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Community Land Trust Feasibility in Los Angeles County

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LOS ANGELES COUNTY
COMMUNITY LAND TRUST FEASIBILITY ANALYSIS

A comprehensive project submitted in partial
satisfaction of the requirements for the degree
Master of Urban & Regional Planning

By

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Executive Summary

Los Angeles County is in the midst of a housing crisis. The Los Angeles County Affordable Housing Action identified community land trusts as one method to address the need for affordable housing for low- and moderate- income residents. This research examined current community land trust feasibility in Los Angeles County in consideration of the existing affordable housing funding and housing market environment. The research finds that community land trusts face significant funding gaps when trying to build or acquire housing for low- and moderate-income households. The one feasible option for community land trusts is new construction of large apartment buildings adjacent to transit, which qualifies the project for additional state funding. The research points to the need for additional funding directed towards CLTs for new construction projects and the creation of a pool of funding for CLTs to acquire existing housing in Los Angeles County.

Introduction

In 2018 Los Angeles County (LA County) released its Affordable Housing Action Plan. The Action plan contained seven policy recommendations to address the current housing crisis in LA County, with a particular emphasis on unincorporated areas. One of those seven policies, and the focus of this paper, is the support and expansion of community land trusts (CLTs), nonprofit organizations that acquire and/or develop housing to remove it from the speculative real estate market.

Los Angeles County developed its Affordable Housing Action Plan in response to the endemic housing crisis across the County. A 2017 study found that LA County has a shortage of 551,807 homes for households earning $41,500 for a four-person household. (California Housing Partnership Corporation, 2017). Additionally, 78% of households in the bottom income quintile spend over half of their income on housing costs alone, leaving little income left over for other essentials such as food, healthcare, transportation, and education. (Ray, Ong, Jimenez, 2014). The housing crisis has also precipitated rapid gentrification and displacement, particularly in low income communities. The dire crisis necessitated an action plan and policies to support those most impacted by the housing crisis. Community land trusts are one of these policies.

The Action Plan acknowledges that CLTs may face considerable funding gaps when trying to build or acquire housing, explaining why there are so few large CLTs in LA County. This paper seeks to understand the financial feasibility scenarios that CLTs face when trying to grow their housing portfolios in several areas of LA County, and what the County or other public entities needs to do to help CLTs scale. Then the paper will include a set of recommendations to LA County to address any financial feasibility challenges that are uncovered.

To determine CLT feasibility this research will specifically address the following questions: 1) What are the potential financing gaps that community land trusts face in Los Angeles County when trying to build or acquire housing? 2) How can Los Angeles

County, the State of California, and other jurisdictions improve community land trust feasibility in Los Angeles County?

To answer these questions the research examines the funding mechanisms and development strategies that successful CLTs have pursued in California and out-of-state. Based on those development strategies, escalating land and construction costs, and the current affordable housing funding landscape in Los Angeles County CLT feasibility is tested. The feasibility analysis includes three market areas – Santa Monica, Unincorporated East Los Angeles, and South Los Angeles, and two different development strategies – new construction of large apartment buildings (50+ units) and acquisition of small apartment buildings (5-25 units) and single-family homes.

The results of the feasibility analysis show that a CLT faces funding gaps in almost every development scenario while trying to achieve their mandate of serving low- and moderate- income households. The one feasible scenario is the new construction of large apartment buildings adjacent to transit. Transit proximity unlocks additional state funding that a CLT may access. This research indicates that Los Angeles County should make more funding available to CLTs and other affordable housing providers to acquire existing small multifamily properties (5-25 units). If Los Angeles County is intent on supporting CLTs it should also make additional non-special needs funding available for new construction projects to complement the Low-Income Housing Tax Credit Program.

Background

Housing Affordability in Los Angeles County and California

Los Angeles County (LA County) is one of the least affordable metropolitan areas in the country to rent or own a home. The Department of Housing and Urban Development (HUD) defines a household as housing cost burdened if they spend more than 30% of their income on housing costs such as rent for tenants or mortgage payments for homeowners. According to the 2016 American Community Survey, in Los Angeles County 48% of households spend 30% or more of their income on housing costs or are housing cost burdened. Across the United States 33% of households are housing cost burdened, in California 43% of households are housing cost burdened, and in New York City 46% of households are housing cost burdened. (U.S. Census Bureau, 2012 -2016). By this measure Los Angeles County has a far higher proportion of residents that are housing cost burdened than the country, state of California, and New York City.

While Los Angeles' housing affordability crisis is particularly acute, California is also experiencing a state-wide housing crisis. Since 2009 real estate prices in California have increased by more than 15% while median incomes increased by only 5%. According to a 2015 report from California's Legislative Analyst's Office the average home cost in California is $440,000 while nationally the average home price was only $180,000. The average monthly rent in California is $1,240 which is 50% higher than the rest of the country at $840 per month. (Taylor, 2015). California's higher than average rents and home prices are proportionally greater than the higher incomes that most Californians enjoy.

In a 2016 report Mckinsey Consulting estimates that the total housing affordability gap in California is between $50 billion and $60 billion. Los Angeles makes up the greatest share of that affordability gap in the state at $23.7 billion. The area with the next highest affordability gap is the San Francisco-Oakland metropolitan area with a $10.4 billion gap. (Mckinsey Global Institute, 2016). Los Angeles is one of the least affordable metros in one of the least affordable states in the country.

In Los Angeles County homeownership is increasingly out of reach for the average resident. In 1980 the average home price-to-income ratio in Los Angeles was 4.67. In 2016 the average home price-to-income ratio was 9.45 (Hermann, 2018). For renters in Los Angeles county, the outlook is even more bleak. Since 1970 the percentage of rent-burdened households has sky rocketed, largely a result of rising rents and stagnant income growth. In Los Angeles the real incomes of renters are only slightly higher today than they were in 1970, while inflation-adjusted rents increased by 75% during the same time period. The rent burden also disproportionately falls upon the lowest income quintile. While rents have increased at similar rates for the lowest and highest income brackets since 1970, the rate of income growth between those two income groups varies substantially. Incomes of the top 20% of earners increased by 36% while incomes for the lowest quintile only increased by 9% (Ray, Ong, Jimenez, 2014).

One major cause of the housing crisis is an overall housing shortage. Between 2005 and 2014 California added 2.9 million people. During this same period only 900,000 new housing units were added. This means for every 1,000 people California added, only 308 new housing units were built. During this same period New York added 549 new housing units for every 1,000 new people. (Mckinsey Global Institute, 2016). Governor Gavin Newsome, intent on solving the state's housing crisis, has promised to build those 3.5 million new homes by 2025. (Liam, 2019).

Community land trusts seek to remove land from the speculative real estate market permanently, helping to stabilize home prices for the low- and moderate-income households they serve. Through this approach CLTs keep their residents' home values and rents removed from market fluctuations like the dramatic home price increase currently occurring in LA County and California.

The Los Angeles County Affordable Housing Action Plan and Community Land Trusts

Since 2014 Los Angeles County and its voters have taken a number of steps to address the critical need for affordable housing, this includes passage of a sales-tax measure

(Measure H) to generate approximately $355 million annually for services to combat homelessness.[1]

The intent of the January 2018 Los Angeles County Affordable Housing Action Plan is "to provide a road map for County departments to work together and implement recommendations….1) that produce more affordable housing units in the short-term, particularly for vulnerable communities in priority locations; 2) generate funding for affordable housing; 3) draw from other successful programs and initiatives to avoid reinventing the wheel." (Estolano, Lesare, Perez, 2018). The Action Plan puts particular emphasis on unincorporated areas of Los Angeles County.

The Action Plan produced seven policy recommendations that aim to meet the previously-mentioned goals. One of these policy recommendations is the establishment of and support for Community Land Trusts (CLTs). The authors further identify two ways the County can support CLTs, either through 1) funding and 2) accessing properties. This report focuses on the former method of support, funding. The Action Plan identifies access to acquisition funding as a main reason CLTs fail to scale. Many CLTs operate in high cost urban areas and compete with market-rate developers to acquire buildings. For instance, T.R.U.S.T. South LA has had success purchasing and holding land for its development partner, Abode Communities, but its only other asset is a single apartment building consisting of 5 units. If a CLT does not have access to adequate acquisition funding, then they will not be able to scale.

The Action Plan recommended the following:

"Earmark funding sources to provide equity funding for purchase of existing small sites, such as 25 units or less, for purchase by local CLTs. Outreach to local banks and CDFIs to ensure these local funding sources can be leveraged with private debt." (Estolano, Lesar, Perez, 2018).

The first step in this process is to determine the amount of funding CLTs need to be competitive when acquiring properties in the urban Los Angeles County housing market. Los Angeles County Department of Regional Planning hired Yasmin Tong Consulting (the firm the author works for), to conduct a feasibility study to understand the funding gaps that a hypothetical CLT faces around Los Angeles County.

What is a Community Land Trust and how does it work?

A Community Land Trust (CLT) is a non-profit organization that seeks to maintain the affordability of housing – and, in some cases, non-housing buildings and land uses – in perpetuity by acquiring land and removing it from the speculative real estate market. While CLTs can own and operate any type of real estate, this report concentrates on housing-focused CLTs because they are identified as a solution to the housing crisis.

[1] http://homeless.lacounty.gov/wp-content/uploads/2017/05/Measure-H-Funding-Recos.pdf

A CLT can perform a number of functions to meet the unique housing needs of the community in which it operates, and most CLTs share a set of characteristics, which include the distinctive ways in which a CLT deals with the ***ownership*** of real property and the ***stewardship*** of publicly subsidized, privately owned housing, and the ***empowerment*** of place-based communities. (Davis, Jacobus, 2008).

OWNERSHIP. Land is *community-owned*. What this means in practice is that the CLT acquires, develops, and manages land on behalf of low- and moderate- income residents of that community. The community land trust maintains ownership of the land while selling (providing a deed of trust) or leasing the buildings on top of the land to individuals, families, cooperatives, businesses, limited liabilities companies, or other nonprofits. The CLT's board of directors typically consists of the residents that occupy CLT-owned buildings.

STEWARDSHIP. Housing that is located on a CLT's land remains *permanently affordable*. What this means in practice is that a CLT puts in place long lasting controls on the renting, subletting, ownership, improvement, financing, and resale of housing. The CLT legally controls these elements of the land and buildings through a ground lease but in practice a CLT must monitor the property so that its residents are respecting the building restrictions. The commitment to permanent affordability distinguishes CLTs from other nonprofit providers of affordable housing. For instance, low-income housing tax credit properties that have expiring affordability covenants after 30 years may be flipped to market rate by some developers and owners. CLTs are committed to providing permanent affordability regardless of whether there are affordability covenants on the property. (Pitcoff, 2003).

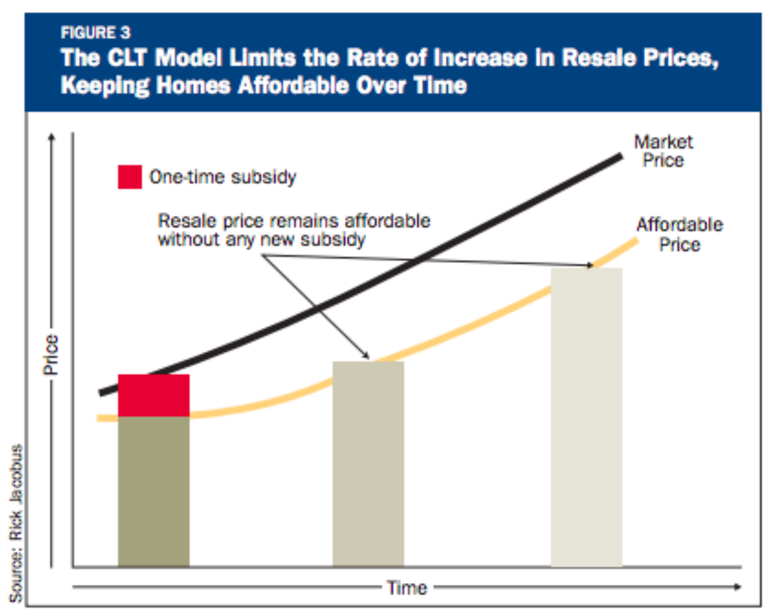
EMPOWERMENT. The use and development of a CLTs land are *community led*. Most CLTs cultivate a base of support within the place-based communities they serve. Community members are included in every level of governing the CLT and are involved in deciding what properties to acquire, develop, what populations to serve, and CLT staffing. For instance, a CLT's board of directors is typically structured in a tripartite format. One-third of the board members are CLT residents, one-third are CLT and community members but not necessarily CLT residents, and the final third of the board are other representatives of other community stakeholders like businesses and community development corporations.

A CLT utilizes a ***ground lease*** to enforce affordability restrictions on the buildings/improvements on its land, which are most commonly owned by another entity. A ground lease is an agreement between the lessor (the CLT) and the lessee (either the building owner, in the case of a multi-family property, or an individual homeowner, in the case of single-family or condominium ownership). The ground lease facilitates a relationship whereby the homeowner or multi-family operator owns the actual building on top of the land, but the CLT maintains ownership of the land underneath. Through the ground lease, the CLT enforces affordability restrictions on the housing units and sets the income level that qualifies residents to gain access to those homes, which they either purchase or rent. What does this look like in practice?

Figure #1 below from John Davis' and Rick Jacobus' book *The City – CLT Partnership* illustrates how the ground lease and affordability restrictions function. (Davis, Jacobus, 2008). Using a single-family home as an example, in year one the community land trust acquires a single-family home for the market-rate price, maybe with the help of a one-time government subsidy. After acquiring the single-family home, the CLT sells the single-family home to an income-qualified resident for an affordable price through the ground lease. That resident lives in and maintains the home like a typical homeowner for a period of time. At some point in the future, when that resident sells the house, it is through the terms of the ground lease that the CLT sets the resale price so that the residence will remain affordable to the next income-qualified resident who purchases the home. While the market-rate price of homes increases, the homes on CLT land increase at a rate that keeps them affordable for the next income-qualified buyer. By maintaining control of the underlying land through the ground lease, the CLT ensures that any public subsidies invested in the house will remain in the house at resale, while also limiting the amount of appreciation in the value of the house that the seller may remove. This allows the CLT to maintain the housing's affordability in perpetuity.

Income eligibility only matters when the resident purchases the home. If their income increases substantially, they will not be forced to move or charged a higher ground rent. CLTs are committed to perpetually affordable homes, not perpetually eligible homeowners. If people do better after buying a CLT home, they are not penalized for their good fortune.

Figure #1: CLT Resale Price vs. Market Rate



As a second example, in a multi-family scenario, a CLT secures land, and partners with a community development corporation or other affordable housing developer to construct new affordable housing on that land. The two entities might have a development agreement that governs the relationship during pre-development and construction of the affordable housing, but the CLT will then execute a ground lease with the entity that will own and operate the affordable housing, to establish affordability requirements in perpetuity. The multi-family units are rented at affordable rents according to both the terms of the ground lease as well as any affordable housing funding source, but the CLT's ground lease will dictate affordability in perpetuity after the covenants placed by the affordable housing funder expires and will establish what will occur with building ownership after the expiration of the covenants.

Community Land Trusts, Tenure, and Community Ownership

Finally, CLTs may focus on different forms of tenure. CLTs are commonly associated with shared equity models of housing. Most CLTs focus on resale-restricted homeownership or affordable rental housing. A national survey of CLTs found that 95% of CLTs surveyed have units for homeownership and 45% of CLTs have rental units. (Yesim, Greenstein, 2007).
Some CLTs provide exclusively homeownership options for residents, while others may combine homeownership and rental units. Many CLTs form cooperative housing arrangements for their properties as well, but these are less common.

The form of tenure may impact feasibility for individual households, but it has less of an impact on the CLT's costs associated with building or acquiring housing. This project focuses on the feasibility of the two most common forms of tenure in CLTs: rental housing and homeownership housing.

Typically, variation in overall costs of different forms of tenure revolves around how property taxes are assessed. According to the Los Angeles County Assessor's office, property taxes for deed-restricted homeownership units are only charged up to the value of the home that the homeowner can afford. For instance, a low-income homebuyer purchases a $300,000 home, and can only affordable a mortgage for $200,000, the other $100,000 comes from a public subsidy. The $100,000 subsidy is contingent upon a deed restriction on the property for a period of time. The low-income homebuyer will only have to pay property taxes on the $200,000 of property that they could afford to pay for.

How are CLTs different from community development corporations (CDCs) and other affordable housing providers? In many cases CLTs and CDCs are one in the same, or a CDC may have a CLT program as part of their organization. A CLT adds value first in its commitment to permanent affordability. But equally important is that CLTs focus on community-led development and community-owned land. Community members and CLT residents own these processes as members of the board of directors, and other roles throughout the organization. The community empowerment in the place-based community in which CLTs operate distinguishes CLTs from their nonprofit housing peers.

Overview of Methodology

In order to conduct the financial feasibility analysis this research requires several initial steps to determine the specific feasibility scenarios a CLT may face in Los Angeles County. The steps are as follows:

Step #1: Interview community land trusts and funders

This research involved interviewing members of the Oakland Community Land Trust, T.R.U.S.T. South LA, San Francisco Community Land Trust, and Women's Community Revitalization Project in Philadelphia. The purpose of the interviews is to understand how these CLTs have successful scaled their housing portfolios. What housing types have they pursued? What development strategies - new construction of housing or acquisition of existing housing? What forms of tenure? How were they able to achieve feasibility? Did they have public subsidies available to them? If so, what were the funding sources? How important of a role did those public subsidies play in scaling their housing portfolios?

The research also included interviews with staff from the cities of Oakland and San Francisco. The purpose of these interviews is to understand the history of funding programs that CLTs have utilized effectively and to seek recommendations for a similar program in Los Angeles County.

Step #2: Evaluate affordable housing funding in Los Angeles County

The main purpose of this step is to understand the affordable housing funding that a CLT may use to build or acquire below-market-rate housing. The funding that is available may drive the housing types, development strategies, and forms of tenure that are feasible for a CLT in LA County. It will also be useful to compare affordable housing funding in LA County to the funding that the interviewed-CLTs have access to in other jurisdictions.

Step #3: Identify potential development strategies for a CLT in Los Angeles County

After understanding the development strategies that other CLTs have pursued and under what funding mechanism. In step #1, and evaluating affordable housing funding in Step #2, then the research involves identifying the development strategies a CLT might be likely to pursue in Los Angeles County. The selected development strategies will be based on both what will be most feasible based on available funding but also on the experience of other CLTs. These development strategies will be tested in the feasibility analysis in Step #4.

Step #4: Test financial feasibility

The final step is to test the financial feasibility of the selected development strategies. The methodology and data used for the financial feasibility analysis is explained in more detail in later sections.

Community Land Trust Development and Growth Strategies

To address CLT feasibility and understand how CLTs are able to grow their portfolio of housing, the first stage in this research requires identifying the development strategies of CLTs that have successfully scaled their housing portfolios. This involved researching and interviewing CLTs operating in urban areas in California and out of state to identify the strategies and funding mechanisms that allowed them to successfully expand their housing portfolio. Determining potential CLT development strategies in Los Angeles also relies on understanding the existing funding landscape for affordable housing that a CLT could access.

We identified two development strategies that successful CLTs pursue in urban areas:

1) *Strategy #1: New Construction of Multifamily Housing:* A CLT may build new housing to incorporate into its portfolio. An example of this strategy would be the purchase of a vacant or built-up site and constructing a 50-unit multifamily apartment building on the site.

2) *Strategy #2: Acquisition of Existing Housing:* Rather than build new housing, a CLT may acquire *existing* housing and rehabilitate the property to the extent that it is needed so that it is suitable to live in. An example of this would be purchasing a small apartment building or single-family home.

Each development strategy is funded through a combination of *debt* and *equity/gap financing*. Debt usually takes the form of a mortgage that is supported by resident rents. Because CLTs target low-income residents, the amount of mortgage that the CLT can use to fund its development activities is typically much lower than a comparable market-rate developer who can take out more debt based on higher resident rents. For market-rate developments equity is also paid for by resident rents. In the case of affordable housing, housing developments support less debt the deeper the target affordability, see Figure #2 below. This necessitates a large amount of funding to come from the second source, gap financing. Gap financing can come from a variety of sources, but typically for CLTs and other affordable housing providers it is paid for by government housing subsidy programs. Because many CLTs operate in urban areas, they must compete with market rate developer to acquire property. Successful CLTs must have access to adequate funding and gap financing to scale. The two CLT development strategies and corresponding funding sources are also outlined below in figure #3.

