Order 105-17/18
Passage: 8-0 (Thibodeau absent) on 11/20/2017 Effective 11/30/2017

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
BRIAN E. BATSON (3)
JUSTIN COSTA (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
PIOUS ALI (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

ORDER APPROVING AND AUTHORIZING THE CITY MANAGER TO ENTER INTO THE DEERING PLACE CREDIT ENHANCEMENT AGREEMENT WITH AVESTA DEERING PLACE LP

ORDERED, that the credit enhancement agreement between the City of Portland and Avesta Deering Place LP related to the Deering Place Affordable Housing Tax Increment Financing District is hereby approved and the City Manager is authorized to sign the agreement in substantially the form attached hereto and any other related documents that are necessary or convenient to carry out the intent of said agreement.

CREDIT ENHANCEMENT AGREEMENT

This Credit Enhancement Agreement, dated as of November _____, 2017, between the City of Portland, Maine, a municipal body corporate and politic and a political subdivision of the State of Maine (the "City"), and Avesta Deering Place LP, a Maine limited partnership (the "Developer").

W I T N E S S E T H T H A T

WHEREAS, the City designated the Deering Place Affordable Housing Development District (the "District") pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, by vote of the City Council at a meeting held on November 20, 2017 and pursuant to the same City Council Meeting action adopted a development program and financial plan for the District (the "Development Program"), and

WHEREAS, the Director of the Maine State Housing Authority has reviewed and approved the District and the Development Program, and

WHEREAS, the Development Program contemplates the execution and delivery of a credit enhancement agreement between the City and the Developer and the City approved the execution and delivery of a credit enhancement agreement as described in the Development Program pursuant to such City Council Meeting approval and a resolution of the Municipal Officers, adopted November 20, 2017 by vote of the City Council and the City and the Developer desire and intend that this Credit Enhancement Agreement be and constitute the Credit Enhancement Agreement contemplated by and described in the Development Program;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

ARTICLE I: DEFINITIONS

Section 1.1. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise:

"Affordable Housing Development Program Fund" means the Affordable Housing Development Program Fund described in Article III of the Development Program and established and maintained pursuant to Article II hereof.

"Agreement" means this Credit Enhancement Agreement between the City and the Developer.

"Captured Assessed Value" means the amount, stated as percentages or stated sums, of the Increased Assessed Value that is utilized from year to year to finance the Capital Program and Public Improvements described in the Development Program; the Captured Assessed Value of the District shall be 65% of the Increased Assessed Value.

"City" means the City of Portland, Maine, a municipality duly organized and existing under the laws of the State of Maine, its successors and assigns.

"Current Assessed Value" means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the District remains in effect.

"Developer" means Avesta Deering Place LP, its successors and assigns.

"Development Program" means the Development Program for the District as adopted by the City at a meeting of the City Council held on November 20, 2017.

"District" means the Deering Place Affordable Housing Development District designated by the City pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, by vote of its City Council at a meeting held on August 3, 2015.

"Financial Plan" means the financial plan described in Article III of the Development Program.

"Fiscal Year" means July 1 to June 30 each year or such other fiscal year as the City may establish.

"Increased Assessed Value" means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the District. If the Current Assessed Value is equal to or less than the Original Assessed Value, there is no Increased Assessed Value.

"Original Assessed Value" means the assessed value of the District as of March 31, 2017, which amount was zero Dollars ($0.00).

"Project" means the design, planning, development, acquisition, construction, financing and installation of the Development Program as described in Section 2.03 of said Development Program.

"Project Costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5249 of title 30-A of the Maine Revised Statutes and included in the Development Program.

"Project Cost Account" means the Developer's Project Cost Account described in Article III of the Development Program and established and maintained pursuant to Article II of this Agreement.

"Property Taxes" means any and all ad valorem property taxes levied, charged or assessed against real estate in the District by the City or on its behalf.

"Qualified Investments" means any and all securities, obligations or accounts in which municipalities may invest their funds under applicable Maine law.

"Tax Increment" means all Property Taxes assessed by the City, in excess of any state, county or special district tax, upon the Increased Assessed Value of all property in the District.

"Tax Increment Revenues (Developer's Share)" means that percentage of the Tax Increment with respect to real estate now or hereafter located in the District retained pursuant to the terms of the Development Program to pay Project Costs of the Capital Program, and which amount is to be deposited each year during the term of this Agreement in the Developer's Project Cost Account to fund payments to the Developer due pursuant to this Agreement. The Tax Increment Revenues (Developer's Share) is seventy-five percent (75%). The Tax Increment Revenues (Developer's Share) will be calculated each year as more particularly described herein and in Exhibit A of the Development Program and will be based on the Increased Assessed Value of the District which percentage or amount shall be captured and retained to pay to the Developer the costs of the Capital Program described in the Development Program.

"Tax Shift" means the sum of the following amounts as calculated under the Tax Shift Formulas, as hereafter defined: (a) the difference between (i) the county tax payable by the City if the Captured

Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of County Tax were included in the City's valuation in calculating the county tax, and (ii) the county tax payable by the City to the extent that the Captured Assessed Value is excluded from the City's valuation in calculating the county tax; plus (b) the difference between (i) the State aid to education that would be received by the City if the Captured Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of State aid to education were included in the City's valuation in calculating State aid to education, and (ii) the State aid to education that received by the City to the extent that the Captured Assessed Value is excluded from the City's valuation in calculating such amounts of State aid to education; plus (c) the difference between (i) the State revenue sharing that would be received by the City if the Captured Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of State revenue sharing were included in the City's valuation in calculating the amount of State revenue sharing, and (ii) the State revenue sharing received each year to the extent that the Captured Assessed Value is excluded in the City's valuation in calculating such amounts of revenue sharing. Examples of the calculation of the estimated Tax Shifts based on the current Tax Shift Formulas are attached as Exhibit F to the Development Program.

"Tax Shift Formulas" means the formulas utilized by the State of Maine in calculating (a) the county tax payable in accordance with 30-A M.R.S.A. § 706 and 36 M.R.S.A. §§ 305(1), 381, as amended, and any successor provisions; (b) the municipal revenue sharing distribution of the Local Government Fund in accordance with 30-A M.R.S.A. §5681, as amended, and any successor provision, provided, however, that distribution of the Disproportionate Tax Burden Fund (the Revenue II fund), if any, shall not be taken into consideration in such calculation since taxes assessed on captured value within a tax increment financing district are included in the amounts of the property assessed in determining allocations of such Disproportionate Tax Burden Fund; and (c) State aid to education, including aid for total operating costs, total program cost allocation (taking into account the maximum local share or circuit breaker) and total debt service cost allocation (taking into account the maximum local share or circuit breaker), but not taking into account any hold harmless or hardship cushion that results in additional State aid to education to the prior year's level even through the calculation would have resulted in a reduction, all as computed in accordance with Maine Department of Education Form ED 261 or any successor form.

"Tax Payment Date" means the date(s) on which Property Taxes levied by the City are due and payable from owners of property located within the City.

Section 1.2. Interpretation and Construction. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" means after, and the term "heretofore" means before the date of delivery of this Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), limited liability companies, trusts, corporations and other legal entities, including public or governmental bodies, as well as any natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(e) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time. All approvals, consents and acceptances required to be given or made by any signatory hereto shall not be withheld unreasonably.

(f) If any clause, provision, Article or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, Article or Section shall not affect any of the remaining provisions hereof.

ARTICLE II: DEVELOPER'S PROJECT COST ACCOUNT OF THE AFFORDABLE HOUSING DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of Developer's Project Cost Account of the Affordable Housing Development Program Fund. The City hereby confirms the creation and establishment of (a) the Deering Place Affordable Housing Development District Affordable Housing Development Program Fund; and (b) a segregated fund in the name of the City designated as the "Deering Place Affordable Housing Development District Developer's Project Cost Account of the Affordable Housing Development Program Fund" (the "Developer's Project Cost Account") pursuant to, and in accordance with the terms and conditions of the Development Program. The Affordable Housing Development Program Fund shall consist of the Developer's Project Cost Account as described in the Development Program.

Section 2.2. Deposits into Developer's Project Cost Account of the Affordable Housing Development Program Fund. The City shall deposit into the Developer's Project Cost Account contemporaneously with each payment of Property Tax by owners of property in District during the term of the District an amount equal to that portion thereof constituting the Tax Increment Revenues (Developer's Share) for the period or year to which the payment relates and shall allocate the amount so deposited to fund fully and pay the payments due to Developer under Article III of this Agreement.

Section 2.3. Use of Monies in Developer's Project Cost Account of the Affordable Housing Development Program Fund. Monies deposited in the Developer's Project Cost Account shall be used and applied exclusively to fund the City's payment obligation described in Article III hereof.

Section 2.4. Monies Held in Trust. All monies required to be deposited with or paid into the Developer's Project Cost Account to fund payments of the Developer under the provisions hereof and the provisions of the Development Program, shall be held by the City in trust, for the benefit of the Developer.

Section 2.5. Investments. The monies in the Developer's Project Cost Account shall be invested and reinvested in Qualified Investments as determined by the City. The City shall have discretion regarding the investment of such monies, provided such monies are invested in Qualified Investments. As and when any amounts thus invested may be needed for disbursements, the City shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such account. The City shall have the sole and exclusive right to designate the investments to be sold and to otherwise direct the sale or conversion to cash of investments made with monies in the Developer's Project Cost Account.

Section 2.6. Liens. The City shall not hypothecate or grant or create any liens, security interests, encumbrances, or other interests of any nature whatsoever, with respect to the Developer's Project Cost Account or any funds therein, other than the interest granted to the Developer hereunder in and to the amounts on deposit therein.

ARTICLE III: PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments. (a) The term of this Agreement shall be for the period beginning on the effective date of the approval of the District by the Director of the Maine State Housing Authority and continuing for thirty (30) years as described below. The City agrees to pay to the Developer within 30 days of the end of each fiscal year (ends June 30 each year) this Agreement is in effect payments equal to the Tax Increment Revenues (Developer's Share) beginning with the designation and approval of the District by the Director of the Maine State Housing Authority, that being the City Fiscal Year beginning July 1, 2018 and ending June 30, 2019 (FY19) and continuing with each Fiscal Year of the City thereafter through and including June 30, 2048 (FY48). The City shall make all such payments of the Tax Increment Revenues (Developer's Share) to the Developer, its successors and assigns according to Exhibit A of the Development Program, based upon the corresponding fiscal year's projected allocation percentage for each payment. The Developer's share will be 100% of the captured revenue (based on 75% of the value captured) as indicated on Exhibit A. The obligation of the City to make such payments shall be a limited obligation payable solely from that portion of the Tax Increment Revenues (Developer's Share) payable to the Developer hereunder, whether or not actually deposited into the Developer's Project Cost Account, and shall not constitute a general debt or obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine or any political subdivision thereof.

(b) If, with respect to any Tax Payment Date, the owner or owners of property in the District fail(s) to pay any portion of the Property Taxes assessed by the City, because of a valuation dispute or otherwise, the Property Taxes actually paid with respect to such Tax Payment Date shall first be applied to taxes due on account of the Original Assessed Value and second shall constitute Tax Increment Revenues.

(c) Annually, Developer will provide operating cash flow statements as back-up documentation of Projects Costs for its TIF payments, which documentation will be kept confidential by the City.

(d) Prior to receiving the first payment under this Agreement, Developer must provide evidence reasonably satisfactory to the City to demonstrate that the Project was designed, constructed and/or rehabilitated in accordance with City's Green Building Code set forth in the City's Code of Ordinances Chapter 6 Article VII.

(e) During the course of construction of the Project, Developer must provide documentation in a form reasonably satisfactory to the City, which demonstrates that any firms employed in the construction phase of the Project have compensated their employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or the City's Code of Ordinances Chapter 33, §33-1 to §33-12.

