TEMECULA REDEVELOPMENT PROJECT

TEMECULA, CALIFORNIA

SUMMARY REPORT PERTAINING TO THE PROPOSED LEASE OF CERTAIN PROPERTY WITHIN THE REDEVELOPMENT PROJECT AREA

California Community Redevelopment Law
Section 33433

PURSUANT TO THE
ASSIGNMENT, ASSUMPTION AND MODIFICATION OF
GROUND LEASE AND REGULATORY AGREEMENT;
ASSIGNMENT, ASSUMPTION AND MODIFICATION OF LOAN AGREEMENT; AND
ASSIGNMENT, ASSUMPTION AND MODIFICATION OF PROMISSORY NOTE

BY AND BETWEEN THE
CITY OF TEMECULA OPERATING AS THE HOUSING SUCCESSOR TO THE
FORMER REDEVELOPMENT AGENCY OF THE CITY OF TEMECULA
AND
TEMECULA GARDENS, L.P.

Temecula, California

July 2019

TABLE OF CONTENTS

I. INTRODUCTION

A. Purpose of Report

This Summary Report was prepared in accordance with Section 33433 of the California Community Redevelopment Law in order to inform the Housing Successor to the former Redevelopment Agency of the City of Temecula (Agency), the City of Temecula (City) and the public about the proposed transaction between the City and Temecula Gardens, L.P. (Developer).

As background, the City and the Developer entered into a Disposition and Development Agreement and Ground Lease in July 1998 (Original Agreements) to provide for the rehabilitation of 38 existing units and the construction of 38 new units, for a total of 76 affordable residential apartment units (Project). The Project sits on 4.14 acres of land (Property) located on Pujol Street in the City of Temecula. The Project is affordable to households at Very Low- and Low-Income levels.

The Developer now plans to refinance and rehabilitate the Project. The City and the Developer propose to enter into an Assignment, Assumption and Modification of Ground Lease and Regulatory Agreement; Assignment, Assumption and Modification of Loan Agreement; and Assignment, Assumption and Modification of Promissory Note (Agreements). Rehabilitation of the Project will be financed using tax-exempt bonds and 4% Low Income Housing Tax Credits.

This Report describes and specifies:

1. The costs to be incurred by the City under the Agreements;

2. The estimated value of the interest to be conveyed by the City to the Developer at the highest and best use permitted under the Redevelopment Plan;

3. The estimated value of the interest to be conveyed at the proposed use and with the conditions, covenants, and development costs pursuant to the proposed Agreements;

4. The compensation to be paid to the City pursuant to the proposed transaction;

5. An explanation of the difference, if any, between the compensation to be paid to the City under the proposed transaction, and the fair market value at the highest and best use consistent with the Redevelopment Plan; and

6. An explanation of why the conveyance of the interest will assist with the elimination of blight.

B. Summary of Findings

The City engaged its economic consultant, Keyser Marston Associates, Inc. (KMA), to analyze the financial terms contained in the proposed Agreements. KMA reviewed the draft Agreements under discussion between the City and the Developer as of the date of this Report. The KMA conclusions are summarized as follows:

- The estimated costs of the Agreements to the City total $3,991,000.
- The estimated fair market value of the interest to be conveyed at its highest and best use is $2,263,000.
- The estimated fair re-use value of the interest to be conveyed is *negative* $1,965,000.
- The estimated value of the compensation to be received by the City is $1,573,000.

C. Description of Area and Proposed Project

Old Town Temecula was founded in the 1880s and is located in the heart of Temecula. The Old Town area is characterized as a unique and historic environment with a distinct western theme that is present in its streetscape and architecture. The historic neighborhood offers its residents and tourists a variety of specialty shopping, dining, and entertainment uses.

Table 1 describes the physical characteristics of the Project. The Project consists of 76 apartments in two-story buildings. The apartments comprise 38 two-bedroom and 38 three-bedroom units with an overall average size of 939 square feet (SF). Seventy-five (75) units will be affordable to Very Low- and Low-Income households earning up to 60% of Area Median Income (AMI). The Project is situated on a 4.14-acre site on Pujol Street in the City of Temecula.

D. Proposed Transaction Terms

This section summarizes the salient aspects of the business terms contained in the proposed Agreements.

- The Developer will enter into a 55-year ground lease with the City (Ground Lease) for the Property. The Ground Lease will have an option to extend for an additional 20 years (Extended Term).

- The Developer will rehabilitate 75 residential units, affordable to Very Low- and Low-income families, and one (1) manager unit.

- It is the responsibility of the Developer to ensure that applicable City zoning and land use requirements will permit rehabilitation of the proposed Project.

- The Developer will be responsible for all development costs, including site preparation, relocation, rehabilitation of the Project, and off-site improvements.

- It is the responsibility of the Developer to conform to all applicable Federal and State labor laws including requirements, if any, to pay prevailing wages.

- The Developer will apply to the California Debt Limit Allocation Committee (CDLAC) for a tax-exempt bond allocation.

- The Developer will execute two notes in favor of the City, totaling $1,484,000, as listed below. Neither note will require the City to contribute any new cash amount to the Developer.

  (1) RHF Loan in the amount of $305,000. This note is effectively an assumption of an existing cash loan that the City made to the Project in 1998 (discussed in Section II-C).

  (2) Landlord Note in the amount of $1,179,000. This note represents a minimum ground rent amount to be paid to the City in exchange for the new 55-year lease.

- The RHF Loan and Landlord Note will both have terms of 55 years and will bear simple annual interest rates of 3% commencing on the date of disbursement.

- The City's annual Pledge Fund payments will be reduced to $295,000 from $305,000.

- The City will receive 65% of Project-generated residual receipts. Residual receipts will be calculated as the Project's gross income less operating expenses, debt service, and repayment of deferred developer fee. Payments will be made first to pay down the RHF Loan and then to pay down the Landlord Note. Upon repayment of the Landlord Note, the City's 65% share of residual receipts will be paid to the City as Surplus Rent.

- Affordability restrictions on the Project will remain in effect for a term of 55 years.

II. COSTS OF THE AGREEMENTS TO THE CITY

A. Summary of Costs of the Agreements to the City

The estimated costs of the Agreements total $3,991,000, as summarized below.

City Costs	Amount
Acquisition Costs	$1,669,169
Existing Note (RHF Loan)	$305,000
Third Party Costs	$75,000
Net Present Value of Pledge Funds Amount	$1,942,000
Total City Costs (Rounded)	**$3,991,000**

B. Acquisition Costs

The City's outlay for acquisition and acquisition-related costs totals $1,669,169. These costs were reported as part of original transaction in the Section 33433 Summary Report in May 1998. Acquisition costs were comprised of acquisition, relocation, demolition, and other site preparation costs. The City will not incur any new acquisition costs as a result of the proposed Agreements.

C. Existing Note (RHF Loan)

The City made a loan to the Project in the amount of $305,000 in 1998 (RHF Loan). Under the terms of the Agreements, this note will effectively be assumed and extended for a new 55-year term. The City will not contribute any new cash amount to the Developer.

