30,000
3			51,800	51,800
4			54,600	54,600
5			41,400	41,400
6			43,800	43,800
7			48,800	48,800
8			43,700	43,700
9		123,600		123,600
10		23,100	23,100	23,100
11		34,900	34,900	34,900
12			37,600	37,600
13		114,500	114,500	114,500
14		36,400	36,400	36,400
	Total Agency Owned Parcels	\$0	\$332,500	\$657,600
			\$657,600	\$781,200
II. <u>Potential Agency Acquisitions</u>				
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11		43,700	43,700	43,700
12		86,000	86,000	86,000
13		74,700	74,700	74,700
14		149,000	149,000	149,000
15				
16				
17				
18				
19				
20				
	Total Potential Agency Acquisitions	\$0	\$353,400	\$353,400
			\$353,400	\$353,400
III. Total Demolition Costs	\$0	\$685,900	\$1,011,000	\$1,134,600

TABLE 3
ESTIMATED HOUSE MOVING & REHABILITATION COSTS ¹
ALTERNATIVES ANALYSES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA

	Alternative 4	Alternative 5	Alternative 6	Base Case
	Rehabilitate in Place	Relocate & Rehabilitate on Agency Owned Infill Sites	Rehabilitate 611 N. Minter Street in Place	Project
I. Agency Owned Parcels				
1	505 N. Minter; 507 N Minter, 601-603 E. 5th	\$525,000	\$525,000 ²	
2	610-612 E. 5th St.	405,000	405,000 ²	
3	620 E. 5th St.	228,800	228,800 ²	
4	621 E. 5th; 508 & 510 N. Porter	376,800	376,800 ²	
5	712 E. 5th St.	275,400	275,400 ²	
6	501 E. 5th St.	170,400	170,400 ²	
7	615 E. 5th St.	164,400	164,400 ²	
8	505 E. 5th St.	165,300	165,300 ²	
9	611 N. Minter St ³			
10	720 E. Sixth St.	100,800		
11	714 E. Sixth St.	107,800		
12	710 E. Sixth St.	211,300	354,300 ⁴	
13	623 N. Garfield	186,588		
14	801 SA Blvd / 707 N. Garfield ³			
	Total Agency Owned Parcels	\$2,917,588	\$2,665,400	\$0
II. Potential Agency Acquisitions				
1	812 E. Santa Ana Blvd.			
2	611 N. Garfield			
3	911 Brown St.		536,800 ⁴	
4	617 E. Sixth St.		415,420 ⁴	
5	613 E. Sixth St.			
6	609 E. Sixth St.		447,300 ⁴	
7	607 E. Sixth St.		510,800 ⁴	
8	515 E. Fifth St.		548,514 ⁴	
9	519. E.Fifth St.		513,014 ⁴	
10	609 E. Fifth St.		526,152 ⁴	
11	702 E. Sixth St.			
12	706 E. Sixth St.			
13	701 E. Fifth St.			
14	713 E. Fifth St.			
15	602 E. Fifth St.; 409 N. Minter			
16	702 E. Fifth St. (Parking Lot)			
17	708 E. Fifth St.			
18	716 E. Fifth St.			
19	720 E. Fifth St. (Belongs to 716 5th)			
20	610 E. Sixth St. (and 608)			
	Total Potential Agency Acquisitions	\$0	\$3,498,000	\$0
III.	Total House Moving & Rehabilitation Cost	\$2,917,588	\$6,163,400	\$0

¹ The estimated costs are net of the projected resale revenue generated by the unit.

² These units are assumed to be rehabilitated in place.

³ The estimated rehabilitation costs for these units are included in the financial gap pro formas for these projects.

⁴ These units are assumed to be relocated to Agency owned properties to create a historic home concentration.

TABLE 4

**FINANCIAL GAP ANALYSES ¹
 ALTERNATIVES ANALYSES
 STATION DISTRICT EIR
 SANTA ANA, CALIFORNIA**

	Alternative 4 Rehabilitate in Place	Alternative 5 Relocate & Rehabilitate on Agency Owned Infill Sites	Alternative 6 Rehabilitate 611 N. Minter Street in Place	Base Case Project
Lots A-E Ownership	\$0	\$0	\$495,000	\$495,000
Lot F Ownership	0	0	90,000	90,000
Lot 1 Rental	8,157,000	12,000,000	8,157,000	12,000,000
Lot 2 Rental	2,011,000	2,011,000	2,011,000	2,011,000
Lot 3 Rental	2,011,000	2,011,000	2,011,000	2,011,000
Lot 4 Rental	447,000	1,676,000	1,676,000	1,676,000
Mercy House Rental	379,000	269,000	269,000	269,000
Total Financial Gap	\$13,005,000	\$17,967,000	\$14,709,000	\$18,552,000

¹ Based on pro forma analyses presented in Appendix B.