Section 3.2. Completion of Development Program. Prior to receiving the first payment under this Agreement, Developer shall provide evidence reasonably satisfactory to the City of the Company's ability to complete the Project in accordance with State law. Reasonably satisfactory evidence shall include the Company's having closed on the financing for the Project.

Section 3.3. Failure to Make Payment. In the event the City should fail to, or be unable to, make any of the payments required under Section 3.1 hereof, the item or installment so unpaid shall continue from year-to-year, as a limited obligation of the City, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid and the City agrees to pay the same with interest thereon at the rate equal to the interest rate per annum payable by owners of property in the City on Property Taxes that are not paid when due, but only from Tax Increment Revenues (Developer's Share) paid to the City by the Developer from time to time, and any earnings thereon, whether or not deposited into the Developer's Project Cost Account of the Affordable Housing Development Program Fund. Payments shall be applied first against accrued interest and then against principal. The Developer shall have the right to initiate and maintain an action to specifically enforce the City's obligations hereunder, including without limitation, the City's obligation to deposit all Tax Increment Revenues (Developer's Share) to the Developer's Project Cost Account and its obligation to make payments to the Developer.

Section 3.4. Manner of Payments. The payments provided for in this Article III shall be paid in immediately available funds directly to the Developer in the manner provided hereinabove for its own use and benefit, for qualified Project Costs.

Section 3.5. Obligations Unconditional. The obligations of the City to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Developer. The City shall not suspend or discontinue any such payment or terminate this Agreement for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration or frustration of purpose or any damage to or destruction of the Project or any change in the tax or other laws of the United States, the State of Maine or any political subdivision of either thereof.

Section 3.6. Limited Obligation. The City's obligations of payment hereunder shall be limited obligations of the City payable solely from monies on deposit in the Developer's Project Cost Account, and any earnings thereon, pledged therefor under this Agreement. The City's obligations hereunder shall not constitute a general debt or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from that portion of the Tax Increment Revenues (Developer's Share) payable to the Developer hereunder, and any earnings thereon, whether or not actually deposited into the Developer's Project Cost Account. This Agreement shall not directly or indirectly or contingently obligate the City, the State of Maine, or any other municipality or political subdivision to levy or to pledge any form of taxation or to levy or to make any appropriation for their payment, excepting the City's obligation to levy Property Taxes upon the property in the District and the pledge of the Tax Increment Revenues (Developer's Share), and earnings thereon, established under this Agreement.

ARTICLE IV: PLEDGE AND SECURITY INTEREST

Section 4.1. Pledge of Developer's Project Cost Account. In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to the Developer by the City, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the City's covenants and agreements contained herein, the City does hereby grant a security interest in and pledge to the Developer the Developer's Project Cost Account to the extent of Developer's Rights under this Agreement to receive funds from the Developer's Project Cost Account and all sums of money and other securities and investments now or hereafter therein.

Section 4.2. Perfection of Interest. The City authorizes the Developer to file and, if necessary, shall cooperate with the Developer in causing appropriate financing statements and continuation statements naming the Developer as pledgee of all amounts from time to time on deposit in the Developer's Project Cost Account to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created hereunder. To the extent deemed necessary by the

Developer, the City will at such time and from time to time as requested by Developer establish the Developer's Project Cost Account as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect Developer's interest therein.

Section 4.3. Further Instruments. The City shall, upon the reasonable request of the Developer, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement; provided, however, that no such instruments or actions shall pledge the credit of the City.

Section 4.4. No Disposition of Developer's Project Cost Account. Except as permitted hereunder, the City shall not sell, lease, pledge, grant a security interest in, assign or otherwise dispose, encumber or hypothecate any interest in the Developer's Project Cost Account and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part hereof not permitted hereby.

Section 4.5. Access to Books and Records. All books, records and documents in the possession of the City relating to the District, the Development Program, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Developer's Project Cost Account shall at all reasonable times be open to inspection by the Developer, its agents, lenders, designees and employees.

ARTICLE V: DEFAULTS AND REMEDIES

Section 5.1. Events of Default. Each of the following events shall constitute and be referred to in this Agreement as an "Event of Default:"

(a) any failure by the City to pay any amounts due to Developer when the same shall become due and payable;

(b) any failure by the City to make deposits into the Affordable Housing Development Program Fund or the Developer's Project Cost Account as and when due;

(c) any failure by the City or the Developer to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the City or the Developer to be observed or performed, provided, however, that failure of Developer or any other owner of property in the District to pay Property Taxes when due shall not constitute an event of default hereunder; or

(d) if a decree or order of a court or agency or supervisory authority having jurisdiction in the premises of the appointment of a conservator or receiver or liquidator of, any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding up or liquidation of the City's affairs shall have been entered against the City or the City shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the City or of or relating to all or substantially all of its property, including without limitation, the filing of a voluntary petition in bankruptcy by the City or the failure by the City to have a petition in bankruptcy dismissed within a period of ninety (90) consecutive days following its filing or in the event an order for release has been entered under the Bankruptcy Code with respect to the City.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 hereof shall have occurred and be continuing, the non-defaulting party may take any one or more of the following remedial steps: (a) the non-defaulting party may take whatever action at law or at equity as may appear necessary or desirable to collect any amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the non-defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder; and (b) the Developer shall also have the right to exercise any rights and remedies available to a secured party under the laws of the State of Maine.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. Delay or omission to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon the occurrence of an Event of Default shall not impair any relinquishment for the future of the rights to insist upon and to enforce, from time to time and as often as may be deemed expedient, by injunction or other appropriate legal or equitable remedy, strict compliance by the City with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such Event of Default be continued or repeated.

Section 5.4. Agreement to Pay Attorneys' Fees and Expenses. Notwithstanding the application of any other provision hereof, in the event any party should default under any of the provisions of this Agreement and the non-defaulting party shall require and employ attorneys or incur other expenses or costs for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the City or the Developer herein contained, the defaulting party shall, on demand thereof pay to the non-defaulting party the reasonable attorneys fees, costs and expenses so incurred by the non-defaulting party.

Section 5.5. Disputes. The parties agree that in the event of any dispute or disagreement hereunder the City shall continue to make payment of all amounts due hereunder in the manner and at the times specified herein until final resolution of such dispute, whether by mutual agreement or final decision of a court, arbitrator or other dispute resolution mechanism. The City hereby waives any right to withhold, suspend or setoff payments during the pendency of any such dispute, this waiver being limited and expressly intended to affect only those rights necessarily related to or arising directly under the terms of this Agreement.

ARTICLE VI: EFFECTIVE DATE, TERM AND TERMINATION

Section 6.1. Effective Date and Term. This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof for the entire term of this Agreement and shall expire upon the payment of all amounts due to the Developer hereunder and the performance of all obligations on the part of the City and the Developer hereunder.

Section 6.2. Cancellation and Expiration of Term. At the termination or other expiration of this Agreement and following full payment of all amounts due and owing to the Developer hereunder or provision for payment thereof and of all other fees and charges having been made in accordance with the provisions to this Agreement, the City and the Developer shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement.

ARTICLE VII: ASSIGNMENT AND PLEDGE OF DEVELOPER'S INTEREST

Section 7.1. Consent to Pledge and/or Assignment. The City hereby acknowledges that it is the intent of the Developer to pledge and assign and to grant security interests in and to this Agreement and the amounts payable to Developer hereunder and Developer's right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Developer to make such assignment or pledge or to grant such security interests. Recognizing this intention, the City does hereby consent and agree to the grant of such security interests and to the pledge and assignment of all the Developer's right, title and interest in, to and under this Agreement and in and to the payments to be made to Developer hereunder, to third parties as collateral or security for indebtedness and other obligations or otherwise, on one or more occasions during the term hereof.

Section 7.2. Pledge, Assignment or Security Interest. The City hereby consents to the pledge, assignment or granting of a security interest by the Developer (or the pledge and assignment by any one Developer) of its right, title and interest in, to and under this Agreement. The City agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective secured party, pledgee or assignee, including without limitation, recognition of the secured party, pledgee or assignee as the holder of all right, title and interest herein and as the payee of amounts due and payable hereunder and any and all such other documentation as shall confirm to such secured party, pledgee or assignee the position of such secured party, assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the secured party, pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 7.3. Assignment. Except as provided in this Article VII, the Developer shall not have the right to transfer and assign to any person or entity all or any portion of its rights in, to and under this Agreement; provided however, that any transfer of the real property within the District shall carry with it the benefit of this Agreement so long as (i) the rental units within the District remain affordable after such transfer; (ii) the prospective owner establishes to the reasonable satisfaction of the City that the financial benefits provided by this Agreement are still necessary to maintain the viability of the Project and (iii) the City Council approves the transfer.

ARTICLE VIII: MISCELLANEOUS

Section 8.1. Successors. The covenants, stipulations, promises and agreements set forth herein shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

Section 8.2. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 8.3. No Personal Liability of Officials of the City. No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his individual capacity and neither the members of the City Council of the City nor any official, officer, employee or agent of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 8.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement.

Section 8.5. Governing Law. The laws of the State of Maine shall govern the construction and enforcement of this Agreement.

Section 8.6. Notices. All notices, certificates, requests, requisitions or other communications by the City or the Developer pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when hand delivered or mailed by first class mail, postage prepaid, addressed as follows:

If to the City:	City Manager City Portland 389 Congress Street Portland, Maine 04101
If to the Developer:	Avesta Deering Place LP c/o Avesta Housing Development Corporation 307 Cumberland Avenue Portland, ME 04101

Any of the parties may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 8.7. Amendments. This Agreement may be amended only with the concurring written consent of the parties hereto.

Section 8.8. Net Agreement. This Agreement shall be deemed and construed to be a "net agreement," and the City shall pay absolutely net during the term hereof all payments required hereunder, free of any deductions, and without any abatement, deductions or setoffs.

Section 8.9. Benefit of Assignees or Pledgees. The City agrees that this Agreement is executed in part to induce secured parties, assignees or pledgees to provide financing for the Project and accordingly all covenants and agreements on the part of the City as to the amounts payable hereunder are hereby declared to be for the benefit of any such secured parties, assignee or pledgee from time to time of the Developer's right, title and interest herein.

Section 8.10. MaineHousing Rules and Requirements. The Developer and the City shall comply with any rules adopted by the Maine State Housing Authority and with any conditions of approval imposed by the Maine State Housing Authority following designation of the District. The City shall report annually to the Director of the Maine State Housing Authority regarding the status of the District, including the following matters as required by law: (a) certify that the public purpose of the District is being met; (b) account for any sales of property within the District; and (c) certify that rental units within the District remain affordable. The parties shall comply with the rule provisions for recovery of public revenue if conditions for approval of the District are not maintained for the duration of the District, as provided by rules adopted by the Maine State Housing Authority in accordance with applicable law. The Developer agrees to provide all information as required by the City to satisfy its reporting obligations.

Section 8.11. Affordability Covenants. The Developer and the City shall, in order to assure the continued affordability of the rental units as required by the Development Program, Maine State Housing Authority and applicable laws, regulations and ordinances, execute a declaration which is substantially in the same form as the "Declaration of Covenants, Conditions and Restrictions which is attached to the Development Program as Exhibit I.

Section 8.12 Valuation Agreement. The Development Program makes certain assumptions and estimates regarding valuation, depreciation of assets, tax rates, estimated amounts of the Increased Assessed Value and the Tax Increment, estimated amounts of the Tax Increment Revenues (Developer's Share), estimated development costs and other estimates. The City and the Developer hereby covenant and agree that the assumptions, estimates, analysis and results set forth in the Development Program shall in no way (a) prejudice the rights of any party to be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise with respect to Developer's property for purposes of ad valorem property taxation or any tax abatement proceeding or (b) modify or change in any way the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis.

