



## KEYSER MARSTON ASSOCIATES

### MEMORANDUM

#### ADVISORS IN:

Real Estate  
Affordable Housing  
Economic Development

#### BERKELEY

Debbie M. Kern  
David Doezema

#### LOS ANGELES

Kathleen H. Head  
Kevin E. Engstrom  
Julie L. Romey  
Tim R. Bretz

#### SAN DIEGO

Paul C. Marra  
Linnie A. Gavino

#### EMERITUS

A. Jerry Keyser  
Timothy C. Kelly

**To:** Jessica Gonzales, Housing Manager  
City of Palm Desert

**From:** Julie Romey

**Date:** March 27, 2024

**Subject:** Palm Villas at Millennium – Financial Gap Analysis (Revised)

At the request of the Housing Authority (“Authority”) of the City of Palm Desert (“City”), Keyser Marston Associates, Inc. (“KMA”) prepared a financial gap analysis to reflect the Palm Companies, LLC (“Developer”) revised proposal to develop a previously approved 241 unit affordable apartment project (“Project”) on the 10.49-acre City-owned site located on the north side of Gerald Ford Drive between Cook Street and Portola Road (“Site”). The Developer has returned to a two-phased approach to financing the development after the City approved changing the Project to a one-phased development in June 2023.

The following analysis reviews the changes to the proposed Project since the Amended and Restated DDLA was approved in June 2023, and determines whether the previously approved financial assistance continues to be warranted.

### EXECUTIVE SUMMARY

In October 2022 the City agreed to sell the Site to the Developer for the fair market value of the Site, estimated at \$3,425,000, and the Authority, acting as the Housing Successor (collectively referred to as “Authority”), agreed to provide up to \$6,755,000 in financial assistance to the Developer, including the value of the land, through a Disposition and Development Loan Agreement (“DDLA”). However, the Project did not receive a tax-exempt bonds (“TEB”) allocation from the California Debt Limit Allocation Committee (“CDLAC”) in either of the two 2023 allocation rounds.

After changing the Project to a one phased Project in the Amended and Restated DDLA approved in June 2023, the Project also did not receive a Multifamily Housing Program (“MHP”) loan allocation. Therefore, the Developer requests returning to the October 2022 DDLA structure so that the Project will be developed in two phases.

KMA completed a financial gap analysis that confirms the two-phased Project will require \$6,755,000, or \$28,000 per unit, in financial assistance. The following are the summary of changes to the Amended and Restated DDLA that is being requested by the Developer:

1. **Project Description.** The Project will be changed back to a two-phased project, with Phase I including 6.02 acres (“Phase I Parcel”) and 121 units developed (“Phase I Project”) and Phase II including 4.47 acres (“Phase II Parcel”) and 120 units developed (“Phase II Project”). The total Site size (10.49 acres) and number of total units (241 units) remain unchanged from the previously approved Amended and Restated DDLA.
2. **Project Timeline.** The Project Timeline will be adjusted to allow an April 2024 CDLAC application submission. However, if the Phase I Project does not receive a CDLAC allocation in the April 2024 round, the City will be able to terminate the Amended and Restated DDLA. If all goes according to the plan, Phase I will be completed in November 2026 and Phase II in November 2027.
3. **Land Purchase Price.** The land Purchase Price will be set at \$3,425,000 for the entire Site, as referred to in the June 2023 Amended and Restated DDLA, which was based on a June 2022 fair market value appraisal. The purchase prices by phase will be \$1,965,539 (Phase I) and \$1,459,461 (Phase II). The City will no longer carry-back the land value or require the land to be sold at the fair market value at time of conveyance.
4. **Authority Loan.** The \$6,755,000 in assistance will be provided by the Authority from the Low and Moderate Income Housing Asset Fund (“LMIHAF”) money and allocated to Phase I as a \$1,965,539 loan and to Phase II as a \$4,789,461 loan. Both loans will have 55 year terms from Certificate of Occupancy (“COO”), 3% simple interest rates, annual payments based on a proportional share of 50% share of residual receipts, with the loans being due and payable at the end of the term.
5. **Proposed Funding Sources.** Neither phase will be applying for funding sources from the State of California Housing and Community Development department (“HCD”). The funding sources proposed for both phases are as follows:

Proposed Funding Sources	Allocation Entity	Status	Estimated Amount	
			Phase I	Phase II
Tax-Exempt Bonds	CDLAC	Competitive Process	\$44,853,000	\$41,392,000
Permanent Loan	TBD	N/A	\$13,910,000	\$14,032,000
4% Federal Tax Credits	TCAC	Awarded with TEBs	\$34,523,000	\$30,113,000
State Tax Credits	TCAC	Awarded with TEBs	\$17,618,000	\$16,524,000
County Loan	County	Awarded in 2022	\$6,700,000	\$0
Authority Loan	Authority	TBD	\$1,966,000	\$4,789,000
Contributed Developer Fee	Developer	N/A	\$0	\$0
Deferred Developer Fee	Developer	N/A	\$7,441,000	\$6,222,000
Project Based Vouchers	County	Awarded in 2022/23	60 PBVs	60 PBVs

6. **Affordability Restrictions.** The Project affordability restrictions will continue to include the same affordability requirements. However, the restrictions will be split into two phases and will be secured on the Phase I Parcel and Phase II Parcel separately:

a. Density Bonus Regulatory Agreement

Density Bonus Restrictions	Phase I	Phase II	Total Project
Very-Low Income Units	12	12	24
<b>Total City Restricted Units</b>	<b>12</b>	<b>12</b>	<b>24</b>
As % of Total Units	10%	10%	10%

b. Authority Regulatory Agreement

LMIHAF Income Targeting	Phase I	Phase II	Total Project
<30% AMI Units (ELI)	36	36	72
>30% & <60% AMI Units (59%)	61	60	121
60% to 80% AMI Units (Low)	23	23	46
<b>Total City Restricted Units</b>	<b>120</b>	<b>119</b>	<b>239</b>
% ELI	30%	30%	30%
% 59% AMI	51%	50%	51%
% Low	19%	19%	19%

Based on the KMA analysis, the proposed changes to the Amended and Restated DDLA will result in a feasible two-phased project that should be competitive in the April 2024 CDLAC round. Also, the total amount of assistance requested from the Authority, or \$6,755,000, is warranted and meets the Senate Bill 341 ("SB 341") income targeting requirements.

## BACKGROUND STATEMENT

The following summarizes the three version of the DDLA:

October 2022 - DDLA Approved	June 2023 - DDLA Amended & Restated	April 2024 - DDLA Amended & Restated (Proposed)
<ul style="list-style-type: none"> <li>• City to sell Site to Developer at Fair Market Value, in two phases.</li> <li>• Authority to loan Developer \$6,755,000 from LMIHAF money in two residual receipts loans.</li> <li>• Developer to construct 241 units in two phases.</li> </ul>	<ul style="list-style-type: none"> <li>• Extended completion date to June 30, 2028.</li> <li>• Modified Project to be completed in one phase.</li> <li>• Modified affordability restrictions for Project to be competitive for MHP funds.</li> <li>• Decreased Authority Loan to \$3,330,000.</li> <li>• City agreed to carryback land purchase price.</li> <li>• Land purchase price to be set at conveyance of Site based on Fair Market Value, estimated at \$3,425,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Modify Project back to a two-phased development.</li> <li>• City to sell Site to Developer in two phases at a total purchase price of \$3,425,000.</li> <li>• Authority Loan to revert to \$6,755,000 from the LMIHAF.</li> <li>• Affordability restrictions to remain unchanged other than split between two projects.</li> <li>• City will receive payment for land when each parcel is conveyed to the Developer.</li> </ul>

The KMA financial gap analysis for the Phase I and II Projects is located at the end of this memorandum, in Appendices A and B, respectively. Each appendix is organized as follows:

Table 1	Estimated Total Development Costs
Table 2A	Affordability Mix
Table 2B	Stabilized Net Operating Income
Table 3	Financial Gap Analysis
Table 4	Cash Flow Analysis

## REVISED PROJECT DESCRIPTION

While the description of the entire Project has not changed from the entitlements approved in June 2023, the Project will be split into two phases as follows:

1. The 10.49 acre Site will be divided into two parcels as follows:

Project Site	Phase I	Phase II	Total Project
<b>Land Area (Sf Land)</b>	<b>262,231</b>	<b>194,713</b>	<b>456,944</b>
Acres	6.02	4.47	10.49

2. The 241 unit Project will be divided into two Projects as follows:

Unit Mix	Phase I		Phase II		Total Project	
	Number of Units	Unit Size (Sf)	Number of Units	Unit Size (Sf)	Number of Units	Unit Size (Sf)
1-Bedroom Units	15	604	15	604	30	604
2-Bedroom Units	75	771	75	771	150	771
3-Bedroom Units	31	1,009	30	1,003	61	1,006
<b>Totals/Averages</b>	<b>121</b>	<b>811</b>	<b>120</b>	<b>808</b>	<b>241</b>	<b>810</b>
Density (Units/Acre)	20.1		26.8		23.0	

3. The gross building area (“GBA”) for the Project remains at 248,171 square feet, which will be divided into the two phases as follows:

Gross Building Area	Phase I	Phase II	Total Project
Gross Living Area	98,188	97,005	195,193
Leasing Office / Service Areas	3,781	0	3,781
Common Area / Circulation	24,325	24,872	49,197
<b>Total Units</b>	<b>126,294</b>	<b>121,877</b>	<b>248,171</b>
FAR	0.5	0.6	0.5

4. Due to the approved Density Bonus Agreement, the parking ratio for the Project averages 1.45, and the surface spaces will be divided into the two phases as follows:

Surface Parking Spaces	Phase I	Phase II	Total Project
<b>Total Parking Spaces</b>	<b>177</b>	<b>173</b>	<b>350</b>
Parking Ratio (Space/Du)	1.46	1.44	1.45

5. The following provides the amenities that will be provided in two phases. It should be noted that there will be a reciprocal easement that will allow each phase to use the other phase's amenities.

Project Amenities	
Phase I	Phase II
Leasing Office	BBQ Area
Community Room	Laundry Facilities
Tot Lot	Shade Structures
Laundry Facilities	
Swimming Pool	
Shade Structures	

6. All but the manager's units will be restricted to households earning up to 60% AMI for 55 years from COO, as follows:

a. City Density Bonus Requirements

City Density Bonus Restrictions	Phase I - VLI	Phase II - VLI	Total Project VLI
1-Bedroom Units	2	2	4
2-Bedroom Units	7	7	14
3-Bedroom Units	3	3	6
<b>Total Restricted Units</b>	<b>12</b>	<b>12</b>	<b>24</b>
As % of Total Units	10%	10%	10%

b. Authority Affordability Requirements

Authority Loan Restrictions - Phase I	ELI	59% AMI	Low	Totals
1-Bedroom Units	6	9	0	15
2-Bedroom Units	27	48	0	75
3-Bedroom Units	3	4	23	30
<b>Total Restricted Units</b>	<b>36</b>	<b>61</b>	<b>23</b>	<b>120</b>
As % of Total Units	30%	51%	19%	100%

Authority Loan Restrictions - Phase II	ELI	59% AMI	Low	Totals
1-Bedroom Units	6	9	0	15
2-Bedroom Units	27	47	0	74
3-Bedroom Units	3	4	23	30
<b>Total Restricted Units</b>	<b>36</b>	<b>60</b>	<b>23</b>	<b>119</b>
As % of Total Units	30%	50%	19%	100%

7. Based on the affordability restrictions to be imposed on the Project, the City will be able to claim Regional Housing Needs Assessment (“RHNA”) credit as follows:

RHNA Credit	Phase I	Phase II	Total Project
Extremely-Low Income Units	60	60	120
Very-Low Income Units	0	0	0
Low Income Units	60	59	119
Moderate Income Units	0	0	0
Unrestricted Units	1	1	2
<b>Total RHNA Credit</b>	<b>121</b>	<b>120</b>	<b>241</b>
As % of Total Units	100%	100%	100%

## REVISED PROJECT TIMELINE

Given that the Project will be financed as two phases, the Project timeline was modified to be as follows:

Projected Timeline	Phase I	Phase II
SLA Exemption Approved by HCD	September 22, 2022	
Entitlements Secured / DDA Executed	October 13, 2022	
County PBVs (45) & Loan Awarded	January 2023	
1st DDA Amendment	June 2023	
County PBVs (75) Awarded	December 2023	
2nd DDA Amendment	April 2024	
CDLAC/TCAC Applications Submission	April 2024	April 2025
CDLAC/TCAC Allocation Award	June 2024	June 2025
All Funding Secured	November 2024	November 2025
Land Conveyance / Construction Loan Closing	January 2025	January 2026
Construction Commences	May 2025	May 2026
Construction Completion / COO Issued	May 2027	May 2028
Permanent Loan Closing	June 2027	June 2028

It should be noted that if Phase I does not receive a CDLAC allocation in the April 2024 round, and the Phase I Project has not secured the missing funding by December 2024, the City will be able to terminate the Amended and Restated DDLA.