D. Third-Party Costs

The gross estimate of third-party costs, comprised of legal and economic consultants, totals $75,000.

E. Pledge Funds Amount

Under the terms of the Original Agreements, the City is still responsible for eight (8) more years of Pledge Fund payments in the amount of $305,000 per year. Under the proposed Agreements, this annual City contribution will be reduced to $295,000. KMA estimates that the net present value (NPV) of these annual payments is $1,942,000. This value reflects a 6.0% discount rate.

III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

This section presents an analysis of the fair market value of the Property at its highest and best use. In appraisal terminology, the highest and best use is that use of the Property that generates the highest property value and is physically possible, financially feasible, and legally permitted. Therefore, value at highest and best use is based solely on the value created and not on whether or not that use carries out the redevelopment goals and policies for the City.

The Property is currently zoned NR (Neighborhood Residential), Old Town Specific Plan. This zoning allows for neighborhood residential use. The multi-family density allowed under this zoning is 20-35 units/acre. Pursuant to the Original Agreements, the Property is ground leased to the Developer through 2048. Therefore, the fair market value at highest and best use can be determined based on the value of the City's leased fee interest. This value has two components: (1) projected cash flow payments under the existing ground lease, and (2) the value of reversion of fee simple interest in the Property to the City at 2048. Each of these components is evaluated below.

1. Under the terms of the Original Agreements, the Developer is required to make annual rent payments to the City based on the lesser of: (a) annual Project-generated residual receipts, or (b) a schedule of rent payments delineated in the Original Agreements. In the last few years, the Developer's payments to the City have been less than the scheduled of payments and the Project has generated the same, or less, cash flow than each prior year. Based on the Project's historical performance, KMA conservatively assumed that the cash flow payments would remain at $125,000 per year through 2027 (end of Pledge Fund obligation) and then zero for the remainder of the ground lease. These annual payments are estimated to have a present value (PV) of $792,000, assuming a 10.0% discount rate.

2. Upon expiration of the Original Agreements in 2048, the Property will revert to the City. The value of the Property is estimated to have a PV of approximately $1,471,000, assuming a 10.0% discount rate. This value reflects an estimated market rate value of $150,000 per unit in 2019 dollars and escalated at 2.5% annually.

Conclusion

In view of the above considerations, KMA finds that the fair market value of the Property at its highest and best use is $2,263,000, as summarized below:

Value at Highest and Best Use	Amount
Cash Flow Participation	$792,000
Reversion Value	$1,471,000
Total Value at Highest and Best Use	**$2,263,000**

IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE AGREEMENTS

This section explains the principal conditions and covenants which the Developer of the interest to be conveyed must meet in order to comply with the Agreements. The Agreements contain specific covenants and conditions designed to ensure that the conveyance of the Property will be carried out in a manner to achieve the City's objectives, standards, and criteria under the Redevelopment Plan. Based on a detailed financial feasibility analysis of the Project, KMA concludes that the fair re-use value of the interest to be conveyed is *negative* $1,965,000.

KMA estimated the re-use value of the interest to be conveyed based on the anticipated income characteristics of the proposed Project. Re-use value is defined as the highest price in terms of cash or its equivalent which a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by the Agreements.

KMA reviewed and analyzed the financial pro forma submitted by the Developer for the Project. Tables 2 through 4 present the KMA residual value analysis for the proposed Project.

Estimated Development Costs

Table 2 summarizes estimated development costs for the Project.

Total development costs for the Project are estimated at $9,145,000, or $126 per SF GBA, which equates to approximately $120,300 per dwelling unit. Total development costs consist of the following:

- Direct construction costs, such as off-site improvements; on-site improvements; parking; building rehabilitation; furniture, fixtures, and equipment (FF&E); and contingency. An allowance has been factored for temporary tenant relocation. The total direct costs are estimated to be $5,424,000, or $75 per SF GBA. The estimate of direct costs does not assume the payment of prevailing wages.

- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing/lease-up, and contingency. These are estimated to be $2,457,000, or 45.3% of direct costs.

- Financing costs, including loan fees, interest during construction/lease-up, title/recording/escrow fees, Tax Credit Allocation Committee (TCAC) costs, and operating reserves. Total financing costs are estimated at $1,264,000, or 23.3% of direct costs.

Net Operating Income

Table 3 presents an estimate of stabilized Net Operating Income (NOI) for the Project, as follows:

- The Agreements will restrict the residential units to 50% (Very Low Income) and 60% AMI (Low Income), consistent with California Redevelopment Law (CRL) requirements. As discussed earlier, the Developer plans to finance the Project with tax-exempt bonds and Low Income Housing Tax Credits (LIHTC). Therefore, the Developer has proposed an affordability mix that complies with the requirements of those funding sources, as shown below:

Area Median Income	Number of Units
40% AMI - Very Low Income	8 units
50% AMI - Very Low Income	8 units
60% AMI – Low Income	59 units
Total Restricted Units	**75 units**

The Developer will have to comply with the more restrictive of the two programs (CRL and LIHTC) when determining the affordable rent calculations. The proposed affordability mix, shown above, results in an average affordability for the Project (excluding the Manager's unit) of 57% AMI. Additionally, the Developer has secured Project Based Vouchers (PBVs) for eight (8) of the affordable units. Based on these restrictions, total annual rental income amounts to $902,000.

- Other income, such as laundry and vending, is estimated at $15 per unit per month.

- A vacancy factor of 5.0% is assumed.

- Total expenses have been estimated at $5,200 per unit per year. These consist of operating expenses, taxes/assessments, replacement reserves, bond monitoring fee, and tenant services.

Based on these assumptions, stabilized annual NOI for the proposed Project is estimated at $475,000.

Supportable Funding Sources

As shown in Table 4, KMA estimates total available funding sources for the Project comprised of the following:

Sources of Funds	Amount
Supportable Permanent Loan (Tax-Exempt Bond)	$6,493,000
Tranche B Loan (Pledge Fund)	$1,925,000
Tax Credit Equity Investment	$4,108,000
Deferred Developer Fee	$450,000
General Partner Equity Contribution	$397,000
Multifamily Affordable Solar Housing (MASH)	$361,000
RHF Loan	$305,000
Solar Tax Credits	$141,000
Total Sources of Funds	**$14,180,000**

Total funding sources equal $14,180,000. These figures represent reasonable estimates of the maximum amounts available for each funding source.

Residual Value – City Leased Fee Interest

Table 4 also presents the KMA estimate of residual value for the City's leased fee interest. Residual value can be estimated as the difference between total available funding sources and total development costs. The comparison of total funding sources and total development costs yields a residual value for the City's leased fee interest of *negative* $1,965,000, as shown below:

Residual Value – City Leased Fee Interest	Amount
Total Sources of Funds	$14,180,000
(Less) Development Costs	($9,145,000)
(Less) Acquisition Costs – Existing Leasehold Interest	($7,000,000)
Residual Value – City Leased Fee Interest	**($1,965,000)**

Conclusion

Based on the foregoing analysis, KMA concludes that the fair re-use value of the interest to be conveyed is *negative* $1,965,000.