**APPENDIX B
PRO FORMA ANALYSES
ALTERNATIVES ANALYSES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

**APPENDIX B - 1
PRO FORMA ANALYSIS
LOT 1 - 75 APARTMENT UNITS
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

TABLE 1

**ESTIMATED DEVELOPMENT COSTS
LOT 1 - 75 APARTMENT UNITS
SANTA ANA, CALIFORNIA**

I. Property Closing Costs¹					\$50,000
II. Direct Costs²					
Off-site Improvements					\$0
On-site Improvements	85,813	Sf Land	\$21 /Sf Land		1,773,000
Structured Parking	144	Spaces	\$25,000 /Space		3,600,000
Building Costs	83,196	Sf GBA	\$92 /Sf GBA		7,686,000
Retail	2,000	Sf GBA	\$107 /Sf GBA		214,000
Furnishings, Fixtures & Equipment	75	Units	\$3,067 /Unit		230,000
Contractor Fees / General Requirements	14%	Construction Costs			1,858,000
Insurance	2%	Construction Costs			227,000
Contingency Allowance	5%	Other Direct Costs			779,000
Total Direct Costs	85,196	Sf GBA	\$192 /Sf GBA		\$16,367,000
III. Indirect Costs					
Architecture, Engineering & Consulting	7%	Direct Costs			\$1,071,000
Permits & Fees ³	75	Units	\$21,333 /Unit		1,600,000
Taxes, Legal & Accounting	3%	Direct Costs			489,000
Insurance ¹	75	Units	\$0 /Unit		-
Marketing & Leasing ¹	75	Units	\$1,867 /Unit		140,000
Developer Fee ⁴	10%	Eligible Basis			2,000,000
Contingency Allowance	5%	Other Indirect Costs			265,000
Total Indirect Costs					\$5,565,000
IV. Financing Costs					
Interest During Construction ⁵	\$15,605,000	Loan Amount	5.50% Interest		\$858,000
Financing Fees					
Gap Loan ¹					50,000
Construction Loan	\$15,605,000	Loan Amount	2.00 Points		312,000
Permanent Loan	\$2,346,000	Loan Amount	2.00 Points		47,000
Reserves ⁶					
Operating	3	Months Operating Expenses / Debt Service			170,000
Replacement	75	Units	\$250 /Unit		19,000
TCAC Fees ⁷					118,000
Total Financing Costs					\$1,574,000
V. Total Construction Costs	85,196	Sf GBA	\$276 /Sf GBA		\$23,506,000
Total Development Costs	85,196	Sf GBA	\$276 /Sf GBA		\$23,556,000

¹ Based on Developer estimate.

² Estimates assume prevailing wage requirements will NOT be imposed on the Project.

³ Based on Developer estimate. The estimate should be verified by City staff.

⁴ Based on Developer estimate. This amount is the maximum allowed by TCAC.

⁵ Includes debt on the 85% of the Tax Credit Equity which will not be funded during construction. Assumes a 15-month construction period with a 60% average outstanding balance and a 3-month absorption period with a 100% average outstanding balance.

⁶ Based on the minimum required by TCAC.

⁷ Includes a \$2,000 application fee; \$410/unit monitoring fee; and 4% of the gross Tax Credit proceeds for one year.

TABLE 2

**STABILIZED NET OPERATING INCOME
LOT 1 - 75 APARTMENT UNITS
SANTA ANA, CALIFORNIA**

I. <u>Gross Residential Income</u> ¹				
Manager's Unit @ 60% Median	1 Unit		\$0 /Unit/Month	\$0
<u>VL Inc Redev/TC @ 30% Median</u>				
1-Bedroom Units @ (625-Sf)	2 Units		\$469 /Unit/Month	11,300
2-Bedroom Units @ (880-Sf)	4 Units		\$559 /Unit/Month	26,800
3-Bedroom Units @ (1,180-Sf)	2 Units		\$627 /Unit/Month	15,000
<u>VL Inc Redev/TC @ 40% Median</u>				
1-Bedroom Units @ (625-Sf)	3 Units		\$643 /Unit/Month	23,100
2-Bedroom Units @ (880-Sf)	8 Units		\$769 /Unit/Month	73,800
3-Bedroom Units @ (1,180-Sf)	4 Units		\$869 /Unit/Month	41,700
<u>VL Inc Redev/TC @ 50% Median</u>				
1-Bedroom Units @ (625-Sf)	8 Units		\$753 /Unit/Month	72,300
2-Bedroom Units @ (880-Sf)	26 Units		\$901 /Unit/Month	281,100
3-Bedroom Units @ (1,180-Sf)	17 Units		\$1,021 /Unit/Month	208,300
Gross Rental Income				\$753,400
Laundry/Miscellaneous Income	75 Units		\$6 /Unit/Month	5,400
Gross Income				\$758,800
(Less) Vacancy & Collection Allowance	5% Gross Income			(37,900)
Effective Gross Income				\$720,900
II. <u>Operating Expenses</u>				
General Operating Expenses	75 Units		\$5,300 /Unit	\$397,500
Property Taxes ²	75 Units		\$677 /Unit	50,800
Services	75 Units		\$0 /Unit	-
Operating Reserve	75 Units		\$0 /Unit	-
Replacement Reserve	75 Units		\$250 /Unit	18,800
Total Operating Expenses				\$467,100
III. <u>Net Operating Income</u>				\$253,800

¹ Based on Orange County 2009 Incomes distributed by HUD/HCD. As pertinent, the rents are based on rents published in 2009 by TCAC and California Health and Safety Code Section 50053. Utility Allowances per Developer: \$54 for 1-Bdrm units; \$68 for 2-Bdrm units; and \$98 for 3-Bdrm units.

