

Rayna Valentine

September 30, 1991

Dear Board Member:

A meeting of the PDA Board of Directors has been scheduled for noon October 7th at City Hall.

At that meeting Directors will be asked to consider a proposal by American Pacific Housing Development Corporation (APHDC) for construction of 125 dwelling units in 5 separate projects, the first of which would involve the sale of PDA-owned land at Main and Bonneville. The remaining 4 proposed projects would involve PDA in other ways, including land acquisition, assuring marketable title of land to be acquired and reconveyed, demolition of structures, etc. All 5 projects would likely involve the developer's request for tax increment financing.

A photocopy of APHDC's proposal is attached for your review and consideration. Also attached is correspondence and commentary on the proposal.

If you are unable to attend the October 7th meeting, I ask that you express your views, either in favor or opposed, to this proposal no later than 10:00 AM, Monday, October 7th. In your absence, your position will be made known at the Board Meeting.

Cordially,

Thomas A. Arnold
Executive Director
233-0267

TAA/aw

COMMENTARY ON APHDC'S PROPOSAL, DATED SEPTEMBER 20, 1991

PDA directors are being asked to approve the following:

- (a) use of PDA-owned land at Main and Bonneville for "affordable housing,"
- (b) sale of that PDA unimproved land at fair market value (estimated to be \$46,500),
- (c) *forego at least 12 years of increased property taxes of \$28,800 annually to finance project, and
- (d) *provide financing in the amount of \$230,000 with a 15-year second mortgage with no payment due until the end of the 15th year.

*APHDC proposal does not provide for payment of interest on \$350,000 financing or for revenue stream to create \$230,000 at beginning of project.

References and Credentials of the Colemans indicate the following:

- (a) satisfactory net worth approaching seven (7) figures including inheritance of Mrs. Coleman, per audited financial statement,
- (b) both have the financial capability to hire good development team members and evidence a willingness to do so, and
- (c) although references are given for a housing project in Newport, OR, the Colemans do not have a track record of any kind as developers.

Oregon References on the Colemans:

- (a) Assistant City Manager, K. D. Hobson, City of Newport, OR, indicates that a formal application for \$250,000 grant to Oregon Economic Development Department has not yet been made on behalf of the Colemans,
- (b) Miss Lana Holman, Oregon Economic Development Department, confirms that Newport has not yet formally requested a \$250,000 grant for land acquisition and her department will not approve such application unless HUD will underwrite financing of \$6 million,
- (c) Sherry Vezebey, Community Planning and Development, HUD, of Portland, OR, indicates no formal application has been made by the Colemans, and previous meeting with the Colemans was vague regarding their needs; also the appraiser on the project seems concerned about the current market demand for housing in Newport,
- (d) Georgia Stone, Executive Director, Housing Authority, Lincoln County, may have some interest in acquiring the Colemans' project, if constructed, but was unaware of the current status of the project and cannot confirm that her agency would commit to definitely purchase the project, and
- (e) none of the above could identify the amount of equity that the Colemans would commit to their Newport project.

Pocatello Development Authority

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To <i>JoAnne Coleman</i>	From <i>T.A. Arnold</i>	
Co. <i>APHOC</i>	Co. <i>BOC</i>	
Dept.	Phone #	
Fax # <i>503-265-5940</i>	Fax # <i>208-233-0268</i>	

September 26, 1991

Mrs. JoAnne Coleman, President
American Pacific Housing
Development Corporation
169 SE View Drive
Newport, OR 97365

Dear JoAnne:

This will acknowledge receipt of your September 24th letter declining a proposal outlined in my September 20th letter to change the sequence of development that you proposed for downtown Pocatello.

In order to expedite an answer to you, a meeting of the PDA Board of Directors has been set for noon Monday, October 7th, to consider your development proposal.

I will contact you immediately thereafter to advise you of the decision of the Board.