## REVISED FINANCIAL GAP ANALYSIS (APPENDICES A & B)

KMA found the Developer's development cost estimates and projections of funding sources to be reasonable given the current high cost and interest rate environment. It should be noted that the development costs include State and Federal prevailing wage premiums due to the funding source requirements. Also, all of the offsite improvements will be completed during Phase I.

The detailed analysis is provided in Appendices A and B, and are summarized as follows:

Financial Gap Calculation	Phase I	Phase II	Total Project
Total Development Costs	\$82,158,000	\$71,679,000	\$153,837,000
(Less) Potential Outside Funding Sources	(80,192,000)	(66,890,000)	(147,082,000)
<b>Financial Gap</b>	<b>\$1,966,000</b>	<b>\$4,789,000</b>	<b>\$6,755,000</b>
Per Unit	\$16,200	\$39,900	\$28,000

## REVISED SB 341 ANALYSIS

The following summarizes how the proposed Project, which will be committing \$6,755,000 of LMIHAF money in fiscal year 2023/2024, will meet the affordability requirements of SB 341 in the Project.

Income Targeting Analysis	ELI Households	VLI / 59% AMI Households	Low Income Households	Total LMIHAF Units
Units Assisted/Restricted	72	121	46	239
LMIHAF Loans	\$2,034,979	\$3,419,895	\$1,300,126	\$6,755,000
<b>As a % of Total Loan Amount</b>	<b>30%</b>	<b>51%</b>	<b>19%</b>	<b>100%</b>
Requirements (as a % of Total Funds)	At Least 30%		At Most 20%	

## REVISED CASH FLOW ANALYSIS (APPENDICES A & B – TABLE 4)

The following summarizes the estimated Authority Loan repayments based on the cash flow projections:



Projected Authority Loan Payments	Phase I	Phase II
End of Term	P&I Due & Payable	P&I Due & Payable
Loan Amount	\$1,966,000	\$4,789,000
Ending Loan Balance in Year 55	\$0	\$0
Estimated Share of Residual Receipts	11.34%	50.00%
Projected Year Loan to Be Paid Off	Year 53	Year 41
<b>Nominal Amount of Payments</b>	<b>\$4,797,000</b>	<b>\$9,883,000</b>
<b>Present Value of Payments</b>	<b>\$539,000</b>	<b>\$1,850,000</b>

In both phases, the Authority Loans are projected to be repaid before the end of the 55 year term. It should be noted that per the cash flow analyses, the deferred developer fee is not paid off by year 15. However, if this is still the case once the phases are completed, the Developer will be able to contribute enough of the deferred developer fee so that the deferred amount will be repaid within 15 years per the IRS requirements.

## CONCLUSIONS

Based on the KMA analysis of the Developer's proposal, the \$6,755,000 proposed financial assistance that was approved in 2022 is still required for the revised Project. However, KMA recommends that the City review the estimated costs again once the funding sources have been committed.

Attachments

## APPENDIX A

### PHASE I FINANCIAL GAP ANALYSIS

# APPENDIX A - TABLE 1

## ESTIMATED DEVELOPMENT COSTS <sup>1</sup> PALM VILLAS AT MILLENNIUM - PHASE I PALM DESERT, CALIFORNIA

<b>I. <u>Land Assemblage Costs</u></b>				
Acquisition Price <sup>2</sup>	121 Units	\$16,248 /Unit		\$1,966,000
Closing Costs	0% of Purchase Price			0
<b>Total Land Assemblage Costs</b>	<b>121 Units</b>	<b>\$16,200 /Unit</b>		<b>\$1,966,000</b>
<b>II. <u>Direct Costs</u> <sup>3</sup></b>				
Off-site Improvements <sup>4</sup>	Allowance			\$4,487,000
On-site Improvements	262,231 Sf Land	\$34 /Sf Land		8,953,000
Extraordinary Costs <sup>5</sup>	121 Units	\$8,653 /Unit		1,047,000
Residential Structure	122,513 Sf GBA	\$251 /Unit		30,752,000
Community Building	3,781 Sf GBA	\$519 of Construction Costs		1,963,000
Furnishings, Fixtures & Equipment	121 Units	\$620 of Construction Costs		75,000
Contractor Fees / General Requirements	14% of Construction Costs			6,621,000
Construction Insurance / Bonds	1% of Construction Costs			538,000
Contingency Allowance	5% of Other Direct Costs			2,718,000
<b>Total Direct Costs</b>	<b>121 Units</b>	<b>\$472,300 /Unit</b>		<b>\$57,154,000</b>
<b>III. <u>Indirect Costs</u></b>				
Architecture, Engineering & Consultants	4% of Direct Costs			\$2,133,000
Permits & Fees <sup>6</sup>	121 Units	\$21,033 /Unit		2,545,000
Taxes, Insurance, Legal & Accounting	2% of Direct Costs			1,396,000
Marketing & Leasing	121 Units	\$496 /Unit		60,000
Developer Fee <sup>7</sup>				10,070,000
Contingency Allowance	3% of Other Indirect Costs			500,000
<b>Total Indirect Costs</b>	<b>121 Units</b>	<b>\$138,000 /Unit</b>		<b>\$16,704,000</b>
<b>IV. <u>Financing Costs</u></b>				
Tax-Exempt Bonds Interest <sup>8</sup>	\$44,853,250 TEBs	8.00% Interest		\$4,662,000
Taxable Bonds Interest	\$0 Txble Bonds	8.00% Interest		0
<u>Financing Fees</u>				
Construction Loan	\$44,853,250 Loan	1.11 Points		498,000
Permanent Loan	\$13,910,000 Loan	1.14 Points		159,000
Issuance Costs	\$44,853,250 TEBs	0.52 Points		231,000
Tax Credit Fees	121 Units	\$1,044 /Unit		126,000
<u>Capitalized Reserves</u>				
Operating Reserves	\$186,046 /Mo	3 Months		558,000
SLP Fee	20 Years	\$5,000 /Year		100,000
<b>Total Financing Costs</b>	<b>121 Units</b>	<b>\$52,300 /Unit</b>		<b>\$6,334,000</b>
<b>V. <u>Total Development Costs</u></b>	<b>121 Units</b>	<b>\$679,000 /Unit</b>		<b>\$82,158,000</b>

<sup>1</sup> Based on Developer's estimates, which KMA determined to be reasonable based on experience.

<sup>2</sup> Based on City appraisal from June 2022.

<sup>3</sup> Project will be required to pay both Federal and State prevailing wages.

<sup>4</sup> All offsite improvements required will be constructed in Phase I.

<sup>5</sup> Includes solar, swimming pool and parking space shade covers.

<sup>6</sup> Does not include SCE and TUMF fees, which will be waived or refunded.

<sup>7</sup> Maximum developer fee allowed by TCAC.

<sup>8</sup> Assumes a 24-month development period and a 65% average outstanding balance.

APPENDIX A - TABLE 2A

AFFORDABILITY MIX  
PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

	Number of Units	TCAC Rent	HCD Rent	DB Rent	Applicable Gross Rent	Utility Allowance	Applicable Net Rent
<b>30% TCAC, ELI HCD, VLI DB</b>	<b>12</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>VLI HCD</b>			
1-Bdrm Units	2	\$524	\$567	\$945	\$524	\$29	\$495
2-Bdrm Units	7	\$629	\$638	\$1,063	\$629	\$24	\$605
3-Bdrm Units	3	\$727	\$709	\$1,181	\$709	\$20	\$689
<b>30% TCAC, ELI HCD</b>	<b>24</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>N/A</b>			
1-Bdrm Units	4	\$524	\$567	N/A	\$524	\$29	\$495
2-Bdrm Units	20	\$629	\$638	N/A	\$629	\$24	\$605
3-Bdrm Units	0	\$727	\$709	N/A	\$709	\$20	\$689
<b>30% TCAC, 59% HCD</b>	<b>14</b>	<b>30% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	9	\$524	\$1,115	N/A	\$524	\$29	\$495
2-Bdrm Units	1	\$629	\$1,254	N/A	\$629	\$24	\$605
3-Bdrm Units	4	\$727	\$1,394	N/A	\$727	\$20	\$707
<b>30% TCAC, Low HCD</b>	<b>10</b>	<b>30% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$524	\$1,134	N/A	\$524	\$29	\$495
2-Bdrm Units	0	\$629	\$1,276	N/A	\$629	\$24	\$605
3-Bdrm Units	10	\$727	\$1,418	N/A	\$727	\$20	\$707
<b>60% TCAC, 59% HCD</b>	<b>47</b>	<b>60% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,115	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	47	\$1,258	\$1,254	N/A	\$1,254	\$24	\$1,230
3-Bdrm Units	0	\$1,454	\$1,394	N/A	\$1,394	\$20	\$1,374
<b>60% TCAC, Low HCD</b>	<b>13</b>	<b>60% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,134	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	0	\$1,258	\$1,276	N/A	\$1,258	\$24	\$1,234
3-Bdrm Units	13	\$1,454	\$1,418	N/A	\$1,418	\$20	\$1,398
<b>Manager Unit</b>	<b>1</b>						
1-Bdrm Units	0						
2-Bdrm Units	0						
3-Bdrm Units	1						
<b>PBV Overhang</b>	<b>60</b>			<b>FMR</b>	<b>Tenant Rent</b>	<b>Overhang</b>	<b>Utility Allowance</b>
1-Bdrm Units	15			\$1,772	\$495	\$1,277	\$29.37
2-Bdrm Units	28			\$2,211	\$605	\$1,606	\$24.06
3-Bdrm Units	3			\$2,977	\$689	\$2,288	\$20.48
3-Bdrm Units	14			\$2,977	\$707	\$2,270	\$20.48
							<b>Net Overhang</b>
1-Bdrm Units	15						\$1,248.00
2-Bdrm Units	28						\$1,582.00
3-Bdrm Units	3						\$2,268.00
3-Bdrm Units	14						\$2,250.00

Note: Rents are based on 2023 rents and the utility allowances are based on Developer CAUC estimates on 3/12/24 for all electric building.