Figure #2: Housing Project Financing Market Rate vs. Affordable

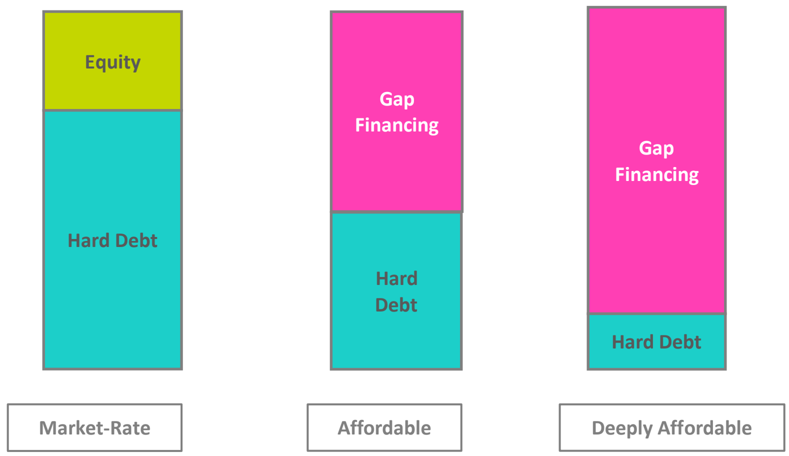
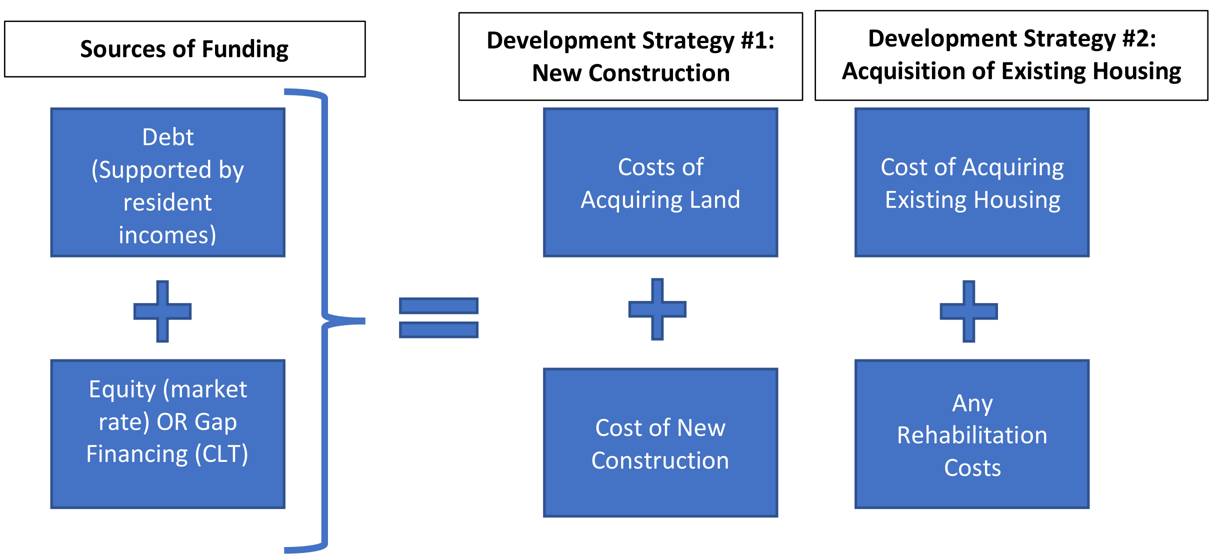


Figure #3: CLT Funding Structure and Costs



The LA County Affordable Housing Action Plan identified access to debt and equity (gap financing) capital is an on-going challenge for community land trusts. (Estolano, LeSar, Perez, 2018). The key to unlocking debt is having enough equity or gap financing to acquire and/or develop property, similar to a homebuyer.

While CLTs may want to pursue both the new construction and acquisition of existing housing development strategies, often each CLT must be opportunistic based on the public funding sources that are available to it and the competition they face. The next section explores how a few different CLTs managed to put together their funding for each development strategy.

Development Strategy #1: New Construction
T.R.U.S.T. South LA
Women's Community Revitalization Project (Philadelphia)

T.R.U.S.T. South LA (T.R.U.S.T.) in Los Angeles and Women's Community Revitalization Project (WCRP) in Philadelphia successfully built or are building new housing that will be incorporated into their land trust. In both cases the CLTs were able to acquire existing land in their respective urban markets and build or rehabilitate large apartment buildings. T.R.U.S.T.'s Rolland Curtis Gardens project will have 140 units and was feasible with the help of several million dollars in donations. T.R.U.S.T. also has one 5-unit multifamily building that they purchased using equity received from donations. T.R.U.S.T. has lacked a reliable source of acquisition funding to purchase other properties in South Los Angeles. The Women's Community Revitalization Project has completed multiple new construction projects as part of their land trust that have ranged from 50 to 90 units.

The two CLTs' new construction projects were funded through the Low-Income Housing Tax Credit Program (LIHTC). The LIHTC program is currently the largest federal program for the development of new low-income housing. The LIHTC program awards affordable housing developers tax credits for developing low income housing. The affordable housing developer can then sell the tax credits to investors for equity to be used to fund their new multifamily project. There are two types to tax credits, the 4% tax credit which is awarded on a non-competitive basis and the 9% tax credit which is awarded on a competitive basis. The equity received from the 4% tax credit typically covers between 25% - 35% of development costs for a project. The 9% tax credit equity typically covers between 50% - 70% of a development's project costs. In exchange for the tax credit award the developer of affordable housing is required to maintain the building's affordability for 55 years in California. A key goal of CLTs is to maintain affordability in perpetuity, so the expiration of affordability covenants put on the property from funding sources like LIHTC is less important.

The LIHTC program almost exclusively supports the new construction of large multifamily apartment buildings. Due to requirements related to project feasibility over the long term and high transaction costs for LIHTC, the minimum viable size for a LIHTC-funded project is typically around 40 or 50 units. Since LIHTC is the largest source of new construction funding for affordable housing in California, almost all new affordable housing projects are larger than 40 units. LIHTC-funding developments can include units that target up to 80% of Area Median Income (AMI), but the whole development must average 60% of AMI or lower.

Development Strategy #2: Acquisition of Existing Housing
San Francisco Community Land Trust
Oakland Community Land Trust

The San Francisco Community Land Trust (SFCLT) and Oakland Community Land Trust (OCLT) were both able to add dozens of units to their housing portfolios through the acquisition of small apartment buildings and single-family homes in their areas of operation. They were able to accomplish this through small sites funding programs in each of their respective jurisdictions. These funding programs provide low or no interest subsidies and loans to affordable housing providers like CLTs. These funds serve as the key gap financing ingredient to make them competitive for securing housing on the open market.

San Francisco's Small Sites Program was approved in July of 2014. The program provides forgivable simple interest loans for the acquisition and light rehabilitation of existing 5- to 25-unit apartment buildings. Applicants like the SFCLT are eligible for up to $300,000 per unit for these purposes. (Mayor's Office, 2017). The SFCLT reported 100% reliance on the SF Small Sites program for its development activities. The program requires that at least two thirds of residents have incomes at or below 80% of area median income. In interviews the SFCLT reported not pursuing a LIHTC-funded new construction strategy because they faced intense competition from other affordable housing developers for limited pools of funding for new construction. The SFCLT felt the preservation strategy was more feasible and would better address the community's needs and the CLT's goals.

In Oakland, the Oakland Community Land Trust (OCLT) successfully used proceeds from the small sites program passed in Bond Measure KK to fund similar acquisition and light rehabilitation of several small apartment buildings. Bond Measure KK Site Acquisition Program targets existing 5+ unit buildings, focusing mostly on small apartment buildings. The Bond permits a maximum of $150,000 per unit or $5,000,000 total for development activities per project. (City of Oakland, 2017). Rents must average 80% of AMI for Bond KK-funded projects. These funds are competitive, so much of the money went to other mission-oriented affordable housing providers for similar acquisition projects.

After the foreclosure crisis the OCLT also used funds from the Neighborhood Stabilization Program and other local Alameda County funding programs to purchase 17 single-family homes to bring into its land trust portfolio. The OCLT originally wanted to purchase as many as 200 single family homes during this period as prices fell dramatically but lacked the funding to do so. The OCLT also received several million dollars in donations that have allowed it to purchase several other small apartment buildings and single-family homes in Oakland.

Most of the SF and Oakland CLTs' multifamily units pursued under these small sites programs are structured as rental housing.

The two municipal small sites programs are outlined below in Table #1 below.

Table #1: Northern California Small Sites Programs

	Per Unit Funding Maximum	Target Income Levels	Building Size
Bond KK (Oakland)	$150,000 or $5,000,000 project maximum	Rents must average 80% of AMI or lower	4 units or greater
Small Sites Program (San Francisco)	$300,000	Two thirds of residents must have income at or below 80% of AMI. No one may be above 120% AMI.	5 – 25 Units

The history of these programs may provide some insight on how LA County or other jurisdictions could pursue similar programs. This report's author conducted several interviews with City of San Francisco staff, in which staff highlighted the fact that the creation of the small sites program was community-led. In the face of increasing displacement in the mid-2000s tenant groups started to advocate for a small site program that residents could use to purchase buildings that were being targeted by speculative buyers.

The city brought together tenant groups, lenders, and CDFIs to structure the program. A central tension in the group meetings was setting the income level and subsidy level of the program. SF City's priority was to make sure that the buildings would not need regular subsidies for maintenance and improvements. This meant the resident incomes and rents needed to be high enough to support the building's operations, which the City of SF felt was 80% of SF AMI. Tenant groups hoped for lower rent levels than 80% AMI. Oakland modeled their program off of San Francisco's after facing similar pressure from tenant groups, but their program includes the acquisition of vacant land, in addition to existing buildings.

Since the programs were established, they have been hugely popular. In San Francisco the program has received a permanent 10% set-aside from the city's housing trust fund. Additionally, leftover funds from a 2000s bond measure has been put into the program. The Oakland program was funded by the one-time Bond KK. But the city is looking to issue another housing bond this November that would include funds for the small sites program. Both programs are oversubscribed but city staff emphasize how important they feel the programs are for stabilizing communities and directly fighting displacement.

Oakland and San Francisco staff also had several recommendations for other small sites programs.

1) It is critical that the funds can be released to developers quickly. Ideally in fewer than 60 days because nonprofit developers are often competing with market-rate developers, some of whom can execute all-cash sales; meanwhile, the property

sellers are usually trying to sell the property as quickly as possible. Many cities can take several months or close to a year to complete underwriting, secure city council approval, and complete loan documentation. To compete with market rate speculators, affordable housing developers need to be able to access funding that can be available in a matter of days as opposed to months.

2) Staff from both cities found that many smaller nonprofits struggled to stay afloat or manage properties once they were acquired. Larger, more experienced nonprofits that received small sites funds were better prepared for the site acquisition. If funds are issued to smaller, less experienced nonprofits then technical assistance and capacity building resources should be available prior to receipt of funding and during property operations.
3) Finally, often times the site acquisition process involves moving residents off rent control, onto deed-restricted properties. This often involved a small rent increase for the tenant. For other small sites program, San Francisco staff recommended phasing in the new rent-levels on rent-controlled apartments as residents' turnover.

Conclusions

The above-mentioned strategies are the focus of the remainder of this paper. They are the strategies that have enabled the SFCLT, OCLT, T.R.U.S.T. South LA, and other CLTs to grow their portfolios in highly competitive urban markets. Many CLTs that fail to scale beyond a few sites do not have access to the capital or programs like Bond KK or the SF Small Sites Program. Aside from their new construction activities T.R.U.S.T. South LA has struggled to acquire existing properties on the market because there are no small sites programs available to them from the County or City of LA. Smaller CLTs may have received private funding from donors, but this money is rarely enough to allow them to scale beyond a few properties.

It's important to note that the above-mentioned strategies are not the only ways CLTs can grow or acquire new units. Some CLTs, like the Sonoma Land Trust in Sonoma County, CA, do no development or acquisition themselves. They act as the landholder, marketing agent, and permanent steward for affordably priced housing developed by others, whether a community development corporation, a Habitat for Humanity affiliate, a for-profit developer, or a municipal agency. As the County has requested, this research focuses on how CLTs can grow their own portfolio themselves, and not depend on outside entities to produce their units.

As most housing stock in cities ranges from 1 – 25 units, programs like the San Francisco Small Sites Program and Oakland's Bond KK are critical for CLTs to pursue an *acquisition of existing housing* strategy. Additionally, because the LIHTC program supports larger multifamily development, a CLT strategy that focuses on *new construction* will most likely involve building the larger housing type, especially in a heavily built up urban area like Los Angeles County.

Affordable Housing Funding in Los Angeles County and Community Land Trusts

The majority of funding for the development and preservation of affordable housing in Los Angeles County is from the LIHTC program or other funding sources that are designed to complement LIHTC funding. Most of the complementary funding related to LIHTC is set aside for special needs housing, particularly for people experiencing homelessness or chronic homelessness. There is little funding available that can be used to produce affordable housing that isn't set-aside for a special needs population. For example, in the latest Los Angeles County Notice of Funding Availability for multifamily affordable housing, almost all of the $106 million available to affordable housing developers is specifically designated for special needs housing. (Community Development Commission, 2018). Similarly, at the city level almost all new funding for affordable housing is set aside for special needs housing. The $1.2 billion HHH bond in the city of LA is specifically designated to provide housing to combat the homelessness crisis.

One exception to this is the 2017 affordable housing linkage fee in the City of Los Angeles. The linkage fee charges market-rate developers a fee that goes directly towards preserving and building affordable housing. The funds are not necessarily targeted at special needs populations. When it was established the linkage fee was anticipated to bring in $100 million per year. (Waite, Stein, 2017). This research did not explore whether the City of LA met that target.

What does this mean for CLTs? Despite LIHTC being the largest affordable housing funding program in the State and County, there are few funding programs that CLTs could access to build housing that serves their target population, families and low-income households who may not be homeless.

What about small sites acquisition programs in LA County, similar to those in Oakland and San Francisco? Los Angeles County does not have a dedicated small sites program. In 2017 the City of Los Angeles did establish a Naturally Occurring Affordable Housing Program (NOAH), that is similar to the Oakland and San Francisco small sites program. (Los Angeles Housing, 2017). The roughly $2,000,000 allocated to the NOAH fund may be used at $60,000 per unit, which is much less than the other small sites programs. The findings of this research indicate that a $60,000 per unit subsidy is not large enough to fill many of the small sites financing gaps in the City of Los Angeles. It is also important that while the NOAH program has been established on paper, there has been no indication of when it will be available for use by CLTs and other developers. Due to the uncertainty about its future availability this program is not considered in the feasibility analysis.

In light of this funding environment, CLTs may have significant trouble achieving feasible outcomes for their affordable housing projects. The analysis section of this paper will model the feasibility scenarios that CLTs face in Los Angeles County to determine if it is possible for CLTs to build or acquire housing.

Feasibility Analysis Methods and Data

The purpose of this report is to understand the financial feasibility scenarios that community land trusts face when trying to acquire or develop housing to add to their affordable housing portfolio in Los Angeles County. The areas of LA County that CLT feasibility is tested are Santa Monica, Unincorporated East Los Angeles, and South Los Angeles. The specific questions that this section answers are as follows:

1. How feasible is it for CLTs to acquire and develop properties in Santa Monica that are affordable to Santa Monica's low- and moderate-income residents?
2. How feasible is it for CLTs to acquire and develop properties in Unincorporated East Los Angeles that are affordable to Unincorporated East Los Angeles' low- and moderate-income residents?
3. How feasible is it for CLTs to acquire and develop properties in South Los Angeles that are affordable to South Los Angeles' low- and moderate-income residents?

Each development strategy takes into consideration housing types, property values, incomes, and operating expenses. Table #2 below summarizes the gap analyses performed in each market area. These are discussed in greater detail in the following sections.

Table #2: Project-Level Gap Analyses

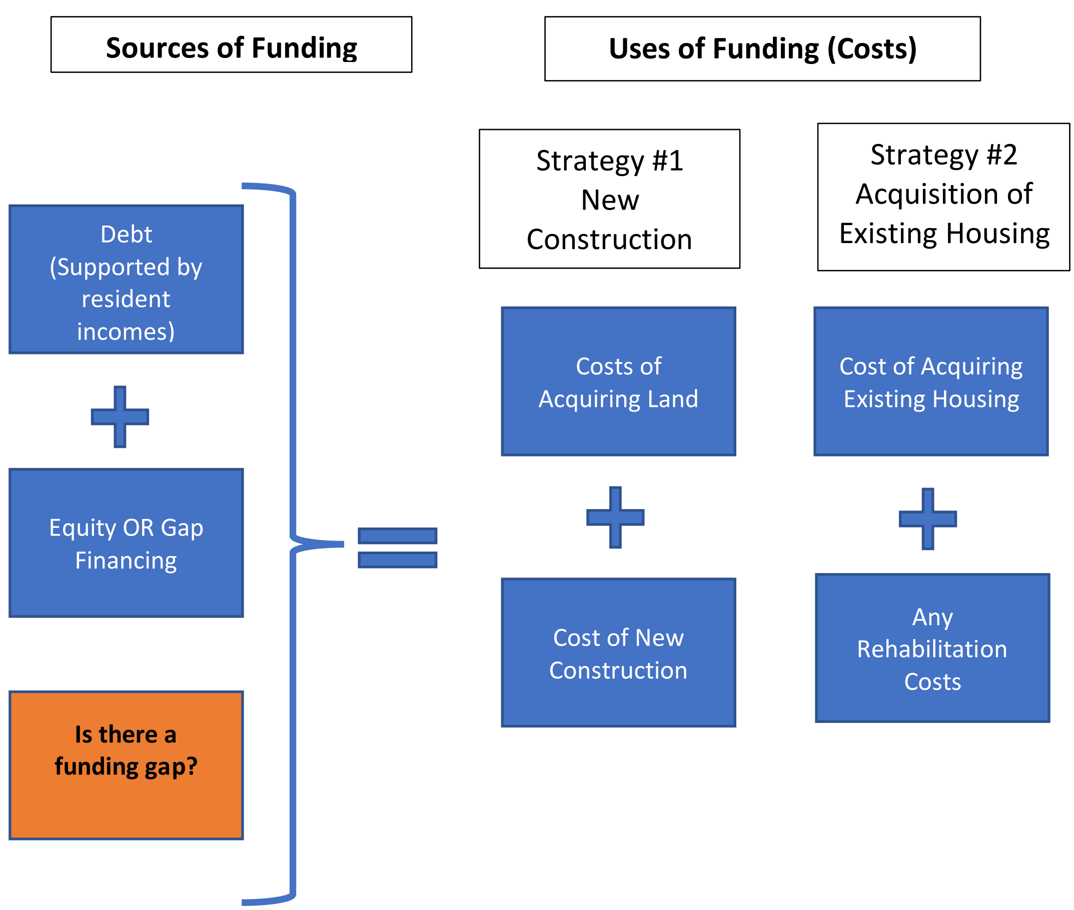
Development Strategies and Funding Scenarios	Development Strategy #1: New Construction** (50+ Units)			Development Strategy #2: Acquisition of Existing Housing		
	9% Tax Credits	4% Tax Credits	4% Tax Credits adjacent to transit*	Single Family Homes		Small Apartment Buildings (5-25 Units)
				Rental	Home-ownership	
Unincorporated East Los Angeles	✓	✓	✓	✓	✓	✓
Santa Monica	—	—	—	✓	✓	✓
South Los Angeles	—	—	—	✓	✓	✓

Project-Level Gap Analysis

Feasibility is determined through a financial gap analysis for different housing types and strategies that a CLT may choose to acquire or build. The financial gap is the difference between how much funding is available and how much the project costs. If all project costs can be paid for through the available funding sources, then there is no gap and a CLT could feasibly pursue that strategy today.

The gap analysis assumes a similar structure to the CLT funding structure discussed in the previously, with the funding sources being a combination of debt supported by resident incomes and equity/gap financing. The structure of the gap analysis is outlined in Figure #4 below. The research includes assumptions about development costs, rent and expenses to determine how much debt can be supported by residents' rent, and how much currently available subsidy or equity could be reasonably expected to be applied based on the housing type and development strategy. The gap is the cost of the project for which no funding sources can be identified from either a mortgage paid by tenant rents or equity/subsidies for which the project is eligible.