² Assumes that the Developer will NOT receive a property tax abatement.

TABLE 3

FINANCIAL GAP CALCULATION
 LOT 1 - 75 APARTMENT UNITS
 SANTA ANA, CALIFORNIA

I. Available Funding Sources

Permanent Loan

Net Operating Income	\$253,800	NOI (See Table 2)		
Income Available for Mortgage	1.20	DCR	\$211,500	Debt Service
Interest Rate	8.25%	Interest Rate	9.02%	Mortgage Constant

Permanent Loan **\$2,346,000**

Tax Credit Equity¹

Gross Tax Credit Value	\$21,368,000	
Syndication Rate	\$0.73	/Tax Credit Dollar

Net Tax Credit Equity **\$15,599,000**

Total Available Funding Sources **\$17,945,000**

II. Financial Gap Calculation

Total Available Funding Sources	\$17,945,000
(Less) Total Development Costs	(23,556,000)

III. Financial Gap	75 Units	(\$74,800) /Unit	(\$5,611,000)
Adjusted For Tie Breaker ²	114% Premium		(\$12,000,000)

¹ Assumes a \$18.3 million eligible basis, which includes a 0% voluntary basis reduction, a 130% difficult-to-develop premium, a 9.0% Tax Credit rate and an applicable fraction of 100%.

² Based on Developer's estimate.

**APPENDIX B-2
PRO FORMA ANALYSIS
LOT 1 WITH MOTOR COURT - 38 UNITS
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

TABLE 1

**ESTIMATED CONSTRUCTION COSTS
LOT 1 WITH MOTOR COURT - 38 UNITS
SANTA ANA, CALIFORNIA**

I. Direct Costs¹				
On-Site Improvements ²	85,813	Sf Land	\$18 /Sf Land	1,545,000
Building Costs	51,210	Sf GBA	\$97 /Sf GBA	4,967,000
Motor Court Conversion & Rehabilitation		See 2_19_10 Station EIR for calculation		867,000
Furnishings, Fixtures & Equipment	38	Units	\$3,833 /Unit	146,000
Contractor Fees / General Requirements	14%	Construction Costs Excl Motor Court		912,000
Insurance	2%	Construction Costs Excl Motor Court		130,000
Contingency Allowance	5%	Other Direct Costs Excl Motor Court		385,000
Total Direct Costs	51,210	Sf GBA	\$175 /Sf GBA	\$8,952,000
II. Indirect Costs				
Architecture, Engineering & Consulting	7%	Direct Costs		\$627,000
Permits & Fees ³	38	Units	\$26,667 /Unit	1,013,000
Taxes, Legal & Accounting	3%	Direct Costs		269,000
Insurance ³	38	Units	\$0 /Unit	-
Marketing & Leasing ³	38	Units	\$2,333 /Unit	89,000
Developer Fee ⁴	16%	Eligible Basis		1,820,000
Contingency Allowance	5%	Other Indirect Costs		191,000
Total Indirect Costs				\$4,009,000
III. Financing Costs				
Interest During Construction ⁵	\$7,560,000	Loan Amount	5.50% Interest	\$353,000
Financing Fees				
Construction Loan	\$7,560,000	Loan Amount	2.00 Points	151,000
Permanent Loan	\$1,391,000	Loan Amount	2.00 Points	28,000
Reserves ⁶				
Operating	3	Months Operating Expenses / Debt Service		86,000
Replacement	38	Units	\$263 /Unit	10,000
TCAC Fees ⁷				56,000
Total Financing Costs				\$684,000
IV. Total Construction Costs	51,210	Sf GBA	\$266 /Sf GBA	\$13,645,000

¹ Estimates assume prevailing wage requirements will NOT be imposed on the Project.

² Includes offset for sitework costs included in motor court estimate.

³ Based on assumptions applied in 1/14/10 Related pro forma for at grade apartment development.

⁴ Based on Developer estimate. This amount is the maximum allowed by TCAC.

⁵ Includes debt on the 85% of the Tax Credit Equity which will not be funded during construction. Assumes a 12-month construction period with a 60% average outstanding balance and a 3-month absorption period with a 100% average outstanding balance.

⁶ Based on the minimum required by TCAC.