<b>TOTAL UNITS</b>	<b>121</b>
1-Bdrm Units	15
2-Bdrm Units	75
3-Bdrm Units	31
<b>PBV SUBSIDY</b>	<b>60</b>
1-Bdrm Units	15
2-Bdrm Units	28
3-Bdrm Units	17

<b>TCAC Regulatory Agreement:</b>	
30% AMI Units	60
40% AMI Units	0
50% AMI Units	0
60% AMI Units	60
70% AMI Units	0
<b>Total Restricted Units</b>	<b>120</b>

<b>AVERAGE AFFORDABILITY:</b>	<b>45%</b>
<b>POTENTIAL GROSS INCOME - BASE:</b>	<b>\$1,347,475</b>
<b>POTENTIAL GROSS INCOME - PBV:</b>	<b>\$1,215,840</b>

<b>LMIHAF City Regulatory Agreement:</b>	<b>120</b>
ELI HCD Units	36
VLI HCD Units	0
59% HCD Units	61
Low HCD Units	23

<b>Density Bonus City Regulatory Agreement</b>	
VLI HCD Units	12

## APPENDIX A - TABLE 2B

### STABILIZED NET OPERATING INCOME PALM VILLAS AT MILLENNIUM - PHASE I PALM DESERT, CALIFORNIA

<b>I. Project Income</b>				
Projected Gross Income - Base Rents <sup>1</sup>	121 Units	\$928 /Unit/Mo		\$1,347,475
Projected Gross Income - PBV Subsidy <sup>1</sup>	60 PBVs	\$1,689 /Unit/Mo		1,215,840
Miscellaneous Income <sup>2</sup>	121 Units	\$12 /Unit/Mo		18,000
<b>Projected Gross Income</b>				<b>\$2,581,315</b>
(Less) Vacancy & Collection Allowance <sup>2</sup>	5% of PGI			(129,065)
<b>Effective Gross Income</b>				<b>\$2,452,249</b>
<b>II. Operating Expenses <sup>2</sup></b>				
General Operating Expenses	121 Units	\$8,130 /Unit		\$983,712
Property Taxes & Assessments	121 Units	\$58 /Unit		7,000
Social Services	121 Units	\$653 /Unit		78,972
County Monitoring Fee	121 Units	\$100 /Unit		12,100
City Monitoring Fee	121 Units	\$41 /Unit		4,961
Bond Issuer Fee	Allowance			5,000
Replacement Reserves	121 Units	\$350 /Unit		42,350
<b>Total Operating Expenses</b>	121 Units	\$9,373 /Unit		<b>\$1,134,095</b>
<b>III. Net Operating Income</b>				<b>\$1,318,154</b>

<sup>1</sup> See Table 2A.

<sup>2</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.  
Prepared by: KMA  
Filename: Palm Villas Phases 1 and 2 - 03.26.24 - FINAL; PF - Ph 1; jlr; 3/26/2024

## APPENDIX A - TABLE 3

### FINANCIAL GAP ANALYSIS <sup>1</sup> PALM VILLAS AT MILLENNIUM - PHASE I PALM DESERT, CALIFORNIA

<b>I. <u>Available Funding Sources</u></b>				
<b>A. Permanent Loan</b>	1.20 DCR 7.50% Interest	\$1,098,462 Debt Svc 40 Years		<b>\$13,910,000</b>
<b>B. Federal Tax Credit Equity</b>	\$40,147,466 Gross TC	\$0.86 Equity		<b>\$34,523,000</b>
<b>C. State Tax Credit Equity</b>	\$22,659,500 Gross TC	\$0.78 Equity		<b>\$17,618,000</b>
<b>D. County Loan <sup>2</sup></b>	121 Units	\$55,400 /Unit		<b>\$6,700,000</b>
<b>E. Contributed Developer Fee <sup>3</sup></b>	0% of Developr Fee			<b>\$0</b>
<b>F. Deferred Developer Fee</b>	74% of Developr Fee			<b>\$7,441,000</b>
<b>Total Available Funding Sources</b>	121 Units	\$662,700 /Unit		<b>\$80,192,000</b>
<b>II. <u>Financial Gap Calculation</u></b>				
Total Development Costs				\$82,158,000
(Less) Available Funding Sources				<u>(80,192,000)</u>
<b>Financial Gap</b>	121 Units	\$16,200 /Unit		<b>\$1,966,000</b>
<b>III. <u>Authority Funding Sources</u></b>				
HOME Funds				\$0
LMIHAF Funds				1,966,000
PLHA Funds				<u>0</u>
<b>Total Authority Assistance</b>	121 Units	\$16,200 /Unit		<b>\$1,966,000</b>

<sup>1</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.

<sup>2</sup> Previously awarded by County for entire Project; however, County has verified willingness to allow the entire amount to be used in Phase I only.

<sup>3</sup> Per TCAC draft guidelines, a portion of the deferred fee may be required to be contributed to the Project.

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I

PALM DESERT, CALIFORNIA

			<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
<b>I. Project Income</b>												
Projected Gross Income - Base Rents	102.5% /Year		\$1,347,475	\$1,381,161	\$1,415,691	\$1,451,083	\$1,487,360	\$1,524,544	\$1,562,657	\$1,601,724	\$1,641,767	\$1,682,811
Projected Gross Income - PBV Subsidy	102.5% /Year		1,215,840	1,246,236	1,277,392	1,309,327	1,342,060	1,375,611	1,410,002	1,445,252	1,481,383	1,518,418
Miscellaneous Income	102.5% /Year		18,000	18,450	18,911	19,384	19,869	20,365	20,874	21,396	21,931	22,480
<b>Projected Gross Income</b>			<b>\$2,581,315</b>	<b>\$2,645,847</b>	<b>\$2,711,994</b>	<b>\$2,779,793</b>	<b>\$2,849,288</b>	<b>\$2,920,521</b>	<b>\$2,993,534</b>	<b>\$3,068,372</b>	<b>\$3,145,081</b>	<b>\$3,223,708</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(129,065)	(132,292)	(135,599)	(138,989)	(142,464)	(146,026)	(149,676)	(153,418)	(157,254)	(161,185)
<b>Effective Gross Income</b>			<b>\$2,452,249</b>	<b>\$2,513,555</b>	<b>\$2,576,394</b>	<b>\$2,640,804</b>	<b>\$2,706,824</b>	<b>\$2,774,495</b>	<b>\$2,843,857</b>	<b>\$2,914,954</b>	<b>\$2,987,827</b>	<b>\$3,062,523</b>
<b>II. Operating Expenses</b>												
General Operating Expenses	103.5% /Year		\$983,712	1,018,142	1,053,777	1,090,659	1,128,832	1,168,341	1,209,233	1,251,556	1,295,361	1,340,698
Property Taxes & Assessments	102.0% /Year		7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366
Social Services	103.5% /Year		78,972	81,736	84,597	87,558	90,622	93,794	97,077	100,474	103,991	107,631
County Monitoring Fee	103.5% /Year		12,100	12,524	12,962	13,415	13,885	14,371	14,874	15,395	15,933	16,491
City Monitoring Fee	103.0% /Year		4,961	5,110	5,263	5,421	5,584	5,751	5,924	6,101	6,284	6,473
Bond Issuer Fee	103.5% /Year		5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Replacement Reserves	103.5% /Year		42,350	43,832	45,366	46,954	48,598	50,299	52,059	53,881	55,767	57,719
<b>Total Operating Expenses</b>			<b>\$1,134,095</b>	<b>\$1,173,659</b>	<b>\$1,214,604</b>	<b>\$1,256,979</b>	<b>\$1,300,835</b>	<b>\$1,346,223</b>	<b>\$1,393,196</b>	<b>\$1,441,810</b>	<b>\$1,492,122</b>	<b>\$1,544,192</b>
<b>III. Net Operating Income</b>			<b>\$1,318,154</b>	<b>\$1,339,897</b>	<b>\$1,361,790</b>	<b>\$1,383,825</b>	<b>\$1,405,989</b>	<b>\$1,428,272</b>	<b>\$1,450,661</b>	<b>\$1,473,144</b>	<b>\$1,495,705</b>	<b>\$1,518,331</b>
(Less) Annual Debt Service			(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$204,692</b>	<b>\$225,985</b>	<b>\$247,415</b>	<b>\$268,972</b>	<b>\$290,645</b>	<b>\$312,421</b>	<b>\$334,289</b>	<b>\$356,234</b>	<b>\$378,242</b>	<b>\$400,298</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$7,441,000		<b>\$204,692</b>	<b>\$225,985</b>	<b>\$247,415</b>	<b>\$268,972</b>	<b>\$290,645</b>	<b>\$312,421</b>	<b>\$334,289</b>	<b>\$356,234</b>	<b>\$378,242</b>	<b>\$400,298</b>
Accrued Payment			204,692	430,677	678,092	947,064	1,237,709	1,550,130	1,884,419	2,240,652	2,618,894	3,019,192
<b>VI. Residual Receipts</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>VII. Authority Loan</b>												
Beginning Balance			\$1,966,000	\$2,024,980	\$2,083,960	\$2,142,940	\$2,201,920	\$2,260,900	\$2,319,880	\$2,378,860	\$2,437,840	\$2,496,820
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%		58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%		0	0	0	0	0	0	0	0	0	0
Ending Balance			2,024,980	2,083,960	2,142,940	2,201,920	2,260,900	2,319,880	2,378,860	2,437,840	2,496,820	2,555,800

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

		<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$1,724,881	\$1,768,003	\$1,812,204	\$1,857,509	\$1,903,946	\$1,951,545	\$2,000,334	\$2,050,342	\$2,101,601	\$2,154,141
Projected Gross Income - PBV Subsidy	102.5% /Year	1,556,378	1,595,287	1,635,170	1,676,049	1,717,950	1,760,899	1,804,921	1,850,044	1,896,295	1,943,703
Miscellaneous Income	102.5% /Year	23,042	23,618	24,208	24,813	25,434	26,069	26,721	27,389	28,074	28,776
<b>Projected Gross Income</b>		<b>\$3,304,301</b>	<b>\$3,386,908</b>	<b>\$3,471,581</b>	<b>\$3,558,371</b>	<b>\$3,647,330</b>	<b>\$3,738,513</b>	<b>\$3,831,976</b>	<b>\$3,927,775</b>	<b>\$4,025,970</b>	<b>\$4,126,619</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(165,215)	(169,345)	(173,579)	(177,918)	(182,366)	(186,925)	(191,598)	(196,388)	(201,298)	(206,331)
<b>Effective Gross Income</b>		<b>\$3,139,086</b>	<b>\$3,217,563</b>	<b>\$3,298,002</b>	<b>\$3,380,452</b>	<b>\$3,464,964</b>	<b>\$3,551,588</b>	<b>\$3,640,378</b>	<b>\$3,731,387</b>	<b>\$3,824,672</b>	<b>\$3,920,289</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	1,387,623	1,436,190	1,486,456	1,538,482	1,592,329	1,648,061	1,705,743	1,765,444	1,827,234	1,891,188
Property Taxes & Assessments	102.0% /Year	8,533	8,704	8,878	9,055	9,236	9,421	9,609	9,802	9,998	10,198
Social Services	103.5% /Year	111,398	115,297	119,332	123,509	127,832	132,306	136,936	141,729	146,690	151,824
County Monitoring Fee	103.5% /Year	17,068	17,666	18,284	18,924	19,586	20,272	20,981	21,716	22,476	23,262
City Monitoring Fee	103.0% /Year	6,667	6,867	7,073	7,285	7,504	7,729	7,961	8,200	8,446	8,699
Bond Issuer Fee	103.5% /Year	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Replacement Reserves	103.5% /Year	59,739	61,830	63,994	66,234	68,552	70,951	73,434	76,005	78,665	81,418
<b>Total Operating Expenses</b>		<b>\$1,598,081</b>	<b>\$1,653,852</b>	<b>\$1,711,572</b>	<b>\$1,771,309</b>	<b>\$1,833,132</b>	<b>\$1,897,116</b>	<b>\$1,963,335</b>	<b>\$2,031,868</b>	<b>\$2,102,795</b>	<b>\$2,176,201</b>
<b>III. Net Operating Income</b>		<b>\$1,541,005</b>	<b>\$1,563,711</b>	<b>\$1,586,430</b>	<b>\$1,609,144</b>	<b>\$1,631,831</b>	<b>\$1,654,472</b>	<b>\$1,677,042</b>	<b>\$1,699,519</b>	<b>\$1,721,876</b>	<b>\$1,744,088</b>
(Less) Annual Debt Service		(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(6,720)	(6,921)	(7,129)	(7,343)	(7,563)	(7,790)	(8,024)	(8,264)	(8,512)	(8,768)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(13,439)	(13,842)	(14,258)	(14,685)	(15,126)	(15,580)	(16,047)	(16,528)	(17,024)	(17,535)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$422,385</b>	<b>\$444,486</b>	<b>\$466,582</b>	<b>\$488,654</b>	<b>\$510,681</b>	<b>\$532,641</b>	<b>\$554,510</b>	<b>\$576,265</b>	<b>\$597,878</b>	<b>\$619,323</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$7,441,000	<b>\$422,385</b>	<b>\$444,486</b>	<b>\$466,582</b>	<b>\$488,654</b>	<b>\$510,681</b>	<b>\$532,641</b>	<b>\$554,510</b>	<b>\$576,265</b>	<b>\$425,606</b>	<b>\$0</b>
Accrued Payment		3,441,576	3,886,062	4,352,644	4,841,298	5,351,978	5,884,619	6,439,129	7,015,394	7,441,000	7,441,000
<b>VI. Residual Receipts</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$172,272</b>	<b>\$619,323</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$2,555,800	\$2,614,780	\$2,673,760	\$2,732,740	\$2,791,720	\$2,850,700	\$2,909,680	\$2,968,660	\$3,027,640	\$3,067,079
Beginning Balance (Interest Calc)		1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%	0	0	0	0	0	0	0	0	(19,541)	(70,251)
Ending Balance		2,614,780	2,673,760	2,732,740	2,791,720	2,850,700	2,909,680	2,968,660	3,027,640	3,067,079	3,055,808