<u>Figure #4: Project-Level Gap Analysis Structure</u>



Development Strategy #1: New Construction of Multifamily Apartment Buildings (50+ Units) – Unincorporated East Los Angeles

The new construction of large apartment buildings (50+ units) is one housing type and development strategy that a CLT may pursue.

The LIHTC program funds the new construction of large apartment buildings that are typically 50 or more units. Developers may sometimes acquire multiple smaller properties to reach the 50-unit threshold and rehabilitate the existing buildings on the properties using LIHTC. This is less common and generally harder for a developer to execute without facing substantial carrying costs for the different properties.

LIHTC can also be used to fund the new construction or rehabilitation of single family homes but that would involve acquiring 40 single family homes or having enough land to build 40 single family homes. All three research areas, Santa Monica, South Los Angeles, and Unincorporated East Los Angeles are heavily built up and as a result the likelihood of assembling enough land for 40 single family homes is not high.

Of the three study areas, only Unincorporated East Los Angeles will include an analysis of the feasibility of the new construction for CLTs. This is primarily because the costs involved in constructing large apartment buildings are relatively fixed across the three study areas. Furthermore, rents used in LIHTC projects are set at the county-level, so the rents charged to tenants would not vary between the three study areas. A major assumption of this scenario is that the land is donated by a public entity, so land costs are also not relevant. CLTs operating in Unincorporated East LA, Santa Monica, and South LA would face similar challenges and opportunities across the three jurisdictions. Finally, the Los Angeles County Affordable Housing Action Plan puts particular emphasis on unincorporated areas of the County. To meet the goals of the Action Plan it is important to understand the feasibility scenarios in this area.

The new construction development strategy in East LA will include three scenarios to account for three different funding approaches:

- ***Financing scenario 1: Multifamily new construction financed with 9% LIHTC.*** The 9% LIHTC scenario raises the most equity, approximately 60% - 70% of total development cost; but it is also a highly competitive funding source that may take years to secure.

- ***Financing Scenario 2: Multifamily new construction financed with 4% Low Income Housing Tax Credits.*** The 4% LIHTC is awarded on a non-competitive basis when a project applies for and secures an allocation for tax-exempt bonds. The equity raised from the tax credits only pays for approximately 30% of development costs. However, in November 2018 voters passed a general obligation bond that will fund $1.5 billion into the State of California's Multifamily Housing Program (MHP), which is expected to pay for housing for low-income families as early as 2019. When these two funding sources are combined, less local subsidy would be required but a financing gap is still anticipated.

- ***Financing Scenario 3: Multifamily new construction financed with 4% Low Income Housing Tax Credits and California's Affordable Housing and Sustainable Communities funds (AHSC).*** This scenario builds on the funding available in Scenario 2. However, projects must be within a half-mile radius of a bus rapid transit or rail station offering service at least every 15 minutes, and contribute to a reduction in greenhouse gas emissions, to be eligible for AHSC funding. The Metro Gold Line runs directly through Unincorporated East Los Angeles, and as a result roughly one quarter of East LA could qualify for the funding.

The public financing sources are included for each funding scenario below in Table #4.

Table #4: Public Financing Used in LIHTC Scenarios

Financing Scenario #1	Financing Scenario #2	Financing Scenario #3
• 9% Tax Credits • Federal Home Loan Bank Affordable Housing Program (AHP)	• 4% Tax Credits • Tax Exempt Bonds • Federal Home Loan Bank Affordable Housing Program • Multifamily Housing Program (MHP)	• 4% Tax Credits • Tax Exempt Bonds • Federal Home Loan BankAffordable Housing Program • Multifamily Housing Program • Affordable Housing and Sustainable Communities

<u>*Data and Assumptions for the new construction scenario*</u>

The data and assumptions used in the financial feasibility model for new construction are different than those used in the second development strategy. ***Each new construction scenario assumes that the land will be donated by the County for the project; that is, land is NOT included in the Total Development Cost.*** Each scenario assumes the new construction of a 50-unit multifamily apartment building.

The following costs and data used in the analysis are pulled from comparable projects on the California Tax Credit Allocation Committee database of tax credit projects[2]:

- Hard Costs
- Soft Costs
- Operating Expenses
- Interest Rates
- Tax Credit Pricing

The underwriting standards used in the tax credit financial analysis are based on the underwriting guidelines in the 2018 California Tax Credit Allocation Committee Adopted Regulations. (CTCAC, 2018).

Target Affordability Level: LIHTC projects affordability level ranges significantly based on the amount of funding used and the target population (e.g. special needs vs. families). In many cases higher income levels need to be targeted in order to support more debt to fund the projects. Each scenario above will include units at affordability levels between 30% and 60% of LA County AMI. The final affordability levels can be found in each financial model in the appendix.

Sources of Gap Financing and Public Subsidy: Sizing the amount of public financing for the LIHTC new construction scenarios is based on information from the California Department of Housing and Community Development website. The two programs included are the Multifamily Housing Program (MHP) and Affordable Housing and Sustainable Communities Program (AHSC).[3]

Development Strategy #2: Acquisition and Rehabilitation – All Three Market Areas

In addition to building new multifamily apartment buildings, CLTs may acquire and rehabilitate existing properties. The study focuses on two property types for acquisition and rehabilitation – single family homes and small apartment buildings (5-25 units). The OCLT and SFCLT have each successfully pursed this strategy. Additionally, each study area included in the feasibility analysis has a large number of these property types (Table #3).

In each of the acquisition and rehabilitation scenarios it is assumed that after acquisition each property will require light rehabilitation. This does not mean a total renovation of each property but enough rehabilitation to address any basic issues on the property. It may include replacement of electrical systems, structural reinforcement, heating, ventilation and air conditioning, and plumbing.

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[2] https://www.treasurer.ca.gov/ctcac/2018/secondround/applications/ninepercent/index.asp
[3] http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml

To summarize, the acquisition and rehabilitation CLT development strategy will be analyzed in three market areas (South LA, Unincorporated East LA, and Santa Monica) and will include two housing types:

- ***Scenario #1: Single Family Homes.*** There is no dedicated capital subsidy for the acquisition and rehabilitation of single family homes in Los Angeles County for the purposes of affordable housing. Feasibility scenarios will be driven largely by acquisition price and residents' incomes and rents.
    - ***Scenario 1.1 – Single Family Rental Scenario***
    - ***Scenario 1.2 – Single Family Homeownership Scenario***

- ***Scenario #2: Small Apartment Buildings (5 – 25 Units).*** Similar to single family homes, there is no dedicated capital subsidy for the acquisition and rehabilitation of small apartment buildings in Los Angeles County for the purposes of affordable housing. The feasibility of these scenarios will be driven largely by acquisition price and residents' incomes and rents.

Target Affordability Level: To adequately address the different income levels that CLTs may target, the project level gap analysis for the preservation scenarios includes a range of income levels in each study area. These include the funding gaps for low income residents at 30% and 50% of the area median income (AMI) for that study area. The gap analysis also includes the funding gaps for moderate income residents which fall between 80% and 120% AMI. A gap analysis is also conducted for the LA County median income in each study area.

<u>*Data and Assumptions for the acquisition scenario*</u>

Acquisition and Land Costs –The acquisition costs for single family homes and small apartment buildings (5 – 25 units) in the three market areas are based on Redfin and Core Logic Data Quick respectively. Recent sales information was pulled for each of the property types to determine the acquisition price if a CLT were to purchase one property in each market area.

Rehabilitation Costs – In the single-family home scenario the light rehabilitation cost is set at $50,000 per unit. Rehabilitation would be expected in order to extend the property's remaining useful life, including replacement of electrical systems, structural reinforcement, heating, ventilation and air conditioning, and plumbing. In the small apartment scenario, the rehabilitation cost is set at $40,000 per unit. Both numbers include hard and soft costs of rehabilitation. These number are based on interviews with two local general contractors who oversee light rehabilitations of similar properties. A capitalized operating reserve is also included in the single-family rental analysis.

Rents and Income – Income data for all three market areas is pulled from the most recent American Community Survey (2013 – 2017). The rents that are affordable to low- and moderate- income residents are calculated based on 30% of resident incomes. 30% of income toward housing costs is the standard that HUD uses to determine if someone is housing cost burdened. If a household spends more than 30% of their income on housing costs, then they are considered housing cost burdened. In the single-family homeownership scenario, it is assumed that homeowners may spend only 30% of their income on housing costs. 30% of income includes all costs associated with homeownership including repairs, taxes, insurance, and mortgage payments.

Operating Costs – The operating costs for each housing type and form of tenure vary significantly. A local property manager shared operating expenses for the typical small apartment building (5 – 25 units). They said $4,400 per unit per year is a reasonable number. The operating costs of single family homeowners are broken down into more detail. Annual taxes are based on 1% of the property's value. In the homeownership scenario property taxes are 1% of the value of the home that is not subsidized but paid directly by the homeowner. This was determined through speaking with LA County assessor's office. Repairs and insurance are estimated at $1,200 per year ($100/month) and $1,360 per year respectively. All scenarios assume a CLT fee of $240/year or $20 per month.

Interest Rates, Debt Service Coverage Ratio, Loan to Value Ratio – Interest rates, debt service coverage ratios, and loan to value ratios used in the feasibility analysis were all collected from Clearinghouse CDFI. CDFIs are nonprofit lenders that typically provide loans to nonprofit developers like CLTs and have more flexible funding options to meet the unique needs of affordable housing development. The debt service coverage ratio is 1.1 and the interest rate is 6.25%.

Market Areas

The acquisition strategy includes feasibility analyses in three market areas - Unincorporated East Los Angeles, Santa Monica, and South Los Angeles. The purpose of conducting analyses in three distinct areas is to attempt to capture the range of communities throughout Los Angeles County. Some of the ways the three areas are different relate to property values, rents, household incomes, housing types, forms of tenure, and governing jurisdictions. The hope is that by selecting three different areas, this report will help produce results that are applicable to a wide range of submarkets in Los Angeles County. The table below outlines some of the key items considered when evaluating the three study areas or considering alternatives.

Table #3: Overview of Market Areas

	Santa Monica	Unincorporated East Los Angeles	South Los Angeles	Los Angeles County
Population	92,495	123,905	109,715	10,105,722
Population Density (People/Square Mile)	9,817*	16,863*	15,854*	7,545*
Median Household Income	$86,084	$42,544	$33,983	$69,300
Median Rent	$1,699	$1,038	$1,115	$1,322
Rent-Burdened Households	42%	58%	69%	59%
Percent Renter-Occupied	72%	67%	65%	54%
Housing Types				
Percent Single Family Housing	23%	73%	71%	56%
Percent of Housing: 3+ Units	73%	19%	26%	40%
Average sales price for a single-family home**	$3,288,599	$486,000	$407,712	$695,000
Housing Units Built before 1960	40%	80%	64%	46%
Housing Units with Greater than 1 Occupant per Room	3%	21%	14%	12%

Source: US Census. American Community Survey (2013 – 2017).
*http://maps.latimes.com/neighborhoods/population/density/neighborhood/list/
**Redfin.com

Unincorporated East Los Angeles

Los Angeles County's initial area of interest for a CLT feasibility study was Unincorporated East LA (East LA). Unlike the other two study areas East LA falls directly under the jurisdiction of Los Angeles County. As a result, the County likely has more control over CLT policies and programs that are pursued there.

East LA rents and incomes are well below the County median. 73% of housing units are single family homes, above the County median, but the population density is more than double the county median as well. This suggests a high level of overcrowding, which is confirmed by census data. 21% of housing units have more than 1 occupant per room, compared to the county median of 12%.

Unincorporated East LA sits east of Boyle Heights. There are concerns that low income East LA residents will be displaced with the wave of increasing rents and home prices sweeping across Los Angeles County.

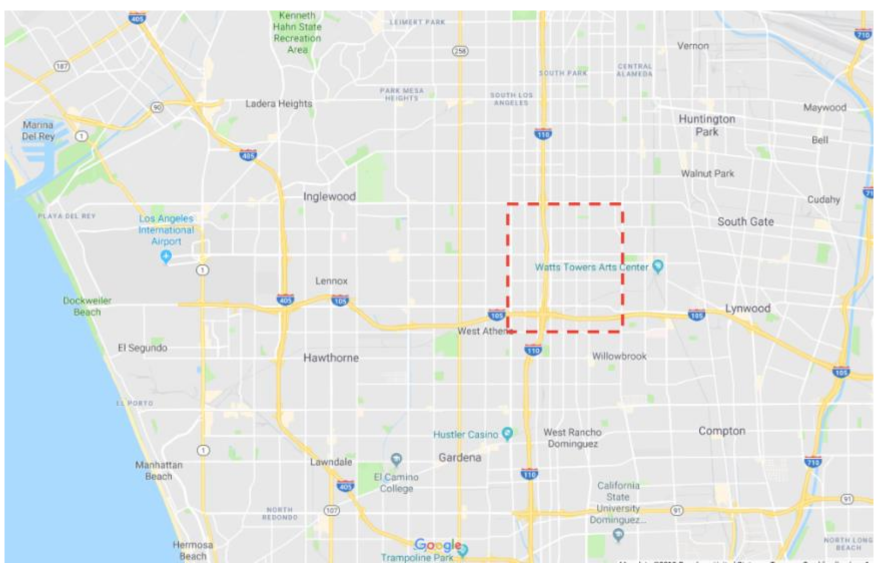
South Los Angeles

The second study area is South Los Angeles (South LA), in the city of Los Angeles. South LA is selected because the incomes are some of the lowest in the city of Los Angeles. It also has the lowest home values of any area of the city of Los Angeles. CLTs seek to serve low- and moderate- income households. South LA is one neighborhood where a successful CLT could help the area's low-income residents to secure affordable housing in perpetuity and protect against future waves of gentrification.

South LA incomes are lower than East LA's, single family home prices are also below East LA's at $407,712. From a purely financial perspective land values in South LA may make purchasing properties more feasible for a CLT than in other parts of LA County with higher land values. Despite low rents and home values, a large percentage of renters are rent burdened at 69%. Similar to Unincorporated East LA, South LA has a large percentage of homes that are single family dwellings yet still has a high population density, suggesting overcrowding.

South LA covers a large area. It can include a 20-square mile area and has a population of nearly 800,000 residents (U.S. Census Bureau, 2012 -2016). In order to focus the analysis only one section of South LA is examined in the study. The reason for the selected area below is because of the high percentage of single-family housing stock and particularly low incomes of residents there compared to the rest of Los Angeles County. See the map below for the area included in the study. The exact area is as follows:

- To the north the study area is bounded by West Manchester Avenue.
- To the east it is bounded by South Central Boulevard Avenue.
- To the south it is bounded by 120th Street.
- To the west it is bounded by South Vermont Avenue



Santa Monica

The final study area is the city of Santa Monica. Unlike the other two study areas Santa Monica rents, incomes, and land values are above the County median. Only 23% of housing structures are single family homes compared to 56% for LA County. Despite more higher density structures, the population density is lower than the other two study areas at 9,817 people per square mile. Overcrowding is much less common as only 3% of households have greater than 1 occupant per room. In East LA 21% of households have more than 1 occupant per room.

Feasibility Results (Findings and Analysis)

Summary of Findings:

- CLTs face financing gaps ranging from $19,000 per unit to $550,000 per unit across the scenarios, making all scenarios infeasible.
- The smallest funding gaps are in the new construction 4% Tax Credit with AHSC scenarios, and the acquisition of existing small multifamily properties in South Los Angeles and Unincorporated Los Angeles.
- The acquisition of single family homes consistently yields the largest financing gap across all three market areas.

Development Strategy #1: New Construction

The results of the financial feasibility study for the new construction scenario in Unincorporated East Los Angeles are in Table #4 below. This part of the study only includes Unincorporated East Los Angeles because land costs will not vary between the different study areas since the land is assumed to be donated in the financial analysis. The full financial analysis can be found in the appendix. As mentioned in previous sections the units in these new construction scenarios target households with incomes between 30% and 60% of Los Angeles County area median income. Of the three financing scenarios explored, only 4% Tax Credits with AHSC funding is feasible. The additional AHSC funding requires that the site is situated close to a transit station.

The 9% tax credit and 4% tax credit scenarios (without AHSC funding) both yield substantial financing gaps per unit at $204,000 and $149,000 respectively. The scenario with the lowest financing gap per unit is the 4% tax credits with AHSC funding. In general, the 4% tax credit scenarios have smaller funding gaps because they can leverage additional funds from the State of California through the Multifamily Housing Program (MHP). These funds may not be used with 9% tax credits.

Table #4: 50-Unit Multifamily New Construction Scenario

USES	9% Tax Credit Project	4% Tax Credit Project	4% Tax Credit with AHSC Funding
Total Development Costs:	**$ 25,416,843**	**$ 25,725,239**	**$25,725,239**
Total Financing Available:	**$ 15,212,690**	**$ 18,293,756**	**$25,725,239**
Total Financing Gap:	**$ 10,204,153**	**$ 7,431,483**	**$0**
Financing Gap Per Unit:	**$204,083**	**$148,629**	**$0**

These results point to the low amount of affordable housing funding set aside for non-special needs housing. If a CLT is looking to serve low-income families and non-special needs populations in Unincorporated Los Angeles County, it will be a challenge to put together the funding to make a project feasible. The best chance a CLT has is to build near transit to leverage AHSC funds.

Even after a land donation how are there still such substantial financing gaps in two of three new construction scenarios in Unincorporated Los Angeles County?

Since the LIHTC program was established in 1986, only six new construction projects have been built in Unincorporated East Los Angeles. Of those six, five are general affordable developments, meaning they don't target special needs populations such as people experiencing homelessness. All five of these developments received their tax credit allocation in 2010 or earlier. Since 2010 only one development received an allocation of tax credits in Unincorporated East Los Angeles, and that project was a permanent supportive housing development for people experiencing homelessness. (Novogradac, 2017). This means it likely had access to additional funding targeted at addressing homelessness. There may be several reasons why it has become harder to build LIHTC developments in Unincorporated East Los Angeles, some are specific to LA County and others impact the industry as a whole:

1) Since the 2017 Tax Cuts and Jobs Act and the reduction of the corporate tax rate from 35% to 21%, the average price per tax credit has fallen from $1.06 per credit to $.92 per credit. (Novogradac, 2019). For a 50-unit project like the ones in this study, that amounts to roughly $1,000,000 in lost tax credit equity.
2) Construction costs are another key factor limiting feasibility. Recently construction costs have increased to historical highs. Between 2011 – 2015 the average per unit total development cost for new construction LIHTC projects in the city of Los Angeles was $401,000 per unit. (Marzullo, 2018). The per unit construction cost for LIHTC developments today in the city of Los Angeles is between $500,000 and $600,000. This study assumes roughly $515,000 per unit. An increase in $100,000 per unit for 50 units amounts to an increase of $5,000,000 in total developments costs.

3) Another factor that is mentioned in previous sections is that most Los Angeles County affordable housing funding is set aside to build housing for special needs populations. While CLTs may build and provide housing for special needs populations, this study assumes that a CLT in Unincorporated East Los Angeles is focusing on provide housing for families and non-special needs households. This means the CLT development does not qualify for the several million dollars it would be eligible for if it built a housing development that serves special needs households. In a 2018 Los Angeles County notice of funding availability, a new construction project could qualify for as much as $140,000 per unit if the unit was for a resident who fit the special needs definition (Community Development Commission/Housing Authority of the County of Los Angeles. (2018).
4) A final factor that may impact feasibility specific to unincorporated areas of Los Angeles County is that these areas do not have access to city housing trust funds that certain incorporated cities use to finance affordable housing developments. Affordable housing providers building in the city of Los Angeles, Santa Monica, and other cities often rely on those funds to complement the LIHTC equity in the project.

Development Strategy #2: Acquisition of Existing Housing

The following section summarizes the feasibility of acquiring existing housing (development strategy #2) below. The results can also be viewed in the tables below the written description and in more detail in the appendix.

A CLT that focuses on the acquisition of existing housing will face considerable financing gaps in all of the three market areas – Unincorporated East Los Angeles, Santa Monica, and South Los Angeles. The results are expected as there is no public subsidy or gap financing program in Los Angeles County to support this strategy. The size of the financing gap in each market area is largely driven by the incomes, supportable mortgage, and the cost to acquire real estate in each market. The results tables below show the different target income levels for each neighborhood, the amount of loan that the income level could support while paying affordable rent, the total per unit cost of acquiring and rehabbing that unit type, and the financing gap. The complete feasibility analyses can be found in the appendix.

South Los Angeles and Unincorporated East Los Angeles vs. Santa Monica

The financing gaps are considerably smaller in South LA and East LA than in Santa Monica. The per unit financing gap in the small multifamily scenarios is more than $200,000 larger in Santa Monica than in East LA and South LA when serving the same income level.