Cordially,



Thomas A. Arnold
Executive Director

TAA/alt

September 24, 1991

Thomas A. Arnold
Executive Director
Pocatello Development Authority
ISU Research and Business Park
1651 Alvin Ricken Drive
Pocatello, Idaho 83201

Dear Tom,

Thank you for your letter of September 20. Your counter proposal is not acceptable to us and therefore, the original proposal as outlined in the letter of September 13, is our final position.

Please present our proposal to the PDA Board Of Commissioners for their consideration and decision by September 30.

Thanking you,



JoAnne Coleman
President

CC;

Mayor Peter J. Angstadt, City of Pocatello
Mr Mark Reid, Community Development and Research, City of Pocatello
Mr Jerry Myers, Myers/Anderson Architects
Mr Joe Reams, Brennan Construction Co., Inc.

Pocatello Development Authority

September 20, 1991

JoAnne and Patrick Coleman
American Pacific Housing
Development Corporation
169 Southeast View Avenue
Newport, OR 97365

Dear JoAnne and Patrick:

I have received your 10-page proposal for Bonneville Place and other residential development for downtown Pocatello, and have reviewed it with Mayor Angstadt and CD&R Director Reid.

We note that your proposal anticipates construction of 125 dwelling units of which 50 are categorized as "affordable housing" and 75 are to be "market rate" units, and that the 75 units are to be constructed during 1992-93, following construction of the 50 affordable units during 1991-92. Your proposal indicates that the 50 affordable units will have an estimated total development cost of \$3.7 million while the 75 market rate units would cost only \$1.5 million to develop. PDA's unimproved property would be developed first with 25 affordable units, followed by certain demolition and construction of an additional 25 affordable units, and then by rehabilitation of the Whitman, Pioneer and Fargo buildings as 75 market rate units.

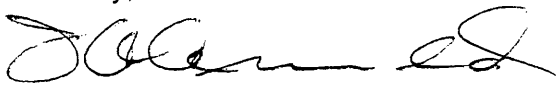
As the City's priorities for downtown Pocatello include (1) rehabilitation and occupancy of older structures, such as the buildings mentioned in your proposal, and (2) in attracting people with more disposable income to the historic downtown Pocatello area, we ask that you consider rehabilitating the Whitman, Pioneer and Fargo buildings as your top priority. The 75 market rate rental units could be developed for 40% of the cost of the 50 units (per your estimates), your ability to obtain financing for the project would be greatly enhanced, and your project would be in keeping with the goals of the City.

JoAnne and Patrick Coleman
September 20, 1991
Page Two

Mayor Angstadt, CD&R Director Reid, and I feel that if your proposal is oriented to rehabilitate the Whitman, Pioneer, and Fargo buildings as market rate units, the City would respond favorably and work with you for those projects to become a reality.

Please let me have your thoughts about orienting your proposed project toward the rehabilitation of existing buildings for market rate units as a first step.

Cordially,

A handwritten signature in black ink, appearing to read "T. Arnold". The signature is fluid and cursive, with a large initial "T" and "A".

Thomas A. Arnold
Executive Director

TAA/alt

pc: Mayor Angstadt
Mark Reid

September 13, 1991

Thomas A. Arnold
Executive Director
Pocatello Development Authority
ISU Research and Business Park
1651 Alvin Ricken Drive
Pocatello, Idaho 83201

AMERICAN PACIFIC HOUSING (APH) DEVELOPMENT PROPOSAL
BONNEVILLE AND MAIN STREET SITE

Dear Tom,

1. I thank you for the opportunity you gave me to make a presentation, on Monday, August 12th, to the board of commissioners of the Pocatello Development Authority (PDA) on our proposed development plan for the PDA site on Block 449.
2. As you are aware, my presentation outlined a residential complex of twenty five (25) three bedroom townhouse units, with incorporated design enhancements such as enclosed garages and fireplaces which we hoped would attract a \$600/monthly rental clientele. It is my understanding that whilst, in general, you were comfortable with the overall development concept, you expressed concern about three aspects of the proposed development plan. Namely, the estimated total development budget of \$2,130,000, the debt service gap of \$1,000,000 and the ability of us as developers to manage and complete

two projects simultaneously and therefore, the potential impact of the Newport project on the Pocatello project.