V. COMPENSATION WHICH THE DEVELOPER WILL BE REQUIRED TO PAY

This section summarizes the total compensation to be paid by the Developer to the City for the interest to be conveyed.

Developer compensation to the City will take the form of the following three (3) components:

1. The Developer will pay Advance Rent, currently estimated at $761,000.

2. The Developer agrees to pay 65% of residual receipts to the City toward repayment of the RHF Loan and Landlord Note. Upon repayment of both, the City's share of residual receipts will be collected as Surplus Rent. Tables 5 and 6 present the KMA estimate of City compensation from the Project's annual cash flow. As summarized below, the residual receipts revenue stream is estimated to have a net present value (NPV) of approximately $554,000, assuming a 10.0% discount rate.

3. Upon expiration of the Agreements, the Property will revert to the City. The value of the Property is estimated to have a NPV of approximately $258,000, assuming a 10.0% discount rate.

The following summarizes the total compensation to the City:

Compensation to City	Amount
Advance Rent	$761,000
Present Value of Future Cash Flow (1)(2)	$554,000
Reversion Value (1)(3)	$258,000
Total Compensation to City	**$1,573,000**

(1) Present value figures expressed in 2019 dollars, at a 10% discount rate.
(2) Future cash flow is comprised of payments on RHF Loan, Landlord Note, and Surplus Rent.
(3) Based on unrestricted market value of $150,000 per unit in 2019 dollars and escalated at 2.5%.

Conclusion

Based on the foregoing analysis, KMA concludes that the effective compensation to be paid to the City for the interest to be conveyed is $1,573,000.

VI. EXPLANATION OF THE DIFFERENCE, IF ANY, BETWEEN THE COMPENSATION TO BE PAID TO THE CITY BY THE PROPOSED TRANSACTION AND THE FAIR MARKET VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE CONSISTENT WITH THE REDEVELOPMENT PLAN

The fair market value of the interest to be conveyed at its highest and best use is estimated by KMA to be $2,263,000.

The compensation to be paid to the City pursuant to the Agreements is estimated by KMA to be $1,573,000.

Factors affecting the difference in compensation to the City and fair market value of the interest to be conveyed at highest and best use include:

- The Project will consist of apartment units restricted to Very Low- and Low-Income households for 55 years.

- The Project is proposed to receive a subsidy from the Low Income Housing Tax Credit program, which imposes specific covenants and restrictions on development and operation of the Project.

- The Project was developed on a ground lease rather than fee simple ownership.

VII. EXPLANATION OF WHY THE SALE OF THE PROPERTY WILL ASSIST WITH THE ELIMINATION OF BLIGHT

The Redevelopment Plan (Plan) for the Redevelopment Project Area governs the Property. In accordance with Section 33490 of the California Community Redevelopment Law, the Plan contains the goals and objectives and the projects and expenditures proposed to eliminate blight within the Project Area. These blighting factors include:

- The subdividing and sale of lots of irregular form and shape, and inadequate size, for proper usefulness and development.

- A prevalence of depreciated values and impaired investments.

Implementation of the proposed Agreements can be expected to assist in the alleviation of blighting conditions through the following:

- Installation of new public improvements and community amenities.

- Creation of housing opportunities for extremely-, very-, and low-income residents.

VIII. LIMITING CONDITIONS

The estimates of re-use value and fair market value at the highest and best use contained in this Summary Report assume compliance with the following assumptions:

1. The ultimate development will not vary significantly from that assumed in this Report.

2. The title of the Property is good and marketable; no title search has been made, nor have we attempted to determine the ownership of the property. The value estimates are given without regard to any questions of title, boundaries, encumbrances, liens or encroachments. It is assumed that all assessments, if any are paid.

3. The Property will be in conformance with the applicable zoning and building ordinances.

4. Information provided by such local sources as governmental agencies, financial institutions, realtors, buyers, sellers, and others was considered in light of its source, and checked by secondary means.

5. If an unforeseen change occurs in the economy, the conclusions herein may no longer be valid.

6. The Developer will adhere to the schedule of performance described in the Agreements.

7. Both parties are well informed and well advised and each is acting prudently in what he/she considers his/her own best interest.

8. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues).

9. KMA is not acting as a Municipal Advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA’s work product.

10. The City shall discuss any such information and material contained in KMA’s work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

attachments

TABLE 1

PROJECT DESCRIPTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

I.	**Site Address**	Pujol Street, Temecula			
II.	**Site Area**	4.14 Acres			
III.	**Gross Building Area** (1)				
	Net Residential Area	71,364 SF	98%		
	Common Area	1,150 SF	2%		
	Circulation	0 SF	0%		
	Total Gross Building Area	72,514 SF	100%		
IV.	**Number of Stories / Type**	2 Stories / Type V			
V.	**Unit Mix**			Average	
		Number of Units		Unit Size (1)	
	Two Bedroom	38 Units	50%	825 SF	
	Three Bedroom	38 Units	50%	1,053 SF	
	Number of Units	76 Units	100%	939 SF	
VI.	**Density**	18 Units/Acre			
VII.	**Affordability Mix**				
	Units @ 40% of AMI	8 Units	11%		
	Units @ 50% of AMI	8 Units	11%		
	Units @ 60% of AMI	59 Units	78%		
	Manager	1 Unit	1%		
	Total/Average	76 Units	100%		
	Average Affordability (excl. Manager unit)	57% of AMI			
VIII.	**Parking** (2)	Carport and Surface Parking			
	Parking Spaces	156 Spaces			
	Parking Ratio	2.05 Spaces/Unit			

(1) Per Developer correspondence dated May 22, 2018.
(2) Per Developer correspondence dated April 20, 2018.

TABLE 2

ESTIMATED DEVELOPMENT COSTS
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Totals	Per Unit		Comments
I.	**Direct Costs** (1)(2)				
	Off-Site Improvements (3)	$0	$0	$0	Per SF Site
	Demolition	$0	$0		Allowance
	On-Site Improvements	$0	$0	$0	Per SF Site
	Temporary Relocation	$228,000	$3,000		Allowance
	Parking	$0	$0		Included below
	Rehabilitation	$3,579,270	$47,096	$49	Per SF GBA
	Solar	$1,053,142	$13,857	$15	Per SF GBA
	FF&E	$100,000	$1,316		Allowance
	Contingency	$463,241	$6,095	9.3%	of Directs
	Total Direct Costs	$5,423,653	$71,364	$75	Per SF GBA
II.	**Indirect Costs**				
	Architecture & Engineering	$183,200	$2,411	3.4%	of Directs
	Permits & Fees (3)	$76,494	$1,007	$1	Per SF GBA
	Legal & Accounting	$200,000	$2,632	3.7%	of Directs
	Taxes & Insurance	$50,000	$658	0.9%	of Directs
	Developer Fee	$1,844,484	$24,270	34.0%	of Directs
	Marketing/Lease-Up	$20,000	$263		Allowance
	Contingency	$83,219	$1,095	3.5%	of Indirects
	Total Indirect Costs	$2,457,397	$32,334	45.3%	of Directs
III.	**Financing Costs**				
	Loan Fees	$376,664	$4,956	6.9%	of Directs
	Interest During Construction	$300,000	$3,947	5.5%	of Directs
	Interest During Lease-Up	$315,000	$4,145	5.8%	of Directs
	Title/Recording/Escrow Costs	$25,000	$329	0.5%	of Directs
	TCAC/Syndication Fees	$50,028	$658	0.9%	of Directs
	Operating Lease-Up/Reserves	$197,000	$2,592	3.6%	of Directs
	Total Financing Costs	$1,263,692	$16,628	23.3%	of Directs
IV.	**Total Costs - Excl. Acquisition (Rounded)**	**$9,145,000**	**$120,329**	**$126**	**Per SF GBA**
V.	**Acquisition Costs** (4)				
	Land Acquisition	$1,000,000	$13,158	$6	Per SF Site
	Improvements	$6,000,000	$78,947	$83	Per SF GBA
	Total Acquisition Costs	$7,000,000	$92,105	$97	Per SF GBA
VI.	**Total Costs - Incl. Acquisition (Rounded)**	**$16,145,000**	**$212,434**	**$223**	**Per SF GBA**