⁷ Includes a \$2,000 application fee; \$410/unit monitoring fee; and 4% of the gross Tax Credit proceeds for one year.

TABLE 2

**STABILIZED NET OPERATING INCOME
LOT 1 WITH MOTOR COURT - 38 UNITS
SANTA ANA, CALIFORNIA**

I. <u>Gross Residential Income</u>¹				
Manager's Unit: 1-Bedroom @ (420-Sf)	1 Unit		\$0 /Unit/Month	\$0
<u>VL Inc Redev/TC @ 30% Median</u>				
2-Bedroom @ (845-Sf)	1 Unit		\$559 /Unit/Month	6,700
2-Bedroom @ (1,320-Sf)	2 Units		\$559 /Unit/Month	13,400
3-Bedroom @ (1,800-Sf)	1 Unit		\$627 /Unit/Month	7,500
<u>VL Inc Redev/TC @ 40% Median</u>				
2-Bedroom @ (845-Sf)	2 Units		\$769 /Unit/Month	18,500
2-Bedroom @ (1,320-Sf)	4 Units		\$769 /Unit/Month	36,900
3-Bedroom @ (1,800-Sf)	2 Units		\$869 /Unit/Month	20,900
<u>VL Inc Redev/TC @ 50% Median</u>				
2-Bedroom @ (845-Sf)	3 Units		\$901 /Unit/Month	32,400
2-Bedroom @ (1,320-Sf)	15 Units		\$901 /Unit/Month	162,200
3-Bedroom @ (1,800-Sf)	7 Units		\$1,021 /Unit/Month	85,800
Gross Rental Income				\$384,300
Laundry/Miscellaneous Income	38 Units		\$9 /Unit/Month	4,100
Gross Income				\$388,400
(Less) Vacancy & Collection Allowance	5% Gross Income			(19,400)
Effective Gross Income				\$369,000
II. <u>Operating Expenses</u>				
General Operating Expenses	38 Units		\$5,300 /Unit	\$201,400
Property Taxes ²	38 Units		\$199 /Unit	7,600
Services	38 Units		\$0 /Unit	-
Operating Reserve	38 Units		\$0 /Unit	-
Replacement Reserve	38 Units		\$250 /Unit	9,500
Total Operating Expenses				\$218,500
III. <u>Net Operating Income</u>				\$150,500

¹ Based on Orange County 2009 Incomes distributed by HUD/HCD. As pertinent, the rents are based on rents published in 2009 by TCAC and California Health and Safety Code Section 50053. Utility Allowances per Developer: \$54 for 1-Bdrm units; \$68 for 2-Bdrm units; and \$98 for 3-Bdrm units.

² Assumes that the Developer will NOT receive a property tax abatement.

TABLE 3

**FINANCIAL GAP CALCULATION
LOT 1 WITH MOTOR COURT - 38 UNITS
SANTA ANA, CALIFORNIA**

I. Available Funding Sources**Permanent Loan**

Net Operating Income	\$150,500	NOI (See Table 2)		
Income Available for Mortgage	1.20	DCR	\$125,417	Debt Service
Interest Rate	8.25%	Interest Rate	9.02%	Mortgage Constant

Permanent Loan**\$1,391,000****Tax Credit Equity¹**

Gross Tax Credit Value	\$9,709,000			
Syndication Rate	\$0.73	/Tax Credit Dollar		

Net Tax Credit Equity**\$7,087,000****Total Available Funding Sources****\$8,478,000****II. Financial Gap Calculation**

Total Available Funding Sources	\$8,478,000
(Less) Total Development Costs	(13,645,000)

III. Financial Gap	38 Units	(\$136,000) /Unit	(\$5,167,000)
Adjusted For Tie Breaker²	56% Premium		(\$8,051,000)

¹ Assumes a \$8.3 million eligible basis, which includes a 0% voluntary basis reduction, a 130% difficult-to-develop premium, a 9.0% Tax Credit rate and an applicable fraction of 100%.

² Based on the premium percentage applied in 1/14/10 Related pro forma for at grade development.

**APPENDIX B-3
PRO FORMA ANALYSIS
60 APARTMENT UNITS - AT GRADE DEVELOPMENT
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

