

## Parkwood Apartments - Acquisition Sources and Uses

### Initial Acquisition

#### Sources

Bridge Loan	\$ 13,500,000
City of Santa Rosa	\$2,400,000
Burbank	\$0
Gap	\$0
	<u>\$15,900,000</u>

#### Uses

Acquisition	\$15,000,000
Transaction Costs	\$266,000 <sup>1</sup>
Interest Reserve	\$634,000 <sup>2</sup>
	<u>\$15,900,000</u>

<sup>1</sup> Assume .75% origination fee for bridge loan (equals \$101,250) plus NEPA, Phase 1, escrow, legal, and other transaction costs. See tab

<sup>2</sup> required by bridge lender because NOI in early months inadequate for debt service

Bridge Loan debt service
rate= 6.25%
int. only, monthly= \$70,313

Perm. Loan Debt Service
rate= 5.25%
term (yrs)= 30
Prin.= \$5,636,721
monthly D.S.= \$31,126.18

### Calcs for sizing bridge loan

#### Tax Credit Calculation & Uses of Equity

Value (from March 2018 appraisal)	\$ 17,000,000	
10% increase to Jan. 2020 syndication	\$ 18,700,000	
99% to improvements (from prop tax % split)	\$ 18,513,000	
rehab (\$60k/unit)	\$ 3,360,000	
soft costs & synd. costs	\$ 500,000	
developer fee	\$ 2,500,000	
	basis	\$ 24,873,000
Proration for % of eligible units, assume 94%	\$ 23,380,620	
DDA 30% boost	\$ 30,394,806	
Value of 4% tax credits	\$ 10,030,286	3.30% x 10 yrs
pricing \$0.98	\$ 9,829,680	

Supportable mortgage at syndication=	\$5,636,721
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NOI=	\$ 35,795
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dsc=	1.15
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tax-exempt bond rate=	5.25%
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term (yrs)=	30
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#### Sources Available to take-out bridge loan

Mortgage	\$5,636,721
LIHTC	\$ 9,829,680
less rehab	\$ (3,800,000)
gap	\$ 1,833,599
	<u>\$ 13,500,000</u>

Max bridge loan	\$ 13,500,000
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CITY OF SANTA ROSA  
HOUSING & COMMUNITY SERVICES  
DATE RECEIVED

OCT 10 2018

T: Budget for HA Funds

Parkwood Apartments

	Bridge Loan	SRHA	Burbank	Seller carry-back	TOTAL
Reimburse BHDC for purchase deposits		\$ 160,000			\$ 160,000
Balance of acquisition	\$ 12,652,500	\$ 2,187,500	\$ -	\$ -	\$ 14,840,000
Interest Reserve	\$ 634,000				\$ 634,000
Finance fees at Closing	\$ 213,500				\$ 213,500
Reimburse BHDC: Pre-closing Finance Fees		\$ 35,000			\$ 35,000
Reimburse BHDC: Environmental Reports		\$ 6,695			\$ 6,695
Reimburse BHDC: Legal		\$ 5,000			\$ 5,000
Title, legal, escrow		\$ 5,805			\$ 5,805
	\$ 13,500,000	\$ 2,400,000	\$ -	\$ -	\$ 15,900,000

CITY OF SANTA ROSA  
 HOUSING & COMMUNITY SERVICES  
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**OCT 10 2018**

**PARKWOOD APTS.**  
 pre-syndication operational  
 budget (30 months)

	Actual Projected →							acq. close							3% hike	
	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	
<b>TOTAL REVENUE</b>	\$50,785	\$50,785	\$50,785	\$50,785	\$50,785	\$50,785	\$ 50,785	\$ 51,821	\$ 67,155	\$ 67,155	\$ 67,155	\$ 67,155	\$ 67,155	\$ 67,155	\$ 69,162	
<b>Expense</b>	PUPM															
Mgmt & Accounting Fees	\$ 75							\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,249	
Admin. Salaries	\$ 44							\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,493	
Admin Expense	\$ 27							\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,530	
Community Services	\$ 13							\$ 728	\$ 728	\$ 728	\$ 728	\$ 728	\$ 728	\$ 728	\$ 750	
Utilities	\$ 107							\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,180	
Garbage	\$ 44							\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,524	
Grounds	\$ 14							\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 824	
Criminal and credit reports	\$ 2							\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 129	
Maintenance payroll	\$ 50							\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,833	
Maint. materials & contracts	\$ 40							\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,266	
Benefits and p/r taxes	\$ 42							\$ 2,310	\$ 2,310	\$ 2,310	\$ 2,310	\$ 2,310	\$ 2,310	\$ 2,310	\$ 2,379	
Insurance	\$ 17							\$ 935	\$ 935	\$ 935	\$ 935	\$ 935	\$ 935	\$ 935	\$ 963	
Replacement reserves	\$ 75							\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,125	\$ 4,249	
Expenses before taxes	\$ 550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,453	\$ 30,453	\$ 30,453	\$ 30,453	\$ 30,453	\$ 30,453	\$ 30,453	\$ 31,367	
Real estate taxes													\$ 25,000			
Expenses after taxes <sup>1</sup>								\$ 30,453	\$ 30,453	\$ 30,453	\$ 30,453	\$ 30,453	\$ 55,453	\$ 30,453	\$ 31,367	
Net Operating Income								\$ 21,368	\$ 36,702	\$ 36,702	\$ 36,702	\$ 36,702	\$ 11,702	\$ 36,702	\$ 37,795	
bridge loan debt service <sup>2</sup>								\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	
perm. loan debt service <sup>3</sup>																
Net cash flow/<deficit>								\$ (48,945)	\$ (33,611)	\$ (33,611)	\$ (33,611)	\$ (33,611)	\$ (58,611)	\$ (33,611)	\$ (32,517)	
Interest reserve balance								\$585,056	\$551,445	\$517,835	\$484,224	\$450,614	\$392,003	\$358,393	\$325,875	