3. Accordingly, we have reviewed our original development proposal for Phase 1 of the project and we have come to the conclusion that our proposed enhanced housing product, at a rental level of \$600/monthly, cannot be financially sustained from the estimated income generated by the rents, resulting in a large debt service gap of approximately \$1,000,000. Furthermore, based on recent rental information provided by real estate and property management companies, it would appear that the \$600/monthly rent level is excessive for 3 bedroom units in the downtown area and that a more viable and marketable rent level would be \$425/monthly, with the tenants paying for some utilities. Therefore, to maximize net operating income (NOI) for debt service purposes, we have downscaled the original estimated development costs of \$2,130,610 as follows;

- (a) reduction of unit residential square footage from 1200 SF to 1000 SF which will allow for a cost saving of \$200,000.
- (b) deletion of fireplaces which will provide a cost saving of \$25,000.
- (c) deletion of enclosed garages which will provide a cost saving of \$100,000.
- (d) other 'soft' costs saving will be \$43,268.

4. The overall projected savings in the development costs will be \$348,878 which will allow for a development budget of \$1,781,732. Please be assured that the reduction in development costs for Phase 1 of the project will not compromise the basic architectural design of the townhouse units which will still reflect the historical environment and character of the downtown area

and remain a quality housing product which is affordable.

5. A balanced housing community of mixed income households is an essential ingredient in the successful revitalization of urban renewal districts such as the downtown area of Pocatello. It is an infrastructure in economic terms. Our project will provide a high quality living for the inner urban community.

6. We have reconstructed our development plan as a mixed income project comprising the following phases;

(a) Phase 1 - New construction of 25 (3 bedroom) townhouse units on the PDA owned site at Bonneville and Main as affordable housing with a monthly rental of \$425/mo. (Estimated development cost - \$1,781,732)

(b) Phase 2 - New construction of 25 townhouse units on Block 448 as affordable median income housing with a monthly rental of \$425/mo. (Estimated development cost - \$1,981,000)

(c) Phase 3 - Purchase and major rehabilitation of the Whitman Hotel for conversion to 25 market rate units. (Estimated development cost - \$1,000,000)

(d) Purchase and rehabilitation of the Pioneer Corner Building to provide 6 market rate units. (Estimated development cost - \$200,000)

(e) Purchase and rehabilitation of the Fargo Apartments Building to provide 43 market rate units. (Estimated development costs - \$300,000).

7. The project unit composition of market rate and affordable housing units will be;

(a) Market rate units	75
(b) Affordable Housing Units	<u>50</u>
(c) Total Units in Project	125

Market rate units will account for sixty percent (60%) and affordable housing units forty percent (40%) of the mixed income project. The overall estimated total development costs for the project is \$5,262,737.

8. The proposed timeline for the project is as follows;

- | | | |
|--|---------|-------|
| (a) Phase 1 - construction of 25 townhouse units | 1991/92 | 02-93 |
| (b) Phase 2 - construction of 25 townhouse units | 1991/92 | 02-93 |
| (c) Phase 3 - purchase and rehabilitation of Whitman Hotel | 1992/93 | |
| (d) Phase 4 - purchase and rehabilitation of Pioneer Corner Building | | |
| (e) Phase 5 - purchase and rehabilitation of Fargo Building | 1992/93 | |

9. Based on a monthly rental of \$425 and a development budget of \$1,781,732, we are convinced that the financing package required to ensure the viability of Phase 1 of the project must include all of the following four financing elements;

(a) Developers cash equity	\$601,732	33
(b) 1st Mortgage obtained by the developer	\$600,000	33
(c) Tax Increment Financing provided by the PDA as equity	\$350,000	20
(d) 'Soft' 2nd Mortgage provided by the PDA to the developer	<u>\$230,000</u>	14
TOTAL FINANCING FOR PHASE 1	\$1,781,732	

The 1st Mortgage of \$600,000 is based on an interest rate of 8.5% over 30 years with a debt service factor of \$51,662 annually.

