



CITY OF
**PALO
ALTO**

16

TO: HONORABLE CITY COUNCIL

FROM: JONATHAN LAIT, DIRECTOR, PLANNING AND COMMUNITY ENVIRONMENT

DATE: JUNE 3, 2019

SUBJECT: AGENDA ITEM NUMBER 16 – Accept the updated Attachment A – Wilton Court Cash Flow Projection and Attachment – B Wilton Court Project Summary Sources and Uses.

Palo Alto Housing (PAHC) has notified staff of an error in Attachments A and B that they provided to staff. The attached documents reflect updated cash flow projections and sources and uses for the Wilton Court Apartments.

Jonathan Lait
Director
Planning and Community Environment

Ed Shikada
City Manager

**Wilton Court, Palo Alto - 4% Credits
CASH FLOW PROJECTION**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Tenant Payments	2.5%	764,964	784,068	803,690	823,783	844,377	865,487	887,124	909,302	932,034	955,335	979,219	1,003,698	1,028,792	1,054,511	1,080,874
Section 8 Payments	1.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	2.5%	4,248	4,354	4,463	4,575	4,689	4,806	4,926	5,050	5,176	5,305	5,438	5,574	5,713	5,856	6,002
Commercial/Childcare Income	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scheduled Gross Income		769,212	788,442	808,153	828,357	849,066	870,293	892,050	914,351	937,210	960,640	984,656	1,009,273	1,034,505	1,060,367	1,086,876
Residential Vacancy	5.0%	(38,461)	(39,422)	(40,408)	(41,418)	(42,453)	(43,515)	(44,603)	(45,718)	(46,861)	(48,032)	(49,233)	(50,464)	(51,725)	(53,018)	(54,344)
Section 8 Vacancy	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Vacancy	100.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income		730,751	749,020	767,746	786,939	806,613	826,778	847,448	868,634	890,350	912,608	935,424	958,809	982,779	1,007,349	1,032,533
Total Operating Expenses	3.5%	(472,000)	(488,520)	(505,618)	(523,315)	(541,631)	(560,588)	(580,208)	(600,516)	(621,534)	(643,288)	(665,803)	(689,106)	(713,224)	(738,187)	(764,024)
Bond Issuer Fee	0.0%	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Services Fee	3.5%	(29,500)	(30,533)	(31,601)	(32,707)	(33,852)	(35,037)	(36,263)	(37,532)	(38,846)	(40,205)	(41,613)	(43,069)	(44,577)	(46,137)	(47,751)
Operating Reserves	3.5%	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)	(26,550)
Replacement Reserves	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HCD/County Monitoring Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		198,701	199,418	199,976	200,367	200,580	200,603	200,426	200,036	199,420	198,565	197,458	196,084	194,428	192,475	190,207
Debt Service (Tranche A)		(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)	(172,784)
Debt Service (Tranche B)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service (Tranche C)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Available Cash		25,917	26,634	27,192	27,583	27,796	27,819	27,642	27,252	26,636	25,781	24,674	23,300	21,644	19,691	17,423
Debt Coverage Ratio		1.15	1.15	1.16	1.16	1.16	1.16	1.16	1.16	1.15	1.15	1.14	1.13	1.13	1.11	1.10
Asset Management Fee	\$ 7,500	(7,500)	(7,763)	(8,034)	(8,315)	(8,606)	(8,908)	(9,219)	(9,542)	(9,876)	(10,222)	(10,579)	(10,950)	(11,333)	(11,730)	(12,140)
Deferred Developer Fee	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee	\$ 25,000	(18,417)	(18,871)	(19,158)	(19,268)	(19,190)	(18,912)	(18,423)	(17,710)	(16,760)	(15,560)	(14,095)	(12,351)	(10,311)	(7,961)	(5,283)
Accrued Partnership Management Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Wilton Court, Palo Alto - 4% Credits