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the



**APPENDIX A - TABLE 4**
**CASH FLOW ANALYSIS <sup>1</sup>**
**PALM VILLAS AT MILLENNIUM - PHASE I**
**PALM DESERT, CALIFORNIA**

			<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
<b>I. <u>Project Income</u></b>												
Projected Gross Income - Base Rents	102.5% /Year		\$2,207,994	\$2,263,194	\$2,319,774	\$2,377,768	\$2,437,212	\$2,498,143	\$2,560,596	\$2,624,611	\$2,690,226	\$2,757,482
Projected Gross Income - PBV Subsidy	102.5% /Year		1,992,295	2,042,103	2,093,155	2,145,484	2,199,121	2,254,099	2,310,452	2,368,213	2,427,419	2,488,104
Miscellaneous Income	102.5% /Year		29,495	30,232	30,988	31,763	32,557	33,371	34,205	35,060	35,937	36,835
<b>Projected Gross Income</b>			<b>\$4,229,785</b>	<b>\$4,335,529</b>	<b>\$4,443,917</b>	<b>\$4,555,015</b>	<b>\$4,668,891</b>	<b>\$4,785,613</b>	<b>\$4,905,253</b>	<b>\$5,027,885</b>	<b>\$5,153,582</b>	<b>\$5,282,421</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(211,489)	(216,776)	(222,195)	(227,750)	(233,444)	(239,280)	(245,262)	(251,394)	(257,679)	(264,121)
<b>Effective Gross Income</b>			<b>\$4,018,296</b>	<b>\$4,118,753</b>	<b>\$4,221,722</b>	<b>\$4,327,265</b>	<b>\$4,435,447</b>	<b>\$4,546,333</b>	<b>\$4,659,991</b>	<b>\$4,776,491</b>	<b>\$4,895,903</b>	<b>\$5,018,301</b>
<b>II. <u>Operating Expenses</u></b>												
General Operating Expenses	103.5% /Year		1,957,379	2,025,887	2,096,794	2,170,181	2,246,138	2,324,752	2,406,119	2,490,333	2,577,495	2,667,707
Property Taxes & Assessments	102.0% /Year		10,402	10,610	10,822	11,038	11,259	11,484	11,714	11,948	12,187	12,431
Social Services	103.5% /Year		157,138	162,637	168,330	174,221	180,319	186,630	193,162	199,923	206,920	214,162
County Monitoring Fee	103.5% /Year		24,076	24,919	25,791	26,694	27,628	28,595	29,596	30,632	31,704	32,814
City Monitoring Fee	103.0% /Year		8,960	9,229	9,506	9,791	10,085	10,387	10,699	11,020	11,350	11,691
Bond Issuer Fee	103.5% /Year		9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Replacement Reserves	103.5% /Year		84,268	87,217	90,270	93,429	96,699	100,083	103,586	107,212	110,964	114,848
<b>Total Operating Expenses</b>			<b>\$2,252,171</b>	<b>\$2,330,797</b>	<b>\$2,412,169</b>	<b>\$2,496,385</b>	<b>\$2,583,544</b>	<b>\$2,673,749</b>	<b>\$2,767,106</b>	<b>\$2,863,726</b>	<b>\$2,963,722</b>	<b>\$3,067,212</b>
<b>III. <u>Net Operating Income</u></b>			<b>\$1,766,124</b>	<b>\$1,787,956</b>	<b>\$1,809,553</b>	<b>\$1,830,880</b>	<b>\$1,851,902</b>	<b>\$1,872,584</b>	<b>\$1,892,885</b>	<b>\$1,912,765</b>	<b>\$1,932,182</b>	<b>\$1,951,088</b>
(Less) Annual Debt Service			(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(9,031)	(9,301)	(9,581)	(9,868)	(10,164)	(10,469)	(10,783)	(11,106)	(11,440)	(11,783)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(18,061)	(18,603)	(19,161)	(19,736)	(20,328)	(20,938)	(21,566)	(22,213)	(22,879)	(23,566)
<b>IV. <u>Cash Flow Available for Distribution</u></b>			<b>\$640,571</b>	<b>\$661,590</b>	<b>\$682,349</b>	<b>\$702,814</b>	<b>\$722,949</b>	<b>\$742,715</b>	<b>\$762,074</b>	<b>\$780,984</b>	<b>\$799,401</b>	<b>\$817,278</b>
<b>V. <u>Deferred Developer Fee Payment</u> <sup>3</sup></b>												
Accrued Payment	\$7,441,000		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. <u>Residual Receipts</u></b>			<b>\$640,571</b>	<b>\$661,590</b>	<b>\$682,349</b>	<b>\$702,814</b>	<b>\$722,949</b>	<b>\$742,715</b>	<b>\$762,074</b>	<b>\$780,984</b>	<b>\$799,401</b>	<b>\$817,278</b>
<b>VII. <u>Authority Loan</u></b>												
Beginning Balance			\$3,055,808	\$3,042,127	\$3,026,061	\$3,007,641	\$2,986,900	\$2,963,874	\$2,938,607	\$2,911,143	\$2,881,535	\$2,849,838
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%		58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%		(72,661)	(75,045)	(77,400)	(79,721)	(82,005)	(84,248)	(86,443)	(88,588)	(90,677)	(92,705)
Ending Balance			3,042,127	3,026,061	3,007,641	2,986,900	2,963,874	2,938,607	2,911,143	2,881,535	2,849,838	2,816,112

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

			<u>Year 31</u>	<u>Year 32</u>	<u>Year 33</u>	<u>Year 34</u>	<u>Year 35</u>	<u>Year 36</u>	<u>Year 37</u>	<u>Year 38</u>	<u>Year 39</u>	<u>Year 40</u>
<b>I. Project Income</b>												
Projected Gross Income - Base Rents	102.5% /Year		\$2,826,419	\$2,897,080	\$2,969,506	\$3,043,744	\$3,119,838	\$3,197,834	\$3,277,780	\$3,359,724	\$3,443,717	\$3,529,810
Projected Gross Income - PBV Subsidy	102.5% /Year		2,550,307	2,614,064	2,679,416	2,746,401	2,815,061	2,885,438	2,957,574	3,031,513	3,107,301	3,184,983
Miscellaneous Income	102.5% /Year		37,756	38,700	39,668	40,659	41,676	42,718	43,786	44,880	46,002	47,152
<b>Projected Gross Income</b>			<b>\$5,414,482</b>	<b>\$5,549,844</b>	<b>\$5,688,590</b>	<b>\$5,830,805</b>	<b>\$5,976,575</b>	<b>\$6,125,989</b>	<b>\$6,279,139</b>	<b>\$6,436,117</b>	<b>\$6,597,020</b>	<b>\$6,761,946</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(270,724)	(277,492)	(284,429)	(291,540)	(298,828)	(306,299)	(313,956)	(321,805)	(329,850)	(338,097)
<b>Effective Gross Income</b>			<b>\$5,143,758</b>	<b>\$5,272,352</b>	<b>\$5,404,161</b>	<b>\$5,539,265</b>	<b>\$5,677,747</b>	<b>\$5,819,690</b>	<b>\$5,965,183</b>	<b>\$6,114,312</b>	<b>\$6,267,170</b>	<b>\$6,423,849</b>
<b>II. Operating Expenses</b>												
General Operating Expenses	103.5% /Year		2,761,077	2,857,714	2,957,734	3,061,255	3,168,399	3,279,293	3,394,068	3,512,861	3,635,811	3,763,064
Property Taxes & Assessments	102.0% /Year		12,680	12,933	13,192	13,456	13,725	13,999	14,279	14,565	14,856	15,153
Social Services	103.5% /Year		221,658	229,416	237,446	245,756	254,358	263,260	272,474	282,011	291,881	302,097
County Monitoring Fee	103.5% /Year		33,962	35,151	36,381	37,655	38,972	40,336	41,748	43,209	44,722	46,287
City Monitoring Fee	103.0% /Year		12,042	12,403	12,775	13,158	13,553	13,960	14,378	14,810	15,254	15,712
Bond Issuer Fee	103.5% /Year		14,034	14,525	15,034	15,560	16,104	16,668	17,251	17,855	18,480	19,127
Replacement Reserves	103.5% /Year		118,868	123,028	127,334	131,791	136,403	141,178	146,119	151,233	156,526	162,004
<b>Total Operating Expenses</b>			<b>\$3,174,320</b>	<b>\$3,285,171</b>	<b>\$3,399,896</b>	<b>\$3,518,630</b>	<b>\$3,641,515</b>	<b>\$3,768,694</b>	<b>\$3,900,318</b>	<b>\$4,036,544</b>	<b>\$4,177,530</b>	<b>\$4,323,444</b>
<b>III. Net Operating Income</b>			<b>\$1,969,438</b>	<b>\$1,987,182</b>	<b>\$2,004,265</b>	<b>\$2,020,635</b>	<b>\$2,036,232</b>	<b>\$2,050,996</b>	<b>\$2,064,864</b>	<b>\$2,077,769</b>	<b>\$2,089,640</b>	<b>\$2,100,405</b>
(Less) Annual Debt Service			(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(12,136)	(12,500)	(12,875)	(13,262)	(13,660)	(14,069)	(14,491)	(14,926)	(15,374)	(15,835)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(24,273)	(25,001)	(25,751)	(26,523)	(27,319)	(28,139)	(28,983)	(29,852)	(30,748)	(31,670)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$834,568</b>	<b>\$851,219</b>	<b>\$867,177</b>	<b>\$882,388</b>	<b>\$896,792</b>	<b>\$910,327</b>	<b>\$922,928</b>	<b>\$934,528</b>	<b>\$945,056</b>	<b>\$954,438</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment	\$7,441,000		7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. Residual Receipts</b>			<b>\$834,568</b>	<b>\$851,219</b>	<b>\$867,177</b>	<b>\$882,388</b>	<b>\$896,792</b>	<b>\$910,327</b>	<b>\$922,928</b>	<b>\$934,528</b>	<b>\$945,056</b>	<b>\$954,438</b>
<b>VII. Authority Loan</b>												
Beginning Balance			\$2,816,112	\$2,780,426	\$2,742,850	\$2,703,465	\$2,662,354	\$2,619,609	\$2,575,329	\$2,529,620	\$2,482,595	\$2,434,375
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%		58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%		(94,667)	(96,555)	(98,365)	(100,091)	(101,725)	(103,260)	(104,689)	(106,005)	(107,199)	(108,264)
Ending Balance			2,780,426	2,742,850	2,703,465	2,662,354	2,619,609	2,575,329	2,529,620	2,482,595	2,434,375	2,385,092