These results are not surprising. Santa Monica has incomes that are much higher than the Los Angeles County median, which should make the financing gaps smaller. But the higher incomes are more than offset by the high land costs in Santa Monica, creating even larger financing gaps. The per unit cost of acquiring a small multifamily apartment building in Santa Monica is $448,000 before any rehabilitation costs. This compares to $175,000 for Unincorporated East Los Angeles and $155,000 per unit in the area of South Los Angeles that is included in this analysis.

The results of the Santa Monica single family home analysis yield financing gaps over $1,000,000 per unit, making them almost impossible for a CLT to acquire.

Small Multifamily Apartment Acquisition (5-25 units) may be achievable for CLTs

CLTs face smaller financing gaps when trying to acquire small multifamily apartments than single family homes. For example, in South Los Angeles the funding gap to acquire a single-family home for a household at 80% of South LA median income is $380,000 per unit. The per unit funding gap for a small multifamily apartment building at the same income level in South LA is $160,000 per unit. There are similar results in Unincorporated East Los Angeles and Santa Monica.

If a CLT is looking to serve residents at LA County median income the funding gaps for small multifamily apartments in East LA and South LA are $26,000 and $19,000 respectively. While these gaps are not insignificant, a CLT would only require $200,000 in additional funding or acquire a 10-unit property in South LA.

Single Family Homes Require Higher Income Targeting

CLTs face high costs and funding gaps when trying to acquire a single-family property in any of the three market areas. In East LA and South LA where single family homes are cheapest, the funding gaps are above $400,000 per home for households at the median income in each area. This illustrates how unaffordable single-family homes are for many residents. A single-family home strategy will likely require a CLT target households at the County median income or above in order to start to close a funding gap. Even then the funding gaps are over $250,000 per unit.

Marginal difference between single family homeownership and rental scenarios

The costs and incomes involved in a CLT selling a single-family home versus renting it to an income qualified household do not vary significantly. As a result, the funding gaps are fairly similar between the two scenarios.

Deeper affordability targeting will require considerable subsidy

All of the single-family home and small multifamily acquisition scenarios have a funding gap, making them infeasible for CLTs to pursue currently. If a CLT hopes to target the lowest income households (30% of AMI), then large subsidies will be needed. In the scenario closest to feasibility, small multifamily apartments, the affordable rent paid by a household earning 30% of AMI is barely enough to cover the building's operating costs let alone enough income to support debt to acquire the property. For a household at 30% of median income in East LA the gap is $215,000 per unit, in South LA the gap is $195,000 per unit and in Santa Monica the gap is $456,000 per unit. For a household at 50% of median income in East LA the gap is a $193,000 per unit, in South LA the gap is $193,000 per unit, and in Santa Monica the gap is $399,000 per unit.

Unincorporated East Los Angeles

The feasibility results for Unincorporated East Los Angeles are in Tables #5, #6, and #7 below. The full financial analyses can be found in the appendix.

Table #5: Unincorporated East Los Angeles Single Family Home, Ownership Scenario Results

Target Income Level East LA	30% of East LA Median Income	50% of East LA Median Income	80% of East LA Median Income	100% of East LA Median Income	120% of East LA Median Income	Los Angeles County Median Income
Annual Income	$12,763	$21,272	$34,035	$42,544	$51,053	$69,300
Per Unit Total Cost (Rehab + Acquisition)	$536,000	$536,000	$536,000	$536,000	$536,000	$536,000
Per Unit Supportable Loan Amount	$12,926	$44,236	$89,811	$121,816	$153,126	$219,484
Per Unit Gap Financing/Subsidy Needed	($523,074)	($491,764)	($446,189)	($414,184)	($382,874)	($316,516)

Table #6: Unincorporated East Los Angeles Single Family Home, Rental Scenario Results

Target Income Level East LA	30% of ELA Median Income	50% of ELA Median Income	80% of ELA Median Income	100% of ELA Median Income	120% of ELA Median Income	Los Angeles County Median Income
Annual Income	$12,763	$21,272	$34,035	$42,544	$51,053	$69,300
Per Unit Total Cost (Rehab + Acquisition)	$537,368	$537,368	$537,368	$537,368	$537,368	$537,368
Per Unit Supportable Loan Amount	$15,385	$53,551	$110,800	$76,301	$114,467	$196,315
Per Unit Equity/Subsidy Needed	$(521,983)	($483,817)	$(426,568)	($461,066)	($422,900)	($341,053)

Table #7: Unincorporated East Los Angeles Small Multifamily Apartment (5-25 units) Results

Target Income Level East LA	30% of East LA Median Income	50% of East LA Median Income	80% of East LA Median Income	100% of East LA Median Income	120% of East LA Median Income	Los Angeles County Median Income
Annual Income	$12,763	$21,272	$34,035	$42,544	$51,053	$69,300
Per Unit Total Cost (Rehab + Acquisition)	$215,671	$215,671	$215,671	$215,671	$215,671	$215,671
Per Unit Supportable Loan Amount	$0	$22,728	$81,029	$119,895	$158,762	$242,113
Per Unit Subsidy/Gap Financing Needed	$215,671	$192,943	$134,642	$95,776	$56,909	$26,442

Santa Monica

The feasibility results for the small multifamily apartments scenario for Santa Monica can be found in Table #8. The results of the single-family home scenarios can be found in the appendix. The gaps are well over $1,000,000 and highly unlikely for a CLT to pursue. The full financial analyses can be found in the appendix.

Table #8: Santa Monica Small Multifamily Apartment (5-25 units) Results

Income Level Santa Monica	30% of SM Median Income	50% of SM Median Income	80% of SM Median Income	Los Angeles County Median Income	100% of SM Median Income	120% of SM Median Income
Per Unit Annual Income	$25,825	$43,042	$68,867	$69,300	$86,084	$103,301
Per Unit Total Cost (Rehab + Acquisition)	$488,107	$488,107	$488,107	$488,107	$488,107	$488,107
Per Unit Supportable Loan Amount	$31,656	$88,851	$174,644	$176,082	$231,840	$289,035
Per Unit Equity/Subsidy Needed	($456,451)	($399,256)	($313,463)	($312,025)	($256,267)	($199,072)

South Los Angeles

The feasibility results for South Los Angeles are in the Tables #9, #10, and #11 below. The full financial analysis can be found in the appendix.

Table #9: South Los Angeles Single Family Home, Homeownership Scenario Results

Income Level South LA	30% of SLA Median Income	50% of SLA Median Income	80% of SLA Median Income	100% of SLA Median Income	120% of SLA Median Income	Los Angeles County Median Income
Annual Income	$10,195	$16,992	$27,186	$33,983	$40,780	$69,300
Per Unit Total Cost (Rehab + Acquisition)	$457,712	$457,712	$457,712	$457,712	$457,712	$457,712
Per Unit Supportable Loan Amount	$3,176	$27,763	$62,768	$90,275	$115,835	$220,165
Per Unit Equity/Subsidy Needed	($454,536)	($429,949)	($394,944)	($367,437)	($341,877)	($237,547)

Table #10: South Los Angeles Single Family Home, Rental Scenario Results

Target Income Level South LA	30% of SLA Median Income	50% of SLA Median Income	80% of SLA Median Income	100% of SLA Median Income	120% of SLA Median Income	Los Angeles County Median Income
Annual Income	$10,195	$16,992	$27,186	$33,983	$40,780	$69,300
Per Unit Total Cost (Rehab + Acquisition)	$ 3,865	$ 34,351	$ 80,080	$ 49,608	$ 80,092	$ 208,020
Per Unit Supportable Loan Amount	$ 459,471	$459,471	$459,471	$459,471	$459,471	$459,471
Per Unit Gap Financing/Subsidy Needed	$ (455,606)	($425,120)	$(379,391)	($409,863)	($379,379)	($251,451)

Table #11: South Los Angeles Small Multifamily Apartment (5-25 units) Results

Income Level South LA	30% of SLA Median Income	50% of SLA Median Income	80% of SLA Median Income	100% of SLA Median Income	120% of SLA Median Income	Los Angeles County Median Income
Annual Income	$10,195	$16,992	$27,186	$33,983	$40,780	$69,300
Per Unit Total Cost (Rehab + Acquisition)	$195,672	$195,672	$195,672	$195,672	$195,672	$195,672
Per Unit Supportable Loan Amount	$0	$2,310	$36,178	$58,756	$81,335	$176,082
Per Unit Equity/Subsidy Needed	$195,672	$193,362	$159,494	$136,916	$114,337	$19,590

Recommendations

Establish a small sites NOAH acquisition fund

The feasibility study results show some of the smallest funding gaps in the acquisition of small multifamily apartments, particularly in South LA and East LA. These results indicate that a program similar to the ones the Oakland CLT and SFCLT used to acquire small apartment buildings would be applicable in LA County. A program modeled after Oakland's Bond KK or San Francisco's Small Sites Program could be effective to fill the funding gap in order to help a South LA and East LA CLT successfully scale and serve residents in their respective areas. The affordability and subsidy levels of the Oakland and San Francisco programs are shown in table #12 below.

The results indicate that neither the subsidy amounts of Oakland's Bond KK program nor San Francisco's Small Sites Program would be sufficient to fill financing gaps in Santa Monica. The cost to acquire multifamily apartments in Santa Monica is so high that even if a funding program targeted residents at 120% of Santa Monica median income, Bond KK would not provide enough funding at $150,000 per unit. The SF Small Sites Program funding maximum of $300,000 per unit would be able to cover financing gaps for residents with incomes over 80% of Santa Monica median income but if the program wanted to target deeper affordability levels in Santa Monica more subsidy would be needed.

Table #12: Oakland and San Francisco Small Sites Programs

	Per Unit Funding Maximum	Target Income Levels	Building Size
Bond KK (Oakland)	$150,000 or $5,000,000 project maximum	Rents must average 80% of AMI or lower	4 units or greater
Small Sites Program (San Francisco)	$300,000	Two thirds of residents must have income at or below 80% of AMI. No one may be above 120% AMI.	5 – 25 Units

If Los Angeles County wants to support the expansion of CLTs then they can allocate funding to a small sites program that CLTs and other affordable housing providers can access to acquire existing multifamily properties. The lack of this type of funding may be one reason CLTs in Los Angeles County have not been able grow their portfolios of existing housing stock. In areas with high land costs, like Santa Monica, LA County can coordinate with the local jurisdictions to target their affordable housing funding for similar programs.

Additionally, the City of San Francisco said that each development typically included $70,000 per unit in rehabilitation costs to bring the building up to code. This may seem like a reasonable request, but the SFCLT emphasized that the additional rehabilitation costs rendered several projects infeasible. A small sites program should carefully consider whether they would like to include rehabilitation requirements, so as not to raise costs for the developer.

Finally, to restate one of the recommendations from San Francisco and Oakland staff, it is important that the program funds can be disbursed quickly, within 60 – 90 days.

Direct existing affordable housing funding to CLTs

Los Angeles County is investing millions of dollars to combat homelessness. These funds are typically used in combination with low income housing tax credits to build new large multifamily apartments. Unless a CLT focuses on special needs populations, which most do not, then CLTs face substantial funding gaps when trying to pursue a new construction strategy.

If Los Angeles County wants to support affordable housing providers like CLTs that focus on building affordable family units, then more funds could be allocated to support this type of development. Giving CLTs preferential scoring when issuing affordable housing funds could be a good way to support CLT expansion.

In addition to directing existing funding to CLTs, jurisdictions can give affordable housing developers an advantage when they participate in the CLT, similar to the Housing Land Trust of Sonoma County.

Additional recommendations for government agencies

Government agencies can provide several other benefits that may improve CLT feasibility or open up development opportunities. These include property tax exemptions, expedited permitting, establishing a tenant opportunity to purchase ordinance, disposition of surplus land owned by public agencies such as obsolete or under-utilized libraries, schools, parking lots, and undeveloped land.

Another recommendation from the Los Angeles County Affordable Housing Action plan is the development of an inclusionary housing program. Units produced as part of the inclusionary housing program could be monitored by community land trusts.

Recommendations for community land trusts

Community land trusts face development feasibility challenges in both incorporated and unincorporated areas of LA County. The one scenario that is feasible is new construction of a large apartment building near transit using 4% tax credits. A CLT should focus on working with public agencies to access land that is close to transit or purchase transit-adjacent land on the private market to pursue this strategy.

Until more funding is in place to support their efforts in other ways, CLTs should be opportunistic in how they approach development. For instance, if construction costs decrease or new funding sources emerge at the state level to support LIHTC develops, then they should pursue that. A CLT may also find a low-cost multifamily apartment that they are able to acquire without any public assistance. Finding the right opportunities and taking advantage of them will be key to CLT success in the current funding environment.

Finally, CLT's should focus on advocacy for a NOAH acquisition program in Los Angeles County and other jurisdictions so that they more feasibly pursue that development strategy.

Limitations

This study looked at very specific feasibility scenarios based on the building types and funding available to a CLT in Los Angeles County. The financial assumptions are based on the current real estate market today. As the real estate, construction, financial, and other markets change so too will the feasibility scenarios that CLTs face.

Each scenario's assumptions are also very specific and may not also play out exactly as depicted in this study. The scenarios more often than not may have to be tweaked when a

CLT faces a real-life opportunity. For instance, in the new construction LIHTC scenarios it is assumed that the land is donated. If a CLT or affordable housing provider has to purchase land for the LIHTC scenarios, then that scenario becomes less feasible.

Finally, affordable housing funding changes every year. This analysis is based on the 2018-2019 affordable housing funding landscape. If more or less funding becomes available over the years that could also impact feasibility.

Conclusion

This research sought to understand the feasibility scenarios that community land trusts face across Los Angeles County, based on the development strategies they may pursue in competitive urban markets. Overall the results show that CLTs require substantially more public funding than is currently available. These results are applicable to other affordable housing developers that aim to build affordable housing for families using low income housing tax credits in unincorporated areas of LA County. The results of the acquisition strategy analysis may also be applicable to any affordable housing provider that hopes to purchase and preserve the affordability of existing buildings.

When LA County is prepared to move forward with its Affordable Housing Action Plan, additional funding will be needed to help CLTs. With the right political commitment Los Angeles County can provide the funding that affordable housing providers need to support low-income households.

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Appendix

Table of Contents

New Construction Multifamily with 9% Tax Credits

DATE:	5/27/19	
PROJECT NAME:	**Community Land Trust**	Outside of LA
DEVELOPER:	**LA County**	

9% TCAC PROJECT Affordable Housing

USES	Apartments	Parking	Per Unit	Total
Acquisition	$ -	$ -	0	$ -
Construction	$ 19,000,000	$ -	380000	$ 19,000,000
Indirect	$ 585,000	$ -	11700	$ 585,000
Permits and Fees	$ 720,000	$ -	14400	$ 720,000
Predevelopment Financi	$ 490,995	$ -	9819.9	$ 490,995
Construction Financing	$ 985,520		19710.4095	$ 985,520
Permanent Financing	$ 229,435	$ -	4588.7	$ 229,435
Legal	$ 225,000	$ -	4500	$ 225,000
Taxes and Insurance	$ 220,000	$ -	4400	$ 220,000
Title and Recording	$ 75,000	$ -	1500	$ 75,000
Lease Up and Reserves	$ 295,892	$ -	5917.84	$ 295,892
Developer Fee/Acctg	$ 2,590,000	$ -	51800	$ 2,590,000
TOTAL	$ 25,416,842	$ -	$ 508,337	$ 25,416,842

PERMANENT FINANCING SOURCES	Apartments Total	Parking Total	Interest	Amo
First D/T TE Bond	$ 2,686,023		6.50%	30
First DT Parking (Taxable	$ -	$ -	6.50%	30
AHP-FHLB	$ 490,000		4.00%	55
LA County 23-A			3.00%	55
LA AHTF	$ -		0.42%	55
N/A	$ -		3.00%	55
N/A	$ -		3.00%	55
GP Equity/	$ 100			
Equity	$ 12,036,567	$ -		
	$ 15,212,690	$ -		
Gap	$ (10,204,153)			

CONSTRUCTION FINANCING SOURCES	Apartments Total	Parking Total	Interest	Term (Mos)
Construction Sources				
First D/T TE Bond	$ 21,570,365		3.50%	24
First DT Parking (Taxable)		$ -	4.00%	24
AHP-FHLB	$ 490,000		3.00%	24
N/A	$ -		3.00%	24
N/A	$ -			
Deferred Fee	$ 1,250,000		0.00%	24
Other Deferred Costs	$ 300,892		0.00%	24
GP Equity	$ 100			
Equity (incl historic credi	$ 1,805,485	$ -	15%	
Total	$ 25,416,842	$ -		

5-Year Cash Flow	Inflation Factor	1	2	3	4	5
GROSS INCOME		549,252	562,983	577,058	591,484	606,271
Subsidy	5.0%	$ -	$ -	$ -	$ -	$ -
Total Vacancy Loss		$ (27,463)	$ (27,909)	$ (28,607)	$ (29,322)	$ (30,055)
EFFECTIVE GROSS INCOME		521,789	535,074	548,451	562,162	576,216
OPERATING EXPENSES		(275,000)	(284,625)	(294,587)	(304,897)	(315,569)
NET OPERATING INCOME		234,289	237,949	241,364	244,765	248,147
Total Debt Service		$ (203,730)	$ (203,730)	$ (203,730)	$ (203,730)	#######
Combined DSCR		1.15	1.17	1.18	1.20	1.22
Developer Fee Paid		-	-	-	-	-

DATE:	5/27/19	**5/27/19**	
PROJECT NAME:	Community Land Trust		
DEVELOPER:			

NOTES AND ASSUMPTIONS	
Total SF	$ 57,500
Residential	57,500
Commercial	-
Commercial %	0%
Residential %	100%
Parking %	0.0%