(1) Does not assume the payment of prevailing wages.
(2) Includes pro rata portion of general conditions/contractor fee.
(3) Estimate; not verified by KMA or City.
(4) Pending verification from appraisal.

TABLE 3

NET OPERATING INCOME
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

I. Gross Scheduled Income		**# of Units**	**$/Month (1)**	**Vouchers**	**Total $/Month**	**Total Annual**
Two Bedroom	@ 40% AMI	4	$627	$574	$1,201	$57,648
Two Bedroom	@ 50% AMI	4	$764	--	$764	$36,672
Two Bedroom	@ 60% AMI	30	$921	--	$921	$331,560
Three Bedroom	@ 40% AMI	4	$717	$1,002	$1,719	$82,512
Three Bedroom	@ 50% AMI	4	$841	--	$841	$40,368
Three Bedroom	@ 60% AMI	29	$1,016	--	$1,016	$353,568
Three Bedroom	@ Manager	1	$0	--	$0	$0
Total/Average		76	$906	$788	$989	$902,328
Add: Other Income			$15	/Unit/Month		$14,000
Total Gross Scheduled Income (GSI)						$916,328
II. Effective Gross Income (EGI)						
(Less) Vacancy			5.0%	of GSI		($45,816)
Total Effective Gross Income (EGI)						$870,512
III. Operating Expenses						
(Less) Operating Expenses			$4,488	/Unit/Year		($341,076)
(Less) Tenant Services			$197	/Unit/Year		($15,000)
(Less) Taxes/Assessments (2)			$87	/Unit/Year		($6,575)
(Less) Replacement Reserves			$300	/Unit/Year		($22,800)
(Less) Bond Monitoring Fee			$132	/Unit/Year		($10,000)
Total Expenses			$5,203	/Unit/Year		($395,451)
			45.4%	of EGI		
IV. Net Operating Income						**$475,061**

(1) Affordable rents reflect the lessor of 2019 Tax Credit Allocation Committee (TCAC) or 2019 Califronia Redevelopment Law (CRL) maximum rents. These rent figures are net of estimated CUAC monthly utility allowance of $20 for two-bedroom and $30 for three-bedroom units. See Worksheets A through C.

(2) Assumes that the project will qualify for tax-exempt status.

TABLE 4

RESIDUAL VALUE - CITY LEASED FEE INTEREST
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Total	Per Unit
I.	**Sources of Funds**	**Total**	**Per Unit**
	Supportable Permanent Loan (1)	$6,493,000	$85,400
	Tranche B Loan (Pledge Fund) (2)	$1,925,000	$25,300
	Tax Credit Equity Investment (3)	$4,108,000	$54,100
	Deferred Developer Fee (4)	$450,000	$5,900
	General Partner Equity Contribution	$397,000	$5,200
	Multifamily Affordable Solar Housing (MASH)	$361,000	$4,800
	Existing City Loan (RHF Loan)	$305,000	$4,000
	Solar Tax Credits	$141,000	$1,900
	Total Sources of Funds	$14,180,000	$186,600
II.	**(Less) Development Costs - Excl. Acquisition Costs**	($9,145,000)	($120,300)
III.	**Residual Value - Total**	**$5,035,000**	**$66,300**
IV.	**(Less) Acquisition Costs - Existing Leasehold Interest**	($7,000,000)	($92,100)
V.	**Residual Value - City Leased Fee Interest**	**($1,965,000)**	**($25,900)**

TABLE 4 (CONT'D.)

RESIDUAL VALUE - CITY LEASED FEE INTEREST
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

(1) Supportable Permanent Loan		
NOI		$475,061
Interest Rate		5.00%
Term (years)		35
Debt Coverage Ratio		1.21
Annual Debt Service		$393,264
Supportable Permanent Loan		$6,493,521
(2) Loan on Pledge Fund		
NOI		$295,000
Interest Rate		5.00%
Term (years)		8
Debt Coverage Ratio		1.01
Annual Debt Service		$292,444
Supportable Permanent Loan		$1,925,000
(3) Low Income Housing Tax Credits (Federal)		
Estimate of Eligible Basis:		
Total Development Costs		$16,145,000
(Less) Subtotal Ineligible Costs	14%	($2,267,650)
Eligible Basis		$13,877,350
Acquisition Basis	50%	$6,899,999
Rehabilitation Basis	50%	$6,977,351
Total Eligible Basis	100%	$13,877,350
Tax Credit Proceeds:		
Maximum Eligible Basis		$13,877,350
Acquisition Basis/Applicable Factor	100%	$6,899,999
Impacted Bonus Factor (Rehabilitation Basis)	100%	$6,977,351
Total Credit Qualified Basis		$13,877,350
Adjusted Qualified Basis	100%	$13,877,350
Tax Credit Rate	3.25%	$451,014
Total Tax Credits @	10	$4,510,139
Limited Partner Share	99.00%	$4,465,037
Present Market Value @	92.0%	$4,107,834
(4) Estimate of Deferred Developer Overhead Fee		
Eligible Basis		$13,877,350
(Less) Developer Fee		($1,844,484)
Unadjusted Eligible Basis		$12,032,866
Total Developer Overhead Fee	15.3%	$1,844,484
Developer Overhead Fee		$1,844,484
Deferred Developer Overhead Fee		$450,000
General Partner Equity Contribution		$397,000
Total Deferred Developer Overhead Fee	45.9%	$847,000