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I

PALM DESERT, CALIFORNIA

			<u>Year 41</u>	<u>Year 42</u>	<u>Year 43</u>	<u>Year 44</u>	<u>Year 45</u>	<u>Year 46</u>	<u>Year 47</u>	<u>Year 48</u>	<u>Year 49</u>	<u>Year 50</u>
<b>I. <u>Project Income</u></b>												
Projected Gross Income - Base Rents	102.5% /Year		\$3,618,055	\$3,708,507	\$3,801,219	\$3,896,250	\$3,993,656	\$4,093,498	\$4,195,835	\$4,300,731	\$4,408,249	\$4,518,455
Projected Gross Income - PBV Subsidy	102.5% /Year		3,264,608	3,346,223	3,429,879	3,515,626	3,603,516	3,693,604	3,785,944	3,880,593	3,977,608	4,077,048
Miscellaneous Income	102.5% /Year		48,331	49,539	50,778	52,047	53,349	54,682	56,049	57,451	58,887	60,359
<b>Projected Gross Income</b>			<b>\$6,930,994</b>	<b>\$7,104,269</b>	<b>\$7,281,876</b>	<b>\$7,463,923</b>	<b>\$7,650,521</b>	<b>\$7,841,784</b>	<b>\$8,037,829</b>	<b>\$8,238,774</b>	<b>\$8,444,744</b>	<b>\$8,655,862</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(346,549)	(355,213)	(364,093)	(373,195)	(382,525)	(392,088)	(401,891)	(411,938)	(422,236)	(432,792)
<b>Effective Gross Income</b>			<b>\$6,584,445</b>	<b>\$6,749,057</b>	<b>\$6,917,783</b>	<b>\$7,090,728</b>	<b>\$7,267,996</b>	<b>\$7,449,696</b>	<b>\$7,635,938</b>	<b>\$7,826,836</b>	<b>\$8,022,507</b>	<b>\$8,223,070</b>
<b>II. <u>Operating Expenses</u></b>												
General Operating Expenses	103.5% /Year		3,894,771	4,031,088	4,172,176	4,318,203	4,469,340	4,625,767	4,787,668	4,955,237	5,128,670	5,308,173
Property Taxes & Assessments	102.0% /Year		15,456	15,765	16,081	16,402	16,730	17,065	17,406	17,754	18,109	18,472
Social Services	103.5% /Year		312,671	323,614	334,941	346,664	358,797	371,355	384,352	397,804	411,728	426,138
County Monitoring Fee	103.5% /Year		47,907	49,584	51,319	53,115	54,974	56,899	58,890	60,951	63,084	65,292
City Monitoring Fee	103.0% /Year		16,183	16,668	17,169	17,684	18,214	18,760	19,323	19,903	20,500	21,115
Bond Issuer Fee	103.5% /Year		19,796	20,489	21,206	21,949	22,717	23,512	24,335	25,186	26,068	26,980
Replacement Reserves	103.5% /Year		167,675	173,543	179,617	185,904	192,411	199,145	206,115	213,329	220,795	228,523
<b>Total Operating Expenses</b>			<b>\$4,474,459</b>	<b>\$4,630,753</b>	<b>\$4,792,509</b>	<b>\$4,959,920</b>	<b>\$5,133,183</b>	<b>\$5,312,502</b>	<b>\$5,498,090</b>	<b>\$5,690,165</b>	<b>\$5,888,955</b>	<b>\$6,094,694</b>
<b>III. <u>Net Operating Income</u></b>			<b>\$2,109,986</b>	<b>\$2,118,304</b>	<b>\$2,125,274</b>	<b>\$2,130,808</b>	<b>\$2,134,813</b>	<b>\$2,137,194</b>	<b>\$2,137,848</b>	<b>\$2,136,671</b>	<b>\$2,133,552</b>	<b>\$2,128,376</b>
(Less) Annual Debt Service												
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(16,310)	(16,799)	(17,303)	(17,823)	(18,357)	(18,908)	(19,475)	(20,059)	(20,661)	(21,281)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(32,620)	(33,599)	(34,607)	(35,645)	(36,715)	(37,816)	(38,950)	(40,119)	(41,323)	(42,562)
<b>IV. <u>Cash Flow Available for Distribution</u></b>			<b>\$2,061,056</b>	<b>\$2,067,906</b>	<b>\$2,073,364</b>	<b>\$2,077,340</b>	<b>\$2,079,741</b>	<b>\$2,080,470</b>	<b>\$2,079,423</b>	<b>\$2,076,493</b>	<b>\$2,071,569</b>	<b>\$2,064,532</b>
<b>V. <u>Deferred Developer Fee Payment</u> <sup>3</sup></b>												
Accrued Payment	\$7,441,000		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. <u>Residual Receipts</u></b>			<b>\$2,061,056</b>	<b>\$2,067,906</b>	<b>\$2,073,364</b>	<b>\$2,077,340</b>	<b>\$2,079,741</b>	<b>\$2,080,470</b>	<b>\$2,079,423</b>	<b>\$2,076,493</b>	<b>\$2,071,569</b>	<b>\$2,064,532</b>
<b>VII. <u>Authority Loan</u></b>												
Beginning Balance			\$2,385,092	\$2,210,282	\$2,034,696	\$1,858,491	\$1,678,609	\$1,493,059	\$1,301,859	\$1,105,042	\$902,653	\$694,751
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,858,491	1,678,609	1,493,059	1,301,859	1,105,042	902,653	694,751
Add: Interest	3.00%		58,980	58,980	58,980	55,755	50,358	44,792	39,056	33,151	27,080	20,843
(Less) Payments <sup>4</sup>	11.34%		(233,789)	(234,566)	(235,185)	(235,636)	(235,909)	(235,991)	(235,873)	(235,540)	(234,982)	(234,184)
Ending Balance			2,210,282	2,034,696	1,858,491	1,678,609	1,493,059	1,301,859	1,105,042	902,653	694,751	481,410

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I

PALM DESERT, CALIFORNIA

			<u>Year 51</u>	<u>Year 52</u>	<u>Year 53</u>	<u>Year 54</u>	<u>Year 55</u>
<b>I. <u>Project Income</u></b>							
Projected Gross Income - Base Rents	102.5% /Year		\$4,631,417	\$4,747,202	\$4,865,882	\$4,987,529	\$5,112,217
Projected Gross Income - PBV Subsidy	102.5% /Year		4,178,974	4,283,449	4,390,535	4,500,298	4,612,806
Miscellaneous Income	102.5% /Year		61,868	63,415	65,000	66,625	68,291
<b>Projected Gross Income</b>			<b>\$8,872,259</b>	<b>\$9,094,065</b>	<b>\$9,321,417</b>	<b>\$9,554,452</b>	<b>\$9,793,314</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(443,612)	(454,702)	(466,070)	(477,722)	(489,665)
<b>Effective Gross Income</b>			<b>\$8,428,647</b>	<b>\$8,639,363</b>	<b>\$8,855,347</b>	<b>\$9,076,731</b>	<b>\$9,303,649</b>
<b>II. <u>Operating Expenses</u></b>							
General Operating Expenses	103.5% /Year		5,493,960	5,686,248	5,885,267	6,091,251	6,304,445
Property Taxes & Assessments	102.0% /Year		18,841	19,218	19,602	19,994	20,394
Social Services	103.5% /Year		441,053	456,490	472,467	489,003	506,118
County Monitoring Fee	103.5% /Year		67,578	69,943	72,391	74,925	77,547
City Monitoring Fee	103.0% /Year		21,749	22,401	23,073	23,765	24,478
Bond Issuer Fee	103.5% /Year		27,925	28,902	29,914	30,961	32,044
Replacement Reserves	103.5% /Year		236,522	244,800	253,368	262,236	271,414
<b>Total Operating Expenses</b>			<b>\$6,307,626</b>	<b>\$6,528,002</b>	<b>\$6,756,081</b>	<b>\$6,992,135</b>	<b>\$7,236,441</b>
<b>III. <u>Net Operating Income</u></b>			<b>\$2,121,021</b>	<b>\$2,111,361</b>	<b>\$2,099,266</b>	<b>\$2,084,596</b>	<b>\$2,067,208</b>
(Less) Annual Debt Service							
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(21,920)	(22,577)	(23,254)	(23,952)	(24,671)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(43,839)	(45,154)	(46,509)	(47,904)	(49,341)
<b>IV. <u>Cash Flow Available for Distribution</u></b>			<b>\$2,055,262</b>	<b>\$2,043,630</b>	<b>\$2,029,502</b>	<b>\$2,012,740</b>	<b>\$1,993,196</b>
<b>V. <u>Deferred Developer Fee Payment</u> <sup>3</sup></b>							
Accrued Payment	\$7,441,000		\$0	\$0	\$0	\$0	\$0
			7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. <u>Residual Receipts</u></b>			<b>\$2,055,262</b>	<b>\$2,043,630</b>	<b>\$2,029,502</b>	<b>\$2,012,740</b>	<b>\$1,993,196</b>
<b>VII. <u>Authority Loan</u></b>							
Beginning Balance			\$481,410	\$262,720	\$38,789	\$0	\$0
Beginning Balance (Interest Calc)			481,410	262,720	38,789	0	0
Add: Interest	3.00%		14,442	7,882	1,164	0	0
(Less) Payments <sup>4</sup>	11.34%		(233,132)	(231,813)	(39,952)	0	0
Ending Balance			262,720	38,789	0	0	0