PROJECT DATA

LAND	0.47 acres 125.53 units/acre 4 Total - 3 residential levels over 2-level, half-submerged podium
BUILDING	Residential Units: 22,223 sf Circulation and Common: 17,182 sf Commercial/Childcare: - sf Garage: 18,275 sf Total Building Area: 57,679 sf
PARKING	# of spaces: 41 parking ratio: 0.69 type: Concrete Podium

UNIT TYPES	Studios 1-Bedroom	Rental Range \$658.80 - 1,356.60 \$1,442.20 - 1,442.20	56 2
AFFORDABILITY	TOTAL AFFORDABLE UNITS: 58 Household Income Range		
	30% AMI 1 Person \$27930 to 3 Person \$35910 40% AMI 1 Person \$37240 to 3 Person \$47880 50% AMI 1 Person \$46550 to 3 Person \$59850 60% AMI 1 Person \$55860 to 3 Person \$71820		16 0 17 25
	Manager's Unit TOTAL UNITS: 59 AVERAGE AFFORDABILITY: 49%		

TOTAL DEVELOPMENT BUDGET			
ACQUISITION	total	per unit	per sq ft
Total Land Cost	\$ 3,300,000	\$ 55,932	\$ 57
Other Acquisition Costs (inc demo)	\$ 970,689	\$ 16,452	\$ 17
Relocation Costs	\$ 180,000	\$ 3,051	\$ 3
Total Acquisition Costs	\$ 4,450,689	\$ 75,435	\$ 77
HARD COSTS			
Construction/Rehabilitation	\$ 28,881,442	\$ 489,516	\$ 501
Environmental Contingency	\$ 300,000	\$ 5,085	\$ 5
Site Work	\$ 437,769	\$ 7,420	\$ 8
General Contractor Overhead & Profit	\$ 3,511,897	\$ 59,524	\$ 61
Total Hard Costs	\$ 33,131,108	\$ 561,544	\$ 574
SOFT COSTS			
Architectural	\$ 1,254,465	\$ 21,262	\$ 22
Survey & Engineering	\$ 502,000	\$ 8,508	\$ 9
Construction Interest + Fees	\$ 2,505,571	\$ 42,467	\$ 43
Financing & Syndication	\$ 186,179	\$ 3,156	\$ 3
Local Permits and Fees	\$ 590,000	\$ 10,000	\$ 10
Legal Fees	\$ 100,000	\$ 1,695	\$ 2
Developer Fee/Add'l Contingency	\$ 2,500,000	\$ 42,373	\$ 43
Reserves	\$ 234,945	\$ 3,982	\$ 4
Other Soft Costs	\$ 672,500	\$ 11,398	\$ 12
Total Soft Costs	\$ 8,545,659	\$ 144,842	\$ 148
TOTAL DEVELOPMENT COSTS	\$ 46,127,456	\$ 781,821	\$ 800

PROJECT FINANCING			
CONSTRUCTION SOURCES			per unit
Construction Loan	\$	25,527,047	\$ 432,862
Tax Credit Investor Proceeds	\$	1,662,471	\$ 28,177
County 2019 Funding for Developmentally Disabled (est.)	\$	4,000,000	\$ 67,797
City of Palo Alto - to be secured Spring 2019	\$	10,000,000	\$ 169,492
Sheridan Affordability Reserve Account and other Gap Source	\$	2,604,387	\$ 43,406
Total	\$	43,793,905	\$ 741,534
PERMANENT SOURCES			
Perm Loan - A Tranche	\$	2,480,814	\$ 42,048
Perm Loan - B Tranche	\$	-	-
Tax Credit Investor Proceeds	\$	16,624,706	\$ 281,775
City of Palo Alto - to be secured Spring 2019	\$	10,000,000	\$ 169,492
County 2019 Funding for Developmentally Disabled (est.)	\$	4,000,000	\$ 67,797
Sheridan Affordability Reserve Account	\$	2,250,000	\$ 38,136
Gap Sources - State of CA MHP or Other Source	\$	10,771,936	\$ 182,575
TOTAL DEVELOPMENT SOURCES	\$	46,127,456	\$ 781,821