TABLE 5

CASH FLOW PROJECTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

			1	2	3	4	5	6	7	8	9	10
I.	**Gross Scheduled Income (GSI)**	2.0%	$902,328	$920,375	$938,782	$957,558	$976,709	$996,243	$1,016,168	$1,036,491	$1,057,221	$1,078,365
	Other Income	2.0%	$14,000	$14,280	$14,566	$14,857	$15,154	$15,457	$15,766	$16,082	$16,403	$16,731
	(Less) Vacancy	5.0%	($45,816)	($46,733)	($47,668)	($48,621)	($49,594)	($50,585)	($51,597)	($52,629)	($53,682)	($54,755)
II.	**Effective Gross Income (EGI)**		$870,512	$887,921	$905,680	$923,793	$942,269	$961,115	$980,337	$999,944	$1,019,943	$1,040,341
	(Less) Operating Expenses (1)		($395,451)	($407,249)	($419,399)	($431,913)	($444,800)	($458,073)	($471,743)	($485,821)	($500,320)	($515,253)
III.	**Net Operating Income (NOI)**		$475,061	$480,673	$486,281	$491,881	$497,469	$503,041	$508,594	$514,123	$519,622	$525,089
	(Less) Debt Service - Permanent Loan		($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)
IV.	**Project Cash Flow**		$81,797	$87,409	$93,017	$98,617	$104,205	$109,777	$115,330	$120,859	$126,358	$131,825
V.	**Asset Management Fees**											
	(Less) Limited Partner Asset Mgmt. Fee	3.0%	($5,000)	($5,150)	($5,305)	($5,464)	($5,628)	($5,796)	($5,970)	($6,149)	($6,334)	($6,524)
	(Less) General Partner Asset Mgmt. Fee	3.0%	($20,000)	($20,600)	($21,218)	($21,855)	($22,510)	($23,185)	($23,881)	($24,597)	($25,335)	($26,095)
	Total		($25,000)	($25,750)	($26,523)	($27,318)	($28,138)	($28,982)	($29,851)	($30,747)	($31,669)	($32,619)
VI.	**Net Cash Flow**		$56,797	$61,659	$66,494	$71,298	$76,067	$80,796	$85,479	$90,112	$94,689	$99,205
VII.	**Developer Fee Repayment**											
	Beginning Balance		$450,000	$402,203	$348,588	$289,066	$223,549	$151,953	$74,196			
	Interest	2.0%	$9,000	$8,044	$6,972	$5,781	$4,471	$3,039	$1,484			
	(Less) Cash Flow Credit		($56,797)	($61,659)	($66,494)	($71,298)	($76,067)	($80,796)	($75,680)			
	Ending Balance		$402,203	$348,588	$289,066	$223,549	$151,953	$74,196	$0			
VIII.	**Cash Flow Available for Distribution**		$0	$0	$0	$0	$0	$0	$9,799	$90,112	$94,689	$99,205

(1) Reflects annual escalation at 3.0% for operating expenses, tenant services, monitoring fee, and replacement reserves; and 2.0% for taxes/assessments.

TABLE 5

CASH FLOW PROJECTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

			11	12	13	14	15	16	17	18	19	20
I.	**Gross Scheduled Income (GSI)**	2.0%	$1,099,933	$1,121,931	$1,144,370	$1,167,257	$1,190,603	$1,214,415	$1,238,703	$1,263,477	$1,288,747	$1,314,522
	Other Income	2.0%	$17,066	$17,407	$17,755	$18,110	$18,473	$18,842	$19,219	$19,603	$19,995	$20,395
	(Less) Vacancy	5.0%	($55,850)	($56,967)	($58,107)	($59,269)	($60,454)	($61,663)	($62,897)	($64,155)	($65,438)	($66,746)
II.	**Effective Gross Income (EGI)**		$1,061,148	$1,082,371	$1,104,019	$1,126,099	$1,148,621	$1,171,593	$1,195,025	$1,218,926	$1,243,304	$1,268,170
	(Less) Operating Expenses (1)		($530,632)	($546,471)	($562,783)	($579,583)	($596,885)	($614,705)	($633,058)	($651,959)	($671,426)	($691,475)
III.	**Net Operating Income (NOI)**		$530,517	$535,901	$541,236	$546,516	$551,736	$556,888	$561,967	$566,966	$571,878	$576,695
	(Less) Debt Service - Permanent Loan		($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)
IV.	**Project Cash Flow**		$137,253	$142,637	$147,972	$153,252	$158,472	$163,624	$168,703	$173,702	$178,614	$183,431
V.	**Asset Management Fees**											
	(Less) Limited Partner Asset Mgmt. Fee	3.0%	($6,720)	($6,921)	($7,129)	($7,343)	($7,563)	$0	$0	$0	$0	$0
	(Less) General Partner Asset Mgmt. Fee	3.0%	($26,878)	($27,685)	($28,515)	($29,371)	($30,252)	($31,159)	($32,094)	($33,057)	($34,049)	($35,070)
	Total		($33,598)	($34,606)	($35,644)	($36,713)	($37,815)	($31,159)	($32,094)	($33,057)	($34,049)	($35,070)
VI.	**Net Cash Flow**		$103,655	$108,031	$112,328	$116,539	$120,657	$132,465	$136,609	$140,645	$144,566	$148,361
VII.	**Developer Fee Repayment**											
	Beginning Balance											
	Interest	2.0%										
	(Less) Cash Flow Credit											
	Ending Balance											
VIII.	**Cash Flow Available for Distribution**		$103,655	$108,031	$112,328	$116,539	$120,657	$132,465	$136,609	$140,645	$144,566	$148,361

(1) Reflects annual escalation at 3.0% for operating expenses, tenant services, monitoring fee, and replacement reserves; and 2.0% for taxes/assessments.

TABLE 5

CASH FLOW PROJECTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

			21	22	23	24	25	26	27	28	29	30
I.	**Gross Scheduled Income (GSI)**	2.0%	$1,340,812	$1,367,628	$1,394,981	$1,422,880	$1,451,338	$1,480,365	$1,509,972	$1,540,171	$1,570,975	$1,602,394
	Other Income	2.0%	$20,803	$21,219	$21,644	$22,077	$22,518	$22,968	$23,428	$23,896	$24,374	$24,862
	(Less) Vacancy	5.0%	($68,081)	($69,443)	($70,832)	($72,249)	($73,694)	($75,167)	($76,671)	($78,204)	($79,768)	($81,364)
II.	**Effective Gross Income (EGI)**		$1,293,534	$1,319,404	$1,345,793	$1,372,708	$1,400,163	$1,428,166	$1,456,729	$1,485,864	$1,515,581	$1,545,893
	(Less) Operating Expenses (1)		($712,123)	($733,389)	($755,291)	($777,849)	($801,080)	($825,007)	($849,649)	($875,029)	($901,167)	($928,088)
III.	**Net Operating Income (NOI)**		$581,410	$586,015	$590,501	$594,860	$599,082	$603,159	$607,080	$610,835	$614,414	$617,805
	(Less) Debt Service - Permanent Loan		($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	($393,264)
IV.	**Project Cash Flow**		$188,146	$192,751	$197,237	$201,596	$205,818	$209,895	$213,816	$217,571	$221,150	$224,541
V.	**Asset Management Fees**											
	(Less) Limited Partner Asset Mgmt. Fee	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) General Partner Asset Mgmt. Fee	3.0%	($36,122)	($37,206)	($38,322)	($39,472)	($40,656)	($41,876)	($43,132)	($44,426)	($45,759)	($47,131)
	Total		($36,122)	($37,206)	($38,322)	($39,472)	($40,656)	($41,876)	($43,132)	($44,426)	($45,759)	($47,131)
VI.	**Net Cash Flow**		$152,024	$155,545	$158,915	$162,124	$165,162	$168,019	$170,684	$173,145	$175,391	$177,409
VII.	**Developer Fee Repayment**											
	Beginning Balance											
	Interest	2.0%										
	(Less) Cash Flow Credit											
	Ending Balance											
VIII.	**Cash Flow Available for Distribution**		$152,024	$155,545	$158,915	$162,124	$165,162	$168,019	$170,684	$173,145	$175,391	$177,409

(1) Reflects annual escalation at 3.0% for operating expenses, tenant services, monitoring fee, and replacement reserves; and 2.0% for taxes/assessments.