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

## **APPENDIX B**

### **PHASE II FINANCIAL GAP ANALYSIS**

APPENDIX B - TABLE 1

**ESTIMATED DEVELOPMENT COSTS <sup>1</sup>**  
**PALM VILLAS AT MILLENNIUM - PHASE II**  
**PALM DESERT, CALIFORNIA**

<b>I. <u>Land Assemblage Costs</u></b>				
Acquisition Price <sup>2</sup>	120 Units	\$12,158 /Unit		\$1,459,000
Closing Costs	0% of Purchase Price			0
<b>Total Land Assemblage Costs</b>	<b>120 Units</b>	<b>\$12,200 /Unit</b>		<b>\$1,459,000</b>
<b>II. <u>Direct Costs</u> <sup>3</sup></b>				
Off-site Improvements <sup>4</sup>	Allowance			\$0
On-site Improvements	194,713 Sf Land	\$46 /Sf Land		8,953,000
Extraordinary Costs <sup>5</sup>	120 Units	\$7,000 /Unit		840,000
Residential Structure	121,877 Sf GBA	\$250 /Unit		30,498,000
Community Building	0 Sf GBA	\$0 of Constructio		0
Furnishings, Fixtures & Equipment	120 Units	\$625 of Constructio		75,000
Contractor Fees / General Requirements	14% of Construction Costs			5,651,000
Construction Insurance / Bonds	1% of Construction Costs			459,000
Contingency Allowance	5% of Other Direct Costs			2,320,000
<b>Total Direct Costs</b>	<b>120 Units</b>	<b>\$406,600 /Unit</b>		<b>\$48,796,000</b>
<b>III. <u>Indirect Costs</u></b>				
Architecture, Engineering & Consultants	4% of Direct Costs			\$1,783,000
Permits & Fees <sup>6</sup>	120 Units	\$22,267 /Unit		2,672,000
Taxes, Insurance, Legal & Accounting	3% of Direct Costs			1,239,000
Marketing & Leasing	120 Units	\$500 /Unit		60,000
Developer Fee <sup>7</sup>				8,784,000
Contingency Allowance	3% of Other Indirect Costs			500,000
<b>Total Indirect Costs</b>	<b>120 Units</b>	<b>\$125,300 /Unit</b>		<b>\$15,038,000</b>
<b>IV. <u>Financing Costs</u></b>				
Tax-Exempt Bonds Interest <sup>8</sup>	\$41,391,683 TEBs	8.00% Interest		\$4,779,000
Taxable Bonds Interest	\$0 Txble Bonds	8.00% Interest		0
<u>Financing Fees</u>				
Construction Loan	\$41,391,683 Loan	1.12 Points		464,000
Permanent Loan	\$14,032,000 Loan	1.00 Points		140,000
Issuance Costs	\$41,391,683 TEBs	0.55 Points		229,000
Tax Credit Fees	120 Units	\$1,002 /Unit		120,000
<u>Capitalized Reserves</u>				
Operating Reserves	\$184,705 /Mo	3 Months		554,000
SLP Fee	20 Years	\$5,000 /Year		100,000
<b>Total Financing Costs</b>	<b>120 Units</b>	<b>\$53,200 /Unit</b>		<b>\$6,386,000</b>
<b>V. <u>Total Development Costs</u></b>	<b>120 Units</b>	<b>\$597,300 /Unit</b>		<b>\$71,679,000</b>

<sup>1</sup> Based on Developer's estimates.

<sup>2</sup> Based on City appraisal from June 2022.

<sup>3</sup> Project will be required to pay both Federal and State prevailing wages.

<sup>4</sup> All offsite improvements required will be constructed in Phase I.

<sup>5</sup> Includes solar, swimming pool and parking space shade covers.

<sup>6</sup> Does not include SCE and TUMF fees, which will be waived or refunded.

<sup>7</sup> Maximum developer fee allowed by TCAC.

<sup>8</sup> Assumes a 24-month development period and a 72% average outstanding balance.

APPENDIX B - TABLE 2A

AFFORDABILITY MIX  
PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

	Number of Units	TCAC Rent	HCD Rent	DB Rent	Applicable Gross Rent	Utility Allowance	Applicable Net Rent
<b>30% TCAC, ELI HCD, VLI DB</b>	<b>12</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>VLI HCD</b>			
1-Bdrm Units	2	\$524	\$567	\$945	\$524	\$29	\$495
2-Bdrm Units	7	\$629	\$638	\$1,063	\$629	\$24	\$605
3-Bdrm Units	3	\$727	\$709	\$1,181	\$709	\$20	\$689
<b>30% TCAC, ELI HCD</b>	<b>24</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>N/A</b>			
1-Bdrm Units	4	\$524	\$567	N/A	\$524	\$29	\$495
2-Bdrm Units	20	\$629	\$638	N/A	\$629	\$24	\$605
3-Bdrm Units	0	\$727	\$709	N/A	\$709	\$20	\$689
<b>30% TCAC, 59% HCD</b>	<b>14</b>	<b>30% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	9	\$524	\$1,115	N/A	\$524	\$29	\$495
2-Bdrm Units	1	\$629	\$1,254	N/A	\$629	\$24	\$605
3-Bdrm Units	4	\$727	\$1,394	N/A	\$727	\$20	\$707
<b>30% TCAC, Low HCD</b>	<b>10</b>	<b>30% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$524	\$1,134	N/A	\$524	\$29	\$495
2-Bdrm Units	0	\$629	\$1,276	N/A	\$629	\$24	\$605
3-Bdrm Units	10	\$727	\$1,418	N/A	\$727	\$20	\$707
<b>60% TCAC, 59% HCD</b>	<b>46</b>	<b>60% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,115	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	46	\$1,258	\$1,254	N/A	\$1,254	\$24	\$1,230
3-Bdrm Units	0	\$1,454	\$1,394	N/A	\$1,394	\$20	\$1,374
<b>60% TCAC, Low HCD</b>	<b>13</b>	<b>60% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,134	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	0	\$1,258	\$1,276	N/A	\$1,258	\$24	\$1,234
3-Bdrm Units	13	\$1,454	\$1,418	N/A	\$1,418	\$20	\$1,398
<b>Manager Unit</b>	<b>1</b>						
1-Bdrm Units	0						
2-Bdrm Units	1						
3-Bdrm Units	0						
<b>PBV Overhang</b>	<b>60</b>			<b>FMR</b>	<b>Tenant Rent</b>	<b>Overhang</b>	<b>Utility Allowance</b>
1-Bdrm Units	15			\$1,772	\$495	\$1,277	\$29
2-Bdrm Units	28			\$2,211	\$605	\$1,606	\$24
3-Bdrm Units	3			\$2,977	\$689	\$2,288	\$20
3-Bdrm Units	14			\$2,977	\$707	\$2,270	\$20
							<b>Net Overhang</b>
1-Bdrm Units	15						\$1,248
2-Bdrm Units	28						\$1,582
3-Bdrm Units	3						\$2,268
3-Bdrm Units	14						\$2,250

Note: Rents are based on 2023 rents and the utility allowances are based on Developer CAUC estimates on 3/12/24 for all electric building.

<b>TOTAL UNITS</b>	<b>120</b>
1-Bdrm Units	15
2-Bdrm Units	75
3-Bdrm Units	30
<b>PBV SUBSIDY</b>	<b>60</b>
1-Bdrm Units	15
2-Bdrm Units	28
3-Bdrm Units	17

<b>TCAC Regulatory Agreement:</b>	
30% AMI Units	60
40% AMI Units	0
50% AMI Units	0
60% AMI Units	59
70% AMI Units	0
<b>Total Restricted Units</b>	<b>119</b>

<b>AVERAGE AFFORDABILITY:</b>	<b>45%</b>
<b>POTENTIAL GROSS INCOME - BASE:</b>	<b>\$1,332,715</b>
<b>POTENTIAL GROSS INCOME - PBV:</b>	<b>\$1,215,840</b>

<b>LMIHAF City Regulatory Agreement:</b>	<b>119</b>
ELI HCD Units	36
VLI HCD Units	0
59% HCD Units	60
Low HCD Units	23

<b>Density Bonus City Regulatory Agreement</b>	
VLI HCD Units	12

APPENDIX B - TABLE 2B

STABILIZED NET OPERATING INCOME  
PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

<b>I. Project Income</b>			
Projected Gross Income - Base Rents <sup>1</sup>	120 Units	\$925 /Unit/Mo	\$1,332,715
Projected Gross Income - PBV Subsidy <sup>1</sup>	60 PBVs	\$1,689 /Unit/Mo	1,215,840
Miscellaneous Income <sup>2</sup>	120 Units	\$12 /Unit/Mo	17,850
<b>Projected Gross Income</b>			<b>\$2,566,405</b>
(Less) Vacancy & Collection Allowance <sup>2</sup>	5% of PGI		(128,320)
<b>Effective Gross Income</b>			<b>\$2,438,085</b>
<b>II. Operating Expenses <sup>2</sup></b>			
General Operating Expenses	120 Units	\$8,087 /Unit	\$970,446
Property Taxes & Assessments	120 Units	\$58 /Unit	7,000
Social Services	120 Units	\$658 /Unit	78,972
County Monitoring Fee	120 Units	\$0 /Unit	0
City Monitoring Fee	120 Units	\$41 /Unit	4,920
Bond Issuer Fee	Allowance		5,000
Replacement Reserves	120 Units	\$350 /Unit	42,000
<b>Total Operating Expenses</b>	120 Units	\$9,236 /Unit	<b>\$1,108,338</b>
<b>III. Net Operating Income</b>			<b>\$1,329,747</b>

<sup>1</sup> See Table 2A.

<sup>2</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.



## APPENDIX B - TABLE 3

### FINANCIAL GAP ANALYSIS PALM VILLAS AT MILLENNIUM - PHASE II PALM DESERT, CALIFORNIA

<b>I. <u>Available Funding Sources</u></b>			
<b>A. Permanent Loan</b>	1.20 DCR 7.50% Interest	\$1,108,122 Debt Svc 40 Years	<b>\$14,032,000</b>
<b>B. Federal Tax Credit Equity</b>	\$35,018,207 Gross TC	\$0.86 Equity	<b>\$30,112,000</b>
<b>C. State Tax Credit Equity</b>	\$20,202,812	\$0.82 Equity	<b>\$16,524,000</b>
<b>D. County Loan <sup>2</sup></b>	120 Units	\$0 /Unit	<b>\$0</b>
<b>E. Contributed Developer Fee <sup>3</sup></b>	0% of Developr Fee		<b>\$0</b>
<b>F. Deferred Developer Fee</b>	71% of Developr Fee		<b><u>\$6,222,000</u></b>
<b>Total Available Funding Sources</b>			<b>\$66,890,000</b>
<b>II. <u>Financial Gap Calculation</u></b>			
Total Development Costs			\$71,679,000
(Less) Available Funding Sources			<u>(66,890,000)</u>
<b>Financial Gap</b>	120 Units	\$39,908 /Unit	<b>\$4,789,000</b>
<b>III. <u>Authority Funding Sources per Developer Request</u></b>			
HOME Funds			\$0
LMIHAF Funds			4,789,000
PLHA Funds			<u>0</u>
<b>Total Authority Assistance</b>	120 Units	\$39,908 /Unit	<b>\$4,789,000</b>

<sup>1</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.

<sup>2</sup> Previously awarded by County for entire Project; however, County has verified willingness to allow the entire amount to be used in Phase I only.