TABLE 1

**ESTIMATED DEVELOPMENT COSTS
60 APARTMENT UNITS - AT GRADE DEVELOPMENT
SANTA ANA, CALIFORNIA**

I. Property Closing Costs ¹					\$50,000
II. Direct Costs ²					
Off-site Improvements					\$0
On-site Improvements	107,593	Sf Land	\$21 /Sf Land		2,223,000
Structured Parking	-	Spaces	\$25,000 /Space		0
Building Costs	66,168	Sf GBA	\$97 /Sf GBA		6,398,000
Retail	2,000	Sf GBA	\$111 /Sf GBA		222,000
Furnishings, Fixtures & Equipment	60	Units	\$3,833 /Unit		230,000
Contractor Fees / General Requirements	14%	Construction Costs			1,238,000
Insurance	2%	Construction Costs			151,000
Contingency Allowance	5%	Other Direct Costs			523,000
Total Direct Costs	68,168	Sf GBA	\$161 /Sf GBA		\$10,985,000
III. Indirect Costs					
Architecture, Engineering & Consulting	7%	Direct Costs			\$769,000
Permits & Fees ³	60	Units	\$26,667 /Unit		1,600,000
Taxes, Legal & Accounting	3%	Direct Costs			377,000
Insurance ¹	60	Units	\$0 /Unit		-
Marketing & Leasing ¹	60	Units	\$2,333 /Unit		140,000
Developer Fee ⁴	14%	Eligible Basis			2,000,000
Contingency Allowance	5%	Other Indirect Costs			244,000
Total Indirect Costs					\$5,130,000
IV. Financing Costs					
Interest During Construction ⁵	\$11,496,000	Loan Amount	5.50% Interest		\$537,000
Financing Fees					
Gap Loan ¹					50,000
Construction Loan	\$11,496,000	Loan Amount	2.00 Points		230,000
Permanent Loan	\$2,141,000	Loan Amount	2.00 Points		43,000
Reserves ⁶					
Operating	3	Months Operating Expenses / Debt Service			143,000
Replacement	60	Units	\$250 /Unit		15,000
TCAC Fees ⁷					87,000
Total Financing Costs					\$1,105,000
V. Total Construction Costs	68,168	Sf GBA	\$253 /Sf GBA		\$17,220,000
Total Development Costs	68,168	Sf GBA	\$253 /Sf GBA		\$17,270,000

¹ Based on Developer estimate.

² Estimates assume prevailing wage requirements will NOT be imposed on the Project.

³ Based on Developer estimate. The estimate should be verified by City staff.

⁴ Based on Developer estimate. This amount is the maximum allowed by TCAC.

⁵ Includes debt on the 85% of the Tax Credit Equity which will not be funded during construction. Assumes a 12-month construction period with a 60% average outstanding balance and a 3-month absorption period with a 100% average outstanding balance.

⁶ Based on the minimum required by TCAC.

⁷ Includes a \$2,000 application fee; \$410/unit monitoring fee; and 4% of the gross Tax Credit proceeds for one year.

TABLE 2

**STABILIZED NET OPERATING INCOME
60 APARTMENT UNITS - AT GRADE DEVELOPMENT
SANTA ANA, CALIFORNIA**

I. <u>Gross Residential Income</u> ¹				
Manager's Unit @ 60% Median	1 Unit		\$0 /Unit/Month	\$0
<u>VL Inc Redev/TC @ 30% Median</u>				
1-Bedroom Units @ (625-Sf)	1 Unit		\$469 /Unit/Month	5,600
2-Bedroom Units @ (880-Sf)	3 Units		\$559 /Unit/Month	20,100
3-Bedroom Units @ (1,180-Sf)	2 Units		\$627 /Unit/Month	15,000
<u>VL Inc Redev/TC @ 40% Median</u>				
1-Bedroom Units @ (625-Sf)	3 Units		\$643 /Unit/Month	23,100
2-Bedroom Units @ (880-Sf)	6 Units		\$769 /Unit/Month	55,400
3-Bedroom Units @ (1,180-Sf)	3 Units		\$869 /Unit/Month	31,300
<u>VL Inc Redev/TC @ 50% Median</u>				
1-Bedroom Units @ (625-Sf)	7 Units		\$817 /Unit/Month	68,600
2-Bedroom Units @ (880-Sf)	21 Units		\$978 /Unit/Month	246,500
3-Bedroom Units @ (1,180-Sf)	13 Units		\$1,110 /Unit/Month	173,200
Gross Rental Income				\$638,800
Laundry/Miscellaneous Income	60 Units		\$6 /Unit/Month	4,300
Gross Income				\$643,100
(Less) Vacancy & Collection Allowance	5% Gross Income			(32,200)
Effective Gross Income				\$610,900
II. <u>Operating Expenses</u>				
General Operating Expenses	60 Units		\$5,300 /Unit	\$318,000
Property Taxes ²	60 Units		\$772 /Unit	46,300
Services	60 Units		\$0 /Unit	-
Operating Reserve	60 Units		\$0 /Unit	-
Replacement Reserve	60 Units		\$250 /Unit	15,000
Total Operating Expenses				\$379,300
III. <u>Net Operating Income</u>				\$231,600

¹ Based on Orange County 2009 Incomes distributed by HUD/HCD. As pertinent, the rents are based on rents published in 2009 by TCAC and California Health and Safety Code Section 50053. Utility Allowances per Developer: \$54 for 1-Bdrm units; \$68 for 2-Bdrm units; and \$98 for 3-Bdrm units.

² Assumes that the Developer will NOT receive a property tax abatement.