10. A comparison between this new financing proposal and our original financing proposal will show that we have doubled our cash equity in Phase 1 of the project

from \$300,000 to \$601,732 (approximately 34% cash investment) and that we have reduced the estimated development budget from \$2,130,610 to \$1,781,732 for a cost savings of \$348,878. Furthermore, these two monetary achievements will reduce the debt service gap from \$1,000,000 to \$580,000.

2. 11. The TIF equity investment of \$350,000 will be fully amortized over a period of 12 years with the payment of property tax on the development at approximately \$29,000 per annum. The 'soft' 2nd Mortgage of \$230,000 will be a deferred loan to the developer from the PDA. This loan will balloon at year 15 with full repayment of the principle and interest to the PDA. The PDA investment of \$580,000 in Phase 1 of the project is fully refundable and could be financed by the issuance of bonds or use of other finance avenues available under the powers of the Idaho State Urban Renewal Law for the development of urban renewal areas such as the downtown area of Pocatello.

12. It is our intention to purchase the PDA site at fair market value. We are not requesting any grants, municipal concessions or non-refundable financing for Phase 1 of the project but we do seek and need PDA participation in a Public/Private Partnership to provide 'front end' financing such as TIF equity and 2nd Mortgage lending for the development and construction of mixed income housing in the downtown urban renewal area.

13. During the past seven months we have committed considerable time and resources (conservatively estimated at \$60,000) in pre-development costs and expenses on this project. We have canvassed input from various public and private organizations familiar with the housing market and as a result, we have now developed a mixed income housing concept which we believe will stimulate

the revitalization of the downtown area. However, pending formal PDA commitment to the project, we have temporarily withheld our application for a Conditional Use Permit and instructed our architect to stop the architectural design process for Phase 1 of the project.

14. We have a very professional and experienced development team who will ensure that Phase 1 of the project will be developed and constructed on time and within budget. Our consultants are highly qualified in the field of housing development and construction and include the following;

- (a) Pacific Development Concepts, Seattle, Washington. Mr Deane Mielke (Partner) is a financial advisor and development consultant. He specializes in the areas of Federal Tax Credits, Federal Home Loan Bank (FHLB) housing programs and affordable housing programs. He has had considerable experience working for and with state and local governments, housing and development authorities in California, Oregon and Washington. He has structured financing packages for major housing projects in urban renewal areas in Portland, Oregon and Seattle, Washington.
- (b) Myers/Anderson Architects, Pocatello, Idaho. Mr Jerry Myers is our architectural consultant for the project. He is past chairman of the local Historical Preservation Commission and a current member of the HPC Design Committee.
- (c) Brennan Construction, Pocatello, Idaho is our general contractor for Phase 1 of the project. A well known and highly respected contractor throughout Idaho.

15. The development and construction of the project will contribute significantly to the economic growth of Pocatello and benefit the local business community as follows;

- (a) Local housing industry professionals will be hired for the project such as architects, engineers, construction firms, real estate appraisers and property management agencies.
- (b) The general contractor and subcontractors will be Pocatello based and therefore provide employment for local construction workers.
- (c) Subject to competitive pricing, every effort will be made to ensure that building supplies are purchased from local vendors and this will provide a Pocatello flow-on to the general business community.
- (d) The project will facilitate long term growth of the tax base.
- (e) The project will provide energy efficient and historically compatible housing within the downtown area. This environmentally desirable housing will accommodate the kind of people who wish to make a solid and worthwhile contribution to the local community.
- (f) The developers equity and other financing will contribute to the local economic growth of Pocatello.