Section 8.13. Integration. This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the City and the Developer relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by the duly authorized officers, all as of the date first above written.

WITNESS

CITY OF PORTLAND

____

By:________________________________
Jon P. Jennings, Its City Manager

AVESTA DEERING PLACE LP

BY: Pinecone Housing Corporation, its General Partner

____

By:________________________________
Dana Totman, Its President

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CITY OF PORTLAND
Declaration of Covenants, Conditions and Restrictions for

This Declaration of Covenants, Conditions and Restrictions (the "Declaration") is entered into by and between the City of Portland, a public body corporate and politic with its principal place of business at 389 Congress Street, Portland, Maine, 04101 ("City") and Avesta Deering LP, a Maine limited partnership with a mailing address of 307 Cumberland Avenue, Portland, Maine 04101 ("Developer").

W I T N E S S E T H

WHEREAS, the Developer acknowledges that City is providing a loan from HUD HOME funds in City's Housing and Community Development Budget to the Developer (the "Loan") for the construction of eighty (80) units of rental housing located at 61 Deering Street and 510 Cumberland Avenue, Portland, Maine (the "Development"); and

WHEREAS the Developer acknowledges City's resulting beneficial interest in the Development, and Developer acknowledges that its ownership and operation of the Development are in furtherance of discharge of the public trust; and

WHEREAS, City has provided the Loan to Developer in consideration of the Developer's agreement to abide by the provisions of this Declaration.

NOW THEREFORE, City and the Developer agree as follows:

1. **Term**. The term of this Declaration shall be for a period beginning on the date that it is recorded in the Cumberland County Registry of Deeds (the "Effective Date"), and ending on the later of (a) the date the Loan is paid in full, or (b) 90 years from the Effective Date of this Declaration (the "Qualifed Project Period").

2. **Enforceability of Covenants**. The covenants and restrictions of Developer set forth herein are intended to be and shall be considered covenants that run with the real estate described in Exhibit A attached hereto and made a part hereof and shall bind all subsequent owners and holders of any interest in said real estate, except to the extent herein provided. The City may enforce the covenants set forth herein as a contract beneficiary whether or not Developer is or

remains indebted to the City. The covenants of Developer set forth herein shall survive a sale, transfer, or other disposition of the Development by Developer, a foreclosure or transfer of title in lieu of foreclosure, or the repayment of the Loan, but shall cease to apply to the Development in the event of involuntary noncompliance caused by substantial destruction, seizure, requisition, or change in law or an action of a governmental agency that prevents the City from enforcing the covenants, even though compensated by insurance, provided that the Loan is repaid within a reasonable period of time after such involuntary loss or substantial destruction.

3. **<u>Covenants</u>**. Developer hereby covenants and represents to the City as follows:

   a. **<u>Development</u>**. The Development shall consist of the land described in Exhibit A attached hereto, together with all improvements, which after completion of the work will contain a total of eighty (80) units of rental housing and related amenities. The units in the Development shall be of comparable quality and have comparable amenities. Developer shall not make any change in the nature, size, number of location of the units in the Development and the facilities in the units.

   b. **<u>Use</u>**. The Developer shall rent or make available for rental all of the units in the Development on a continuous and non-transient basis to members of the general public throughout the Qualified Project Period. Developer covenants and agrees that no change of use shall occur without the express written consent of the City.

   c. **<u>Low Income Units</u>**. For a period of ninety (90) years at least forty-eight (48) of the units will be occupied by households with incomes at or below fifty percent (50%) (collectively referred to as the "Low Income Units"). The remaining thirty-two (32) units will be market rate units.

      i. Income and area median income shall be as determined in accordance with Section 42 of the Internal Revenue Code of 1986 and associated regulations and guidance, all as may be amended from time to time, ("Section 42") and income limits shall be adjusted for family size.

      ii. Prior to initial occupancy and at least annually, the Developer shall verify that the income, based on the then current income, of each household occupying a Low Income Unit in the Development does not exceed the Applicable Income Limit (the "Determination").

      iii. A Low Income Unit occupied by a household, who at the commencement of occupancy, met the Applicable Income Limit shall continue to be treated as occupied by a qualified resident even though the household's income may exceed the Applicable Income Limit, adjusted for family size, at the time of the most recent Determination, if after such Determination, but before the next Determination, any unit in the Development of comparable size is occupied by a new household whose income does not exceed the Applicable Income Limit.

iv. After initial occupancy but upon again becoming vacant, a Low Income Unit shall be treated as occupied by a household meeting the Applicable Income Limit until occupied (other than occupancy by another resident for a temporary period not to exceed 31 days), at which time the character of the unit shall be re-determined in light of the new resident's income.

d. **Rent Restrictions**. For the Qualified Project Period, the Low Income Units shall be rent-restricted. A unit is rent-restricted if the gross monthly rent does not exceed one-twelfth (1/12$^{th)}$ of thirty percent (30%) of the imputed income limitation applicable to the unit. The imputed income limitation is the Applicable Income Limit for the unit, except the adjustment for family size shall be based, not on the actual number of occupants, but by assuming the number of occupants as follows:

i. For a unit without a separate bedroom, one individual.
ii. For a unit with one or more separate bedrooms, one and one-half individuals for each separate bedroom.

Gross monthly rent shall not include any payment under Section 8 of the United States Housing Act of 1937 and associated regulations and guidance, all as may be amended from time to time ("Section 8") but shall include any utility allowance, where applicable, taking into account such determinations under Section 8.

e. **Discrimination Prohibited**. Developer shall not segregate or physically isolate the Low Income Units from each other and from other units in the Development and the Developer shall use its best efforts to proportionately distribute the Low Income Units among each unit size in the Development. Developer shall not refuse to rent a unit in the Development to any applicant because the applicant holds a voucher or a certificate of eligibility under Section 8.

4. **Compliance**. Developer agrees to furnish to City such information as City may require in a form acceptable to City, including without limitation certifications and/or verifications of occupancy and resident income, to determine Developer's compliance with the covenants set forth herein. Information deemed acceptable by Maine State Housing Authority shall be acceptable to the City.

5. **Income Certifications/Leases**. Developer shall use residential lease forms acceptable to City and obtain written and signed certifications of residents in a form acceptable to City to determine the qualifications of the residents for occupancy of a Low Income Unit. Such leases or certifications shall contain clauses wherein each resident (a) certifies as to the accuracy of statements made relating to the resident's income, (b) agrees that resident income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, (c) agrees to comply all requests for information with respect thereto from Developer or City, and (d) agrees that failure to provide accurate information or refusal to comply with a request for information shall be deemed a violation of a substantial obligation of the tenancy. Developer covenants and agrees to take such action as City deems necessary to comply with the covenants herein or to correct or cure any failure of the Developer to comply with the covenants herein,

including, without limitation, the eviction of any tenant in accordance with applicable law. Lease forms which have been approved by Maine State Housing Authority shall be deemed approved by City.

6. **Real Estate Taxes**. Developer agrees that it shall pay all real estate taxes assessed on the Development during its ownership of the Development. Nothing contained in this section shall be deemed a waiver or limitation on Developer's right to seek abatement of property taxes if Developer believes the Development is over-assessed.

7. **Records**. Developer shall maintain and keep current all books, documents, plans and records concerning the Development, including, but not limited to, books and records related to compliance with the covenants contained in this Declaration. Such books, records, documents and plans shall be kept for: (a) a minimum of six (6) years after the expiration of the Qualified Project Period for those books, records, documents and plans pertaining to the rent and occupancy requirements described in Section 3 of this Declaration and the rent roll for all units in the Development; and (b) for a minimum of six (6) years after the end of the fiscal year or calendar year, as applicable, for all other books, records, documents and plans pertaining to the Development. Upon reasonable notice, City may audit and examine these books, records, documents and plans, and may inspect the buildings, grounds, equipment offices of the Development.

8. **Violation**. Developer shall immediately notify the City if Developer anticipates or discovers any noncompliance with any restriction or covenant in this Declaration, including, without limitation, noncompliance with the occupancy restrictions in Section 3 of this Declaration. Developer agrees to take such action as the City deems necessary to prevent noncompliance or to correct or cure any failure to comply with the covenants in this Declaration. In the event the Developer fails to comply with the covenants set forth herein, and fails to cure such non-compliance within any applicable cure period, the City shall be entitled to exercise any of its rights under the documents executed in connection with the Loan, maintain an action in law or in equity against the Developer to recover damages incurred by the City from such failure, including, without limitation, reasonable attorneys' fees and costs, and to require the Developer (through injunctive relief or specific performance) to comply with the provisions and covenants set forth herein and to immediately cure any failure to comply with the covenants set forth herein by the Developer.

9. **Indemnification**. Developer shall indemnify and hold City and its agents harmless from and against any and all claims, demands, liability, loss, cost or expense (including, but not limited to attorney's fees and other costs of litigation) which may be incurred by the City arising out of or in any way related to the Developer's breach of any of its obligations under this Declaration or any action taken by the City to enforce or exercise its rights under this Declaration as a result of such breach, except for claims arising from the gross negligence or willful acts of the City. The obligations under this section shall survive the termination or expiration of this Declaration as necessary to effectuate its provisions.

10. **Modifications**. This Declaration may be amended or modified, in whole or in part, only by written agreement of Developer and the City clearly expressing the intent to modify this Declaration.

11. **Severability**. The validity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.

12. **Successors and Assigns**. This Declaration shall be binding upon Developer's respective heirs, personal representatives, executors, administrators, successors and assigns and shall inure to the benefit of and be enforceable by City, its successors, transferees and assigns.

13. **Governing Law**. This Declaration shall be construed in accordance with and governed by the laws of the State of Maine.

14. **Notices**. Any notice or demand required or provided for in this Declaration shall be in writing and shall be deemed to have been sufficiently given for all purposes when hand-delivered or mailed by certified or registered United States mail, postage prepaid, or sent by overnight United States mail or overnight commercial delivery service to the Developer or the City at their respective addresses set forth herein, or at such other address as either of them may from time to time hereafter designate by notice given to the other as herein provided. The City shall endeavor to provide a copy of any notice to Developer simultaneously to the Limited Partners at c/o Northern New England Housing Investment Fund, 75 Market Street, Suite 201, Portland, ME 04101, or such other addresses as may from time to time hereafter be designated by notice given to the City as herein provided.

15. **Intercreditor**. This Declaration is subject to the terms and conditions of the Intercreditor and Subordination Agreement by and among Maine State Housing Authority, the City of Portland, Avesta Deering Place LP, and Avesta Housing Development Corporation dated ________, 2017 to be recorded in the Cumberland County Registry of Deeds herewith.

Signature page follows.

IN WITNESS WHEREOF, this Declaration has been duly executed by the Developer and City as of November ___, 2017.

CITY OF PORTLAND

___________________________ By:______________________________

Witness

Jon P. Jennings
Its City Manager

AVESTA DEERING PLACE LP

BY: Avesta Housing Development Corporation, its General Partner

_______________________________ By:________________________________

Witness

Dana Totman, Its President

State of Maine
Cumberland, ss. November ____, 2017

Personally appeared the above named Dana Totman, President of Avesta Housing Development Corporation, General Partner of Avesta Deering Place LP, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said corporation and limited partnership.

Before me,

____
Notary Public/Attorney-at-Law

____
(Print or type name)

State of Maine
Cumberland, ss. November___, 2017

Personally appeared the above named Jon P. Jennings, City Manager to the City of Portland, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said City of Portland.