TABLE 3

**FINANCIAL GAP CALCULATION
60 APARTMENT UNITS - AT GRADE DEVELOPMENT
SANTA ANA, CALIFORNIA**

I. Available Funding Sources

Permanent Loan

Net Operating Income	\$231,600	NOI (See Table 2)		
Income Available for Mortgage	1.20	DCR	\$193,000	Debt Service
Interest Rate	8.25%	Interest Rate	9.02%	Mortgage Constant

Permanent Loan **\$2,141,000**

Tax Credit Equity¹

Gross Tax Credit Value	\$15,077,000	
Syndication Rate	\$0.73	/Tax Credit Dollar

Net Tax Credit Equity **\$11,006,000**

Total Available Funding Sources **\$13,147,000**

II. Financial Gap Calculation

Total Available Funding Sources	\$13,147,000
(Less) Total Development Costs	(17,270,000)

III. Financial Gap	60 Units	(\$68,700) /Unit	(\$4,123,000)
Adjusted For Tie Breaker²	63% Premium		(\$6,700,000)

¹ Assumes a \$12.9 million eligible basis, which includes a 0% voluntary basis reduction, a 130% difficult-to-develop premium, a 9.0% Tax Credit rate and an applicable fraction of 100%.

² Based on Developer's estimate.

**APPENDIX B4
PRO FORMA ANALYSIS
12 UNITS NEW DEVELOPMENT - MERCY HOUSE
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

TABLE 1

**ESTIMATED CONSTRUCTION COSTS
12 UNITS NEW DEVELOPMENT - MERCY HOUSE
SANTA ANA, CALIFORNIA**

I.	Land Acquisition Cost	15,000 Sf Land	\$30 /Sf	\$450,000
II.	Direct Costs ¹			
	On-Site Imps / Surface Parking	15,000 Sf Land	\$19 /Sf	\$285,000
	Building Costs	14,050 Sf of GBA	\$100 /Sf	1,405,000
	Contractor/DC Contingency Allow	30.0% Other Direct Costs		507,000
	Total Direct Costs			\$2,197,000
III.	Indirect Costs			
	Arch, Engineering & Consulting	10.0% Direct Costs		\$220,000
	Public Permits & Fees ²	12 Units	\$22,822 /Unit	274,000
	Taxes, Legal & Accounting	1.5% Direct Costs		33,000
	Insurance	12 Units	\$5,000 /Unit	60,000
	Developer Fee	5.0% Direct Costs		110,000
	Soft Cost Contingency Allowance	5.0% Ind+Fin Costs		39,000
	Total Indirect Costs			\$736,000
IV.	Financing Costs ³			
	Interest During Construction			
	Loan Origination Fees			
	Reserves ¹	12 Units	\$2,917 /Unit	35,000
	Total Financing Costs			\$35,000
V.	Total Construction Cost	12 Units	\$247,000 /Unit	\$2,968,000
	Total Development Cost	12 Units	\$285,000 /Unit	\$3,418,000

¹ Based on Developer estimates.

² Based on Developer estimate. The estimate should be verified by the City staff.

³ It is assumed that 100% of the Project costs will be paid for with assistance funds.

TABLE 2

**STABILIZED NET OPERATING INCOME
12 UNITS NEW DEVELOPMENT - MERCY HOUSE
SANTA ANA, CALIFORNIA**

I. Income¹

Manager	1 Unit @	No Rent	\$0
Low Income Units			
1-Bdrm	1 Unit @	\$1,011 /Month	12,100
2-Bdrm	1 Unit @	\$1,134 /Month	13,600
3-Bdrm	0 Units @	\$1,250 /Month	0
Very-Low Income Units			
1-Bdrm	1 Unit @	\$838 /Month	10,100
2-Bdrm	2 Units @	\$940 /Month	22,600
3-Bdrm	1 Unit @	\$1,034 /Month	12,400
Extremely-Low Income Units			
1-Bdrm	3 Units @	\$494 /Month	17,800
2-Bdrm	2 Units @	\$552 /Month	13,300
3-Bdrm	0 Units @	\$604 /Month	0
Gross Income			\$101,900
(Less) Vacancy & Collection Allow.	5.0% Gross Income		(5,100)
Effective Gross Income			\$96,800

II. Operating Expenses

General Operating Expenses	12 Units @	\$4,890 /Unit	\$58,700
Property Taxes	12 Units @	\$0 /Unit	0
Social Services	12 Units @	\$500 /Unit	6,000
Reserves Deposits	12 Units @	\$513 /Unit	6,200
Total Operating Expenses			(\$70,900)

III. <u>Net Operating Income</u>	\$25,900
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¹ Based on Orange County 2009 Incomes distributed by HUD/HCD. The rents are based on the calculation methodology imposed by California Health and Safety Code Section 50053. Utility Allowances per Developer: \$23 for 1-Bdrm units; \$29 for 2-Bdrm units; and \$42 for 3-Bdrm units.