<sup>3</sup> Per TCAC draft guidelines, a portion of the deferred fee may be required to be contributed to the Project.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$1,332,715	\$1,366,033	\$1,400,184	\$1,435,189	\$1,471,068	\$1,507,845	\$1,545,541	\$1,584,180	\$1,623,784	\$1,664,379
Projected Gross Income - PBV Subsidy	102.5% /Year	1,215,840	1,246,236	1,277,392	1,309,327	1,342,060	1,375,611	1,410,002	1,445,252	1,481,383	1,518,418
Miscellaneous Income	102.5% /Year	17,850	18,296	18,754	19,222	19,703	20,196	20,701	21,218	21,748	22,292
<b>Projected Gross Income</b>		<b>\$2,566,405</b>	<b>\$2,630,565</b>	<b>\$2,696,330</b>	<b>\$2,763,738</b>	<b>\$2,832,831</b>	<b>\$2,903,652</b>	<b>\$2,976,243</b>	<b>\$3,050,649</b>	<b>\$3,126,916</b>	<b>\$3,205,089</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(128,320)	(131,528)	(134,817)	(138,187)	(141,642)	(145,183)	(148,812)	(152,533)	(156,346)	(160,255)
<b>Effective Gross Income</b>		<b>\$2,438,085</b>	<b>\$2,499,037</b>	<b>\$2,561,513</b>	<b>\$2,625,551</b>	<b>\$2,691,189</b>	<b>\$2,758,469</b>	<b>\$2,827,431</b>	<b>\$2,898,117</b>	<b>\$2,970,570</b>	<b>\$3,044,834</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	\$970,446	1,004,412	1,039,566	1,075,951	1,113,609	1,152,585	1,192,926	1,234,678	1,277,892	1,322,618
Property Taxes & Assessments	102.0% /Year	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366
Social Services	103.5% /Year	78,972	81,736	84,597	87,558	90,622	93,794	97,077	100,474	103,991	107,631
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	4,920	5,068	5,220	5,376	5,538	5,704	5,875	6,051	6,233	6,419
Bond Issuer Fee	103.5% /Year	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Replacement Reserves	103.5% /Year	42,000	43,470	44,991	46,566	48,196	49,883	51,629	53,436	55,306	57,242
<b>Total Operating Expenses</b>		<b>\$1,108,338</b>	<b>\$1,147,000</b>	<b>\$1,187,013</b>	<b>\$1,228,423</b>	<b>\$1,271,279</b>	<b>\$1,315,633</b>	<b>\$1,361,536</b>	<b>\$1,409,042</b>	<b>\$1,458,207</b>	<b>\$1,509,090</b>
<b>III. Net Operating Income</b>		<b>\$1,329,747</b>	<b>\$1,352,037</b>	<b>\$1,374,500</b>	<b>\$1,397,128</b>	<b>\$1,419,910</b>	<b>\$1,442,836</b>	<b>\$1,465,895</b>	<b>\$1,489,075</b>	<b>\$1,512,362</b>	<b>\$1,535,744</b>
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$206,624</b>	<b>\$228,464</b>	<b>\$250,464</b>	<b>\$272,615</b>	<b>\$294,905</b>	<b>\$317,325</b>	<b>\$339,862</b>	<b>\$362,505</b>	<b>\$385,238</b>	<b>\$408,050</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$206,624</b>	<b>\$228,464</b>	<b>\$250,464</b>	<b>\$272,615</b>	<b>\$294,905</b>	<b>\$317,325</b>	<b>\$339,862</b>	<b>\$362,505</b>	<b>\$385,238</b>	<b>\$408,050</b>
Accrued Payment		206,624	435,089	685,553	958,168	1,253,073	1,570,398	1,910,260	2,272,764	2,658,003	3,066,052
<b>VI. Residual Receipts</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$4,789,000	\$4,932,670	\$5,076,340	\$5,220,010	\$5,363,680	\$5,507,350	\$5,651,020	\$5,794,690	\$5,938,360	\$6,082,030
Beginning Balance (Interest Calc)		4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000
Add: Interest	3.00%	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670
(Less) Payments <sup>4</sup>	50.00%	0	0	0	0	0	0	0	0	0	0
Ending Balance		4,932,670	5,076,340	5,220,010	5,363,680	5,507,350	5,651,020	5,794,690	5,938,360	6,082,030	6,225,700

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$1,705,988	\$1,748,638	\$1,792,354	\$1,837,163	\$1,883,092	\$1,930,169	\$1,978,423	\$2,027,884	\$2,078,581	\$2,130,546
Projected Gross Income - PBV Subsidy	102.5% /Year	1,556,378	1,595,287	1,635,170	1,676,049	1,717,950	1,760,899	1,804,921	1,850,044	1,896,295	1,943,703
Miscellaneous Income	102.5% /Year	22,850	23,421	24,006	24,606	25,222	25,852	26,498	27,161	27,840	28,536
<b>Projected Gross Income</b>		<b>\$3,285,216</b>	<b>\$3,367,346</b>	<b>\$3,451,530</b>	<b>\$3,537,818</b>	<b>\$3,626,264</b>	<b>\$3,716,920</b>	<b>\$3,809,843</b>	<b>\$3,905,089</b>	<b>\$4,002,716</b>	<b>\$4,102,784</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(164,261)	(168,368)	(172,577)	(176,891)	(181,313)	(185,846)	(190,492)	(195,255)	(200,136)	(205,140)
<b>Effective Gross Income</b>		<b>\$3,120,955</b>	<b>\$3,198,979</b>	<b>\$3,278,953</b>	<b>\$3,360,927</b>	<b>\$3,444,950</b>	<b>\$3,531,074</b>	<b>\$3,619,351</b>	<b>\$3,709,834</b>	<b>\$3,802,580</b>	<b>\$3,897,645</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	1,368,910	1,416,822	1,466,411	1,517,735	1,570,856	1,625,836	1,682,740	1,741,636	1,802,593	1,865,684
Property Taxes & Assessments	102.0% /Year	8,533	8,704	8,878	9,055	9,236	9,421	9,609	9,802	9,998	10,198
Social Services	103.5% /Year	111,398	115,297	119,332	123,509	127,832	132,306	136,936	141,729	146,690	151,824
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	6,612	6,810	7,015	7,225	7,442	7,665	7,895	8,132	8,376	8,627
Bond Issuer Fee	103.5% /Year	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Replacement Reserves	103.5% /Year	59,245	61,319	63,465	65,686	67,985	70,365	72,827	75,376	78,015	80,745
<b>Total Operating Expenses</b>		<b>\$1,561,751</b>	<b>\$1,616,251</b>	<b>\$1,672,655</b>	<b>\$1,731,030</b>	<b>\$1,791,444</b>	<b>\$1,853,969</b>	<b>\$1,918,678</b>	<b>\$1,985,648</b>	<b>\$2,054,958</b>	<b>\$2,126,690</b>
<b>III. Net Operating Income</b>											
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(6,720)	(6,921)	(7,129)	(7,343)	(7,563)	(7,790)	(8,024)	(8,264)	(8,512)	(8,768)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(13,439)	(13,842)	(14,258)	(14,685)	(15,126)	(15,580)	(16,047)	(16,528)	(17,024)	(17,535)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$430,923</b>	<b>\$453,842</b>	<b>\$476,789</b>	<b>\$499,747</b>	<b>\$522,695</b>	<b>\$545,613</b>	<b>\$568,480</b>	<b>\$591,271</b>	<b>\$613,963</b>	<b>\$636,530</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>											
Accrued Payment	\$6,222,000	\$430,923	\$453,842	\$476,789	\$499,747	\$522,695	\$545,613	\$226,340	\$0	\$0	\$0
		3,496,975	3,950,817	4,427,606	4,927,352	5,450,047	5,995,660	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$342,140</b>	<b>\$591,271</b>	<b>\$613,963</b>	<b>\$636,530</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$6,225,700	\$6,369,370	\$6,513,040	\$6,656,710	\$6,800,380	\$6,944,050	\$7,087,720	\$7,060,320	\$6,908,355	\$6,745,043
Beginning Balance (Interest Calc)		4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000
Add: Interest	3.00%	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670
(Less) Payments <sup>4</sup>	50.00%	0	0	0	0	0	0	(171,070)	(295,636)	(306,982)	(318,265)
Ending Balance		6,369,370	6,513,040	6,656,710	6,800,380	6,944,050	7,087,720	7,060,320	6,908,355	6,745,043	6,570,448

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$2,183,809	\$2,238,404	\$2,294,365	\$2,351,724	\$2,410,517	\$2,470,780	\$2,532,549	\$2,595,863	\$2,660,759	\$2,727,278
Projected Gross Income - PBV Subsidy	102.5% /Year	1,992,295	2,042,103	2,093,155	2,145,484	2,199,121	2,254,099	2,310,452	2,368,213	2,427,419	2,488,104
Miscellaneous Income	102.5% /Year	29,249	29,981	30,730	31,498	32,286	33,093	33,920	34,768	35,637	36,528
<b>Projected Gross Income</b>		<b>\$4,205,354</b>	<b>\$4,310,488</b>	<b>\$4,418,250</b>	<b>\$4,528,706</b>	<b>\$4,641,924</b>	<b>\$4,757,972</b>	<b>\$4,876,921</b>	<b>\$4,998,844</b>	<b>\$5,123,815</b>	<b>\$5,251,911</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(210,268)	(215,525)	(220,913)	(226,436)	(232,097)	(237,899)	(243,846)	(249,943)	(256,191)	(262,596)
<b>Effective Gross Income</b>		<b>\$3,995,086</b>	<b>\$4,094,963</b>	<b>\$4,197,337</b>	<b>\$4,302,271</b>	<b>\$4,409,827</b>	<b>\$4,520,073</b>	<b>\$4,633,075</b>	<b>\$4,748,902</b>	<b>\$4,867,624</b>	<b>\$4,989,315</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	1,930,983	1,998,567	2,068,517	2,140,915	2,215,847	2,293,402	2,373,671	2,456,749	2,542,735	2,631,731
Property Taxes & Assessments	102.0% /Year	10,402	10,610	10,822	11,038	11,259	11,484	11,714	11,948	12,187	12,431
Social Services	103.5% /Year	157,138	162,637	168,330	174,221	180,319	186,630	193,162	199,923	206,920	214,162
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	8,886	9,153	9,427	9,710	10,001	10,301	10,610	10,929	11,257	11,594
Bond Issuer Fee	103.5% /Year	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Replacement Reserves	103.5% /Year	83,571	86,496	89,523	92,657	95,900	99,256	102,730	106,326	110,047	113,899
<b>Total Operating Expenses</b>		<b>\$2,200,928</b>	<b>\$2,277,760</b>	<b>\$2,357,277</b>	<b>\$2,439,572</b>	<b>\$2,524,743</b>	<b>\$2,612,890</b>	<b>\$2,704,117</b>	<b>\$2,798,533</b>	<b>\$2,896,247</b>	<b>\$2,997,377</b>
<b>III. Net Operating Income</b>											
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(9,031)	(9,301)	(9,581)	(9,868)	(10,164)	(10,469)	(10,783)	(11,106)	(11,440)	(11,783)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(18,061)	(18,603)	(19,161)	(19,736)	(20,328)	(20,938)	(21,566)	(22,213)	(22,879)	(23,566)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$658,944</b>	<b>\$681,176</b>	<b>\$703,196</b>	<b>\$724,972</b>	<b>\$746,470</b>	<b>\$767,654</b>	<b>\$788,486</b>	<b>\$808,927</b>	<b>\$828,936</b>	<b>\$848,467</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>											
Accrued Payment	\$6,222,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$658,944</b>	<b>\$681,176</b>	<b>\$703,196</b>	<b>\$724,972</b>	<b>\$746,470</b>	<b>\$767,654</b>	<b>\$788,486</b>	<b>\$808,927</b>	<b>\$828,936</b>	<b>\$848,467</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$6,570,448	\$6,384,646	\$6,187,728	\$5,979,800	\$5,760,984	\$5,531,419	\$5,291,262	\$5,040,688	\$4,779,895	\$4,508,824
Beginning Balance (Interest Calc)		4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,779,895	4,508,824
Add: Interest	3.00%	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,397	135,265
(Less) Payments <sup>4</sup>	50.00%	(329,472)	(340,588)	(351,598)	(362,486)	(373,235)	(383,827)	(394,243)	(404,464)	(414,468)	(424,233)
Ending Balance		6,384,646	6,187,728	5,979,800	5,760,984	5,531,419	5,291,262	5,040,688	4,779,895	4,508,824	4,219,855