DEVELOPMENT COST				Total	Residential	Residential Cost	Predev	Eligible Basis
Acquisition								
Land Cost					$ -			
Closing					$ -		$ -	
Cost of finished residential spaces					$ -		$ -	
Holding Cost:					$ -		$ -	
Subtotal				**$ -**	$ -	$ -		
Construction								
Demolition					$ -			
Off Site								
Parking-Public								
Site Work - Parking Spaces								$ -
Residential Structures		per unit	380000	$ 19,000,000				$ 19,000,000.00
Commercial Structures		per SF	219					$ -
Gen Reqts, O+P		4%						$ -
Insurance		2%					$ -	$ -
Bond/LOC		2%		$ -				$ -
Construction Contingency		5%		$ -				$ -
Subtotal				**$ 19,000,000**		$ 19,000,000		
Architecture, Engineering, 3rd Party								
Design		7%					$ -	$ -
Construction Management/Prev Wage Monitor		7000	5000	$ 60,000				$ 60,000.00
Reimbursables				$ 65,000				$ 65,000.00
Engineering/Survey/Soils				$ 90,000			$ 25,000.00	$ 90,000.00
Planning/Entitlements							$ -	$ -
CEQA/Entitlements Consulting							$ -	$ -
Environmental Audit/Geotech				$ 10,000			$ 10,000.00	$ 10,000.00
Appraisal				$ 7,500			$ 5,000.00	$ 7,500.00
Deputy Inspections				$ 80,000	$ 80,000			$ 80,000.00
Market Study				$ 7,500	$ 7,500			$ 7,500.00
Security/Predev					$ -			$ -
LEED Documentation/Consulting/CASP				$ 50,000	$ 50,000			$ 50,000.00
Furnishings-Common Area			7500	$ 65,000	$ 65,000			$ 65,000.00
Utility Hookups				$ 150,000	$ 150,000			$ 150,000.00
Other: Soft Contingency					$ -			$ -
Subtotal				**$ 585,000**	**$ 585,000**	$ 585,000		
Permits and Fees								
Impact Fees				$ 150,000	$ 150,000		$ 150,000.00	$ 150,000.00
Building Permits		3%		$ 570,000	$ 570,000		$ 570,000.00	$ 570,000.00
Subtotal				**$ 720,000**	**$ 720,000**	$ 720,000		
Predevelopment Loan Interest								
Loan Interest 6% 2 year	2	6%	291426.057	$ 446,303	$ 446,303		$ 446,303	$ 446,303.00
Loan Fees		1%	$24,285.50	$ 37,192	$ 37,192		$ 37,192.00	$ 37,192.00
Lender Legal				$ 7,500	$ 7,500		$ 7,500	$ 7,500.00
Subtotal				**$ 490,995**	**$ 490,995**	$ 490,995.00		
Construction Interest and Fees			14348365					
Loan Interest Construction-Housing			#########	$ 715,295	$ 715,295		$ 715,295	
Loan Interest Construction-Parking			$ -		$ -		0	$ -
Commercial Loan Interest		3.66%	24		$ -		$ -	$ -
Loan Fees		1.5%		$ 215,225	$ 215,225		215225.475	$ 215,225.48
Lender Costs				$ 10,000.00	$ 10,000		$ 10,000.00	$ 10,000.00
				$ 45,000.00	$ 45,000		$ 45,000.00	$ 45,000.00
					$ -		$ -	$ -
				$ 985,520.48	**$ 985,520**	$ 985,520.48		
Permanent Financing- Hard code Costs in devpt budget to avoid circular reference								
Loan Fees		1.000%	$ 215,704	$ 192,035	$ 192,035		192035	
Lender Counsel		10,000		$ 10,000	$ 10,000			$ 10,000.00
Subtotal				**$ 202,035.00**	**$ 202,035**	$ 202,035.00		
County Compliane								
Other: County Compliance/Unit		$548		$ 27,400.00	27400	$ 27,400.00		$ 27,400.00
Subtotal				**$ 27,400**	**$ 27,400**	$ 27,400.00		
Legal								
Organizational				$ 5,000	$ 5,000			$ 5,000.00
Lender				$ 45,000	$ 45,000			$ 45,000.00
Land Use				$ 75,000	$ 75,000			$ 75,000.00
Syndication				$ 50,000	$ 50,000			
Transaction-Construction				$ 50,000	$ 50,000			$ 50,000.00
Subtotal				**$ 225,000**	**$ 225,000**	$ 225,000.00		
Taxes and Insurance								
Property Taxes		*1.25%*		$ -	$ -			$ -
Insurance				$ 220,000	$ 220,000			$ 220,000.00
Subtotal				**$ 220,000**	**$ 220,000**	$ 220,000.00		
Title & Recording								
Construction Closing				$ 70,000	$ 70,000			$ 70,000.00
Permanent Closing				$ 5,000	$ 5,000			$ 5,000.00
Subtotal				**$ 75,000**	**$ 75,000**	$ 75,000.00		
Lease-Up and Reserves								
Marketing/Community Outreach				45000	45000			$ 45,000.00
Lease-Up Expense/Fees				25000	25000			$ 25,000.00
Lease-Up Fees					$ -			$ -
Transition Reserve (6 mos)					$ -			$ -
Operating/Rent Reserves		6	143750	$ 225,892	$ 225,892			$ 225,892.00
Subtotal				**$ 295,892**	**$ 295,892**	$ 295,892.00		
Organizational Costs/Developer Fee								
Relocation					$ -			$ -
Developer Fee				2500000	$ 2,500,000			$ 2,500,000.00
Syndication Consulting				55000	$ 55,000			$ 55,000.00
Partnership Legal				10000	$ 10,000			$ 10,000.00
First Yr Audit/Accounting				25000	$ 25,000			$ 25,000.00
Subtotal				**$ 2,590,000**	**$ 2,590,000**	$ 2,590,000.00		
TOTAL DEVELOPMENT COST				$ 25,416,842.48	$ 25,416,842.48	$ 25,444,242.48	$ 2,428,550.48	$ 24,459,512.48

Construction Financing Calc		########
Less Reserves		$ 295,892
Less Perm Loan Fees		$ 27,400
Less Other Financing		########
Less Fee Deferred During Construction	50%	########
Const Loan Principal		########

15% of Basis	$ 3,668,927
Developer Fee	2,500,00
MHP Developer Fee	
Dev Fee	

	5/27/19
DATE:	Community Land Trus
PROJECT NAME:	Community Land Trus
DEVELOPER:	LA County

AMI	Studio	1	2	3	4	Total	% of Total	TCAC Points
30%			3	3		6	12%	15
35%						0	0%	
40%			19			19	38%	35
45%						0	0%	
50%			12	12		24	48%	
60%						0	0%	
Manager Unit			1			1	2%	
	0	0	35	15	0	50	100%	52
Sec 8	0					0	0%	
DHS Units	0	0	0	0	0	0	0%	

Avg.	30%	35%	40%	45%	50%		
Affordability	180	0	760	0	1200	24	43%

TCAC Rent Schedule					
Effective Date: April 1, 2018					
AMI	Studio	1	2	3	4
30%	509	545	655	756	844
35%	594	636	764	882	984
40%	678	727	873	1,008	1,125
45%	763	818	982	1,134	1,265
50%	848	909	1,091	1,260	1,406
60%	1,018	1,091	1,310	1,512	1,688
DHS/MHSA					
DHS Standard	961	1,166	1,505	2,029	2,249
ACLA Standard	913	1,100	1,441	1,947	2,189
100%	1,696	1,818	2,182	2,520	2,812
U/A	29	56	69	87	110

Utility Allowance: HACoLA					
Effective Date: 1-Dec-17					
		1	2	3	4
	8	11	14	17	22
		11	14	18	25
		6	7	9	11
	15	19	23	28	32
	6	9	11	15	20
		56	69	87	110

Rent Schedule	AMI	Sq. Feet	# of Units	Net Sq. Feet	Net Rent	Rent/Mo	Rental Subsidy	Subsidy/Mo	Annual Subsidy	Annual Rent
Studio	30%	400	0	-	$ 480	$ -	$ -	$ -	$ -	$ -
	35%	400	0	-	$ 565	$ -	$ -	$ -	$ -	$ -
	40%	400	0	-	$ 649	$ -	$ -	$ -	$ -	$ -
	45%	400	0	-	$ 734	$ -	$ -	$ -	$ -	$ -
	50%	400	0	-	$ 819	$ -	$ -	$ -	$ -	$ -
	60%	400	0	-	$ 989	$ -	$ -	$ -	$ -	$ -
	HACLA Sta	400	0	-	$ 884	$ -	$ -	$ -	$ -	$ -
1 Bdrm	30%	450	0	-	$ 489	$ -	$ -	$ -	$ -	$ -
	35%	450	0	-	$ 580	$ -	$ -	$ -	$ -	$ -
	40%	450	0	-	$ 671	$ -	$ -	$ -	$ -	$ -
	45%	450	0	-	$ 762	$ -	$ -	$ -	$ -	$ -
	50%	450	0	-	$ 853	$ -	$ -	$ -	$ -	$ -
	60%	450	0	-	$ 1,035	$ -	$ -	$ -	$ -	$ -
	HACLA Sta	450	0	-	$ 1,044	$ -	$ -	$ -	$ -	$ -
2 Bdrm	30%	700	3	2,100	$ 586	$ 1,758				$ 21,096
	35%	700	0	-	$ 695	$ -				$ -
	40%	700	19	13,300	$ 804	$15,276				#######
	45%	700	0	-	$ 913	$ -				$ -
	50%	700	12	8,400	$ 1,022	$12,264				#######
	60%	700	0	-	$ 1,241	$ -				$ -
	HACLA Sta	700	0	-	$ 1,372	$ -				$ -
3 Bdrm	30%	1100	3	3,300	$ 669	$ 2,007				$ 24,084
		1100	0	-	$ 795	$ -				$ -
		1100	0	-	$ 921	$ -				$ -
		1100	0	-	$ 1,047	$ -				$ -
		1100	12	13,200	$ 1,173	$14,076				#######
	60%	1100	0	-	$ 1,425	$ -	$ -	$ -	$ -	$ -
	HACLA Sta	1100	0	-	$ 1,860	$ -	$ -	$ -	$ -	$ -
4 Bdrm	30%	1200	0	-	$ 734	$ -	$ -	$ -	$ -	$ -
	35%	1200	0	-	$ 874	$ -	$ -	$ -	$ -	$ -
	40%	1200	0	-	$ 1,015	$ -	$ -	$ -	$ -	$ -
	45%	1200	0	-	$ 1,155	$ -	$ -	$ -	$ -	$ -
	50%	1200	0	-	$ 1,296	$ -	$ -	$ -	$ -	$ -
	60%	1200	0	-	$ 1,578	$ -	$ -	$ -	$ -	$ -
	HACLA Sta	1200	0	-	$ 2,079	$ -	$ -	$ -	$ -	$ -
Manager's Unit			1	1,100						
Net Rentable Area				22,750						
Common Area				7,488						
TOTAL			50	30,238					$ -	#######

Other Income				
Laundry	PUPM	$1.50	$	4,680
Other				

DATE: **5/27/19** 5/27/19
PROJECT NAME: **Community Lar**Community Land Trust
DEVELOPER: **LA County**

Total Units	50	Replace Reserves PUPA:	$ 250	Social Service Coordination Fee	2,396
		Operating Expense PUPA	$ (5,500)	# of units for above	24

	Inflation Factor	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RENT (Tenant Paid)																
Resident Rent	2.5%	544,572	558,186	572,141	586,444	601,106	616,133	631,537	647,325	663,508	680,096	697,098	714,526	732,389	750,699	769,466
Subsidy Income-Sec 8	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Subsidy - DHS Services	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Rental Income		544,572		572,141	586,444	601,106	616,133	631,537	647,325	663,508	680,096	697,098	714,526	732,389	750,699	769,466
OTHER INCOME: Laundry	2.5%	4,680	4,797	4,917	5,040	5,166	5,295	5,427	5,563	5,702	5,845	5,991	6,141	6,294	6,451	6,613
GROSS INCOME		549,252	562,983	577,058	591,484	606,271	621,428	636,964	652,888	669,210	685,940	703,089	720,666	738,683	757,150	776,079
VACANCY LOSS																
Resident	5.0%	$ (27,463)	(27,909)	(28,607)	(29,322)				(32,366)	(33,175)	(34,005)	(34,855)	(35,726)	(36,619)	(37,535)	(38,473)
Subsidy	5.0%	$ -	$ -	$ -	$ -				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Vacancy Loss		$ (27,463)	$ (27,909)	$ (28,607)	$ (29,322)				$ (32,366)	$ (33,175)	$ (34,005)	$ (34,855)	$ (35,726)	$ (36,619)	$ (37,535)	$ (38,473)
EFFECTIVE GROSS INCOME		521,789	535,074	548,451	562,162	576,216	590,622	605,387	620,522	636,035	651,936	668,234	684,940	702,063	719,615	737,605
Residential Operating Expenses	3.5%	#######	(284,625)	(294,587)	(304,897)				(349,877)	(362,122)	(374,797)	(387,915)	(401,492)	(415,544)	(430,088)	(445,141)
HCID $135/Unit	0.0%	-	$ -	-	-				-	-	-	-	-	-	-	-
Supportive Services Coordination	3.5%	-	-	-	-				-	-	-	-	-	-	-	-
OPERATING EXPENSES		(275,000)	(284,625)	(294,587)	(304,897)				(349,877)	(362,122)	(374,797)	(387,915)	(401,492)	(415,544)	(430,088)	(445,141)
RESERVES																
Replacement Reserve	0.0%	(12,500)	(12,500)	(12,500)	(12,500)				(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)
Transition Reserve	0.0%	-	-	-	-				-	-	-	-	-	-	-	-
Total Reserve Deposits		(12,500)	(12,500)	(12,500)	(12,500)	-			(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)
NET OPERATING INCOME		234,289	237,949	241,364	244,765	248,147	251,508	592,887	258,145	261,412	264,639	267,819	270,948	274,020	277,027	279,964
DEBT SERVICE																
Debt Service	1.15	#######	#######	#######	#######				#######	#######	#######	#######	#######	#######	#######	#######
HCD Debt Service																
Total Debt Service		#######	#######	#######	#######	#######	#######	#######	#######	#######	#######	#######	#######	#######	#######	#######
Debt Service Coverage, First		1.15	1.17	1.18	1.20	1.22	1.23	2.91	1.27	1.28	1.30	1.31	1.33	1.35	1.36	1.37
Combined DSCR		1.15	1.17	1.18	1.20	1.22	1.23	2.91	1.27	1.28	1.30	1.31	1.33	1.35	1.36	1.37
CASH FLOW		30,559	34,219	37,634	41,035	44,417	47,778	389,157	54,415	57,682	60,909	64,090	67,218	70,290	73,297	76,234
Partnership Management Fee	0.0%	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
AVAILABLE FOR DISTRIBUTIONS		20,559	24,219	27,634	31,035	34,417	37,778	379,157	44,415	47,682	50,909	54,090	57,218	60,290	63,297	66,234
Operating Reserve Contribution	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Fee Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5/27/19

DATE: **5/27/19** Community Land Trust
PROJECT NAME: **Community Land Trust**
DEVELOPER: **Community Land Trust**

TAX CREDIT EQUITY CACULATION AND SCORING

TAX CREDIT EQUITY CALCULATION					
Unadjusted Eligible Basis				$ 24,459,512.48	24,459,512
Deduct grant amounts					
Eligible Basis				$24,459,512	24,459,512
D3 Limits	2018	9% Basis		# of units	Basis
	Studio	196,718	222,602	0	0
	1 Bdrm	226,814	256,658	0	0
	2 Bdrm	273,600	309,600	34	9,302,400
	3 Bdrm	350,208	396,288	15	5,253,120
	4 Bdrm	390,154	441,490	0	0
	3 bdrm Mgr	273,600	309,600	1	273,600
	Total			50	14,829,120
BASIS BOOSTS					
20% prev wage					2,965,824
7% subterranean parking					0
2% day care					0
2% spec needs (100%)					0
4% green					296,582
15% seismic/remediation					0
7% for energy efficiency					444,874
10% Elevator					1,482,912
Development/Impact Fee					570,000
Plus 1% basis adjustment per 1% of units income targeted to 50-36% AMI (4% only)					-
Plus 2% basis adjustment per 1% of units income targeted to <=35% AMI (4% only)					-
	TOTAL ELIGIBLE BASIS				20,589,312

		New Construction	Acquisition	Historic
Allowable Basis (lesser of eligible or adjusted basis limit)		14,829,120	0	0
LESS INELIGIBLE AMOUNTS		-	$ -	$ -
Less Voluntary Reduction	0%	(4,000,000)		
Total Requested Unadjusted Eligible Basis		10,829,120	0	0
DDA/QCT		130%	130%	0%
Total Adjusted Eligible Basis		14,077,856	0	0
Applicable Fraction	100%	100%	100%	100%
Qualified Basis		14,077,856	0	0
Total Qualified Basis		14,077,856	0	0
Total Credit Reduction	0%	0	0	0
TOTAL Adjusted Qualified Basis		14,077,856	0	0
Applicable Percentage		9%	3.20%	20.00%
Annual Federal Credit		1,267,007	-	-
Equity Factor		0.95	1.00	0.90
Total Equity		12,036,567	0	0
High Cost Calculation (DO NOT EXCEED 130%)		119%		

Total Land and Basis		24,459,512
Funded by Bonds	2,686,023	21,570,365
Commercial	-	
% Basis funded by	#########	88%

Cost Efficiency/Credit Reduction/Public Funds Max 20 points			
Cost Efficiency			
Adjusted Threshold Basis Limits			20,589,312
Total Eligible Basis			24,459,512
Difference in Threshold Basis Limits			-3,870,200
% Below Adjusted Threshold Basis Limits			-19%
Credit Reduction (1 point/full% qualified basis is reduced)			
Total Qualified Basis			14,077,856
Credit Percent Reduction			0%
			-
			14,077,856

			0%
			19%
			#REF!
	0%		
			34%

		$	14,077,856
			9.00%
		$	1,267,007.04
		$	25,416,842
		$	-
		$	25,416,842
		$	0.95
Total Credits Necessary for Feasibility		$	26,754,571
Max. Annual Credit		$	1,267,007
Equity Raised from Federal Credit		$	12,036,567
Remaining Funding Gap		$	(13,380,276)
State Credit Determination			
Adjusted Qualifed Basis	NC/Rehab		0
Factor Amount (Fed Subsidized 13% o/w 30%)			30%
Max State Credit			-
Minimum State Credit Necessary for Fea	0.6	$	-
State Credit Necessary for Feasibility		$	-
Max State Credit			-
Equity Raised from State Credit			-
Remaining Funding Gap		$	-
Historic Credits	0.2		
Qualified Rehabilitation Expenditure	14,829,120		
Credits	2,965,824		
Investor	0.9999		
Price Per Credit	0.9		
Equity	2,668,975		

New Construction Multifamily with 4% Tax Credits

DATE:	**5/27/19**	
PROJECT NAME:	**Community Land Trust**	Outside of LA
DEVELOPER:	**LA County**	

4% TCAC PROJECT Affordable Housing

USES	Apartments	Parking	Per Unit	Total
Acquisition	$ -	$ -	0	$ -
Construction	$ 19,000,000	$ -	380000	$ 19,000,000
Indirect	$ 585,000	$ -	11700	$ 585,000
Permits and Fees	$ 720,000	$ -	14400	$ 720,000
Predevelopment Financing	$ 490,995	$ -	9819.9	$ 490,995
Construction Financing	$ 1,320,838	$ -	26416.7527	$ 1,320,838
Permanent Financing	$ 202,515	$ -	4050.3	$ 202,515
Legal	$ 225,000	$ -	4500	$ 225,000
Taxes and Insurance	$ 220,000	$ -	4400	$ 220,000
Title and Recording	$ 75,000	$ -	1500	$ 75,000
Lease Up and Reserves	$ 295,892	$ -	5917.84	$ 295,892
Developer Fee/Acctg	$ 2,590,000	$ -	51800	$ 2,590,000
TOTAL	$ 25,725,240	$ -	$ 514,505	$ 25,725,240

PERMANENT FINANCING SOURCES	Apartment Total	Parking Total	Interest	Amo
First D/T	$ 2,462,889		6.00%	30
First DT Parking (Taxable)	$ -	$ -	6.50%	30
AHP-FHLB	$ 490,000		4.00%	55
LA County 23-A			3.00%	55
LA AHTF	$ -		0.42%	55
N/A	$ -		3.00%	55
AHSC			3.00%	55
MHP	$ 8,522,672			
GP Equity/	$ 100			
Deferred Fee	$ -			
Equity	$ 6,818,096	$ -		
	$ 18,293,756	$ -		
Gap	$ (7,431,483)			

CONSTRUCTION FINANCING SOURCES	Apartment Total	Parking Total	Interest	Term (Mos)
Construction Sources				
First D/T	$ 23,911,533		3.50%	24
First DT Parking (Taxable)		$ -	4.00%	24
AHP-FHLB	$ 490,000		3.00%	24
N/A	$ -		3.00%	24
N/A	$ -			
Deferred Fee	$ -		0.00%	24
Other Deferred Costs	$ 300,892		0.00%	24
GP Equity	$ 100			
Equity (incl historic credit)	$ 1,022,714	$ -	15%	
Total	$ 25,725,240	$ -		

5-Year Cash Flow	Inflation Factor	1	2	3	4
GROSS INCOME		549,252	562,983	577,058	591,484
Subsidy	5.0%	$ -	$ -	$ -	$ -
Total Vacancy Loss		$ (27,463)	$ (27,909)	$ (28,607)	$ (29,322)
EFFECTIVE GROSS INCOME		521,789	535,074	548,451	562,162
OPERATING EXPENSES		(275,000)	(284,625)	(294,587)	(304,897)
NET OPERATING INCOME		234,289	237,949	241,364	244,765
Total Debt Service		$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)
Combined DSCR		1.10	1.12	1.13	1.15
Developer Fee Paid		-	-	-	-

DATE:
PROJECT NAME:
DEVELOPER:

4% TCAC PROJECT

NOTES AND ASSUMPTIONS	
Total SF	$ 57,500
Residential	57,500
Commercial	-
Commercial %	0%
Residential %	100%
Parking %	0.0%