Before me,

____
Notary Public/Attorney-at-Law

____
(Print or type name)

EXHIBIT A

City of Portland - TIF Model
Deering Place Affordable Housing TIF
CBLs: 047-B-001, 002, 003, and 029 - Tax Exempt so $0 OAV
10/17/2017

75% Sheltered - 30 years with that 75% Going to Developer Project Account; Remaining 25% to City General Fund

City of Portland- TIF Projection Table for Deering Place Affordable Housing TIF

TIF Year	Tax Year-April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues
1	2018	$0	75.00%	$0	21.65	$0	$0	$0	$0
2	2019	$3,500,000	75.00%	$2,625,000	22.08	$57,968	$57,968	$0	$19,323
3	2020	$7,000,000	75.00%	$5,250,000	22.52	$118,254	$118,254	$0	$39,418
4	2021	$7,000,000	75.00%	$5,250,000	22.98	$120,620	$120,620	$0	$40,207
5	2022	$7,000,000	75.00%	$5,250,000	23.43	$123,032	$123,032	$0	$41,011
6	2023	$7,000,000	75.00%	$5,250,000	23.90	$125,493	$125,493	$0	$41,831
7	2024	$7,000,000	75.00%	$5,250,000	24.38	$128,002	$128,002	$0	$42,667
8	2025	$7,000,000	75.00%	$5,250,000	24.87	$130,562	$130,562	$0	$43,521
9	2026	$7,000,000	75.00%	$5,250,000	25.37	$133,174	$133,174	$0	$44,391
10	2027	$7,000,000	75.00%	$5,250,000	25.87	$135,837	$135,837	$0	$45,279
11	2028	$7,000,000	75.00%	$5,250,000	26.39	$138,554	$138,554	$0	$46,185
12	2029	$7,000,000	75.00%	$5,250,000	26.92	$141,325	$141,325	$0	$47,108
13	2030	$7,000,000	75.00%	$5,250,000	27.46	$144,152	$144,152	$0	$48,051
14	2031	$7,000,000	75.00%	$5,250,000	28.01	$147,035	$147,035	$0	$49,012
15	2032	$7,000,000	75.00%	$5,250,000	28.57	$149,975	$149,975	$0	$49,992
16	2033	$7,000,000	75.00%	$5,250,000	29.14	$152,975	$152,975	$0	$50,992
17	2034	$7,000,000	75.00%	$5,250,000	29.72	$156,034	$156,034	$0	$52,011
18	2035	$7,000,000	75.00%	$5,250,000	30.32	$159,155	$159,155	$0	$53,052
19	2036	$7,000,000	75.00%	$5,250,000	30.92	$162,338	$162,338	$0	$54,113
20	2037	$7,000,000	75.00%	$5,250,000	31.54	$165,585	$165,585	$0	$55,195
21	2038	$7,000,000	75.00%	$5,250,000	32.17	$168,896	$168,896	$0	$56,299
22	2039	$7,000,000	75.00%	$5,250,000	32.81	$172,274	$172,274	$0	$57,425
23	2040	$7,000,000	75.00%	$5,250,000	33.47	$175,720	$175,720	$0	$58,573
24	2041	$7,000,000	75.00%	$5,250,000	34.14	$179,234	$179,234	$0	$59,745
25	2042	$7,000,000	75.00%	$5,250,000	34.82	$182,819	$182,819	$0	$60,940
26	2043	$7,000,000	75.00%	$5,250,000	35.52	$186,475	$186,475	$0	$62,158
27	2044	$7,000,000	75.00%	$5,250,000	36.23	$190,205	$190,205	$0	$63,402
28	2045	$7,000,000	75.00%	$5,250,000	36.95	$194,009	$194,009	$0	$64,670
29	2046	$7,000,000	75.00%	$5,250,000	37.69	$197,889	$197,889	$0	$65,963
30	2047	$7,000,000	75.00%	$5,250,000	38.45	$201,847	$201,847	$0	$67,282
30 Year TIF Total		**$199,500,000**		**$149,625,000**		**$4,439,439**	**$4,439,439**	**$0**	**$1,479,813**
30 Year TIF Average						**$ 147,981**	**$ 147,981**		**$ 49,327**

Development Program Exhibit F

City of Portland - TIF Model
Deering Place Affordable Housing TIF
CBLs: 047-B-001, 002, 003, and 029 - Tax Exempt so $0 OAV
10/17/2017

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model for Deering Place Affordable Housing TIF

75% Sheltered - 30 years with that 75% Going to Developer Project Account; Remaining 25% to City General Fund

				Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase In County Tax	Total Avoided Impacts
1	2018	$0	$0	$0	$0	$0	$0
2	2019	$3,500,000	$2,625,000	$0	$1,599	$1,430	$3,029
3	2020	$7,000,000	$5,250,000	$0	$3,198	$2,859	$6,057
4	2021	$7,000,000	$5,250,000	$14,525	$3,198	$2,859	$20,582
5	2022	$7,000,000	$5,250,000	$29,050	$3,198	$2,859	$35,107
6	2023	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
7	2024	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
8	2025	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
9	2026	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
10	2027	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
11	2028	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
12	2029	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
13	2030	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
14	2031	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
15	2032	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
16	2033	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
17	2034	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
18	2035	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
19	2036	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
20	2037	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
21	2038	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
22	2039	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
23	2040	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
24	2041	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
25	2042	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
26	2043	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
27	2044	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
28	2045	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
29	2046	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
30	2047	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
30 Year TIF Total		**$199,500,000**	**$149,625,000**	**$1,132,950**	**$91,133**	**$81,490**	**$1,305,573**
30 Year TIF Average				**$37,765**	**$3,038**	**$2,716**	**$43,519**

Development Program Exhibit C

BUILDING A TOTALS
EXISTING UNITS -
13 - THREE BEDROOM UNITS
NEW UNITS -
7 - EFFICIENCY UNITS
25 - ONE BEDROOM UNITS
8 - TWO BEDROOM UNITS
53 TOTAL UNITS

59 TOTAL PARKING SPACES
34,870 SF - TOTAL NEW CONSTRUCTION (INCL NEW UNITS & COMM RM. IN EXIST BLDG)

BUILDING B TOTALS

8 - EFFICIENCY UNITS
15 - 1 BEDROOM UNITS
4 - 2 BEDROOM UNITS
27 UNITS TOTAL

5 PARKING SPACES
21,160 SF NEW CONSTRUCTION

PROJECT TOTALS

13 - 3 BEDROOM UNITS
12 - 2 BEDROOM UNITS
40 - 1 BEDROOM UNITS
15- EFFICIENCY UNITS
80 UNITS TOTAL

64 PARKING SPACES
56,030 SF -TOTAL NEW CONSTRUCTION (INCL NEW UNITS & COMM RM. IN EXIST BLDG A)

ACCESSIBILITY CALCULATIONS

MAINE STATE HOUSING AUTHORITY
MAINE HOUSING QUALITY STANDARDS AND PROCEDURES MANUAL 2016 EDITION.

UNIT COUNT FOR ACCESSIBILITY CALCULATIONS
39 FIRST FLOOR UNITS (INCLUDING 9 EXIST DOUBLE STORY TOWNHOUSES WITH NO ACCESSIBLE ROUTE THROUGH TOWNHOUSES AND 7 NEW UNITS RAISED WITH STAIRS ABOVE CUMBERLAND AVENUE FOR SECURITY AND PRIVACY IN EXIST BUILDING A)
43 UNITS ON ACCESSIBLE UPPER FLOORS
82 UNITS TOTAL

STATE OF MAINE HUMAN RIGHTS ACT
REQUIRES 10% OF GROUND FLOOR AND 10% OF TOTAL UPPER LEVEL UNITS, IF ACCESSIBLE BY ELEVATOR, TO BE ACCESSIBLE PER ANSI 117.1, TYPE A.
GROUND FLOOR = 39 UNITS, 10% OF 39 = 4 UNITS
UPPER LEVEL UNITS (ON ACCESSIBLE ROUTE) = 43, 10% OF 43 = 5 UNITS

TOTAL ACCESSIBLE UNITS REQUIRED = 9 UNITS

UFAS FEDERAL FAIR HOUSING ACT SECTION 504 UNDER THE PROVISIONS OF THE HUD DEEMING NOTICE UFAS WILL NOT BE THE STANDARD USED ON THIS PROJECT. THIS PROJECT WILL CONFORM TO THE REQUIREMENTS OF ADAAG.

ADAAG AMERICAN WITH DISABILITIES ACT 2010 REQUIRES 5% OF TOTAL UNITS TO BE MOBILITY ACCESSIBLE AND 2% OF TOTAL UNITS TO BE FOR THE HEARING AND VISION IMPAIRED. ROUNDING THE NUMBERS UP THIS EQUALS 5 MOBILITY ACCESSIBLE UNITS AND 2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNITS.

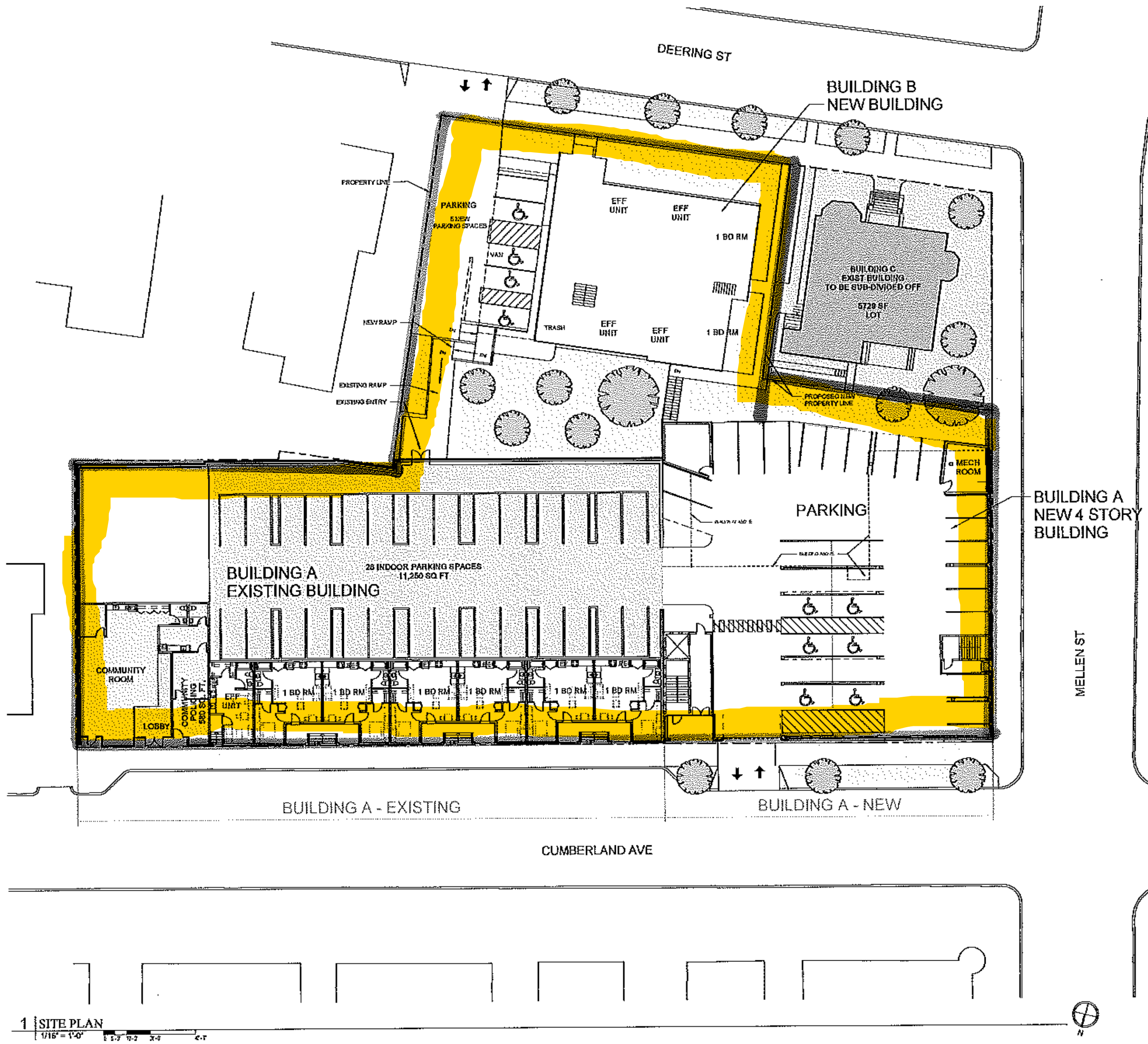
REQUIRED UNITS A TOTAL OF 9 MOBILITY ACCESSIBLE UNITS MUST BE PROVIDED OF WHICH 5 UNITS MUST MEET THE REQUIREMENTS OF BOTH ADAAG AND ANSI 117.1 TYPE A.
A TOTAL OF 2 AUDIOVISUAL ACCESSIBLE UNIT MUST BE PROVIDED.