capitalized interest reserve amt. = \$634,000

<sup>1</sup> Assume it takes Assessor 6 months to process change of ownership and re-assess taxes. Assume full taxes for one year thereafter even though Welfare Exemption will be filed immediately (January 2019) for 94% of units that qualify. Ongoing taxes of \$24,000/year for 6% of unqualified units plus debt service payments.

<sup>2</sup> Interest only, 6.25%, 3 year max. term, principle of \$13,500,000

<sup>3</sup> 30 year fully amortized tax-exempt bond loan, see sources and uses tab

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**PARKWOOD APTS.**

pre-syndication operational  
budget (30 months)

	Syndication												3% hike	
	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	
<b>TOTAL REVENUE</b>	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 69,162	\$ 71,192	\$ 71,192	
<b>Expense</b>														
Mgmt & Accounting Fees	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	
Admin. Salaries	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	
Admin Expense	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	\$ 1,530	
Community Services	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	
Utilities	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	
Garbage	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	\$ 2,524	
Grounds	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	\$ 824	
Criminal and credit reports	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	\$ 129	
Maintenance payroll	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	\$ 2,833	
Maint. materials & contracts	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	\$ 2,266	
Benefits and p/r taxes	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	\$ 2,379	
Insurance	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	\$ 963	
Replacement reserves	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	\$ 4,249	
Expenses before taxes	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	\$ 31,367	
Real estate taxes				\$ 187,500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	
Expenses after taxes	\$ 31,367	\$ 31,367	\$ 31,367	\$ 218,867	\$ 33,367	\$ 33,367	\$ 33,367	\$ 33,367	\$ 33,367	\$ 33,367	\$ 33,367	\$ 33,367	\$ 33,367	
Net Operating Income	\$ 37,795	\$ 37,795	\$ 37,795	\$ (149,705)	\$ 35,795	\$ 35,795	\$ 35,795	\$ 35,795	\$ 35,795	\$ 35,795	\$ 35,795	\$ 37,825	\$ 37,825	
bridge loan debt service	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313									
perm. loan debt service						\$ 31,126	\$ 31,126	\$ 31,126	\$ 31,126	\$ 31,126	\$ 31,126	\$ 31,126	\$ 31,126	
Net cash flow/<deficit>	\$ (32,517)	\$ (32,517)	\$ (32,517)	\$ (220,017)	\$ (34,517)	\$ 4,669	\$ 4,669	\$ 4,669	\$ 4,669	\$ 4,669	\$ 4,669	\$ 6,699	\$ 6,699	
Interest reserve balance	\$293,358	\$260,840	\$228,323	\$8,306	(\$26,212)	(\$21,543)	(\$16,874)	(\$12,205)						

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**PARKWOOD APTS.**  
pre-syndication operational  
budget (30 months)

	Oct-20	Nov-20
<b>TOTAL REVENUE</b>	\$ 71,192	\$ 71,192
<b>Expense</b>		
Mgmt & Accounting Fees	\$ 4,249	\$ 4,249
Admin. Salaries	\$ 2,493	\$ 2,493
Admin Expense	\$ 1,530	\$ 1,530
Community Services	\$ 750	\$ 750
Utilities	\$ 6,180	\$ 6,180
Garbage	\$ 2,524	\$ 2,524
Grounds	\$ 824	\$ 824
Criminal and credit reports	\$ 129	\$ 129
Maintenance payroll	\$ 2,833	\$ 2,833
Maint. materials & contracts	\$ 2,266	\$ 2,266
Benefits and p/r taxes	\$ 2,379	\$ 2,379
Insurance	\$ 963	\$ 963
Replacement reserves	\$ 4,249	\$ 4,249
Expenses before taxes	\$ 31,367	\$ 31,367
Real estate taxes	\$ 2,000	\$ 2,000
Expenses after taxes	\$ 33,367	\$ 33,367
Net Operating Income	\$ 37,825	\$ 37,825
bridge loan debt service		
perm. loan debt service	\$ 31,126	\$ 31,126
Net cash flow/<deficit>	\$ 6,699	\$ 6,699
Interest reserve balance		