16. We are very confident that as developers we have the capability, capacity and professional expertise to develop the Newport and Pocatello projects simultaneously. We give this assurance based on the fact that;

- (a) We have a separate and independent development team dedicated to each project. The Newport project is being primarily developed and managed by our development consultant on our behalf.

(b) The Newport project has completed the pre development phase and is currently midway through the FHA commitment process. We are confident that financing will be committed to the project by December 1991 and we will commence construction in January 1992. We estimate that the project will be completed by October 1992 or earlier and we are very confident that the project will be sold to the Lincoln County Housing Authority on a turnkey basis. The project has the full support of the city of Newport who have sponsored a Community Development Block Grant (CDBG)-^{Pre-}Application to the Oregon State Economic Development Department, on our behalf, for an amount of \$250,000. Also, the City of Newport has officially confirmed to the Oregon Economic Development Department that it will provide substantial financial assistance for the project. Enclosed is a letter from the Lincoln County Housing Authority concerning the proposed sale of the project and a copy of the CDBG-^{Pre-}Application sponsored by the City of Newport. We intend that finance capital derived from the Newport project will be used as equity investment in phases 3,4 and 5 of the Pocatello project.

17. In summary, we do believe that for the project to be feasible and financially viable, it is essential that the PDA be an active contributing partner with the private developer. A Public/Private Partnership is required to make this project work. All of the financing provided by the PDA will be repaid in full as outlined in the proceeding paragraphs. We are not asking for non refundable financing or grants but we do require front-end financing from the PDA in order to make the project work in the downtown urban renewal area.

18. Specifically, we need the PDA to commit the following financial resources to Phase 1 of the project;

- (a) Provide TIF in the amount of \$350,000 which will amount to 21% of the financial package and be fully amortized over a 12 year period. The TIF percentage for this project is in line with the TIF percentage for another project in the downtown area.
- (b) Act as a lender to the developer and provide a deferred 'soft' 2nd Mortgage or loan which will balloon in year 15 with full repayment of loan principle and interest.

19. Additionally, we would like the PDA to act under the powers of its by-laws and acquire and demolish the existing properties on Block 448. The PDA could also communicate with the Bureau of Land Management and determine the legal status and ownership of the right of way easement on Block 448. We would be willing to buy or lease the 448 Block site from the PDA and construct 25 townhouse units on the site as Phase 2 of the project. It would reduce overall development costs to have Block 448 ready for follow on construction after completion of the townhouse units on Block 449. (1992-1993)

20. The PDA has extensive powers under the Idaho State Urban Renewal Law to develop housing and other infrastructure improvements in a designated urban renewal area such as the downtown area. The purposes and provisions of the Urban Renewal law empower the PDA to;

- (a) provide Tax Increment Financing to encourage private development in urban renewal areas.
- (b) borrow money and apply for and accept advances, loans, grants, contributions and any other form of financial assistance from the

Federal Government, the state, county or other public body or from any sources public or private for the purpose of the Urban Renewal Act.

- (c) develop and demonstrate new and improved means of providing housing for persons of low income and to apply for, accept and utilize grants or funds from the Federal Government for such purposes.
- (d) lend or invest funds obtained from the Federal Government for the purposes of the Urban Renewal Act.
- (e) sell, lease or otherwise transfer real property for the development of housing in urban renewal areas.

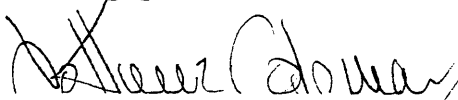
21. The issues involved in housing development - material costs, labor costs, land costs, incomes, social and cultural needs - are so different from place to place that it is difficult to compare them. It is therefore essential that municipalities, states, local Development Authorities and Public/Private Partnerships develop more and more creative financing to get any housing built.