PLEDGED UNITS 1 ADDITIONAL UNIT IS PLEDGED UNITS FOR A TOTAL OF 10 MOBILITY ACCESSIBLE UNITS.

UNITS PROVIDED:
10 MOBILITY ACCESSIBLE UNITS OF WHICH 5 COMPLY WITH ANSI 117.1 TYPE 'A' UNITS AND OF WHICH 5 COMPLY WITH BOTH ADAAG AND ANSI 117.1 TYPE A.

2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNIT THAT COMPLIES WITH THE REQUIREMENTS OF ADAAG.

BEYOND THE 10 MOBILITY ACCESSIBLE UNITS, IN ORDER TO MEET THE REQUIREMENTS OF THE MAINE HUMAN RIGHTS ACT, THE REMAINING UNITS, NOT INCLUDING THE 9 DOUBLE STORY TOWNHOUSES WITH INACCESSIBLE UPPER LEVELS AND THE 7 UNITS RAISED WITH STAIRS ABOVE CUMBERLAND AVENUE, WILL COMPLY WITH ANSI 117.A-2003 TYPE 'B' UNITS. THERE WILL BE 66 ANSI 117.A-2003 TYPE 'B' UNITS.



Prepared For:
AVESTA HOUSING

Consultant:

Architect:
ARCHETYPE architects
48 Union Wharf Portland, Maine 04101

Project:
510 CUMBERLAND AVENUE HOUSING
Portland, ME 04101

Revisions:

Date: 31 AUG 2017
Scale: 1/16" = 1'-0"
SITE PLAN

A0.00

Development Program Exhibit B

PROJECT NAME: **Deering Place** Date: 10/16/17
LOCATION: 510 Cumberland & 61 Deering Portland, ME

DEVELOPMENT ASSUMPTIONS						
Total Units		80	Inflation Adjustments	Yr 1-5	Yr. 6-15	Yr. 16-30
40% LIHTC	16.3%	13	Rent	2.00%	2.00%	3.00%
50% LIHTC	38.8%	31	Operating Expense	3.00%	3.00%	3.00%
50% AMI	5.0%	4	Other Income	2.00%	2.00%	3.00%
60% AMI (LIHTC)	0.0%	0	Debt Coverage Ratio	1.15		
Market	40.0%	32	Vacancy	7%		
Appraised Market Value		8,881,631	Market Value/Unit	$111,020		

LIHTC Alloc.	797,500
Equity yield	0.90
Synd. %	99.99%
Equity Raise	7,176,782

Historic Credit FED	0
Equity yield	0.99
Synd. %	99.99%
Equity Raise	0

Number of Tax-payers	1
Historic Credit STATE	0
Equity yield	0
Synd. %	99.99%
Equity Raise	0

Total Equity:	7,176,782

Gross Square Footage	65,780
Construction Cost/Sq ft.	**$164**

PRO FORMA DEVELOPMENT BUDGET					
		Residential	Per Unit	Commercial	Total
Site Improvements		562,500	7,031		562,500
Construction		8,756,220	109,453		8,756,220
General Requirements		780,000	9,750		780,000
Builder Overhead		0	0		0
Builder Profit		0	0		0
Bond Premium		0	0		0
Construction Contingency	6%	660,420	8,255		660,420
Subtotal Construction Costs		**10,759,140**	**134,489**	**0**	**10,759,140**
Building Permits and Fees		110,043	1,376		110,043
Survey & Engineering		51,000	638		51,000
Architectural & Design		342,900	4,286		342,900
Legal		48,000	600		48,000
Title & Recording		15,000	188		15,000
Accounting		10,000	125		10,000
Construction Period Tax		13,000	163		13,000
Construction Period Insurance		30,000	375		30,000
Other: as built, FFE, qt		33,000	413		33,000
Subtotal Soft Costs		**652,943**	**8,162**	**0**	**652,943**
Construction Loan Origination Fees		8,532	107		8,532
Construction Loan Interest		226,677	2,833		226,677
Permanent Loan Fees		181,688	2,271		181,688
Other		41,150	514		41,150
Subtotal Finance Costs		**458,046**	**5,726**	**0**	**458,046**
Market Survey		5,500	69		5,500
Appraisal		6,000	75		6,000
Environmental Study		3,500	44		3,500
LIHTC Fees		89,875	1,123		89,875
Other: Soft Cost Contingency/Misc		63,989	800		63,989
Other: Commissioning		62,000	775		62,000
Subtotal Miscellaneous		**230,864**	**2,886**	**0**	**230,864**
Acquisition: Buildings		600,000	7,500		600,000
Acquisition: Land		900,000	11,250		900,000
Acquisition: Legal		0	0		0
Subtotal Acquisition		**1,500,000**	**18,750**	**0**	**1,500,000**
Operating Deficit Escrow		474,646	5,933		474,646
Pre-funded Replacements		95,362	1,192		95,362
Tax & Insurance Escrow		106,000	1,325		106,000
Total Syndication Expenses		0	0		0
Consultant Fee		0	0		0
Developer Overhead		750,000	9,375		750,000
Developer Profit		1,049,845	13,123		1,049,845
Other: Transition & Rent-up Reserve		67,000	838		67,000
Subtotal Fee and Reserves		**2,542,853**	**31,786**	**0**	**2,542,853**
Total Development Costs		**16,143,846**	**201,798**	**0**	**16,143,846**

Notes:

MAXIMUM DEVELOPER FEE AVAILABLE	1,050,000
ACTUAL DEVELOPER FEE	1,799,845
% OF MAXIMUM DEVELOPER FEE	171.4%
NET DEVELOPER FEE COLLECTED	**750,000**
% OF MAXIMUM DEVELOPER FEE	71.4%

14,555,366 181,942

FLOW OF FUNDS

Sources	CLC 6/30/18	During Construction 9/28/18	12/27/18	3/27/19	6/25/19	PLC 6/30/19	2020	2021	Total
Beginning Cash	0	4,280,196	3,789,795	2,174,395	558,994	0	-167,219	-167,219	0
Capital Contribution	1,076,517	1,076,517	1,076,517	1,076,517		2,520,713	200,000	150,000	7,176,782
Construction Loan	0	0	0	0	2,132,924				2,132,924
GP Bridge Loan									0
MSHA Subsidy	500,000					500,000			1,000,000
HUD 221(d)(4)	5,625,000								5,625,000
Conventional First Mortgage									0
Other: Amortizing Mortgage									0
Other: AHP Subsidy		500,000							500,000
Other: City FedHOME		300,000							300,000
Other: TD Grant		325,000							325,000
NeighborWorks Loan		0							0
Development Fee Loan						1,049,845			1,049,845
TOTAL SOURCES	7,201,517	6,481,713	4,866,313	3,250,912	2,691,918	4,070,557	32,781	-17,219	18,109,551
Uses									
Acquisition	1,500,000								1,500,000
Construction		2,689,785	2,689,785	2,689,785	2,689,785				10,759,140
Soft Costs	652,943								652,943
Financing Costs	449,514	2,133	2,133	2,133	2,133				458,046
Miscellaneous	168,864					129,000			297,864
Dev Fee	150,000					1,299,845	200,000	150,000	1,799,845
Reserves						676,008			676,008
TOTAL DEV. COSTS	2,921,321	2,691,918	2,691,918	2,691,918	2,691,918	2,104,853	200,000	150,000	16,143,846
Repay GP Bridge Loan						0			0
Repay Construction Loan						2,132,924			2,132,924
Other Syndication Costs	0								0
SUBTOTAL OTHER ITEMS	0	0	0	0	0	2,132,924	0	0	2,132,924
TOTAL USES OF FUNDS	2,921,321	2,691,918	2,691,918	2,691,918	2,691,918	4,237,777	200,000	150,000	18,276,770
Ending Cash	4,280,196	3,789,795	2,174,395	558,994	0	-167,219	-167,219	-167,219	-167,219

TDC/Unit with
Acq/Rehab
Adapt Reuse
New Constr
Total

PROJECT FINANCING

Source		Amount	Rate	Term	Lien	Annual D/S Yr. 1-5	Yr. 6-15	Yr. 16-30
Source 1:	MSHA Subsidy	1,000,000	0.00%	30	First	0	0	0
Source 2:	HUD 221(d)(4)	5,625,000	4.60%	40	First	307,807	307,807	307,807
Source 3	Conventional First Mortgage	0	0.00%	0	First	0	0	0
Source 4	Other: Amortizing Mortgage	0	0.00%	40	Second	0	0	0
Source 5	Other: AHP Subsidy	500,000	0.00%	0	Second	0	0	0
Source 6	Other: City FedHOME	300,000	0.00%	30	Second	0	0	0
Source 7	Other: TD Grant	325,000			Third		Grant	
Source 8	NeighborWorks Loan	0			Unsecured		Cash Flow	
Source 9	Development Fee Loan	1,049,845			Unsecured		Cash Flow	
Source 10	Net Syndication	7,176,782	$0.90					
	Capitalization Gap (Surplus)	167,219						
	Total	16,143,846						

COLLATERAL COVERAGE

	Total	Per Unit
Projected Mortgage	5,625,000	70,313
Appraised Market Value	8,881,631	111,020
Loan to Value Ratio	63%	
Market Rent Differential	428,268	446
Supportable Mort.: Unrestricted	13,451,346	168,142
Subsidy per Unit		12,500
Subsidy per Low Income Unit		20,833

PROPOSED RENT SCHEDULE

Type	AMI	# Units	Rents from Applicant	Program Max Rents	Gross Rent	Market Rent	Utility Allow.	Total Rent
Efficiency	50% LIHTC	7			718	$1,155	34	57,456
	50% AMI	2			718	$1,155	34	16,416
	Market	6			1,155	$1,155		83,160
								0
15								0
1BR	50% LIHTC	15			770	$1,350	40	131,400
	50% AMI	2			770	$1,350	40	17,520
	Market	23			1,350	$1,350		372,600
								0
40								0
2BR	50% LIHTC	4			923	$1,615	50	41,904
	Market	3			1,615	$1,615		58,140
	40% LIHTC	5			738	$1,615	50	41,280
								0
12								0
3BR	40% LIHTC	8			854	$2,070	60	76,224
	50% LIHTC	5			1,067	$2,070	60	60,420
								0
								0
13								0
4BR								0
								0
								0
								0
0								0
Other:								0
								0
Subtotals		80						956,520
			Vacancy Rate		7%			(66,956)
			Other Income		TIF	75%		117,000
			Other Income		Laundry			6,000
			Effective Gross Income					1,012,564

AFFORDABLE MORTGAGE CALCULATION

Effective Gross Income			1,012,564
Annual Operating Expense			641,485
Stabilized NOI			371,079
DSC	**1.15**		48,402
$ Avail for D/S			322,677
Other DS			0
Balance			322,677
Affordable Mortgage		4.60%	5,896,736