TABLE 3

**FINANCIAL GAP CALCULATION
12 UNITS NEW DEVELOPMENT - MERCY HOUSE
SANTA ANA, CALIFORNIA**

I. <u>Outside Assistance Sources</u>			
Home Aid In-Kind Services	12 Units @	\$45,700 /Unit	\$548,400
Children & Families Commission	12 Units @	\$116,700 /Unit	1,400,400
Affordable Housing Program	12 Units @	\$83,300 /Unit	999,600
Private Funding	12 Units @	\$16,700 /Unit	200,400
Total Outside Assistance Sources			\$3,148,800
II. Total Development Cost		See TABLE 1	\$3,418,000
III. <u>Financial Gap</u>			
	12 Units	(\$22,400) /Unit	(\$269,200)

**APPENDIX B5
PRO FORMA ANALYSIS
8 REHAB AND NEW UNITS - MERCY HOUSE
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

TABLE 1

**ESTIMATED CONSTRUCTION COSTS
8 REHAB AND NEW UNITS - MERCY HOUSE
SANTA ANA, CALIFORNIA**

I.	Land Acquisition Cost	15,000 Sf Land	\$30 /Sf	\$450,000
II.	Direct Costs ¹			
	On-Site Imps / Surface Parking	15,000 Sf Land	\$19 /Sf	\$285,000
	Building Costs	6,180 Sf of GBA	\$100 /Sf	618,000
	Rehab Costs ²	1,508 Sf of GBA	\$214 /Sf	322,000
	Contractor/DC Contingency Allow	30.0% Other Direct Costs		271,000
	Total Direct Costs			\$1,496,000
III.	Indirect Costs			
	Arch, Engineering & Consulting	10.0% Direct Costs		\$150,000
	Public Permits & Fees ³	8 Units	\$22,822 /Unit	183,000
	Taxes, Legal & Accounting	1.5% Direct Costs		22,000
	Insurance	8 Units	\$5,000 /Unit	40,000
	Developer Fee	5.0% Direct Costs		75,000
	Soft Cost Contingency Allowance	5.0% Ind+Fin Costs		27,000
	Total Indirect Costs			\$497,000
IV.	Financing Costs ⁴			
	Interest During Construction			
	Loan Origination Fees			
	Reserves ¹	8 Units	\$4,375 /Unit	35,000
	Total Financing Costs			\$35,000
V.	Total Construction Cost	8 Units	\$254,000 /Unit	\$2,028,000
	Total Development Cost	8 Units	\$310,000 /Unit	\$2,478,000

¹ Based on Developer estimates.

² Based on estimates provided by the City.

³ Based on Developer estimate. The estimate should be verified by the City staff.

⁴ It is assumed that 100% of the Project costs will be paid for with assistance funds.

TABLE 2

**STABILIZED NET OPERATING INCOME
8 REHAB AND NEW UNITS - MERCY HOUSE
SANTA ANA, CALIFORNIA**

I. Income¹

Manager	1 Unit @	No Rent	\$0
Low Income Units			
2-Bdrm	1 Unit @	\$1,134 /Month	13,600
3-Bdrm	1 Unit @	\$1,250 /Month	15,000
Very-Low Income Units			
2-Bdrm	2 Units @	\$940 /Month	22,600
3-Bdrm	Units @	\$1,034 /Month	0
Extremely-Low Income Units			
2-Bdrm	3 Units @	\$552 /Month	19,900
3-Bdrm	Units @	\$604 /Month	0
Gross Income			<u>\$71,100</u>
(Less) Vacancy & Collection Allow.	5.0% Gross Income		<u>(3,600)</u>
Effective Gross Income			<u>\$67,500</u>

II. Operating Expenses

General Operating Expenses	8 Units @	\$4,890 /Unit	\$39,100
Property Taxes	8 Units @	\$0 /Unit	0
Social Services	8 Units @	\$500 /Unit	4,000
Reserves Deposits	8 Units @	\$513 /Unit	4,100
Total Operating Expenses	8 Units @	(\$5,903) /Unit	<u>(\$47,200)</u>

III. Net Operating Income \$20,300

¹ Based on Orange County 2009 Incomes distributed by HUD/HCD. The rents are based on the calculation methodology imposed by California Health and Safety Code Section 50053. Utility Allowances per Developer: \$23 for 1-Bdrm units; \$29 for 2-Bdrm units; and \$42 for 3-Bdrm units.