DEVELOPMENT COST				Total	Residential	Residential Cost	Predev	Eligible Basis
Acquisition								
Land Cost					$ -			
Closing					$ -		$ -	
Cost of finished residential spaces					$ -		$ -	
Holding Cost:					$ -		$ -	
Subtotal				**$ -**	$ -	$ -		
Construction								
Demolition					$ -			
Off Site					$ -			
Parking-Public					$ -			
Site Work - Parking Spaces					$ -			$ -
Residential Structures	per unit		$380,000	$ 19,000,000	$ 19,000,000			$ 19,000,000.00
Commercial Structures	per SF		219		$ -			$ -
First D/T		4%			$ -			$ -
Insurance		2%			$ -		$ -	$ -
Bond/LOC		2%		$ -	$ -			$ -
Construction Contingency		5%		$ -	$ -			$ -
Subtotal				**$ 19,000,000**	**$ 19,000,000**	$ 19,000,000		
Architecture, Engineering, 3rd Party					$ -			
Design		7%			$ -		$ -	$ -
Construction Management/Prev Wage Monitor		7000	5000	$ 60,000	$ 60,000			$ 60,000.00
Reimbursables				$ 65,000	$ 65,000			$ 65,000.00
Engineering/Survey/Soils				$ 90,000	$ 90,000		$ 25,000.00	$ 90,000.00
Planning/Entitlements					$ -		$ -	$ -
CEQA/Entitlements Consulting					$ -		$ -	$ -
Environmental Audit/Geotech				$ 10,000	$ 10,000		$ 10,000.00	$ 10,000.00
Appraisal				$ 7,500	$ 7,500		$ 5,000.00	$ 7,500.00
Deputy Inspections				$ 80,000	$ 80,000			$ 80,000.00
Market Study				$ 7,500	$ 7,500			$ 7,500.00
Security/Predev					$ -			$ -
LEED Documentation/Consulting/CASP				$ 50,000	$ 50,000			$ 50,000.00
Furnishings-Common Area			7500	$ 65,000	$ 65,000			$ 65,000.00
Utility Hookups				$ 150,000	$ 150,000			$ 150,000.00
Other: Soft Contingency					$ -			$ -
Subtotal				**$ 585,000**	**$ 585,000**	$ 585,000		
Permits and Fees								
Impact Fees				$ 150,000	$ 150,000		$ 150,000.00	$ 150,000.00
Building Permits		3%		$ 570,000	$ 570,000		$ 570,000.00	$ 570,000.00
Subtotal				**$ 720,000**	**$ 720,000**	$ 720,000		
Predevelopment Loan Interest								
Loan Interest 6% 2 year	2	6%	291483.657	$ 446,303	$ 446,303		$ 446,303	$ 446,303.00
Loan Fees		1%	$ 24,290.30	$ 37,192	$ 37,192		$ 37,192.00	$ 37,192.00
Lender Legal				$ 7,500	$ 7,500		$ 7,500	$ 7,500.00
Subtotal				**$ 490,995**	**$ 490,995**	$ 490,995.00		
Construction Interest and Fees			14348365					
Loan Interest Construction-Housing			$ 920,594.03	$ 715,295	$ 715,295		$ 715,295	
Loan Interest Construction-Parking			$ -		$ -		0	$ -
Commercial Loan Interest		3.66%	24		$ -		$ -	$ -
Loan Fees		1.5%		$ 215,225	$ 215,225		215225.475	$ 215,225.48
Lender Costs				$ 10,000.00	$ 10,000		$ 10,000.00	$ 10,000.00
Lender Attorney				$ 45,000.00	$ 45,000		$ 45,000.00	$ 45,000.00
Lender Due Diligence					$ -		$ -	$ -
Subtotal				**$ 985,520.48**	**$ 985,520**	$ 985,520.48		
Permanent Financing- Hard code Costs in devpt budget to avoid circular reference								
Loan Fees		1.000%	$ 239,115	192,515	$ 192,515		192515	
Lender Counsel		10,000	10,000	$ 10,000	$ 10,000			$ 10,000.00
Subtotal				**$ 202,515.00**	**$ 202,515**	$ 202,515.00		
Bond Fees								
Underwriter					$ -			$ -
Financial Advisor		35,000	35,000	35,000	$ 35,000			$ 35,000.00
Bond Counsel		55,000	55000	55,000	$ 55,000			$ 55,000.00
Credit Enhancement Fee (Construction)		0.800%	$ 191,292	157,458	$ 157,458			$ 157,458.00
Trustee Fee and Trustee Counsel		2,000	$ 2,000	2,000	$ 2,000			$ 2,000.00
CDLAC Fees		0.035%	$ 8,369	6,936	$ 6,936			$ 6,936.00
HCID Issuer Fees (HCID)		0.250%	$ 59,779		$ -			$ -
TEFRA/Misc.		3,000	$ 3,000	3,000	$ 3,000			$ 3,000.00
Prepaid Annual Issuer Fees		0.094%	$ 22,477	18,676	$ 18,676			$ 18,676.00
CDIAC Fees		0.024%	$ 5,739	4,772	$ 4,772			$ 4,772.00
TCAC Fees-Hard Code amount shown			51,208					$ -
County Issuer Fee		0.125%	$ 29,889.4	$ 25,075.16	$ 25,075.16			$ 25,075.16
Other: County Compliance/Unit		$548		$ 27,400.00	27400	$ 27,400.00		$ 27,400.00
Subtotal				**$ 335,317**	**$ 335,317**	$ 27,400.00		
Legal								
Organizational				$ 5,000	$ 5,000			$ 5,000.00
Lender				$ 45,000	$ 45,000			$ 45,000.00
Land Use				$ 75,000	$ 75,000			$ 75,000.00
Syndication				$ 50,000	$ 50,000			
Transaction-Construction				$ 50,000	$ 50,000			$ 50,000.00
Subtotal				**$ 225,000**	**$ 225,000**	$ 225,000.00		
Taxes and Insurance								
Property Taxes		*1.25%*		$ -	$ -			$ -
Insurance				$ 220,000	$ 220,000			$ 220,000.00
Subtotal				**$ 220,000**	**$ 220,000**	$ 220,000.00		
Title & Recording								
Construction Closing				$ 70,000	$ 70,000			$ 70,000.00
Permanent Closing				$ 5,000	$ 5,000			$ 5,000.00
Subtotal				**$ 75,000**	**$ 75,000**	$ 75,000.00		
Lease-Up and Reserves								
Marketing/Community Outreach				45000	45000			$ 45,000.00
Lease-Up Expense/Fees				25000	25000			$ 25,000.00
Lease-Up Fees					$ -			$ -
Transition Reserve (6 mos)					$ -			$ -
Operating/Rent Reserves		6	143750	$ 225,892	$ 225,892			$ 225,892.00
Subtotal				**$ 295,892**	**$ 295,892**	$ 295,892.00		
Organizational Costs/Developer Fee								
Relocation					$ -			$ -
Developer Fee				2500000	$ 2,500,000			$ 2,500,000.00
Syndication Consulting				55000	$ 55,000			$ 55,000.00
Partnership Legal				10000	$ 10,000			$ 10,000.00
First Yr Audit/Accounting				25000	$ 25,000			$ 25,000.00
Subtotal				**$ 2,590,000**	**$ 2,590,000**	$ 2,590,000.00		
TOTAL DEVELOPMENT COST				$ 25,725,239.64	$ 25,725,239.64	$ 25,444,722.48	$ 2,429,030.48	$ 24,767,429.64

Construction Financing Calc		$ 25,725,240
Less Reserves		$ 295,892
Less Perm Loan Fees		$ 27,400
Less Other Financing		$ 1,517,814
Less Fee Deferred During Construction	50%	$ -
Const Loan Principal		$ 23,884,133

15% of Basis	$ 3,715,114
Developer Fee	2,500,00
MHP Developer Fee	
Dev Fee	

DATE:	**5/27/19**
PROJECT NAME:	**Community Land Trust**
DEVELOPER:	**LA County**

AMI	Studio	1	2	3	4	Total	% of Total	TCAC Points
30%			3	3		6	12%	15
35%						0	0%	
40%			19			19	38%	35
45%						0	0%	
50%			12	12		24	48%	
60%						0	0%	
Manager Unit			1			1	2%	
	0	0	35	15	0	50	100%	52
Sec 8	0					0	0%	
DHS Units	0	0	0	0	0	0	0%	

Avg.	30%	35%	40%	45%	50%	60%	
Affordability	180	0	760	0	1200	0	43%

TCAC Rent Schedule
Effective Date: April 1, 2018

AMI	Studio	1	2	3	4
30%	509	545	655	756	844
35%	594	636	764	882	984
40%	678	727	873	1,008	1,125
45%	763	818	982	1,134	1,265
50%	848	909	1,091	1,260	1,406
60%	1,018	1,091	1,310	1,512	1,688
DHS/MHSA					
DHS Standard	961		1,505	2,029	2,249
ACLA Standard	913		1,441	1,947	2,189
100%	1,696	1,818	2,182	2,520	2,812
U/A	**41**	**56**	**69**	**87**	**110**

Utility Allowance: HACoLA
Effective Date: 1-Dec-17

	Studio	1	2	3	4
Electric Water Heat	8	11	14	17	22
Electric Heating	8	11	14	18	25
Cooking Electric	4	6	7	9	11
Basic Electric	15	19	23	28	32
Air Con	6	9	11	15	20
	41	**56**	**69**	**87**	**110**

Rent Schedule	AMI	Sq. Feet	# of Units	Net Sq. Feet	Net Rent	Rent/Mo	Rental Subsidy	Subsidy/Mo	Annual Subsidy	Annual Rent
Studio	30%	400	0	-	$ 468	$ -	$ -	$ -	$ -	$ -
	35%	400	0	-	$ 553	$ -	$ -	$ -	$ -	$ -
	40%	400	0	-	$ 637	$ -	$ -	$ -	$ -	$ -
	45%	400	0	-	$ 722	$ -	$ -	$ -	$ -	$ -
	50%	400	0	-	$ 807	$ -	$ -	$ -	$ -	$ -
	60%	400	0	-	$ 977	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	400	0	-	$ 872	$ -	$ -	$ -	$ -	$ -
1 Bdrm	30%	450	0	-	$ 489	$ -	$ -	$ -	$ -	$ -
	35%	450	0	-	$ 580	$ -	$ -	$ -	$ -	$ -
	40%	450	0	-	$ 671	$ -	$ -	$ -	$ -	$ -
	45%	450	0	-	$ 762	$ -	$ -	$ -	$ -	$ -
	50%	450	0	-	$ 853	$ -	$ -	$ -	$ -	$ -
	60%	450	0	-	$ 1,035	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	450	0	-	$ (56)	$ -	$ -	$ -	$ -	$ -
2 Bdrm	30%	700	3	2,100	$ 586	$ 1,758				$ 21,096
	35%	700	0	-	$ 695	$ -				$ -
	40%	700	19	13,300	$ 804	$15,276				#######
	45%	700	0	-	$ 913	$ -				$ -
	50%	700	12	8,400	$ 1,022	$12,264				#######
	60%	700	0	-	$ 1,241	$ -				$ -
	HACLA Standard	700	0	-	$ 1,372	$ -				$ -
3 Bdrm	30%	1100	3	3,300	$ 669	$ 2,007				$ 24,084
	35%	1100	0	-	$ 795	$ -				$ -
	40%		0	-	$ 921	$ -				$ -
	45%	0	0	-	$ 1,047	$ -				$ -
	50%		12	-	$ 1,173	$14,076				#######
	60%	0	0	-	$ 1,425	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	0	0	-	$ 1,860	$ -	$ -	$ -	$ -	$ -
4 Bdrm	30%	1200	0	-	$ 734	$ -	$ -	$ -	$ -	$ -
	35%	1200	0	-	$ 874	$ -	$ -	$ -	$ -	$ -
	40%	1200	0	-	$ 1,015	$ -	$ -	$ -	$ -	$ -
	45%	1200	0	-	$ 1,155	$ -	$ -	$ -	$ -	$ -
	50%	1200	0	-	$ 1,296	$ -	$ -	$ -	$ -	$ -
	60%	1200	0	-	$ 1,578	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	1200	0	-	$ 2,079	$ -	$ -	$ -	$ -	$ -
Manager's Unit			1	1,100						
Net Rentable Area				22,750						
Common Area				7,488						
TOTAL			50	30,238					$ -	#######

Other Income				
Laundry	PUPM	$1.50	$	4,680
Other				

DATE: 5/27/19
PROJECT NAME: **Community Land Trust**
DEVELOPER: **LA County**
4% TCAC PROJECT

Replace Reserves PUPA:	$ 250	
Operating Expense PUPA:	$ (5,500)	
Social Service Coordination Fee	2,396	
# of units for above	24	

Total Units		50															
	Inflation Factor		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RENT (Tenant Paid)																	
Resident Rent		2.5%	544,572	558,186	572,141	586,444	601,106	616,133	631,537	647,325	663,508	680,096	697,098	714,526	732,389	750,699	769,466
Subsidy Income-Sec 8		2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Subsidy - DHS Services		3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Rental Income			544,572	558,186	572,141	586,444	601,106	616,133	631,537	647,325	663,508	680,096	697,098	714,526	732,389	750,699	769,466
OTHER INCOME: Laundry		2.5%	4,680	4,797	4,917	5,040	5,166	5,295	5,427	5,563	5,702	5,845	5,991	6,141	6,294	6,451	6,613
GROSS INCOME			549,252	562,983	577,058	591,484	606,271	621,428	636,964	652,888	669,210	685,940	703,089	720,666	738,683	757,150	776,079
VACANCY LOSS																	
Resident		5.0%	$ (27,463)	(27,909)	(28,607)	(29,322)	(30,055)	(30,807)	(31,577)	(32,366)	(33,175)	(34,005)	(34,855)	(35,726)	(36,619)	(37,535)	(38,473)
Subsidy		5.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Vacancy Loss			$ (27,463)	$ (27,909)	$ (28,607)	$ (29,322)	$ (30,055)	$ (30,807)	$ (31,577)	$ (32,366)	$ (33,175)	$ (34,005)	$ (34,855)	$ (35,726)	$ (36,619)	$ (37,535)	$ (38,473)
EFFECTIVE GROSS INCOME	First D/T		521,789	535,074	548,451	562,162	576,216	590,622	605,387	620,522	636,035	651,936	668,234	684,940	702,063	719,615	737,605
Residential Operating Expenses		3.5%	$ (275,000)	(284,625)	(294,587)	(304,897)	(315,569)	(326,614)	(338,045)	(349,877)	(362,122)	(374,797)	(387,915)	(401,492)	(415,544)	(430,088)	(445,141)
HCID $135/Unit		0.0%	-	$ -	-	-	-	-	-	-	-	-	-	-	-	-	-
Supportive Services Coordination		3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES			(275,000)	(284,625)	(294,587)	(304,897)	(315,569)	(326,614)	(338,045)	(349,877)	(362,122)	(374,797)	(387,915)	(401,492)	(415,544)	(430,088)	(445,141)
RESERVES																	
Replacement Reserve		0.0%	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)		-	-	-	-	-	-	-	-	-
Transition Reserve		0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserve Deposits			(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME			234,289	237,949	241,364	244,765	248,147	264,008	267,342	270,645	273,912	277,139	280,319	283,448	286,520	289,527	292,464
DEBT SERVICE																	
Debt Service		1.3	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)	$ (177,195)
HCD Debt Service		0.42%	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)	$ (35,795)
Total Debt Service			$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)
Debt Service Coverage, First			1.32	1.34	1.36	1.38	1.40	1.49	1.51	1.53	1.55	1.56	1.58	1.60	1.62	1.63	1.65
Combined DSCR			1.10	1.12	1.13	1.15	1.17	1.24	1.26	1.27	1.29	1.30	1.32	1.33	1.35	1.36	1.37
CASH FLOW			21,299	24,959	28,374	31,774	35,157	51,017	54,352	57,655	60,922	64,149	67,329	70,458	73,529	76,537	79,474
Partnership Management Fee		0.0%	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
AVAILABLE FOR DISTRIBUTIONS			11,299	14,959	18,374	21,774	25,157	41,017	44,352	47,655	50,922	54,149	57,329	60,458	63,529	66,537	69,474
Operating Reserve Contribution		0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Fee Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

DATE: **5/27/19**
PROJECT NAME: **Community Land Trust**
DEVELOPER: **4% TCAC PROJECT**

TAX CREDIT EQUITY CACULATION AND SCORING

TAX CREDIT EQUITY CALCULATION					
Unadjusted Eligible Basis				$ 24,767,429.64	24,767,430
Deduct grant amounts					
Eligible Basis				$24,767,430	24,767,430
D3 Limits	2018	9% Basis	4% Basis	# of units	Basis
	Studio	196,718	222,602	0	0
	1 Bdrm	226,814	256,658	0	0
	2 Bdrm	273,600	309,600	34	10,526,400
	3 Bdrm	350,208	396,288	15	5,944,320
	4 Bdrm	390,154	441,490	0	0
	3 bdrm Mgr	273,600	309,600	1	309,600
	Total			50	16,780,320
BASIS BOOSTS					
20% prev wage					3,356,064
7% subterranean p	First D/T				0
2% day care					0
2% spec needs (100%)					0
4% green					335,606
15% seismic/remediation					0
7% for energy efficiency					503,410
10% Elevator					1,678,032
Development/Impact Fee					570,000
Plus 1% basis adjustment per 1% of units income targeted to 50-36% AMI (4% only)					14,431,075
Plus 2% basis adjustment per 1% of units income targeted to <=35% AMI (4% only)					4,027,277
	TOTAL ELIGIBLE BASIS				41,681,784

		New Construction	Acquisition	Historic
Allowable Basis (lesser of eligible or adjusted basis limit)		16,780,320	0	0
LESS INELIGIBLE AMOUNTS		-	$ -	$ -
Less Voluntary Reduction	0%	-		
Total Requested Unadjusted Eligible Basis		16,780,320	0	0
DDA/QCT		130%	130%	0%
Total Adjusted Eligible Basis		21,814,416	0	0
Applicable Fraction	100%	100%	100%	100%
Qualified Basis		21,814,416	0	0
Total Qualified Basis		21,814,416	0	0
Total Credit Reduction	0%	0	0	0
TOTAL Adjusted Qualified Basis		21,814,416	0	0
Applicable Percentage		3.29%	3.20%	20.00%
Annual Federal Credit		717,694	-	-
Equity Factor		0.95	1.00	0.90
Total Equity		6,818,096	0	0
High Cost Calculation (DO NOT EXCEED 130%)		59%		

Total Land and Basis		24,767,430
Funded by Bonds	2,462,889	23,911,533
Commercial	-	
% Basis funded by $	24,767,430	97%

Cost Efficiency/Credit Reduction/Public Funds Max 20 points		
Cost Efficiency		
Adjusted Threshold Basis Limits		41,681,784
Total Eligible Basis		24,767,430
Difference in Threshold Basis Limits		16,914,354
% Below Adjusted Threshold Basis Limits		41%
Credit Reduction (1 point/full% qualified basis is reduced)		
Total Qualified Basis		21,814,416
Credit Percent Reduction		0%
Total Qualified Basis Reduction		-
Project's Total Adjusted Qualified Basis		21,814,416

9% LIHTC Competitiveness Factors		
Lvg Pts. Ratio Public Funds to Res. TDC		0%
1-requested unadjusted basis/TDC/3		11%
Tranche B Loan		#REF!
SN Adjustment	0%	
Tie Breaker Total Score		34%
Req. Unadjusted Basis to Cost		

Adjusted qualifed basis, after credit reduction		$	21,814,416
applicable percentage			3.29%
Subtotal Annual Federal Credit		$	717,694.29
Total Project Cost		$	25,725,240
Less Permanent Financing		$	11,475,661
Funding Gap		$	14,249,579
Federal Tax Credit Factor		$	0.95
Total Credits Necessary for Feasibility		$	14,999,557
Max. Annual Credit		$	717,694
Equity Raised from Federal Credit		$	6,818,096
Remaining Funding Gap		$	(7,431,483)
State Credit Determination			
Adjusted Qualifed Basis NC/Rehab			0
Factor Amount (Fed Subsidized 13% o/w 30%)			30%
Max State Credit			-
Minimum State Credit Nec	0.6	$	-
State Credit Necessary for Feasibility		$	-
Max State Credit			-
Equity Raised from State Credit			-
Remaining Funding Gap		$	-
Historic Credits	0.2		
Qualified Rehabilitation Ex	16,780,320		
Credits	3,356,064		
Investor	0.9999		
Price Per Credit	0.9		
Equity	3,020,156		

New Construction Multifamily with 4% Tax Credits and AHSC

DATE:	5/27/19	
PROJECT NAME:	**Community Land Trust**	Outside of LA
DEVELOPER:	**LA County**	

4% TCAC PROJECT Affordable Housing

USES	Apartments	Parking	Per Unit	Total
Acquisition	$ -	$ -	0	$ -
Construction	$ 19,000,000	$ -	380000	$ 19,000,000
Indirect	$ 585,000	$ -	11700	$ 585,000
Permits and Fees	$ 720,000	$ -	14400	$ 720,000
Predevelopment Financing	$ 490,995	$ -	9819.9	$ 490,995
Construction Financing	$ 1,320,838	$ -	26416.7527	$ 1,320,838
Permanent Financing	$ 202,515	$ -	4050.3	$ 202,515
Legal	$ 225,000	$ -	4500	$ 225,000
Taxes and Insurance	$ 220,000	$ -	4400	$ 220,000
Title and Recording	$ 75,000	$ -	1500	$ 75,000
Lease Up and Reserves	$ 295,892	$ -	5917.84	$ 295,892
Developer Fee/Acctg	$ 2,590,000	$ -	51800	$ 2,590,000
TOTAL	$ 25,725,240	$ -	$ 514,505	$ 25,725,240