BREAKEVEN ANALYSIS:	RENT SENSITIVITY	OCCUPANCY	
	Total		Annual
Operating Expense	641,485	Gross Revenues	1,079,520
Debt Service	307,807		
Breakeven Rent	989	Breakeven Occupancy	88%

OPERATING EXPENSES

Expense	Annual	Annual Per Unit	Monthly Per Unit
Administrative Expenses:			
Management Fees	53,374	667	56
Management Charges	53,374	667	56
Marketing Expenses	150	2	0
Legal Expenses	1,000	13	1
Auditing Expenses	5,500	69	6
Bad Debts		0	0
Other Administrative Expenses	15,000	188	16
Administrative Expenses	128,398	1,605	134
Operating Expenses:			
Janitorial Payroll		0	0
Janitorial Supplies and Equipment		0	0
Janitorial Contractual Services		0	0
Fuel and Gas	48,000	600	50
Electricity	28,800	360	30
Water and Sewer	34,000	425	35
Garbage and Trash Removal		0	0
Vehicle and Equipment Expenses		0	0
Other Operating Expenses		0	0
Operating Expenses	110,800	1,385	115
Maintenance Expenses:			
Snow Removal	5,000	63	5
Grounds Tools and Supplies	5,000	63	5
Grounds Contractual Services		0	0
Miscellaneous Ground Maintenance	15,000	188	16
Tenant Damage Charges - Grounds		0	0
Building Maintenance Payroll		0	0
Building Tools and Supplies	7,500	94	8
Building Contractual Services	44,000	550	46
Building Systems Maintenance	50,000	625	52
Miscellaneous Building Maintenance	36,000	450	38
Tenant Damage Charges - Building		0	0
Maintenance Expenses	162,500	2,031	169
General Expenses:			
Property Taxes	156,000	1,950	163
Property and Liability Insurance	28,000	350	29
Tenant Computer Network Expense		0	0
Tenant Service Expenses	15,787	197	16
General Expenses	199,787	2,497	208
Replacement Reserve Funding	40,000	500	42
Commercial Expenses (if applicable)		0	0
Total	641,485	8,019	668

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT

		18 Months										
	6/30/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	12/31/29	12/31/30
Effective Gross Income		1,518,845	1,032,815	1,053,471	1,074,541	1,096,031	1,117,952	1,140,311	1,163,117	1,186,380	1,210,107	1,234,309
Less Operating Expense		962,227	660,729	680,551	700,968	721,997	743,657	765,966	788,945	812,614	836,992	862,102
Net Operating Income		556,618	372,085	372,920	373,573	374,035	374,295	374,345	374,172	373,766	373,115	372,207
Less RLP Repay		461,711	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807
Less Other Repay		0	0	0	0	0	0	0	0	0	0	0
Cash Flow		94,907	64,278	65,112	65,765	66,227	66,488	66,537	66,364	65,958	65,308	64,400
Cash Flow per Unit		791	803	814	822	828	831	832	830	824	816	805
Debt Coverage Ratio(RLP)		1.21	1.21	1.21	1.21	1.22	1.22	1.22	1.22	1.21	1.21	1.21
Principal Balance(RLP)	6,625,000	6,548,966	6,495,289	6,439,090	6,380,250	6,318,646	6,254,148	6,186,619	6,115,918	6,041,895	5,964,395	5,883,253
Conventional First Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: Amortizing Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: AHP Subsidy	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other: City FedHOME	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Principal Balance(Other)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Operating Reserve Balance	474,646	498,378	523,297	549,462	576,935	605,782	636,071	667,875	701,269	736,332	773,149	811,806

Total Cash Flow
Projected over 12 Years

876,332

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT, continued

						Yr 15						
		12/31/31	12/31/32	12/31/33	12/31/34	12/31/35	12/31/36	12/31/37	12/31/38	12/31/39	12/31/40	12/31/41
Effective Gross Income		1,258,996	1,284,175	1,309,859	1,336,056	1,362,777	1,403,661	1,445,770	1,489,144	1,533,818	1,579,832	1,627,227
Less Operating Expense		887,965	914,604	942,042	970,303	999,412	1,029,395	1,060,277	1,092,085	1,124,848	1,158,593	1,193,351
Net Operating Income		371,031	369,571	367,817	365,753	363,365	374,266	385,494	397,059	408,970	421,239	433,877
Less RLP Repay		307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807
Less Other Repay		0	0	0	0	0	0	0	0	0	0	0
Cash Flow		63,223	61,764	60,009	57,945	55,557	66,458	77,686	89,251	101,163	113,432	126,069
Cash Flow per Unit		790	772	750	724	694	831	971	1,116	1,265	1,418	1,576
Debt Coverage Ratio(RLP)		1.21	1.20	1.19	1.19	1.18	1.22	1.25	1.29	1.33	1.37	1.41
Principal Balance(RLP)	5,883,253	5,798,299	5,709,353	5,616,229	5,518,729	5,416,649	5,309,773	5,197,875	5,080,721	4,958,062	4,829,640	4,695,185
Conventional First Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: Amortizing Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: AHP Subsidy	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other: City FedHOME	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Principal Balance(Other)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Operating Reserve Balance	811,806	852,396	895,016	939,767	986,755	1,036,093	1,087,898	1,142,293	1,199,407	1,259,378	1,322,346	1,388,464

To:	Mary Davis, City of Portland
From:	Anne Boynton, Urban Ventures, Inc.
Re:	Deering Place
Date:	10/24/17

Executive Summary

Avesta requests $300,000 in HOME funding and a 75% 30 year TIF to support the Deering Place development which will completely reconfigure the four lots currently combined as the 61 Deering Street/510 Cumberland Avenue property:

- A new building containing 27 apartment units will be built at 61 Deering Street, along with 5 parking spaces;
- An addition will be constructed on 510 Cumberland Avenue, adding 33 new apartment units and covered parking;
- The existing 510 Cumberland Avenue commercial space will be reconfigured into 7 apartments and covered parking;
- The existing 13 apartment units at 510 Cumberland Avenue will be renovated;
- The historic structure at 73 Deering will be removed from the existing property description and use restrictions and sold for an estimated $500,000;
- The existing playground will be removed.

In total, the new configuration will include 80 apartment units, ranging in size from efficiency to 3 bedrooms. It will include a community room, a telemedical room, laundry facilities in each building, and 64 parking spaces.

The project will serve a mixed income population, with 32 market rate units and 48 affordable units. Thirteen units will continue to serve households at 40% of AMI, per the existing affordability restriction with Maine Housing. The remaining 35 affordable units will serve households at 50% AMI.

Avesta acquired the 61 Deering Street/510 Cumberland Avenue property from Opportunity Alliance on October 25, 2016, along with a parking lot and a historic building located at 73 Deering Street, with a total of 16 residential apartments and underutilized commercial space. A Capital Needs Assessment concludes that the properties are in reasonable condition considering their age (built in 1900 and 1920) but that both buildings have major systems which are nearing the end of their useful lives, and there are deferred maintenance items which need immediate attention. The four lots ***jointly*** secure a $1,550,000 mortgage held by Gorham Savings Bank. This is an interest only balloon loan, with a 2 year term and interest only payments at 3.5%. These properties also secure a $500,000 short term note from the seller (Opportunity Alliance), for a total debt of $2,050,000 on the properties.

In addition, there is a use agreement with Maine Housing also dated October 25, 2016, restricting the use of the residential units to affordable housing until at least 2038 (21 years from now). Maine Housing has agreed to transfer the existing affordability restriction on the 3 residential units at 73 Deering (the portion of the property slated for sale) to 3 newly constructed units. This will allow 73 Deering to be sold without affordability restrictions, substantially increasing its market value.

Sources and Uses

Maine State Housing Subsidy	$1,000,000
HUD 221(d)(4)	$5,719,940
FHLB AHP Subsidy	$ 500,000
City of Portland HOME	$ 300,000
TD Bank (grant)	$ 325,000
Deferred Developer Fee	$1,039,123
LIHTC Equity	$7,176,782
Total Sources:	$16,060,845

The sources for this project have been identified and significant progress made towards securing conceptual agreement around the financing structure. The AHP application has been submitted and the AHP announcement is expected in December 2017. Gorham Savings Bank, the current mortgage holder, has issued a term sheet for a construction loan, including their support for the AHP application and to purchase a portion of the LIHTC equity. The application for LIHTCs and additional subsidy funding to Maine Housing is being prepared for submission in January. Boston Capital has issued an offer to purchase tax credits, if allocated, at $.90. There is a letter of conditional commitment subject to HUD approval – effectively a letter of interest outlining proposed terms -- from Lancaster Pollard Mortgage Company for a 221(d)(4) loan.

Avesta is very experienced with Maine State Housing Finance application processes and is an experienced LIHTC developer. They are first time applicants to HUD under the 221(d)(4) program. HUD 221(d)(4) funding provides very attractive terms but is costly to secure and typically only the highest quality borrowers are approved. If Avesta succeeds in accessing 221(d)(4) funding, that will be a valuable new source of affordable 1st mortgage capital for Avesta's future affordable housing developments.

Historic and zoning approvals are expected 12/15/17.

For analysis of "Uses," see Development Budget.

Development Budget

Construction Costs:

The construction costs are based on an estimate provided by Zachau Construction in August, 2017. The contractor has included a 6.5% contingency, estimating 5% for new construction and higher for renovation.

Developer profit, overhead, and general conditions is run at 14.5%, the high end of what should be approved for a project. However, this will be a complex construction management project with infill construction in close quarters and renovation of an occupied property. Given the complexity of the task, 14.5% is reasonable.

The average per unit construction cost is $133,000. Construction cost per square foot ranges from $125 for Building A renovation (average of both renovation of existing units and adaptive re-use of commercial space for apartments and parking) to $168/sq foot for the Building A addition to $179/sq foot for Building B. Construction cost are 64% of the total development cost.

Soft Costs:

Soft costs total $44,664/unit, which is a modest 23% of the total development cost. Soft costs are generally on the low end of, or in line with, industry standards. Costs associated with the permanent loan are on the high side, as is necessary for 221(d)(4) financing. Relocation is budgeted at $1,154/unit, which will require the 13 existing residents be relocated in the building rather than paying rent for an apartment off site. That should be feasible, but does add further complexity to an already complicated construction schedule.

The developer fee totals $1,714,123, which is 12.6% of total development cost (excluding reserves and developer's fee). That is a reasonable return for a complex development, particularly one taken on "at risk" ie Avesta acquired the property while it was operating at a substantial loss and before a plan for its redevelopment could be finalized. In addition, $1,039,123 of that fee, or 61% of the total fee, will be deferred.

Contingency:

The 6.5% hard cost contingency is from the contractor's estimate. This is low for this stage in budget estimating, based on 5% for new construction and somewhat higher for renovation. This concern is partially mitigated by the fact that much of the renovation budget is essentially new construction of residential units within an existing shell, which reduces the unknowns which can unexpectedly drive up renovation costs. It is not clear what factor, if any, the contactor has built in for construction inflation between now and start of construction.

Soft cost contingency is a scant $25,000, not quite 2% of budgeted soft costs.

Acquisition:

The limited partnership will acquire the properties from Avesta for an acquisition price of $1,500,000 -- for the 3 parcels which will be retained in the development. An appraisal as of August 30, 2016 supports an "as is, as restricted" valuation of $2,080,000 of the existing 4 parcels. The appraisal considered only the income approach to valuation and did not break out the value of the separate parcels. This makes it difficult to evaluate the reasonableness of the proposed acquisition price. It is not obvious that $500,000 of the $2.08 million valuation should be allocated to 73 Deering, particularly after the affordability restriction is removed from the 73 Deering property. Avesta anticipates that the $1.5 million acquisition price, combined with sales proceeds estimated at $500,000 for the existing historic structure at 73 Deering St, will retire the entire existing debt. A current appraisal for the parcels acquired, plus an "as built" valuation, should be required prior to closing to establish the limited partnership is not overpaying for the 3 parcels retained as the project site.