22. We urge the PDA to form a Public/Private Partnership with us and together we can address the urgent housing needs of the community. A first step in formalizing our working relationship would be a Memorandum of Agreement (MOA) between APH and the PDA. The MOA would set out all the commitments and responsibilities of each of the partners concerned and a development program for Phase 1 of the project. A draft MOA is enclosed with this proposal. Provided that a satisfactory MOA can be executed between both parties, we envisage that the construction of the 25 townhouse units on the PDA site can commence in April or May 1992.

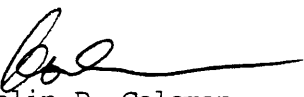
23. Bonneville Place - Phase 1 of the mixed income project is an exciting and daring opportunity to create affordable housing in Pocatello. We believe that Phase 1 of the project will generate a positive excitement in the community that attractive affordable housing for mixed income residents can be built in downtown Pocatello. As the developer, we propose to work closely and co-operatively with the local public agencies to build an affordable and pleasing environment for the people in the community.

Accordingly, we request that you present our development proposal to the PDA Board of Commissioners for their consideration and decision. We would like a decision on our proposal by September 30, 1991.

Sincerely yours,



JoAnne K. Coleman
President



Colin P. Coleman
Vice President

cc:

Mayor Peter J. Angstadt, City of Pocatello

Mr Mark Reid, Community Development and Research, City of Pocatello

Mr Jerry Myers, Myers/Anderson Architects

Mr Joe Reams, Brennan Construction Co., Inc.

PRELIMINARY DEVELOPMENT BUDGET: Bonneville Place, Phase I

Developer: American Pacific Housing Development Corp.

Acquisition Costs	<u>ESTIMATE (\$)</u>	
Acquisition	47,000	
Closing	2,000	
Total Acquisition Costs		\$49,000
Direct Costs		
Construction	\$1,397,000	
Construction Contingency	60,000	
Total Direct Costs		\$1,457,000
Development Costs		
Professional Fees:		
Architect and Engineer	58,280	
Appraiser	3,500	
Legal & Acctg.	15,000	
Environ. Testing	1,500	
Proj. Dev. Contingency	20,000	
Total Professional Fees		\$98,280
Financing:		
Construction Loan Fee	41,632	
Permanent Loan Fee	31,224	
Interim Interest/absorption	109,718	
Inspection Fees	7,500	
Technical Assistance	10,000	
Total Financing Costs		\$200,075
Other Development Costs:		
Closing Costs	5,000	
Testing/Permits	16,756	
Insurance	4,500	
Development Services	150,000	
Developer Fee	150,000	
Total Other Dev. Costs		\$326,256
Total Development Costs		\$2,130,610

DRAFT

MEMORANDUM OF AGREEMENT (MOA)

BETWEEN

THE POCATELLO DEVELOPMENT AUTHORITY

AND

AMERICAN PACIFIC HOUSING DEVELOPMENT CORPORATION

It is hereby agreed and confirmed by the interested parties that a Memorandum of Agreement (MOA) exists between the Pocatello Development Authority (hereafter known as the PDA) and the American Pacific Housing Development Corporation of Newport, Oregon (hereafter known as APH) to develop, construct and rehabilitate housing in the designated urban renewal district in the downtown area of Pocatello.

Furthermore, it is agreed and accepted by the interested parties that the PDA and APH will be solely responsible for the following commitments in relation to the development and construction of 25 townhouse units in Phase 1 of the project.

PDA hereby agrees and is committed to;

- (1) providing Tax Increment Financing (TIF) for Phase 1 of the project in the amount of \$350,000 which will be paid into the project, in a lump sum, at the closing of the construction loan.
- (2) Providing APH with a second Mortgage in the amount of \$230,000 over a period of 15 years as a deferred loan with full payment of principle and interest due in year 15.

APH will have the option to extend the loan for a further 5 years.

- (3) providing APH with letters of financial commitment to Phase 1 of the project.