TABLE 5

CASH FLOW PROJECTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

			31	32	33	34	35	36	37	38	39	40
I.	**Gross Scheduled Income (GSI)**	2.0%	$1,634,442	$1,667,131	$1,700,474	$1,734,483	$1,769,173	$1,804,556	$1,840,647	$1,877,460	$1,915,010	$1,953,310
	Other Income	2.0%	$25,359	$25,866	$26,384	$26,911	$27,449	$27,998	$28,558	$29,130	$29,712	$30,306
	(Less) Vacancy	5.0%	($82,991)	($84,651)	($86,344)	($88,071)	($89,832)	($91,629)	($93,461)	($95,330)	($97,237)	($99,182)
II.	**Effective Gross Income (EGI)**		$1,576,810	$1,608,347	$1,640,514	$1,673,324	$1,706,790	$1,740,926	$1,775,745	$1,811,260	$1,847,485	$1,884,434
	(Less) Operating Expenses (1)		($955,814)	($984,369)	($1,013,779)	($1,044,068)	($1,075,264)	($1,107,393)	($1,140,483)	($1,174,564)	($1,209,664)	($1,245,814)
III.	**Net Operating Income (NOI)**		$620,997	$623,978	$626,735	$629,256	$631,527	$633,533	$635,262	$636,696	$637,821	$638,621
	(Less) Debt Service - Permanent Loan		($393,264)	($393,264)	($393,264)	($393,264)	($393,264)	$0	$0	$0	$0	$0
IV.	**Project Cash Flow**		$227,733	$230,714	$233,471	$235,992	$238,263	$633,533	$635,262	$636,696	$637,821	$638,621
V.	**Asset Management Fees**											
	(Less) Limited Partner Asset Mgmt. Fee	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) General Partner Asset Mgmt. Fee	3.0%	($48,545)	($50,002)	($51,502)	($53,047)	($54,638)	($56,277)	($57,966)	($59,705)	($61,496)	($63,341)
	Total		($48,545)	($50,002)	($51,502)	($53,047)	($54,638)	($56,277)	($57,966)	($59,705)	($61,496)	($63,341)
VI.	**Net Cash Flow**		$179,187	$180,712	$181,969	$182,945	$183,624	$577,256	$577,296	$576,992	$576,326	$575,280
VII.	**Developer Fee Repayment**											
	Beginning Balance											
	Interest	2.0%										
	(Less) Cash Flow Credit											
	Ending Balance											
VIII.	**Cash Flow Available for Distribution**		$179,187	$180,712	$181,969	$182,945	$183,624	$577,256	$577,296	$576,992	$576,326	$575,280

(1) Reflects annual escalation at 3.0% for operating expenses, tenant services, monitoring fee, and replacement reserves; and 2.0% for taxes/assessments.

TABLE 5

CASH FLOW PROJECTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

			41	42	43	44	45	46	47	48	49	50
I.	**Gross Scheduled Income (GSI)**	2.0%	$1,992,376	$2,032,224	$2,072,868	$2,114,325	$2,156,612	$2,199,744	$2,243,739	$2,288,614	$2,334,386	$2,381,074
	Other Income	2.0%	$30,913	$31,531	$32,161	$32,805	$33,461	$34,130	$34,813	$35,509	$36,219	$36,943
	(Less) Vacancy	5.0%	($101,165)	($103,189)	($105,252)	($107,358)	($109,505)	($111,695)	($113,929)	($116,207)	($118,531)	($120,902)
II.	**Effective Gross Income (EGI)**		$1,922,123	$1,960,566	$1,999,777	$2,039,772	$2,080,568	$2,122,179	$2,164,623	$2,207,915	$2,252,074	$2,297,115
	(Less) Operating Expenses (1)		($1,283,046)	($1,321,392)	($1,360,886)	($1,401,561)	($1,443,454)	($1,486,601)	($1,531,038)	($1,576,806)	($1,623,944)	($1,672,492)
III.	**Net Operating Income (NOI)**		$639,077	$639,173	$638,891	$638,211	$637,114	$635,579	$633,584	$631,109	$628,130	$624,623
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
IV.	**Project Cash Flow**		$639,077	$639,173	$638,891	$638,211	$637,114	$635,579	$633,584	$631,109	$628,130	$624,623
V.	**Asset Management Fees**											
	(Less) Limited Partner Asset Mgmt. Fee	3.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	(Less) General Partner Asset Mgmt. Fee	3.0%	($65,241)	($67,198)	($69,214)	($71,290)	($73,429)	($75,632)	($77,901)	($80,238)	($82,645)	($85,124)
	Total		($65,241)	($67,198)	($69,214)	($71,290)	($73,429)	($75,632)	($77,901)	($80,238)	($82,645)	($85,124)
VI.	**Net Cash Flow**		$573,836	$571,975	$569,677	$566,921	$563,685	$559,947	$555,684	$550,871	$545,485	$539,499
VII.	**Developer Fee Repayment**											
	Beginning Balance											
	Interest	2.0%										
	(Less) Cash Flow Credit											
	Ending Balance											
VIII.	**Cash Flow Available for Distribution**		$573,836	$571,975	$569,677	$566,921	$563,685	$559,947	$555,684	$550,871	$545,485	$539,499

(1) Reflects annual escalation at 3.0% for operating expenses, tenant services, monitoring fee, and replacement reserves; and 2.0% for taxes/assessments.