Operating Budget & 20 Year Cashflow Projection

Project Income:

This mixed income project will serve households at range of incomes from 40% AMI to market rate. The very high demand for affordable units insures that the units affordable to households at 40% and 50% AMI will be rented – Avesta has a waiting list of over 100 households for the 13 existing 3 bedroom units.

The market rate units require some additional care because there is more market rate construction under way which may ultimately depress rents at the top of market range. In addition, market rate units in affordable project sometimes require a discount to market rate due to potential negative perception among market rate renters about living in a complex which is majority affordable units. This does not seem to be the case for Avesta's Portland portfolio. Avesta's Portland portfolio is operating with a 1.4% vacancy rate overall, and no noticeable difference in vacancy rate or marketing times for their market rate units according to their property management staff. The current operating budget uses the market rents concluded by their market study without a discount.

The market study dated August 25, 2017, though documenting the capture rate for the affordable units (1.22% in 2017) does not address capture rate for market units. If an updated market study is commissioned, it should include the capture rate for the market rate units and an estimated lease up schedule for the market units.

Other budgeted income is $6,000/year laundry income and a 75%, 30 year TIF with an estimated year 1 value of $113,663.

Operating Expense

Operating expenses per unit per year appear to be at the top end of industry standard at $8,019, in large part because this includes the full property tax liability as an expense. A property with a PILOT which provided the comparable level of property tax relief to the requested TIF would show operating expenses of $6,557, which is in the typical range for affordable housing nationally. In addition, supportive services are included at $15,787, which is $197/unit/year. Once the TIF and supportive service funding are factored out, the operating costs are within the normal range for industry standard. Maintenance expense ($2,031/unit) and replacement reserves ($500/unit) are also on the high end for a project which is primarily new construction. The property should not suffer from further deferred maintenance going forward.

20 Year Cashflow & Debt Service Coverage Ratio (DSCR

The year 1 debt service coverage is comfortable at 1.19 with a 7% vacancy per the standard requirements of the 221(d)(4) program. With industry standard inflators of 2% for income and 3% for expense, the DSCR increases to 1.20 before declining gradually to 1.12 in year 20. Given the nature of the Portland housing market, with very limited supply of affordable units relative to demand, a 7% vacancy is quite conservative. A more likely scenario is the market units operating at a 5% vacancy and the affordable units operating at 3% (or lower) vacancy. Running an average of 4% vacancy results in a dscr of 1.29 in year 1, peaking at 1.31, and a year 20 dscr of 1.26.

With a 4% average vacancy, the HOME loan can be fully repaid to City of Portland from 20% of cashflow in year 17, while the developer fee loan would be fully retired in year 14 with payment of 75% of cashflow.

Developer Financials

Avesta closed out 2016 in very good and improving financial condition, with current assets of $9.4 million and current liabilities of $4.7 million. The resulting Current Ratio (current assets divided by current liabilities) is 2.03, a significant improvement over their 1.17 current ratio in 2015 – due primarily to reducing their current liabilities by 43%. Net assets were $123 million, up almost $13 million over 2015. There has been annual, substantial growth in net assets since 2012, when net assets were $66 million – almost doubling in 5 years. In 2016, revenues were up $2 million (7.7% over 2015). Depreciation resulted in a paper loss of $3,237,031, which is typical for a company with this financial structure, but this paper loss was far more than outweighed by the growth in real estate equity. With assets almost double their liabilities, it is safe to say Avesta is not over leveraged.

This developer has the financial capacity to intervene in a development facing unexpected set backs and or cost over-runs to keep the development process moving forward. Their financial strength as an organization mitigates the risk of the thin contingencies.

Recommendations

I recommend a loan in the amount of no more than $300,000, 30 years, zero percent interest, with repayment annually of 20% of cashflow, and a 75% TIF for 30 years, with the following conditions prior to loan closing:

1. Satisfactory review of a final development budget and operating pro forma which is consistent with the commitments of all source, including a cashflow waterfall acceptable to the City;
2. Any net proceeds of the sale of 73 Deering Place (after debt is retired, payment of settlement expenses, adjustment for any operating losses during the pre-development holding period, and any legal expense related to separation of the parcels) to be used to reduce the HOME loan amount.
3. Satisfactory review of a current appraisal ("current" as of date of loan closing) which breaks out the "as is" and "as built" values for each of the four existing parcels, to insure the limited partnership is not overpaying for the site.
4. Final rent schedules to be compared to maximum allowable rents and applicable utility allowance charts to determine final maximum rent rates.
5. All standard construction loan conditions, including satisfactory review of final contract with GC consistent with budgeted estimates, and total contractor overhead, profit and general conditions of not to exceed 14.5% of net construction costs.

Development Budget with Permanent Sources

Date	October 20, 2017
Project Name	Deering Place
Project Address	510 Cumberland & 61 Deering Place
Developer/Sponsor	Avesta

Total Units	80	
Total Square Feet	54,530	(residential)
Parking Sq Feet	11,250	

		Total	Per Unit	Per Sq Ft
Sources of Funds				
HUD 221(d)(4) - 1st Lien		$5,719,940	$71,499	$87
City of Portland HOME		$300,000	$3,750	$5
MSHA Subsidy		$1,000,000	$12,500	$15
AHP Subsidy + TD Grant		$825,000	$10,313	$13
Deferred development fee		$1,039,123	$12,989	$16
Net Syndication Proceeds		$7,176,782	$89,710	$109
Total Sources of Funds		**$16,060,845**	**$200,761**	**$244**
	Surplus/(GAP)	$0		

Uses of Funds

		Total	Per Unit	Per Sq Ft
Hard Costs				
Site Improvements		$562,500	$7,031	$9
Rehabilitation			$0	$0
New Construction		$8,179,319	$102,241	$124
Contractor's Profit, O	14.5%	$1,264,043	$15,801	$19
Hazardous Materials abatement (if contracted separ			$0	$0
Demolition Cost (if contracted separately)			$0	$0
Bond Premium		$92,858	$1,161	$1
Other			$0	$0
Hard Cost Continger	6.5%	$660,420	$8,255	$10
Total Hard Costs		**$10,759,140**	**$134,489**	**$164**

		Total	Per Unit	Per Sq Ft
Soft Costs				
Building Permit & Fees		$110,043	$1,376	$2
Survey & Engineering		$51,000	$638	$1
Design & Permitting	3.9%	$342,900	$4,286	$5
Borrower Legal (all closings, excludi		$48,000	$600	$1
Title & Recording		$15,000	$188	$0
Accounting		$10,000	$125	$0
Construction Period Taxes		$13,000	$163	$0
Construction Period Insurance		$30,000	$375	$0
Other: FF&E, Security		$33,000	$413	$1
Other			$0	$0
Total Soft Costs		**$652,943**	**$8,162**	**$10**

Financing Costs			
Construction Loan Origination Fees	$7,852	$98	$0
Construction Period Interest	$224,489	$2,806	$3
Lender Inspection Fees		$0	$0
Letter of Credit Fee		$0	$0
Permanent Loan Fee	$184,678	$2,308	$3
Construction Lender Legal		$0	$0
Other	$41,150	$514	$1
Total Financing Costs	**$458,169**	**$5,727**	**$7**

Miscellaneous			
Market Survey	$5,500	$69	$0
Appraisal	$6,000	$75	$0
Environmental Study	$3,500	$44	$0
LIHTC Fees -- prepaid monitoring	$89,875	$1,123	$1
Other: Commissioning	$62,000	$775	$1
Relocation Costs	$15,000	$188	$0
Other	$0	$0	$0
Soft Cost Contingen 3.79%	$48,989	$612	$1
Total Miscellaneous:	**$230,864**	**$2,886**	**$10**

Acquisition			
Acquisition: Buildings	$600,000	$7,500	$9
Acquisition: Land	$900,000	$11,250	$14
Acquisition: Legal	$0	$0	$0
Other	$0	$0	$0
Total Acquisition	**$1,500,000**	**$18,750**	**$23**

Reserves and Developer Fee			
Operating Deficit Escrow	$477,244	$5,966	$7
Prefunded Replacement Reserve	$95,362	$1,192	$1
Taxes & Insurance Escrow	$106,000	$1,325	$2
Developer Overhead	$750,000	$9,375	$11
Developer Profit	$964,123	$12,052	$15
Rent Up Reserve & Marketing	$67,000	$838	$1
Other	$0	$0	$0
Total Reserves and Developer Fee	**$2,459,729**	**$30,747**	**$37**

Total Uses of Funds	**$16,060,845**	**$200,761**	**$251**

Developer Fee Analysis: 12.60% $66,271

(excluding reserves & developer fee)

Phased Sources and Uses

Predevelopment Uses	
Earnest money deposit	
Appraisal	
Environmental	
Building condition assessment	
Legal	
Architect	
Other professional fees	
Other	
Total:	**$ -**

Predevelopment Sources	Status	Rate	Term	Amount
Predevelopment loan:	Applied			$ -
Grant:	Applied			$ -
Developer/sponsor equity	Applied			$ -
Resident deposits				$ -
				$ -
				$ -
				$ -
				$ -
Total:				**$ -**

Acquisition/Construction Uses	
Predevelopment expenses included above	$ -
Acquisition of real estate	
Construction Contract	
Construction contingency	
Soft costs (not included in predevelopment period)	
Soft cost contingency	
Other:	
Total:	**$ -**

Acquisition/ Construction Sources*	Status	Rate	Term	Amount
1st mortgage:				$ -
2nd mortgage:				$ -
3rd mortgage:				$ -
Grant:				$ -
Developer/sponsor equity				$ -
Resident downpayments				$ -
Other				$ -
Total:				**$ -**

Permanent Financing	
Acquisition/construction & predev expenses above	$ -
Lease up reserve	
Capitalized operating reserve	
Capitalized replacement reserve	
Other	
Total:	**$ -**

Permanent Financing*	Status	Rate	Term	Amount
1st mortgage:				$ -
2nd mortgage:				$ -
3rd mortgage:				$ -
Grant:				$ -
Developer/sponsor equity				$ -
Resident downpayments				$ -
Other				$ -
Total:				**$ -**

Project Operating Pro Forma

Date	October 17, 2017
Project Name	Deering Place
Project Address	510 Cumberland & 61 Deering Place
Developer/Sponsor	Avesta

Rental Income

Unit Type	Number of Units	Per Unit Sq Ft	Total Sq Ft	Restriction on % Median Inc.	Per Unit Monthly Gross Rent	Utility Deductions	Rent Subsidy	Per Unit Monthly Net Rent	Per Unit Net Rent Per Sq Ft	Total Monthly Net Income	Total Annual Net Rent
0 BR	9		0	50%	$718	$34		$684		$6,156	$73,872
0 BR	6		0	market	$1,155	$0		$1,155		$6,930	$83,160
1 BR	17		0	50%	$770	$40		$730		$12,410	$148,920
1 BR	23		0	market	$1,350	$0		$1,350		$31,050	$372,600
2 BR	4		0	50%	$923	$50		$873		$3,492	$41,904
2 BR	5		0	40%	$738	$50		$688		$3,440	$41,280
2 BR	3		0	market	$1,615	$0		$1,615		$4,845	$58,140
3 BR	8		0	40%	$854	$60		$794		$6,352	$76,224
3 BR	5		0	50%	$1,067	$60		$1,007		$5,035	$60,420
4 BR			0	50%				$0		$0	$0
4 BR			0	60%				$0		$0	$0
Other			0	50%				$0		$0	$0
Other			0	60%				$0		$0	$0
Total:	**80**		**0**							**$79,710**	**$956,520**