APH hereby agrees and is committed to;

- (1) developing and constructing 25 townhouse units on the PDA owned land on Block 449, downtown Pocatello, as Phase 1 of the project.
- (2) purchasing the PDA land for fair market value, transfer of Title prior to settlement to be granted by PDA to APH to facilitate financing of Phase 1 of the project.
- (3) providing cash equity to Phase 1 of the project in the amount of \$601,732.
- (4) obtaining First Mortgage Financing for Phase 1 of the project in the amount of \$600,000 @ 8.5% over 30 years.

(Document to be notarized and signed by the responsible persons) for and on our behalf of the PDA and APH.

PRELIMINARY DEVELOPMENT BUDGET: Bonneville Place, Phase I**Developer: American Pacific Housing Development Corp.**

Acquisition Costs	<u>ESTIMATE (\$)</u>	
Acquisition	47,000	
Closing	2,000	
Total Acquisition Costs		\$49,000
Direct Costs		
Construction	\$1,060,000	
Construction Contingency	84,800	
Total Direct Costs		\$1,144,800
Development Costs		
Professional Fees:		
Architect and Engineer	45,792	
Appraiser	3,500	
Legal & Acctg.	15,000	
Environ. Testing	1,500	
Proj. Dev. Contingency	20,000	
Total Professional Fees		\$85,792
Financing:		
Construction Loan Fee	34,655	
Permanent Loan Fee	25,991	
Interim Interest/absorption	91,329	
Inspection Fees	7,500	
Technical Assistance	10,000	
Total Financing Costs		\$169,475
Other Development Costs:		
Closing Costs	5,000	
Testing/Permits	13,165	
Insurance	4,500	
Syndication Costs	60,000	
Developer Overhead	100,000	
Developer Fee	150,000	
Total Other Dev. Costs		\$332,665
Total Development Costs		\$1,781,732

Project Name: Bonneville Place, Phase I

Developer: JoAnne and Patrick Coleman

RESIDENTIAL INCOME

			<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
			Stabilized Income Projections				
<u>Unit Type</u>	<u># Units</u>	<u>Rent/Month</u>					
3BR	25	\$425	\$127,500	\$133,875	\$140,569	\$147,597	\$154,977
Total Units	25						

GROSS POTENTIAL INCOME

	\$127,500	\$133,875	\$140,569	\$147,597	\$154,977
Residential Vacancy	5% (\$5,865)	(\$6,158)	(\$6,466)	(\$6,789)	(\$7,129)
Subtotal Residential	\$121,635	\$127,717	\$134,103	\$140,808	\$147,848

OTHER REVENUE

Laundry	\$1,680	\$1,764	\$1,852	\$1,945	\$2,042
Subtotal Other Residential	\$1,680	\$1,764	\$1,852	\$1,945	\$2,042

EFFECTIVE GROSS INCOME

	\$123,315	\$129,481	\$135,955	\$142,753	\$149,890
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OPERATING EXPENSES

Management (professional)	\$8,632	\$8,891	\$9,158	\$9,432	\$9,715
Taxes	\$1,013	\$28,800	\$28,800	\$28,800	\$28,800
Insurance	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939
Repairs/Maintenance	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Decorating	\$3,250	\$3,348	\$3,448	\$3,551	\$3,658
Water & Sewer	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004
Garbage Removal	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377
Ground Maint.	\$1,250	\$1,288	\$1,326	\$1,366	\$1,407
Accounting & Legal	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Misc/ Start-up	\$21,250	\$2,500	\$2,575	\$2,652	\$2,732

TOTAL OPERATING EXPENSES

	(\$57,395)	(\$67,486)	(\$68,647)	(\$69,842)	(\$71,073)
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NET OPERATING INCOME

	\$65,920	\$61,995	\$67,308	\$72,911	\$78,817
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DEBT

	\$54,934	\$51,662	\$51,662	\$51,662	\$51,662
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Reserves

	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
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Net Income

	\$8,487	\$7,832	\$13,146	\$18,748	\$24,655
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15032655940 P.02

TO

FROM

12:35

SEP-12-1991