PERMANENT FINANCING SOURCES	Apartment Total	Parking Total	Interest	Amo
First D/T	$ 2,083,438		6.00%	30
First DT Parking (Taxable)	$ -	$ -	6.50%	30
AHP-FHLB	$ 490,000		4.00%	55
LA County 23-A			3.00%	55
LA AHTF	$ -		0.42%	55
N/A	$ -		3.00%	55
AHSC	$ 6,500,000		3.00%	55
MHP	$ 8,522,672			
GP Equity/	$ 100			
Deferred Fee	$ 1,310,934			
Equity	$ 6,818,096	$ -		
	$ 25,725,239	$ -		
Gap	$ (0)			

CONSTRUCTION FINANCING SOURCES	Apartment Total	Parking Total	Interest	Term (Mos)
Construction Sources				
First D/T	$ 22,600,599		3.50%	24
First DT Parking (Taxable)		$ -	4.00%	24
AHP-FHLB	$ 490,000		3.00%	24
N/A	$ -		3.00%	24
N/A	$ -			
Deferred Fee	$ 1,310,934		0.00%	24
Other Deferred Costs	$ 300,892		0.00%	24
GP Equity	$ 100			
Equity (incl historic credit)	$ 1,022,714	$ -	15%	
Total	$ 25,725,240	$ -		

5-Year Cash Flow	Inflation Factor	1	2	3	4
GROSS INCOME		549,252	562,983	577,058	591,484
Subsidy	5.0%	$ -	$ -	$ -	$ -
Total Vacancy Loss		$ (27,463)	$ (27,909)	$ (28,607)	$ (29,322)
EFFECTIVE GROSS INCOME		521,789	535,074	548,451	562,162
OPERATING EXPENSES		(275,000)	(284,625)	(294,587)	(304,897)
NET OPERATING INCOME		234,289	237,949	241,364	244,765
Total Debt Service		$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)
Combined DSCR		1.10	1.12	1.13	1.15
Developer Fee Paid		-	-	-	-

DATE: 5/27/19
PROJECT NAME: Community Land Trust
DEVELOPER:
4% TCAC PROJECT

NOTES AND ASSUMPTIONS	
Total SF	$ 57,500
Residential	57,500
Commercial	-
Commercial %	0%
Residential %	100%
Parking %	0.0%

DEVELOPMENT COST				Total	Residential	Parking	Residential Cost	Commercial Cost	Predev	Eligible Basis
Acquisition										
Land Cost					$ -					
Closing					$ -				$ -	
Cost of finished residential spaces					$ -				$ -	
Holding Cost:					$ -				$ -	
Subtotal				**$ -**	$ -		$ -	$ -		
Construction										
Demolition					$ -					
Off Site					$ -					
Parking-Public					$ -					
Site Work - Parking Spaces					$ -					$ -
Residential Structures	per unit		$380,000	$ 19,000,000	$ 19,000,000					$ 19,000,000.00
Commercial Structures	per SF		219		$ -					$ -
First D/T		4%			$ -					$ -
Insurance		2%			$ -				$ -	$ -
Bond/LOC		2%		$ -	$ -					$ -
Construction Contingency		5%		$ -	$ -					$ -
Subtotal				**$ 19,000,000**	**$ 19,000,000**		$ 19,000,000	$ -		
Architecture, Engineering, 3rd Party					$ -					
Design		7%			$ -				$ -	$ -
Construction Management/Prev Wage Monitor		7000	5000	$ 60,000	$ 60,000					$ 60,000.00
Reimbursables				$ 65,000	$ 65,000	$ -				$ 65,000.00
Engineering/Survey/Soils				$ 90,000	$ 90,000	$ -			$ 25,000.00	$ 90,000.00
Planning/Entitlements					$ -	$ -			$ -	$ -
CEQA/Entitlements Consulting					$ -	$ -			$ -	$ -
Environmental Audit/Geotech				$ 10,000	$ 10,000	$ -			$ 10,000.00	$ 10,000.00
Appraisal				$ 7,500	$ 7,500	$ -			$ 5,000.00	$ 7,500.00
Deputy Inspections				$ 80,000	$ 80,000	$ -				$ 80,000.00
Market Study				$ 7,500	$ 7,500	$ -				$ 7,500.00
Security/Predev					$ -	$ -				$ -
LEED Documentation/Consulting/CASP				$ 50,000	$ 50,000	$ -				$ 50,000.00
Furnishings-Common Area			7500	$ 65,000	$ 65,000					$ 65,000.00
Utility Hookups				$ 150,000	$ 150,000	$ -				$ 150,000.00
Other: Soft Contingency					$ -					$ -
Subtotal				**$ 585,000**	**$ 585,000**		$ 585,000	$ -		
Permits and Fees										
Impact Fees				$ 150,000	$ 150,000				$ 150,000.00	$ 150,000.00
Building Permits		3%		$ 570,000	$ 570,000	$ -			$ 570,000.00	$ 570,000.00
Subtotal				**$ 720,000**	**$ 720,000**		$ 720,000	$ -		
Predevelopment Loan Interest										
Loan Interest 6% 2 year	2	6%	291483.657	$ 446,303	$ 446,303	$ -			$ 446,303	$ 446,303.00
Loan Fees		1%	$ 24,290.30	$ 37,192	$ 37,192	$ -			$ 37,192.00	$ 37,192.00
Lender Legal				$ 7,500	$ 7,500	$ -			$ 7,500	$ 7,500.00
Subtotal				**$ 490,995**	**$ 490,995**		$ 490,995.00	$ -		
Construction Interest and Fees			14348365							
Loan Interest Construction-Housing			$ 870,123.07	$ 715,295	$ 715,295	$ -			$ 715,295	
Loan Interest Construction-Parking			$ -		$ -	$ -			0	$ -
Commercial Loan Interest		3.66%	24		$ -	$ -			$ -	$ -
Loan Fees		1.5%		$ 215,225	$ 215,225	$ -			215225.475	$ 215,225.48
Lender Costs				$ 10,000.00	$ 10,000	$ -			$ 10,000.00	$ 10,000.00
Lender Attorney				$ 45,000.00	$ 45,000	$ -			$ 45,000.00	$ 45,000.00
Lender Due Diligence					$ -	$ -			$ -	$ -
				$ 985,520.48	**$ 985,520**		$ 985,520.48	$ -		
Permanent Financing- Hard code Costs in devpt budget to avoid circular reference										
		1.000%	$ 226,006	192,515	$ 192,515	$ -			192515	
Lender Counsel		10,000	10,000	$ 10,000	$ 10,000	$ -				$ 10,000.00
Subtotal				**$ 202,515.00**	**$ 202,515**		$ 202,515.00	$ -		
Bond Fees										
Underwriter					$ -	$ -				$ -
Financial Advisor		35,000	35,000	35,000	$ 35,000	$ -				$ 35,000.00
Bond Counsel		55,000	55000	55,000	$ 55,000	$ -				$ 55,000.00
Credit Enhancement Fee (Construction)		0.800%	$ 180,805	157,458	$ 157,458	$ -				$ 157,458.00
Trustee Fee and Trustee Counsel		2,000	$ 2,000	2,000	$ 2,000	$ -				$ 2,000.00
CDLAC Fees		0.035%	$ 7,910	6,936	$ 6,936	$ -				$ 6,936.00
HCID Issuer Fees (HCID)		0.250%	$ 56,501		$ -	$ -				$ -
TEFRA/Misc.		3,000	$ 3,000	3,000	$ 3,000	$ -				$ 3,000.00
Prepaid Annual Issuer Fees		0.094%	$ 21,245	18,676	$ 18,676	$ -				$ 18,676.00
CDIAC Fees		0.024%	$ 5,424	4,772	$ 4,772	$ -				$ 4,772.00
TCAC Fees-Hard Code amount shown			51,208							$ -
County Issuer Fee		0.125%	$ 28,250.7	$ 25,075.16	$ 25,075.16	$ -				$ 25,075.16
Other: County Compliance/Unit		$548		$ 27,400.00	27400		$ 27,400.00			$ 27,400.00
Subtotal				**$ 335,317**	**$ 335,317**		$ 27,400.00	$ -		
Legal										
Organizational				$ 5,000	$ 5,000	$ -				$ 5,000.00
Lender				$ 45,000	$ 45,000	$ -				$ 45,000.00
Land Use				$ 75,000	$ 75,000	$ -				$ 75,000.00
Syndication				$ 50,000	$ 50,000					
Transaction-Construction				$ 50,000	$ 50,000	$ -				$ 50,000.00
Subtotal				**$ 225,000**	**$ 225,000**		$ 225,000.00	$ -		
Taxes and Insurance										
Property Taxes		*1.25%*		$ -	$ -	$ -				$ -
Insurance				$ 220,000	$ 220,000	$ -				$ 220,000.00
Subtotal				**$ 220,000**	**$ 220,000**		$ 220,000.00	$ -		
Title & Recording										
Construction Closing				$ 70,000	$ 70,000	$ -				$ 70,000.00
Permanent Closing				$ 5,000	$ 5,000	$ -				$ 5,000.00
Subtotal				**$ 75,000**	**$ 75,000**		$ 75,000.00	$ -		
Lease-Up and Reserves										
Marketing/Community Outreach				45000	45000					$ 45,000.00
Lease-Up Expense/Fees				25000	25000					$ 25,000.00
Lease-Up Fees					$ -					$ -
Transition Reserve (6 mos)					$ -					$ -
Operating/Rent Reserves		6	143750	$ 225,892	$ 225,892					$ 225,892.00
Subtotal				**$ 295,892**	**$ 295,892**		$ 295,892.00	$ -		
Organizational Costs/Developer Fee										
Relocation					$ -					$ -
Developer Fee				2500000	$ 2,500,000					$ 2,500,000.00
Syndication Consulting				55000	$ 55,000					$ 55,000.00
Partnership Legal				10000	$ 10,000					$ 10,000.00
First Yr Audit/Accounting				25000	$ 25,000	$ -				$ 25,000.00
Subtotal				**$ 2,590,000**	**$ 2,590,000**		$ 2,590,000.00	$ -		
TOTAL DEVELOPMENT COST				$ 25,725,239.64	$ 25,725,239.64	$ -	$ 25,444,722.48	$ -	$ 2,429,030.48	$ 24,767,429.64

Construction Financing Calc		$25,725,240
Less Reserves		$ 295,892
Less Perm Loan Fees		$ 27,400
Less Other Financing		$ 1,517,814
Less Fee Deferred During Construction	50%	$ 1,310,934
Const Loan Principal		$22,573,199

15% of Basis	$ 3,715,114
Developer Fee	2,500,00
MHP Developer Fee	
Dev Fee	

	5/27/19
DATE:	**Community Land Trust**
PROJECT NAME:	**Community Land Trust**
DEVELOPER:	**LA County**

AMI	Studio	1	2	3	4	Total	% of Total	TCAC Points
30%			3	3		6	12%	15
35%						0	0%	
40%			19			19	38%	35
45%						0	0%	
50%			12	12		24	48%	
60%						0	0%	
Manager Unit			1			1	2%	
	0	0	35	15	0	50	100%	52
Sec 8	0					0	0%	
DHS Units	0	0	0	0	0	0	0%	

Avg.	30%	35%	40%	45%	50%	60%	
Affordability	180	0	760	0	1200	0	43%

TCAC Rent Schedule
Effective Date: April 1, 2018

AMI	Studio	1	2	3	4
30%	509	545	655	756	844
35%	594	636	764	882	984
40%	678	727	873	1,008	1,125
45%	763	818	982	1,134	1,265
50%	848	909	1,091	1,260	1,406
60%	1,018	1,091	1,310	1,512	1,688
DHS/MHSA					
DHS Standard	961		1,505	2,029	2,249
ACLA Standard	913		1,441	1,947	2,189
100%	1,696	1,818	2,182	2,520	2,812
U/A	**29**	**56**	**69**	**87**	**110**

Utility Allowance: HACoLA
Effective Date: 1-Dec-17

		1	2	3	4
Electric Water Heat	8	11	14	17	22
Electric Heating		11	14	18	25
Cooking Electric		6	7	9	11
Basic Electric	15	19	23	28	32
Air Con	6	9	11	15	20
	29	**56**	**69**	**87**	**110**

Rent Schedule	AMI	Sq. Feet	# of Units	Net Sq. Feet	Net Rent	Rent/Mo	Rental Subsidy	Subsidy/Mo	Annual Subsidy	Annual Rent
Studio	30%	400	0	-	$ 480	$ -	$ -	$ -	$ -	$ -
	35%	400	0	-	$ 565	$ -	$ -	$ -	$ -	$ -
	40%	400	0	-	$ 649	$ -	$ -	$ -	$ -	$ -
	45%	400	0	-	$ 734	$ -	$ -	$ -	$ -	$ -
	50%	400	0	-	$ 819	$ -	$ -	$ -	$ -	$ -
	60%	400	0	-	$ 989	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	400	0	-	$ 884	$ -	$ -	$ -	$ -	$ -
1 Bdrm	30%	450	0	-	$ 489	$ -	$ -	$ -	$ -	$ -
	35%	450	0	-	$ 580	$ -	$ -	$ -	$ -	$ -
	40%	450	0	-	$ 671	$ -	$ -	$ -	$ -	$ -
	45%	450	0	-	$ 762	$ -	$ -	$ -	$ -	$ -
	50%	450	0	-	$ 853	$ -	$ -	$ -	$ -	$ -
	60%	450	0	-	$ 1,035	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	450	0	-	$ (56)	$ -	$ -	$ -	$ -	$ -
2 Bdrm	30%	700	3	2,100	$ 586	$ 1,758				$ 21,096
	35%	700	0	-	$ 695	$ -				$ -
	40%	700	19	13,300	$ 804	$15,276				$ 183,312
	45%	700	0	-	$ 913	$ -				$ -
	50%	700	12	8,400	$ 1,022	$12,264				$ 147,168
	60%	700	0	-	$ 1,241	$ -				$ -
	HACLA Standard	700	0	-	$ 1,372	$ -				$ -
3 Bdrm	30%	1100	3	3,300	$ 669	$ 2,007				$ 24,084
	35%	1100	0	-	$ 795	$ -				$ -
	40%		0	-	$ 921	$ -				$ -
		0	0	-	$ 1,047	$ -				$ -
			12	-	$ 1,173	$14,076				$ 168,912
		0	0	-	$ 1,425	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	0	0	-	$ 1,860	$ -	$ -	$ -	$ -	$ -
4 Bdrm	30%	1200	0	-	$ 734	$ -	$ -	$ -	$ -	$ -
	35%	1200	0	-	$ 874	$ -	$ -	$ -	$ -	$ -
	40%	1200	0	-	$ 1,015	$ -	$ -	$ -	$ -	$ -
	45%	1200	0	-	$ 1,155	$ -	$ -	$ -	$ -	$ -
	50%	1200	0	-	$ 1,296	$ -	$ -	$ -	$ -	$ -
	60%	1200	0	-	$ 1,578	$ -	$ -	$ -	$ -	$ -
	HACLA Standard	1200	0	-	$ 2,079	$ -	$ -	$ -	$ -	$ -
Manager's Unit			1	1,100						
Net Rentable Area				22,750						
Common Area				7,488						
TOTAL			50	30,238					$ -	$ 544,572

Other Income				
Laundry	PUPM	$1.50	$	4,680
Other				

DATE: **5/27/19** 5/27/19
PROJECT NAME: **Community Land Trust** Community Land Trust
DEVELOPER: **LA County**
4% TCAC PROJECT

		Replace Reserves PUPA:	$	250	Social Service Coordination Fee	2,396
Total Units	50	Operating Expense PUPA:	$	(5,500)	# of units for above	24

	Inflation Factor		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RENT (Tenant Paid)																	
Resident Rent		2.5%	544,572	558,186	572,141	586,444	601,106	616,133	631,537	647,325	663,508	680,096	697,098	714,526	732,389	750,699	769,466
Subsidy Income-Sec 8		2.5%	-	-	-	-	-	-	-	-		-	-	-	-	-	-
Operating Subsidy - DHS Services		3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Rental Income			544,572	558,186	572,141	586,444	601,106	616,133	631,537	647,325	663,508	680,096	697,098	714,526	732,389	750,699	769,466
OTHER INCOME: Laundry		2.5%	4,680	4,797	4,917	5,040	5,166	5,295	5,427	5,563	5,702	5,845	5,991	6,141	6,294	6,451	6,613
GROSS INCOME			549,252	562,983	577,058	591,484	606,271	621,428	636,964	652,888	669,210	685,940	703,089	720,666	738,683	757,150	776,079
VACANCY LOSS																	
Resident		5.0%	$ (27,463)	(27,909)	(28,607)	(29,322)	(30,055)	(30,807)	(31,577)	(32,366)	(33,175)	(34,005)	(34,855)	(35,726)	(36,619)	(37,535)	(38,473)
Subsidy		5.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Vacancy Loss			$ (27,463)	$ (27,909)	$ (28,607)	$ (29,322)	$ (30,055)	$ (30,807)	$ (31,577)	$ (32,366)	$ (33,175)	$ (34,005)	$ (34,855)	$ (35,726)	$ (36,619)	$ (37,535)	$ (38,473)
EFFECTIVE GROSS INCOME	First D/T		521,789	535,074	548,451	562,162	576,216	590,622	605,387	620,522	636,035	651,936	668,234	684,940	702,063	719,615	737,605
Residential Operating Expenses		3.5%	$ (275,000)	(284,625)	(294,587)	(304,897)	(315,569)	(326,614)		(349,877)	(362,122)	(374,797)	(387,915)	(401,492)	(415,544)	(430,088)	(445,141)
HCID $135/Unit		0.0%	-	$ -	-	-	-	-		-	-	-	-	-	-	-	-
Supportive Services Coordination		3.5%	-	-	-	-	-	-		-	-	-	-	-	-	-	-
OPERATING EXPENSES			(275,000)	(284,625)	(294,587)	(304,897)	(315,569)	(326,614)		(349,877)	(362,122)	(374,797)	(387,915)	(401,492)	(415,544)	(430,088)	(445,141)
RESERVES																	
Replacement Reserve		0.0%	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)		-	-	-	-	-	-	-	-	-
Transition Reserve		0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserve Deposits			(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME			234,289	237,949	241,364	244,765	248,147	264,008	605,387	270,645	273,912	277,139	280,319	283,448	286,520	289,527	292,464
DEBT SERVICE																	
Debt Service		1.3	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)	$ (149,895)
HCD Debt Service		0.42%	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)	$ (63,095)
Total Debt Service			$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)	$ (212,990)
Debt Service Coverage, First			1.56	1.59	1.61	1.63	1.66	1.76	4.04	1.81	1.83	1.85	1.87	1.89	1.91	1.93	1.95
Combined DSCR			1.10	1.12	1.13	1.15	1.17	1.24	2.84	1.27	1.29	1.30	1.32	1.33	1.35	1.36	1.37
CASH FLOW			21,299	24,959	28,374	31,774	35,157	51,017	392,397	57,655	60,922	64,149	67,329	70,458	73,529	76,537	79,474
Partnership Management Fee		0.0%	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
AVAILABLE FOR DISTRIBUTIONS			11,299	14,959	18,374	21,774	25,157	41,017	382,397	47,655	50,922	54,149	57,329	60,458	63,529	66,537	69,474
Operating Reserve Contribution		0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Fee Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5/27/19
Community Land Trust

DATE: **5/27/19**
PROJECT NAME: **Community Land Trust**
DEVELOPER: **4% TCAC PROJECT**