TABLE 5

CASH FLOW PROJECTION
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

			51	52	53	54	55
I.	**Gross Scheduled Income (GSI)**	2.0%	$2,428,695	$2,477,269	$2,526,815	$2,577,351	$2,628,898
	Other Income	2.0%	$37,682	$38,436	$39,205	$39,989	$40,788
	(Less) Vacancy	5.0%	($123,320)	($125,786)	($128,302)	($130,868)	($133,486)
II.	**Effective Gross Income (EGI)**		$2,343,057	$2,389,919	$2,437,717	$2,486,471	$2,536,201
	(Less) Operating Expenses (1)		($1,722,493)	($1,773,991)	($1,827,030)	($1,881,657)	($1,937,919)
III.	**Net Operating Income (NOI)**		$620,564	$615,928	$610,687	$604,814	$598,282
	(Less) Debt Service - Permanent Loan		$0	$0	$0	$0	$0
IV.	**Project Cash Flow**		$620,564	$615,928	$610,687	$604,814	$598,282
V.	**Asset Management Fees**						
	(Less) Limited Partner Asset Mgmt. Fee	3.0%	$0	$0	$0	$0	$0
	(Less) General Partner Asset Mgmt. Fee	3.0%	($87,678)	($90,308)	($93,018)	($95,808)	($98,682)
	Total		($87,678)	($90,308)	($93,018)	($95,808)	($98,682)
VI.	**Net Cash Flow**		$532,886	$525,619	$517,669	$509,006	$499,599
VII.	**Developer Fee Repayment**						
	Beginning Balance						
	Interest	2.0%					
	(Less) Cash Flow Credit						
	Ending Balance						
VIII.	**Cash Flow Available for Distribution**		$532,886	$525,619	$517,669	$509,006	$499,599

(1) Reflects annual escalation at 3.0% for operating expenses, tenant services, monitoring fee, and replacement reserves; and 2.0% for taxes/assessments.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	1	2	3	4	5	6	7	8	9
I.	**Cash Flow Available for Distribution**		$0	$0	$0	$0	$0	$0	$9,799	$90,112	$94,689
II.	**Cash Flow Allocated to Pay Down Notes or Ground Rent**	65%	$0	$0	$0	$0	$0	$0	$6,369	$58,573	$61,548
III.	**City RHF Loan Repayment**										
	Beginning Balance		$305,000	$314,150	$323,300	$332,450	$341,600	$350,750	$359,900	$362,681	$313,258
	Interest	3.0%	$9,150	$9,150	$9,150	$9,150	$9,150	$9,150	$9,150	$9,150	$9,150
	(Less) Cash Flow Credit		$0	$0	$0	$0	$0	$0	($6,369)	($58,573)	($61,548)
	Ending Balance		$314,150	$323,300	$332,450	$341,600	$350,750	$359,900	$362,681	$313,258	$260,860
IV.	**City Landlord Note Repayment**										
	Beginning Balance		$1,179,000	$1,214,370	$1,249,740	$1,285,110	$1,320,480	$1,355,850	$1,391,220	$1,426,590	$1,461,960
	Interest	3.0%	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370
	(Less) Cash Flow Credit		$0	$0	$0	$0	$0	$0	$0	$0	$0
	Ending Balance		$1,214,370	$1,249,740	$1,285,110	$1,320,480	$1,355,850	$1,391,220	$1,426,590	$1,461,960	$1,497,330
V.	**Surplus Rent to City**		$0	$0	$0	$0	$0	$0	$0	$0	$0
VI.	**Total Payments to City**		$0	$0	$0	$0	$0	$0	$6,369	$58,573	$61,548
	Net Present Value @ 10.0% in 2019	**$812,000**									

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	10	11	12	13	14	15	16	17	18
I.	**Cash Flow Available for Distribution**		$99,205	$103,655	$108,031	$112,328	$116,539	$120,657	$132,465	$136,609	$140,645
II.	**Cash Flow Allocated to Pay Down Notes or Ground Rent**	65%	$64,483	$67,376	$70,220	$73,013	$75,750	$78,427	$86,102	$88,796	$91,420
III.	**City RHF Loan Repayment**										
	Beginning Balance		$260,860	$204,202	$142,953	$77,022	$6,319				
	Interest	3.0%	$7,826	$6,126	$4,289	$2,311	$190				
	(Less) Cash Flow Credit		($64,483)	($67,376)	($70,220)	($73,013)	($6,509)				
	Ending Balance		$204,202	$142,953	$77,022	$6,319	$0				
IV.	**City Landlord Note Repayment**										
	Beginning Balance		$1,497,330	$1,532,700	$1,568,070	$1,603,440	$1,638,810	$1,604,939	$1,561,882	$1,511,149	$1,457,723
	Interest	3.0%	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370	$35,370
	(Less) Cash Flow Credit		$0	$0	$0	$0	($69,241)	($78,427)	($86,102)	($88,796)	($91,420)
	Ending Balance		$1,532,700	$1,568,070	$1,603,440	$1,638,810	$1,604,939	$1,561,882	$1,511,149	$1,457,723	$1,401,674
V.	**Surplus Rent to City**		$0	$0	$0	$0	$0	$0	$0	$0	$0
VI.	**Total Payments to City**		$64,483	$67,376	$70,220	$73,013	$75,750	$78,427	$86,102	$88,796	$91,420
	Net Present Value @ 10.0% in 2019	**$812,000**									

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	19	20	21	22	23	24	25	26	27
I.	**Cash Flow Available for Distribution**		$144,566	$148,361	$152,024	$155,545	$158,915	$162,124	$165,162	$168,019	$170,684
II.	**Cash Flow Allocated to Pay Down Notes or Ground Rent**	65%	$93,968	$96,435	$98,816	$101,104	$103,295	$105,381	$107,356	$109,213	$110,945
III.	**City RHF Loan Repayment**										
	Beginning Balance										
	Interest	3.0%									
	(Less) Cash Flow Credit										
	Ending Balance										
IV.	**City Landlord Note Repayment**										
	Beginning Balance		$1,401,674	$1,343,076	$1,282,011	$1,218,566	$1,152,831	$1,084,122	$1,011,264	$934,247	$853,062
	Interest	3.0%	$35,370	$35,370	$35,370	$35,370	$34,585	$32,524	$30,338	$28,027	$25,592
	(Less) Cash Flow Credit		($93,968)	($96,435)	($98,816)	($101,104)	($103,295)	($105,381)	($107,356)	($109,213)	($110,945)
	Ending Balance		$1,343,076	$1,282,011	$1,218,566	$1,152,831	$1,084,122	$1,011,264	$934,247	$853,062	$767,709
V.	**Surplus Rent to City**		$0	$0	$0	$0	$0	$0	$0	$0	$0
VI.	**Total Payments to City**		$93,968	$96,435	$98,816	$101,104	$103,295	$105,381	$107,356	$109,213	$110,945

Net Present Value @ 10.0% in 2019 **$812,000**

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	28	29	30	31	32	33	34	35	36
I.	Cash Flow Available for Distribution		$173,145	$175,391	$177,409	$179,187	$180,712	$181,969	$182,945	$183,624	$577,256
II.	Cash Flow Allocated to Pay Down Notes or Ground Rent	65%	$112,544	$114,004	$115,316	$116,472	$117,463	$118,280	$118,914	$119,356	$375,216
III.	City RHF Loan Repayment										
	Beginning Balance										
	Interest	3.0%									
	(Less) Cash Flow Credit										
	Ending Balance										
IV.	City Landlord Note Repayment										
	Beginning Balance		$767,709	$678,196	$584,538	$486,758	$384,888	$278,972	$169,062	$55,219	
	Interest	3.0%	$23,031	$20,346	$17,536	$14,603	$11,547	$8,369	$5,072	$1,657	
	(Less) Cash Flow Credit		($112,544)	($114,004)	($115,316)	($116,472)	($117,463)	($118,280)	($118,914)	($56,876)	
	Ending Balance		$678,196	$584,538	$486,758	$384,888	$278,972	$169,062	$55,219	$0	
V.	Surplus Rent to City		$0	$0	$0	$0	$0	$0	$0	$62,480	$375,216
VI.	Total Payments to City		$112,544	$114,004	$115,316	$116,472	$117,463	$118,280	$118,914	$119,356	$375,216
	Net Present Value @ 10.0% in 2019	$812,000									