TABLE 3

**FINANCIAL GAP CALCULATION
8 REHAB AND NEW UNITS - MERCY HOUSE
SANTA ANA, CALIFORNIA**

I. Outside Assistance Sources

Home Aid In-Kind Services	8 Units @	\$45,700 /Unit	\$365,600
Children & Families Commission	8 Units @	\$116,700 /Unit	933,600
Affordable Housing Program	8 Units @	\$83,300 /Unit	666,400
Private Funding	8 Units @	\$16,700 /Unit	133,600
Total Outside Assistance Sources			\$2,099,200

II. Total Development Cost See TABLE 1 **\$2,478,000**

III. Financial Gap 8 Units **(\$47,400) /Unit** **(\$378,800)**

**APPENDIX B6
PRO FORMA ANALYSIS
39 TOWNHOUSE & SINGLE-FAMILY HOMES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

APPENDIX B6 - TABLE 1

**ESTIMATED CONSTRUCTION COSTS
39 TOWNHOUSE & SINGLE-FAMILY HOMES
STATION DISTRICT EIR
SANTA ANA, CALIFORNIA**

I. <u>Direct Costs</u>¹				
Off-Site Improvements				\$0
On-Site Improvements / Demolition	95,832	Sf of Land	\$16 /Sf	1,533,000
Attached Garages	39	Garages	\$0 /Space	0
Building Costs	59,875	Sf of GBA	\$65 /Sf of GBA	3,892,000
Contractor/DC Contingency Allow.	5%	Other Direct Costs		271,000
Total Direct Costs				\$5,696,000
II. <u>Indirect Costs</u>				
Arch, Engineering & Consulting	8.0%	Direct Costs		\$456,000
Public Permits & Fees ²	39	Units	\$30,000 /Unit	1,170,000
Taxes, Legal & Accounting	1.5%	Direct Costs		85,000
Insurance	39	Units	\$6,000 /Unit	234,000
Marketing	39	Units	\$5,000 /Unit	195,000
Developer Fee	3.0%	Sales Revenue		310,000
Soft Cost Contingency Allowance	5.0%	Ind+Fin Costs		208,000
Total Indirect Costs				\$2,658,000
III. <u>Financing/Closing Costs</u>				
Construction Interest & Loan Fees ³				\$742,000
Loan Origination Fees	60.0%	Financed	2.0 Points	93,000
Closing Costs/Comm/Warranties ⁴	6.5%	Total Revenue		672,000
Total Financing/Closing Costs				\$1,507,000
IV. <u>Total Construction Cost</u>	39	Units	\$252,800 /Unit	\$9,861,000

¹ Based on similar projects.

² Based on similar projects. The estimate should be verified by the City staff.

³ A 7.0% interest cost for debt and equity; an 18 month construction period; a 10 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.

⁴ See APPENDIX B6 - TABLE 2 for sales revenue estimates. Assumes 3.0% and 2.0% of sales revenues for commissions and closing costs, respectively. Includes \$4,000/unit allowance for warranty costs.

APPENDIX B6 - TABLE 2

REVENUE PROJECTIONS
 39 TOWNHOUSE & SINGLE-FAMILY HOMES
 STATION DISTRICT EIR
 SANTA ANA, CALIFORNIA

I. <u>Market Rate Units</u>¹			
Plan 1 - 1,350 Sf	10 Units @	\$255,000 /Unit	\$2,550,000
Plan 2 - 1,475 Sf	8 Units @	\$255,000 /Unit	2,040,000
Plan 3 - 1,550 Sf	10 Units @	\$265,000 /Unit	2,650,000
Plan 4 - 1,725 Sf	7 Units @	\$275,000 /Unit	1,925,000
Plan 5 (SFD) - 1,700 Sf	2 Units @	\$285,000 /Unit	570,000
Plan 6 (SFD) - 1,800 Sf	2 Units @	\$295,000 /Unit	590,000
Total Market Rate Sales Revenues	39 Units @	\$264,700 /Unit	\$10,325,000
II. <u>Moderate Income Units</u>²			
2-Bdrm	0 Units @	\$321,600 /Unit	\$0
3-Bdrm	0 Units @	\$353,100 /Unit	0
Total Moderate Income Sales Reven	0 Units @	\$0 /Unit	\$0
III. Total Revenue	39 Units	\$264,700 /Unit	\$10,325,000

¹ Per Developer estimates. Average price equates to \$172/sf of gross living area.

² Based on the California Health & Safety Code Section 50052.5 affordability standards and the OC 2009 median income information published by HUD & California HCD. The annual home owners association & utilities costs = \$3,372 for Studio units; \$3,852 for 1-Bdrm units; \$4,320 for 2-Bdrm units; and \$5,136 for 3-Bdrm units. The property tax costs are set at 1.1% of the affordable price; and the mortgage interest rate is set at 6.0%. The home buyer down payment is set at 5% of the affordable price.

APPENDIX B6 - TABLE 3

**RESIDUAL LAND VALUE CALCULATION
 39 TOWNHOUSE & SINGLE-FAMILY HOMES
 STATION DISTRICT EIR
 SANTA ANA, CALIFORNIA**

I.	Total Revenue	See APPENDIX B6 - TABLE 2	\$10,325,000
II.	<u>Project Costs</u>		
	Total Construction Cost	See APPENDIX B6 - TABLE 1	\$9,861,000
	Threshold Profit	10.0% Sales Revenue	1,033,000
	Total Project Costs		\$10,894,000
III.	<u>Residual Land Value</u>	39 Units (\$14,600) /Unit	(\$569,000)