TAX CREDIT EQUITY CACULATION AND SCORING

TAX CREDIT EQUITY CALCULATION						
Unadjusted Eligible Basis					$ 24,767,429.64	24,767,430
Deduct grant amounts						
Eligible Basis					$24,767,430	24,767,430
D3 Limits		2018	9% Basis	4% Basis	# of units	Basis
	Studio		196,718	222,602	0	0
	1 Bdrm		226,814	256,658	0	0
	2 Bdrm		273,600	309,600	34	10,526,400
	3 Bdrm		350,208	396,288	15	5,944,320
	4 Bdrm		390,154	441,490	0	0
	3 bdrm Mgr		273,600	309,600	1	309,600
	Total				50	16,780,320
BASIS BOOSTS						
20% prev wage						3,356,064
7% subterranean ¦ First D/T						0
2% day care						0
2% spec needs (100%)						0
4% green						335,606
15% seismic/remediation						0
7% for energy efficiency						503,410
10% Elevator						1,678,032
Development/Impact Fee						570,000
Plus 1% basis adjustment per 1% of units income targeted to 50-36% AMI (4% only)						14,431,075
Plus 2% basis adjustment per 1% of units income targeted to <=35% AMI (4% only)						4,027,277
	TOTAL ELIGIBLE BASIS					41,681,784

		New Construction	Acquisition	Historic
Allowable Basis (lesser of eligible or adjusted basis limit)		16,780,320	0	0
LESS INELIGIBLE AMOUNTS		-	$ -	$ -
Less Voluntary Reduction	0%	-		
Total Requested Unadjusted Eligible Basis		16,780,320	0	0
DDA/QCT		130%	130%	0%
Total Adjusted Eligible Basis		21,814,416	0	0
Applicable Fraction	100%	100%	100%	100%
Qualified Basis		21,814,416	0	0
Total Qualified Basis		21,814,416	0	0
Total Credit Reduction	0%	0	0	0
TOTAL Adjusted Qualified Basis		21,814,416	0	0
Applicable Percentage		3.29%	3.20%	20.00%
Annual Federal Credit		717,694	-	-
Equity Factor		0.95	1.00	0.90
Total Equity		6,818,096	0	0
High Cost Calculation (DO NOT EXCEED 130%)		59%		

Total Land and Basis		24,767,430
Funded by Bonds	2,083,438	22,600,599
Commercial	-	
% Basis funded by $	24,767,430	91%

Cost Efficiency/Credit Reduction/Public Funds Max 20 points			
Cost Efficiency			
Adjusted Threshold Basis Limits			41,681,784
Total Eligible Basis			24,767,430
Difference in Threshold Basis Limits			16,914,354
% Below Adjusted Threshold Basis Limits			41%
Credit Reduction (1 point/full% qualified basis is reduced)			
Total Qualified Basis			21,814,416
Credit Percent Reduction			0%
Total Qualified Basis Reduction			-
Project's Total Adjusted Qualified Basis			21,814,416

9% LIHTC Competitiveness Factors		
		25%
		11%
		#REF!
	0%	
		34%

		$	21,814,416
applicable percentage			3.29%
Subtotal Annual Federal Credit		$	717,694.29
Total Project Cost		$	25,725,240
Less Permanent Financing		$	17,596,210
Funding Gap		$	8,129,030
Federal Tax Credit Factor		$	0.95
Total Credits Necessary for Feasibility		$	8,556,874
Max. Annual Credit		$	717,694
Equity Raised from Federal Credit		$	6,818,096
Remaining Funding Gap		$	(1,310,934)
State Credit Determination			
Adjusted Qualifed Basis NC/Rehab			0
Factor Amount (Fed Subsidized 13% o/w 30%)			30%
Max State Credit			-
Minimum State Credit Necessar	0.6	$	-
State Credit Necessary for Feasibility		$	-
Max State Credit			-
Equity Raised from State Credit			-
Remaining Funding Gap		$	-
Historic Credits	0.2		
Qualified Rehabilitation Expend	16,780,320		
Credits	3,356,064		
Investor	0.9999		
Price Per Credit	0.9		
Equity	3,020,156		

Santa Monica – Preservation of Existing Housing

SMALL MULTIFAMILY (5-25 UNITS)

Assumptions						
Per Unit Cost	$448,107					
CDFI interest rate	6.25%					
Operatin Expense Per Unit Per Year	$4,400					
Loan to Value Ratio	80%					
Debt Service Coverage Ratio	1.1					
Units/building	15					
Rehab Cost Hard + Soft Cost Per Unit	$ 40,000					
Income Level	30%	50%	80%	LA County Median*	100% AMI	120%
Income	$25,825	$43,042	$68,867	$69,300	$86,084	$103,301
Annual Per Unit Rent (30% of Income)	$7,748	$12,913	$20,660	$20,790	$25,825	$30,990
Annua Building Rent (15 units)	$116,213	$193,689	$309,902	$311,850	$387,378	$464,854
Less Vacancy (10%)	($11,621)	($19,369)	($30,990)	($31,185)	($38,738)	($46,485)
Operating Expenses	($66,000)	($66,000)	($66,000)	($66,000)	($66,000)	($66,000)
Net Operating Income	$38,592	$108,320	$212,912	$214,665	$282,640	$352,368
Debt Service	($35,084)	($98,473)	($193,557)	($195,150)	($256,946)	($320,335)
Cash Flow	$3,508	$9,847	$19,356	$19,515	$25,695	$32,033
Building Value	$6,721,605	$6,721,605	$6,721,605	$6,721,605	$6,721,605	$6,721,605
Rehabilitation Cost	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000
Total Cost (Rehab + Acquisition)	$7,321,605	$7,321,605	$7,321,605	$7,321,605	$7,321,605	$7,321,605
Total Cost (Rehab + Acquisition) Per U	$488,107	$488,107	$488,107	$488,107	$488,107	$488,107
Supportable Loan Amount (DSCR)	$474,835	$1,332,766	$2,619,662	$2,641,229	$3,477,593	$4,335,523
Equity/Subsidy Needed	($6,846,770)	($5,988,839)	($4,701,943)	($4,680,376)	($3,844,012)	($2,986,082)
Supportable Loan Amount Per Unit	$31,656	$88,851	$174,644	$176,082	$231,840	$289,035
Equity/Subsidy Needed Per Unit	($456,451)	($399,256)	($313,463)	($312,025)	($256,267)	($199,072)

SINGLE FAMILY HOME (OWNERSHIP)

Assumptions:						
Front End Ratio*	30%					
Property Tax Rate	1.00%					
Santa Monica Single Family Home Price	$3,288,599					
Santa Monica Median Income	$86,084					
Annual Repairs	$1,200					
Insurance	$1,360					
CLT Fee	$240					
Area Median Income	50%	60%	80%	LA County Median	100% AMI	120%
Annual Income	$43,042.00	$51,650.40	$68,867.20	$69,300	$86,084	$103,300.80
Annual Supportable Housing Costs (28% of Income):	$12,913	$15,495	$20,660	$20,790	$25,825	$30,990
Repairs	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)
Taxes	($32,886)	($32,886)	($32,886)	($32,886)	($32,886)	($32,886)
Insurance	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)
CLT Fee	($240)	($240)	($240)	($240)	($240)	($240)
Total Operating Expenses	($35,686)	($35,686)	($35,686)	($35,686)	($35,686)	($35,686)
Annual Disposable Income	($22,773)	($20,191)	($15,026)	($14,896)	($9,861)	($4,696)
Monthly Mortgage Payment	($1,898)	($1,683)	($1,252.15)			
Mortgage supportable with 28% of income:	($316,534)	($280,639)	($208,849)			

SINGLE FAMILY HOME (RENTAL)

			50%	60%	80%	LA County Median*	100% AMI	120%
Santa Monica AMI	$86,084	Rent Level	50%	60%	80%	LA County Median*	100% AMI	120%
LA County	$69,300	Income	$43,042	$51,650.40	$68,867	$69,300	$86,084	$103,301
		Annual Per Unit Rent (30% of Income)	$12,913	$15,495	$20,660	$20,790	$25,825	$30,990
Tax Rate	1%							
Annual Repairs	$1,200	Maintenance	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)
Insurance	$1,360	Taxes	$0	$0	$0	($32,886)	($32,886)	($32,886)
CLT Fee	$240	Insurance	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)
		CLT Fee	($240)	($240)	($240)	($240)	($240)	($240)
Santa Monica Home Price	$3,288,599	Operational Cost Total	($2,800)	($2,800)	($2,800)	($35,686)	($35,686)	($35,686)
Rehab Cost	$50,000							
Capitalized Op Reserves	**($12,645)**	NOI	$ 10,113	$ 12,695	$ 17,860	$ (14,896)	$ (9,861)	$ (4,696)
Total Cost:	$3,325,954	Mortgage Payment	$ (9,193.27)	$ (11,541.02)	$ (16,236.51)	$ -	$ -	$ -
DSCR	1.1	Supportable Mortgage	$ 151,200	$ 189,812	$ 267,038	$ -	$ -	$ -
Interest Rate	4.50%	Total Cost:	$ 3,325,954	$ 3,325,954	$ 3,325,954			
		Financing Gap:	$ (3,174,754)	$ (3,136,141)	$ (3,058,915)	$ -	$ -	$ -

South Los Angeles – Preservation of Existing Housing

SMALL MULTIFAMILY (5-25 UNITS)

Assumptions		Rent Level	30%	50%	80%	100% AMI	120%	LA County Median*
Per Unit Cost South LA	$155,672	Income	$10,195	$16,992	$27,186	$33,983	$40,780	$69,300
CDFI interest rate	6.25%	Annual Per Unit Rent (30% of Income)	$3,058	$5,097	$8,156	$10,195	$12,234	$20,790
Operatin Expense Per Unit Per Year	$4,400							
Loan to Value Ratio	80%							
Debt Service Coverage Ratio	1.1	Annua Building Rent (15 units)	$45,877	$76,462	$122,339	$152,924	$183,508	$311,850
Units/building	15	Less Vacancy (10%)	($4,588)	($7,646)	($12,234)	($15,292)	($18,351)	($31,185)
Rehab Cost Hard + Soft Cost Per Unit	$ 40,000	Operating Expenses	($66,000)	($66,000)	($66,000)	($66,000)	($66,000)	($66,000)
South LA Median Income	$33,983							
		Net Operating Income	($24,711)	$2,816	$44,105	$71,631	$99,157	$214,665
		Debt Service	$0	($2,560)	($40,095)	($65,119)	($90,143)	($195,150)
		Cash Flow	0	$256	$4,010	$6,512	$9,014	$19,515
		Building Value	$2,335,080	$2,335,080	$2,335,080	$2,335,080	$2,335,080	$2,335,080
		Rehabilitation Cost	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000
		Total Cost (Rehab + Acquisition)	$2,935,080	$2,935,080	$2,935,080	$2,935,080	$2,935,080	$2,935,080
		Per Unit Cost	$195,672	$195,672	$195,672	$195,672	$195,672	$195,672
		Supportable Loan Amount (DSCR)	$0	$34,643	$542,665	$881,347	$1,220,028	$2,641,229
		Supportable Loan Amount per unit	$0	$2,310	$36,178	$58,756	$81,335	$176,081.92
		Equity/Subsidy Needed	**$2,935,080**	**$2,900,437**	**$2,392,415**	**$2,053,733**	**$1,715,052**	**$293,851**
		Equity/Subsidy Needed Per Unit	**$195,672**	**$193,362**	**$159,494**	**$136,916**	**$114,337**	**$19,590**

SINGLE FAMILY HOME (OWNERSHIP)

Assumptions:							
Front End Ratio*	30%						
Property Tax Rate	1.00%						
South LA Median Income	$33,983						
Annual Repairs	$1,200						
Insurance	$1,360						
CLT Fee	$240						
South LA Single Family Home Price	$407,712						
Rehabilitation Costs	$50,000						
Total Costs	**$457,712**						
Area Median Income		30%	50%	80%	100% AMI	120%	LA County Median*
Annual Income		$10,195	$16,992	$27,186	$33,983	$40,779.60	$69,300
Annual Supportable Housing Costs (30% of Income):		$3,058.47	$5,097	$8,156	$10,195	$12,234	$20,790
Repairs		($1,200)	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)
Taxes		($30)	($300)	($840)	($900)	($1,100)	($2,150)
Insurance		($1,360)	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)
CLT Fee		($240)	($240)	($240)	($240)	($240)	($240)
Total Operating Expenses		($2,830)	($3,100)	($3,640)	($3,700)	($3,900)	($4,950)
Annual Disposable Income		$228	$1,997	$4,516	$6,495	$8,334	$15,840
Monthly Mortgage Payment		$19	$166	$376	$541	$694	$1,320
Mortgage supportable with 28% of income:		$3,176	$27,763	$62,768	$90,275	$115,835	$220,165
Total Cost (Acquisition + Rehabilitation)		$457,712	$457,712	$457,712	$457,712	$457,712	$457,712
Funding Gap		($454,536)	($429,949)	($394,944)	($367,437)	($341,877)	($237,547)

SINGLE FAMILY HOME (RENTAL)

South LA AMI	$33,983		Rent Level	30%	50%	80%	100% AMI	120%	LA County Median*
LA County	$69,300		Income	$10,194.90	$16,991.50	$27,186.40	$33,983	$40,779.60	$69,300
			Annual Per Unit Rent (30% of Income)	$3,058	$5,097	$8,156	$10,195	$12,234	$20,790
Tax Rate	1%								
Annual Repairs	$1,200		Maintenance	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)
Insurance	$1,360		Taxes	$0	$0	$0	($4,077)	($4,077)	($4,077)
CLT Fee	$240		Insurance	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)
			CLT Fee	($240)	($240)	($240)	($240)	($240)	($240)
South LA Home Price	$407,712		Operational Cost Total	($2,800)	($2,800)	($2,800)	($6,877)	($6,877)	($6,877)
Rehab Cost	$50,000								
Capitalized Op Reserves	$1,759		NOI	$ 258	$ 2,297	$ 5,356	$ 3,318	$ 5,357	$ 13,913
Total Cost:	$459,471		Mortgage Payment	$ (235)	$ (2,089)	$ (4,869)	$ (3,016)	$ (4,870)	$ (12,648)
DSCR	1.1		Supportable Mortgage	$ 3,865	$ 34,351	$ 80,080	$ 49,608	$ 80,092	$ 208,020
Interest Rate	4.50%		Total Cost:	$ 459,471	$ 459,471	$ 459,471	$ 459,471	$ 459,471	$ 459,471
			Financing Gap:	$ (455,606)	$ (425,120)	$ (379,391)	$ (409,863)	$ (379,379)	$ (251,451)

Unincorporated East Los Angeles - Preservation of Existing Housing

SMALL MULTIFAMILY (5-25 UNITS)

Assumptions			Total Building Value	$2,635,065		
Per Unit Cost	$175,671					
CDFI interest rate	6.25%		Max DSCR Loan Value			
Monthly Rent/Unit	$1,000		Max DSCR Payment			
Operatin Expense Per Unit Per Year	$4,400					
Loan to Value Ratio	80%		Equity Needed			
Debt Service Coverage Ratio	1.1		Equity Need Per Unit			
Units/building	15					
Rehab Cost Hard + Soft Cost Per Unit	$ 40,000		Total Rehab Cost	$600,000		
Affordable Per Unit Rent (50% AMI)	$ 804					
East LA Median Income	$42,544		Total Subsidy Per Unit	$40,000.00		
Rent Level	30%	50%	80%	100% AMI	120%	LA County Median*
Income	$12,763	$21,272	$34,035	$42,544	$51,053	$69,300
Annual Per Unit Rent (30% of Income)	$3,829	$6,382	$10,211	$12,763	$15,316	$20,790
Annua Building Rent (15 units)	$57,434	$95,724	$153,158	$191,448	$229,738	$311,850
Less Vacancy (10%)	($5,743)	($9,572)	($15,316)	($19,145)	($22,974)	($31,185)
Operating Expenses	($66,000)	($66,000)	($66,000)	($66,000)	($66,000)	($66,000)
Net Operating Income	($14,309)	$20,152	$71,843	$106,303	$140,764	$214,665
Debt Service	$0	($25,190)	($89,803)	($132,879)	($175,955)	($268,331)
Cash Flow	0	($5,038)	($17,961)	($26,576)	($35,191)	($53,666)
Building Value	$2,635,065	$2,635,065	$2,635,065	$2,635,065	$2,635,065	$2,635,065
Rehabilitation Cost	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000
Total Cost (Rehab + Acquisition)	$3,235,065	$3,235,065	$3,235,065	$3,235,065	$3,235,065	$3,235,065
Per Unit Cost	$215,671	$215,671	$215,671	$215,671	$215,671	$215,671
Supportable Loan Amount (DSCR)	$0	$340,924	$1,215,428	$1,798,431	$2,381,434	$3,631,690
Supportable Loan Amount per unit	$0	$22,728	$81,029	$119,895	$158,762	$242,113
Equity/Subsidy Needed	**$3,235,065**	**$2,894,141**	**$2,019,637**	**$1,436,634**	**$853,631**	**($396,625)**
Equity/Subsidy Needed Per Unit	**$215,671**	**$192,943**	**$134,642**	**$95,776**	**$56,909**	**($26,442)**

SINGLE FAMILY HOME (OWNERSHIP)

Assumptions:							
Front End Ratio	30%						
LA Median Income	$69,300						
Tax Rate	1.00%						
Single Family Home Price	$486,000						
Rehab Cost	$50,000						
East LA Median Income	$42,544						
Total Cost:	$536,000						
		50% of AMI	**80% of AMI**	**100% of AMI**			
Annual Income		$34,650	$55,440	$69,300			
Supportable Housing Costs (28% of Income):		$10,395	$16,632	$20,790			
Repairs		$1,199	$1,200	$1,201			
Taxes		$4,860	$4,860	$4,860			
Insurance		$1,360	$1,360	$1,360			
CLT Fee		$240	$240	$240			
Total Operating Expenses		$7,659	$7,660	$7,661			
Annual Disposable Income		$2,736	$8,972	$13,129			
Monthly Mortgage Payment		$228	$748	$1,094.08			
Mortgage supportable with 28% of income:		$38,028	$124,705	$182,484			
Area Median Income		30%	50%	80%	100% AMI	120%	LA County Median*
Annual Income		$12,763	$21,272	$34,035	$42,544	$51,053	$69,300
Annual Supportable Housing Costs (30% of Income):		$3,828.96	$6,382	$10,211	$12,763	$15,316	$20,790
Repairs		$1,199	$1,199	$1,199	$1,199	$1,199	$1,199
Taxes		$100	$400	$950	$1,200	$1,500	$2,200
Insurance		$1,360	$1,360	$1,360	$1,360	$1,360	$1,360
CLT Fee		$240	$240	$240	$240	$240	$240
Total Operating Expenses		($2,899)	($3,199)	($3,749)	($3,999)	($4,299)	($4,999)
Annual Disposable Income		$930	$3,183	$6,462	$8,764	$11,017	$15,791
Monthly Mortgage Payment		$77.50	$265	$538	$730	$918	$1,316
Mortgage supportable with 30% of income:		$12,926	$44,236	$89,811	$121,816	$153,126	$219,484
Total Cost (Acquisition + Rehabilitation)		$536,000	$536,000	$536,000	$536,000	$536,000	$536,000
Funding Gap		($523,074)	($491,764)	($446,189)	($414,184)	($382,874)	($316,516)

SINGLE FAMILY HOME (RENTAL)

East LA AMI	$42,544		Rent Level	30%	50%	80%	100% AMI	120%	LA County Median*
LA County	$69,300		Income	$12,763.20	$21,272.00	$34,035.20	$42,544	$51,052.80	$69,300
			Annual Per Unit Rent (30% of Income)	$3,829	$6,382	$10,211	$12,763	$15,316	$20,790
Tax Rate	1%								
Annual Repairs	$1,200		Maintenance	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)	($1,200)
Insurance	$1,360		Taxes	$0	$0	$0	($4,860)	($4,860)	($4,860)
CLT Fee	$240		Insurance	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)	($1,360)
			CLT Fee	($240)	($240)	($240)	($240)	($240)	($240)
East LA Home Price	$486,000		Operational Cost Total	($2,800)	($2,800)	($2,800)	($7,660)	($7,660)	($7,660)
Rehab Cost	$50,000								
Capitalized Op Reserves	$1,368		NOI	$ 1,029	$ 3,582	$ 7,411	$ 5,103	$ 7,656	$ 13,130
Total Cost:	$537,368		Mortgage Payment	$ (935)	$ (3,256)	$ (6,737)	$ (4,639)	$ (6,960)	$ (11,936)
DSCR	1.1		Supportable Mortgage	$ 15,385	$ 53,551	$ 110,800	$ 76,301	$ 114,467	$ 196,315
Interest Rate	4.50%		Total Cost:	$ 537,368	$ 537,368	$ 537,368	$ 537,368	$ 537,368	$ 537,368
			Financing Gap:	$ (521,983)	$ (483,817)	$ (426,568)	$ (461,066)	$ (422,900)	$ (341,053)