Operating Expenses

Rent Increase Rate	2.0%
Expenses Increase Rate	3.0%

Note: Year 1 is the first full year of stabilized operations

	Year 1	Year 1/Unit	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income											
Sch. Gross Income - Residential	$956,520	$11,957	$975,650	$995,163	$1,015,067	$1,035,368	$1,056,075	$1,077,197	$1,098,741	$1,120,716	$1,143,130
Vacancy Loss 4.0%	($38,261)	($478)	($39,026)	($39,807)	($40,603)	($41,415)	($42,243)	($43,088)	($43,950)	($44,829)	($45,725)
Other income (laundry)	$6,000	$75	$6,120	$6,242	$6,367	$6,495	$6,624	$6,757	$6,892	$7,030	$7,171
TIF	$113,663	$1,421	$115,936	$118,255	$120,620	$123,032	$125,493	$128,003	$130,563	$133,174	$135,838
Effective Gross Income	**$1,037,922**	**$12,974**	**$1,058,681**	**$1,079,854**	**$1,101,451**	**$1,123,480**	**$1,145,950**	**$1,168,869**	**$1,192,246**	**$1,216,091**	**$1,240,413**
Administrative											
Management Fee	$53,374	$667	$54,975	$56,624	$58,323	$60,073	$61,875	$63,731	$65,643	$67,613	$69,641
Management Charges	$53,374	$667	$54,975	$56,624	$58,323	$60,073	$61,875	$63,731	$65,643	$67,613	$69,641
Marketing Expense	$150	$2	$155	$159	$164	$169	$174	$179	$184	$190	$196
Legal	$1,000	$13	$1,030	$1,061	$1,093	$1,126	$1,159	$1,194	$1,230	$1,267	$1,305
Audit & Accounting	$5,500	$69	$5,665	$5,835	$6,010	$6,190	$6,376	$6,567	$6,764	$6,967	$7,176
Admin Other	$15,000	$188	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911	$18,448	$19,002	$19,572
Total Administrative	$128,398	$1,605	$132,250	$136,217	$140,304	$144,513	$148,848	$153,314	$157,913	$162,651	$167,530
Supportive Services	$15,787	$197	$16,261	$16,748	$17,251	$17,768	$18,301	$18,851	$19,416	$19,998	$20,598
Utilities											
Fuel Oil		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Natural Gas	$48,000	$600	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805	$62,629
Electric	$28,800	$360	$29,664	$30,554	$31,471	$32,415	$33,387	$34,389	$35,420	$36,483	$37,577
Water / Sewer	$34,000	$425	$35,020	$36,071	$37,153	$38,267	$39,415	$40,598	$41,816	$43,070	$44,362
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Utilities	$110,800	$1,385	$114,124	$117,548	$121,074	$124,706	$128,448	$132,301	$136,270	$140,358	$144,569

Maintenance	Year 1	Year 1/Unit	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Grounds	$25,000	$313	$25,750	$26,523	$27,318	$28,138	$28,982	$29,851	$30,747	$31,669	$32,619
Maintenance	$43,500	$544	$44,805	$46,149	$47,534	$48,960	$50,428	$51,941	$53,500	$55,104	$56,758
Trash Removal		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Security		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trash Removal		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Building Systems Maintenance	$50,000	$625	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239
Building Maintenance Contract	$44,000	$550	$45,320	$46,680	$48,080	$49,522	$51,008	$52,538	$54,114	$55,738	$57,410
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Maintenance	$162,500	$2,031	$167,375	$172,396	$177,568	$182,895	$188,382	$194,033	$199,855	$205,850	$212,026
Taxes & Insurance											
Real Estate Taxes or PILOT	$156,000	$1,950	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616	$203,545
Payroll Taxes / Fidelity Bond / Workers Comp / Health Ins.		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance (property, liability)	$28,000	$350	$28,840	$29,705	$30,596	$31,514	$32,460	$33,433	$34,436	$35,470	$36,534
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Taxes & Insurance	$184,000	$2,300	$189,520	$195,206	$201,062	$207,094	$213,306	$219,706	$226,297	$233,086	$240,078
Replacement Reserves	$40,000	$500	$41,200	$42,436	$43,709	$45,020	$46,371	$47,762	$49,195	$50,671	$52,191
Operating Reserves		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	**$641,485**	**$8,019**	**$660,730**	**$680,551**	**$700,968**	**$721,997**	**$743,657**	**$765,967**	**$788,946**	**$812,614**	**$836,992**
Net Operating Income	**$396,437**	**$4,955**	**$397,951**	**$399,303**	**$400,483**	**$401,483**	**$402,293**	**$402,902**	**$403,301**	**$403,477**	**$403,421**
Debt Service											
First Lien	$307,807	$3,848	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807
Second Lien		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service (Must Pay)	$307,807	$3,848	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807
Cash Flow (after Must Pay Debt)	$88,630	$1,108	$90,144	$91,496	$92,676	$93,676	$94,486	$95,095	$95,494	$95,670	$95,614
Debt Service Coverage Ratio	**1.29**		**1.29**	**1.30**	**1.30**	**1.30**	**1.31**	**1.31**	**1.31**	**1.31**	**1.31**
Cash Flow Debt Payments	remaining balance:	$282,274	$264,245	$245,946	$227,411	$208,675	$189,778	$170,759	$151,660	$132,526	$113,404
City Portland HOME 20.0%	$17,726	$222	$18,029	$18,299	$18,535	$18,735	$18,897	$19,019	$19,099	$19,134	$19,123
Developer Fee Loan 75.0%	$66,473	$831	$67,608	$68,622	$69,507	$70,257	$70,865	$71,322	$71,620	$71,753	$71,710
Cash Flow Retained by Project	**$4,432**	**$55**	**$4,507**	**$4,575**	**$4,634**	**$4,684**	**$4,724**	**$4,755**	**$4,775**	**$4,784**	**$4,781**
Retained Cash Flow % 1%	remaining balance:	$972,650	$905,042	$836,420	$766,913	$696,656	$625,791	$554,470	$482,850	$411,097	$339,387

Operating Expenses

Rent Increase Rate	2.0%
Expenses Increase Rate	3.0%

		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Income											
Sch. Gross Income - Residential		$1,165,993	$1,189,312	$1,213,099	$1,237,361	$1,262,108	$1,287,350	$1,313,097	$1,339,359	$1,366,146	$1,393,469
Vacancy Loss	4.0%	($46,640)	($47,572)	($48,524)	($49,494)	($50,484)	($51,494)	($52,524)	($53,574)	($54,646)	($55,739)
Other income (laundry)		$7,314	$7,460	$7,609	$7,762	$7,917	$8,075	$8,237	$8,401	$8,569	$8,741
Supportive Services Funding		$138,555	$141,326	$144,152	$147,035	$149,976	$152,975	$156,035	$159,156	$162,339	$165,586
Effective Gross Income		**$1,265,221**	**$1,290,526**	**$1,316,336**	**$1,342,663**	**$1,369,516**	**$1,396,907**	**$1,424,845**	**$1,453,342**	**$1,482,408**	**$1,512,057**
Administrative											
Advertising		$71,730	$73,882	$76,099	$78,382	$80,733	$83,155	$85,650	$88,219	$90,866	$93,592
Office Payroll & Benefits		$71,730	$73,882	$76,099	$78,382	$80,733	$83,155	$85,650	$88,219	$90,866	$93,592
Office Supplies, Phone, Misc.		$202	$208	$214	$220	$227	$234	$241	$248	$255	$263
Mngr or Super Rent Free Unit		$1,344	$1,384	$1,426	$1,469	$1,513	$1,558	$1,605	$1,653	$1,702	$1,754
Audit & Accounting		$7,392	$7,613	$7,842	$8,077	$8,319	$8,569	$8,826	$9,091	$9,363	$9,644
Admin Other		$20,159	$20,764	$21,386	$22,028	$22,689	$23,370	$24,071	$24,793	$25,536	$26,303
Total Administrative		$172,556	$177,733	$183,065	$188,557	$194,213	$200,040	$206,041	$212,222	$218,589	$225,147
Supportive Services		$21,216	$21,853	$22,508	$23,184	$23,879	$24,596	$25,334	$26,094	$26,876	$27,683
Utilities											
Fuel Oil		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Electric		$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Gas		$38,705	$39,866	$41,062	$42,294	$43,563	$44,869	$46,216	$47,602	$49,030	$50,501
Water / Sewer		$45,693	$47,064	$48,476	$49,930	$51,428	$52,971	$54,560	$56,197	$57,883	$59,619
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Utilities		$148,906	$153,373	$157,974	$162,714	$167,595	$172,623	$177,801	$183,136	$188,630	$194,288

Maintenance		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Janitorial		$33,598	$34,606	$35,644	$36,713	$37,815	$38,949	$40,118	$41,321	$42,561	$43,838
Exterminating		$58,460	$60,214	$62,021	$63,881	$65,798	$67,772	$69,805	$71,899	$74,056	$76,278
Trash Removal		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Security		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grounds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance		$67,196	$69,212	$71,288	$73,427	$75,629	$77,898	$80,235	$82,642	$85,122	$87,675
Elevator, HVAC, pool contracts		$59,132	$60,906	$62,733	$64,615	$66,554	$68,551	$70,607	$72,725	$74,907	$77,154
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Maintenance		$218,386	$224,938	$231,686	$238,637	$245,796	$253,170	$260,765	$268,588	$276,645	$284,945
Taxes & Insurance											
Real Estate Taxes or PILOT		$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Payroll Taxes / Fidelity Bond / Workers Comp / Health Ins.		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance (property, liability)		$37,630	$38,759	$39,921	$41,119	$42,353	$43,623	$44,932	$46,280	$47,668	$49,098
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Taxes & Insurance		$247,281	$254,699	$262,340	$270,210	$278,317	$286,666	$295,266	$304,124	$313,248	$322,645
Replacement Reserves		$53,757	$55,369	$57,030	$58,741	$60,504	$62,319	$64,188	$66,114	$68,097	$70,140
Operating Reserves		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses		**$862,102**	**$887,965**	**$914,604**	**$942,042**	**$970,304**	**$999,413**	**$1,029,395**	**$1,060,277**	**$1,092,085**	**$1,124,848**
Net Operating Income		**$403,119**	**$402,561**	**$401,732**	**$400,621**	**$399,213**	**$397,494**	**$395,450**	**$393,065**	**$390,323**	**$387,209**
Debt Service											
First Lien		$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807
Second Lien		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service (Must Pay)		$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807	$307,807
Cash Flow (after Must Pay Debt)		$95,312	$94,754	$93,925	$92,814	$91,406	$89,687	$87,643	$85,258	$82,516	$79,402
Debt Service Coverage Ratio		**1.31**	**1.31**	**1.31**	**1.30**	**1.30**	**1.29**	**1.28**	**1.28**	**1.27**	**1.26**
Cash Flow Debt Payments		$94,341	$75,390	$56,605	$38,043	$19,762	$1,824	($15,704)			
DHCD	20.0%	$19,062	$18,951	$18,785	$18,563	$18,281	$17,937	$17,529	$17,052	$16,503	$15,880
Developer Fee Loan	75.0%	$71,484	$71,065	$70,444	$69,610	$68,554	$67,265	$65,732	$63,943	$61,887	$59,551
Cash Flow Retained by Project		**$4,766**	**$4,738**	**$4,696**	**$4,641**	**$4,570**	**$4,484**	**$4,382**	**$4,263**	**$4,126**	**$3,970**
Retained Cash Flow %	1%	$267,902	$196,837	$126,393	$56,783	($11,771)	($79,036)	($144,768)	($208,711)	($270,599)	($330,150)