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	37	38	39	40	41	42	43	44	45
I.	Cash Flow Available for Distribution		$577,296	$576,992	$576,326	$575,280	$573,836	$571,975	$569,677	$566,921	$563,685
II.	Cash Flow Allocated to Pay Down Notes or Ground Rent	65%	$375,242	$375,045	$374,612	$373,932	$372,994	$371,784	$370,290	$368,498	$366,395
III.	City RHF Loan Repayment										
	Beginning Balance										
	Interest	3.0%									
	(Less) Cash Flow Credit										
	Ending Balance										
IV.	City Landlord Note Repayment										
	Beginning Balance										
	Interest	3.0%									
	(Less) Cash Flow Credit										
	Ending Balance										
V.	Surplus Rent to City		$375,242	$375,045	$374,612	$373,932	$372,994	$371,784	$370,290	$368,498	$366,395
VI.	Total Payments to City		$375,242	$375,045	$374,612	$373,932	$372,994	$371,784	$370,290	$368,498	$366,395
	Net Present Value @ 10.0% in 2019	$812,000									

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	46	47	48	49	50	51	52	53	54
I.	**Cash Flow Available for Distribution**		$559,947	$555,684	$550,871	$545,485	$539,499	$532,886	$525,619	$517,669	$509,006
II.	**Cash Flow Allocated to Pay Down Notes or Ground Rent**	65%	$363,965	$361,194	$358,066	$354,565	$350,674	$346,376	$341,653	$336,485	$330,854
III.	**City RHF Loan Repayment**										
	Beginning Balance										
	Interest	3.0%									
	(Less) Cash Flow Credit										
	Ending Balance										
IV.	**City Landlord Note Repayment**										
	Beginning Balance										
	Interest	3.0%									
	(Less) Cash Flow Credit										
	Ending Balance										
V.	**Surplus Rent to City**		$363,965	$361,194	$358,066	$354,565	$350,674	$346,376	$341,653	$336,485	$330,854
VI.	**Total Payments to City**		$363,965	$361,194	$358,066	$354,565	$350,674	$346,376	$341,653	$336,485	$330,854
	Net Present Value @ 10.0% in 2019	**$812,000**									

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

TABLE 6

DISTRIBUTION OF CASH FLOW AFTER
REPAYMENT OF DEFERRED FEE
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

		Operating Year:	55	Reversion	
I.	**Cash Flow Available for Distribution**		$499,599		
II.	**Cash Flow Allocated to Pay Down Notes or Ground Rent**	65%	$324,740		
III.	**City RHF Loan Repayment**				
	Beginning Balance				
	Interest	3.0%			
	(Less) Cash Flow Credit				
	Ending Balance				
IV.	**City Landlord Note Repayment**				
	Beginning Balance				
	Interest	3.0%			
	(Less) Cash Flow Credit				
	Ending Balance				
V.	**Surplus Rent to City**		$324,740		
VI.	**Total Payments to City**		$324,740	$44,332,000	(1)
	Net Present Value @ 10.0% in 2019	**$812,000**			

(1) Reversion value based on unrestricted market value of $150,000 per unit in $2019 and escalated at 2.5%.

WORKSHEET A

RESTRICTED RENTS - 40% AMI, 2019
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

	Number of Bedrooms	**2**	**3**
A.	**California Redevelopment Law**		
	Percent of AMI	50%	50%
	Assumed Family Size	3.0	4.0
	Household Income (Rounded)	$31,375	$34,850
	Income Allocation to Housing	30%	30%
	Monthly Housing Cost	$784	$871
	(Less) Utility Allowance (1)	($20)	($30)
	Maximum Monthly Rent	$764	$841
B.	**Low Income Housing Tax Credit (LIHTC) Program**		
	Percent of AMI	40%	40%
	Assumed Family Size	3.0	4.5
	Household Income	$25,880	$29,880
	Income Allocation to Housing	30%	30%
	Monthly Housing Cost	$647	$747
	(Less) Utility Allowance (1)	($20)	($30)
	Maximum Monthly Rent	$627	$717
C.	**Maximum Monthly Rent (Lesser of A or B)**	**$627**	**$717**

(1) Per Developer, reflects estimate per California Utility Allowance Calculator (CUAC).

WORKSHEET B

RESTRICTED RENTS - 50% AMI, 2019
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

	Number of Bedrooms	**2**	**3**
A.	**California Redevelopment Law**		
	Percent of AMI	50%	50%
	Assumed Family Size	3.0	4.0
	Household Income (Rounded)	$31,375	$34,850
	Income Allocation to Housing	30%	30%
	Monthly Housing Cost	$784	$871
	(Less) Utility Allowance (1)	($20)	($30)
	Maximum Monthly Rent	$764	$841
B.	**Low Income Housing Tax Credit (LIHTC) Program**		
	Percent of AMI	50%	50%
	Assumed Family Size	3.0	4.5
	Household Income	$32,350	$37,350
	Income Allocation to Housing	30%	30%
	Monthly Housing Cost	$808	$934
	(Less) Utility Allowance (1)	($20)	($30)
	Maximum Monthly Rent	$788	$904
C.	**Maximum Monthly Rent (Lesser of A or B)**	**$764**	**$841**

(1) Per Developer, reflects estimate per California Utility Allowance Calculator (CUAC).

WORKSHEET C

RESTRICTED RENTS - 60% AMI, 2019
MISSION VILLAGE II - RE-SYNDICATION ANALYSIS
CITY OF TEMECULA

	Number of Bedrooms	**2**	**3**
A.	**California Redevelopment Law**		
	Percent of AMI	60%	60%
	Assumed Family Size	3.0	4.0
	Household Income (Rounded)	$37,650	$41,820
	Income Allocation to Housing	30%	30%
	Monthly Housing Cost	$941	$1,046
	(Less) Utility Allowance (1)	($20)	($30)
	Maximum Monthly Rent	$921	$1,016
B.	**Low Income Housing Tax Credit (LIHTC) Program**		
	Percent of AMI	60%	60%
	Assumed Family Size	3.0	4.5
	Household Income	$38,820	$44,820
	Income Allocation to Housing	30%	30%
	Monthly Housing Cost	$970	$1,120
	(Less) Utility Allowance (1)	($20)	($30)
	Maximum Monthly Rent	$950	$1,090
C.	**Maximum Monthly Rent (Lesser of A or B)**	**$921**	**$1,016**

(1) Per Developer, reflects estimate per California Utility Allowance Calculator (CUAC).