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 31</u>	<u>Year 32</u>	<u>Year 33</u>	<u>Year 34</u>	<u>Year 35</u>	<u>Year 36</u>	<u>Year 37</u>	<u>Year 38</u>	<u>Year 39</u>	<u>Year 40</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$2,795,460	\$2,865,347	\$2,936,981	\$3,010,405	\$3,085,665	\$3,162,807	\$3,241,877	\$3,322,924	\$3,405,997	\$3,491,147
Projected Gross Income - PBV Subsidy	102.5% /Year	2,550,307	2,614,064	2,679,416	2,746,401	2,815,061	2,885,438	2,957,574	3,031,513	3,107,301	3,184,983
Miscellaneous Income	102.5% /Year	37,442	38,378	39,337	40,320	41,329	42,362	43,421	44,506	45,619	46,759
<b>Projected Gross Income</b>		<b>\$5,383,209</b>	<b>\$5,517,789</b>	<b>\$5,655,734</b>	<b>\$5,797,127</b>	<b>\$5,942,055</b>	<b>\$6,090,606</b>	<b>\$6,242,872</b>	<b>\$6,398,943</b>	<b>\$6,558,917</b>	<b>\$6,722,890</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(269,161)	(275,890)	(282,787)	(289,857)	(297,103)	(304,531)	(312,144)	(319,948)	(327,946)	(336,145)
<b>Effective Gross Income</b>		<b>\$5,114,048</b>	<b>\$5,241,899</b>	<b>\$5,372,946</b>	<b>\$5,507,270</b>	<b>\$5,644,952</b>	<b>\$5,786,076</b>	<b>\$5,930,728</b>	<b>\$6,078,996</b>	<b>\$6,230,971</b>	<b>\$6,386,745</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	2,723,842	2,819,176	2,917,847	3,019,972	3,125,671	3,235,070	3,348,297	3,465,487	3,586,779	3,712,317
Property Taxes & Assessments	102.0% /Year	12,680	12,933	13,192	13,456	13,725	13,999	14,279	14,565	14,856	15,153
Social Services	103.5% /Year	221,658	229,416	237,446	245,756	254,358	263,260	272,474	282,011	291,881	302,097
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	11,942	12,300	12,669	13,049	13,441	13,844	14,260	14,687	15,128	15,582
Bond Issuer Fee	103.5% /Year	14,034	14,525	15,034	15,560	16,104	16,668	17,251	17,855	18,480	19,127
Replacement Reserves	103.5% /Year	117,885	122,011	126,282	130,702	135,276	140,011	144,911	149,983	155,232	160,666
<b>Total Operating Expenses</b>		<b>\$3,102,041</b>	<b>\$3,210,362</b>	<b>\$3,322,470</b>	<b>\$3,438,495</b>	<b>\$3,558,575</b>	<b>\$3,682,852</b>	<b>\$3,811,473</b>	<b>\$3,944,589</b>	<b>\$4,082,357</b>	<b>\$4,224,941</b>
<b>III. Net Operating Income</b>		<b>\$2,012,007</b>	<b>\$2,031,537</b>	<b>\$2,050,477</b>	<b>\$2,068,775</b>	<b>\$2,086,377</b>	<b>\$2,103,224</b>	<b>\$2,119,255</b>	<b>\$2,134,407</b>	<b>\$2,148,613</b>	<b>\$2,161,803</b>
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(12,136)	(12,500)	(12,875)	(13,262)	(13,660)	(14,069)	(14,491)	(14,926)	(15,374)	(15,835)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(24,273)	(25,001)	(25,751)	(26,523)	(27,319)	(28,139)	(28,983)	(29,852)	(30,748)	(31,670)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$867,476</b>	<b>\$885,913</b>	<b>\$903,728</b>	<b>\$920,868</b>	<b>\$937,276</b>	<b>\$952,893</b>	<b>\$967,658</b>	<b>\$981,506</b>	<b>\$994,369</b>	<b>\$1,006,176</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$867,476</b>	<b>\$885,913</b>	<b>\$903,728</b>	<b>\$920,868</b>	<b>\$937,276</b>	<b>\$952,893</b>	<b>\$967,658</b>	<b>\$981,506</b>	<b>\$994,369</b>	<b>\$1,006,176</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$4,219,855	\$3,912,713	\$3,587,138	\$3,242,888	\$2,879,740	\$2,497,495	\$2,095,973	\$1,675,023	\$1,234,521	\$774,372
Beginning Balance (Interest Calc)		4,219,855	3,912,713	3,587,138	3,242,888	2,879,740	2,497,495	2,095,973	1,675,023	1,234,521	774,372
Add: Interest	3.00%	126,596	117,381	107,614	97,287	86,392	74,925	62,879	50,251	37,036	23,231
(Less) Payments <sup>4</sup>	50.00%	(433,738)	(442,957)	(451,864)	(460,434)	(468,638)	(476,447)	(483,829)	(490,753)	(497,185)	(503,088)
Ending Balance		3,912,713	3,587,138	3,242,888	2,879,740	2,497,495	2,095,973	1,675,023	1,234,521	774,372	294,515

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 41</u>	<u>Year 42</u>	<u>Year 43</u>	<u>Year 44</u>	<u>Year 45</u>	<u>Year 46</u>	<u>Year 47</u>	<u>Year 48</u>	<u>Year 49</u>	<u>Year 50</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$3,578,426	\$3,667,886	\$3,759,584	\$3,853,573	\$3,949,912	\$4,048,660	\$4,149,877	\$4,253,624	\$4,359,964	\$4,468,963
Projected Gross Income - PBV Subsidy	102.5% /Year	3,264,608	3,346,223	3,429,879	3,515,626	3,603,516	3,693,604	3,785,944	3,880,593	3,977,608	4,077,048
Miscellaneous Income	102.5% /Year	47,928	49,127	50,355	51,614	52,904	54,227	55,582	56,972	58,396	59,856
<b>Projected Gross Income</b>		<b>\$6,890,962</b>	<b>\$7,063,236</b>	<b>\$7,239,817</b>	<b>\$7,420,813</b>	<b>\$7,606,333</b>	<b>\$7,796,491</b>	<b>\$7,991,403</b>	<b>\$8,191,189</b>	<b>\$8,395,968</b>	<b>\$8,605,867</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(344,549)	(353,162)	(361,991)	(371,041)	(380,317)	(389,825)	(399,571)	(409,560)	(419,799)	(430,294)
<b>Effective Gross Income</b>		<b>\$6,546,413</b>	<b>\$6,710,074</b>	<b>\$6,877,826</b>	<b>\$7,049,771</b>	<b>\$7,226,016</b>	<b>\$7,406,666</b>	<b>\$7,591,833</b>	<b>\$7,781,628</b>	<b>\$7,976,169</b>	<b>\$8,175,573</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	3,842,248	3,976,726	4,115,912	4,259,969	4,409,068	4,563,385	4,723,104	4,888,412	5,059,507	5,236,589
Property Taxes & Assessments	102.0% /Year	15,456	15,765	16,081	16,402	16,730	17,065	17,406	17,754	18,109	18,472
Social Services	103.5% /Year	312,671	323,614	334,941	346,664	358,797	371,355	384,352	397,804	411,728	426,138
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	16,049	16,531	17,027	17,537	18,064	18,605	19,164	19,739	20,331	20,941
Bond Issuer Fee	103.5% /Year	19,796	20,489	21,206	21,949	22,717	23,512	24,335	25,186	26,068	26,980
Replacement Reserves	103.5% /Year	166,289	172,109	178,133	184,367	190,820	197,499	204,412	211,566	218,971	226,635
<b>Total Operating Expenses</b>		<b>\$4,372,509</b>	<b>\$4,525,235</b>	<b>\$4,683,299</b>	<b>\$4,846,888</b>	<b>\$5,016,195</b>	<b>\$5,191,421</b>	<b>\$5,372,772</b>	<b>\$5,560,462</b>	<b>\$5,754,713</b>	<b>\$5,955,755</b>
<b>III. Net Operating Income</b>		<b>\$2,173,904</b>	<b>\$2,184,839</b>	<b>\$2,194,527</b>	<b>\$2,202,883</b>	<b>\$2,209,820</b>	<b>\$2,215,245</b>	<b>\$2,219,061</b>	<b>\$2,221,167</b>	<b>\$2,221,456</b>	<b>\$2,219,819</b>
(Less) Annual Debt Service											
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(16,310)	(16,799)	(17,303)	(17,823)	(18,357)	(18,908)	(19,475)	(20,059)	(20,661)	(21,281)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(32,620)	(33,599)	(34,607)	(35,645)	(36,715)	(37,816)	(38,950)	(40,119)	(41,323)	(42,562)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$2,124,974</b>	<b>\$2,134,440</b>	<b>\$2,142,616</b>	<b>\$2,149,415</b>	<b>\$2,154,748</b>	<b>\$2,158,521</b>	<b>\$2,160,635</b>	<b>\$2,160,988</b>	<b>\$2,159,472</b>	<b>\$2,155,975</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$2,124,974</b>	<b>\$2,134,440</b>	<b>\$2,142,616</b>	<b>\$2,149,415</b>	<b>\$2,154,748</b>	<b>\$2,158,521</b>	<b>\$2,160,635</b>	<b>\$2,160,988</b>	<b>\$2,159,472</b>	<b>\$2,155,975</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$294,515	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Balance (Interest Calc)		294,515	0	0	0	0	0	0	0	0	0
Add: Interest	3.00%	8,835	0	0	0	0	0	0	0	0	0
(Less) Payments <sup>4</sup>	50.00%	(303,350)	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receipts based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II

PALM DESERT, CALIFORNIA

			<u>Year 51</u>	<u>Year 52</u>	<u>Year 53</u>	<u>Year 54</u>	<u>Year 55</u>
<b>I. Project Income</b>							
Projected Gross Income - Base Rents	102.5% /Year		\$4,580,687	\$4,695,205	\$4,812,585	\$4,932,899	\$5,056,222
Projected Gross Income - PBV Subsidy	102.5% /Year		4,178,974	4,283,449	4,390,535	4,500,298	4,612,806
Miscellaneous Income	102.5% /Year		61,352	62,886	64,458	66,070	67,722
<b>Projected Gross Income</b>			<b>\$8,821,014</b>	<b>\$9,041,539</b>	<b>\$9,267,578</b>	<b>\$9,499,267</b>	<b>\$9,736,749</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(441,051)	(452,078)	(463,380)	(474,964)	(486,838)
<b>Effective Gross Income</b>			<b>\$8,379,963</b>	<b>\$8,589,462</b>	<b>\$8,804,198</b>	<b>\$9,024,303</b>	<b>\$9,249,911</b>
<b>II. Operating Expenses</b>							
General Operating Expenses	103.5% /Year		5,419,870	5,609,565	5,805,900	6,009,107	6,219,425
Property Taxes & Assessments	102.0% /Year		18,841	19,218	19,602	19,994	20,394
Social Services	103.5% /Year		441,053	456,490	472,467	489,003	506,118
County Monitoring Fee	103.5% /Year		0	0	0	0	0
City Monitoring Fee	103.0% /Year		21,569	22,216	22,882	23,569	24,276
Bond Issuer Fee	103.5% /Year		27,925	28,902	29,914	30,961	32,044
Replacement Reserves	103.5% /Year		234,567	242,777	251,274	260,069	269,171
<b>Total Operating Expenses</b>			<b>\$6,163,824</b>	<b>\$6,379,168</b>	<b>\$6,602,039</b>	<b>\$6,832,702</b>	<b>\$7,071,429</b>
<b>III. Net Operating Income</b>			<b>\$2,216,138</b>	<b>\$2,210,294</b>	<b>\$2,202,159</b>	<b>\$2,191,601</b>	<b>\$2,178,482</b>
(Less) Annual Debt Service							
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(21,920)	(22,577)	(23,254)	(23,952)	(24,671)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(43,839)	(45,154)	(46,509)	(47,904)	(49,341)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$2,150,380</b>	<b>\$2,142,563</b>	<b>\$2,132,396</b>	<b>\$2,119,745</b>	<b>\$2,104,470</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment			6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>			<b>\$2,150,380</b>	<b>\$2,142,563</b>	<b>\$2,132,396</b>	<b>\$2,119,745</b>	<b>\$2,104,470</b>
<b>VII. Authority Loan</b>							
Beginning Balance			\$0	\$0	\$0	\$0	\$0
Beginning Balance (Interest Calc)			0	0	0	0	0
Add: Interest	3.00%		0	0	0	0	0
(Less) Payments <sup>4</sup>	50.00%		0	0	0	0	0
Ending Balance			0	0	0	0	0

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.