CITY COUNCIL WORKSHOP

Winchester Woods

November 16, 2022 at 5:00 PM in Council Chambers

REMOTE PARTICIPATION:

The City Council will conduct this meeting from Council Chambers, located on the second floor of City Hall. The public may attend the meeting in person, however space in Council Chambers is limited. The public is therefore strongly encouraged to participate remotely via Zoom pursuant to the Remote Meeting Policy adopted by the Portland City Council. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend live either in person or via Zoom, a recording will be available in the Agenda Center following the meeting.

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AGENDA ITEMS:

Staff Presentaton (Mary Davis, Acting Director of Housing & Economic Development)

Council Q&A

ADJOURNMENT:

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City of Portland | Housing & Economic Development Department
Mary P. Davis, *Interim Director*

To: Mayor Kate Snyder and Members of the Portland City Council

From: Mary Davis, Interim Director,
Housing & Economic Development Department

Date: November 15, 2022

Re: Avesta Housing Development Corporation
Winchester Woods – Funding Proposal

This memo is intended to provide information on the grant request made by Avesta Housing, as well as inform the Council of concerns staff has related to contract negotiations.

Avesta Housing Development Corporation (AHDC) requested a grant of $5,000,000 for the purchase of a 48-unit rental housing development that is currently under construction. Utilizing all available Jill C. Duson Housing Trust Fund (JCD HTF) resources along with one million from the first tranche of ARPA funding, the City has $4,257,004 available for this project. The funding represents a capital subsidy of $88,688 per residential unit. Initially, it is our understanding that the housing provided by AHDC will serve asylum seeking individuals and families for the first two years. The State of Maine/Maine Housing (MH) has indicated they will cover the rent during this 2-year period. After the first two years, the housing will serve a mix of income levels with 10 units affordable to households at 50% AMI, and 28 units affordable at 80% AMI and 10 units at market rates. The project in total will contain 24 1-bedroom units and 24 two-bedroom units.

Sources and Uses

Maine Housing IO Debt:	$8,104,287	Acquisition:	$15,600,000
City of Portland:	$4,257,004	Hard Construction:	$0
Cumberland County:	$2,500,000	Soft & Misc Costs:	$136,100
South Portland:	$500,000	Financing Costs:	$0
Capitalization Gap:	$476,809	Pre Funded Reserves:	$77,600
		Developer Fee:	$0
Total Sources:	$15,838,100	Total Uses:	$15,838,100

At this time, AHDC does not have funding commitments for any of the sources noted above. Housing and Community Development (HCD) staff has been in contact with both MH and Cumberland County regarding their potential financing. To date, both lenders indicate they are reviewing the application and have not made a final funding decision.

Following is a brief review of the September 30, 2022 financial proforma submitted by AHDC.

Acquisition: AHDC has an agreement to purchase the Winchester Woods project for $15,600,000. Both AHDC and MH have indicated that an appraisal is in process and is expected to be completed within four to six weeks. On November 2nd a consultant for the City's Tax Assessor's Office, provided an estimate of value to be between $9,000,000 to $10,000,000. This estimate is based on information provided in the AHDC proposal submitted to the HCD Office and through the ARPA application process. The appraisal may contain additional information such as affordability restrictions that could impact this estimate. The City's estimate of value is subject only to the information received to date.

Project Income: AHDC indicates that they will not be completing a market study as the demand for affordable units and specifically affordable units for asylum seekers is well known within the community. While we have not seen a written letter of interest, intent or commitment, as we indicated above, MH has stated their intent to provide rental assistance for the project for the first two years.

Rents proposed for the 50% AMI and 80% AMI units appear to be in line with industry standards for the Low-Income Housing Tax Credit program. The rents proposed for the market rate units are within the allowable range for the City's Inclusionary Zoning program.

Proposed Rent Schedule:

1 Bedroom Units (24)	50% AMI	$1,048
	80% AMI	$1,676
	120% AMI	$1,800
2 Bedroom Units (24)	50% AMI	$1,258
	80% AMI	$2,012
	120% AMI	$2,200

Operating Expense: AHDC's September 30, 2022 proforma includes project operating expenses of $9,726/unit annually. Administrative expenses, including management fees and charges are higher than the last three AHDC projects financed by the Cumberland County HOME Consortium (Valley Street $7,431; West End Phase II $7,880; and Village Commons $8,028).

30 Year Cashflow & Debt Service Coverage Ratio (DSCR): Debt Service Coverage Ratio compares a project expected available cash, or net operating income, to pay the debt service or loan repayment costs. A DSCR of 2.0 is considered strong and many lenders set a minimum DSCR between 1.2 and 1.25. The September 30, 2022 proforma shows a 1.15 DSCR in year one, rising to 1.33 in year 10, 1.68 in year 20 and 2.25 in year 30. There are two factors contributing to these numbers. One, AHDC has requested that the property be tax exempt for purposes of real estate taxes. Second is that in the current financing structure, only MH's debt will be repaid. AHDC's financial proforma does not include repayment of any of the other financing sources. Please refer to the section below entitled Items for Council Consideration/ Direction to Staff for more information on these topics.

Affordability Restrictions/Affordable Housing Agreement: The JCD HTF Ordinance (Section 18.3 of the City's Code of Ordinances) requires affordability restrictions secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds. Units must remain affordable for the life of the housing unit, which is presumed to be a minimum of 30 years.

AHDC is proposing to purchase the project, once construction is complete, from the current owner, Winchester Woods LLC. The current owner originally intended to develop a market rate rental housing development and as such, the Planning Board approved the project with an Inclusionary Zoning (IZ) requirement that 25% of the units (12 units) must be affordable to households earning 80% of the area median income. The IZ Ordinance requires that the developer enter into a Workforce Housing Agreement (WHA) with the City. The WHA ensures that the developer complies with the IZ requirements and is recorded in the Cumberland County Registry of Deeds.

AHDC has agreed to assume the current owner's requirements under the City's IZ ordinance listed above, and has agreed to a City restriction on an additional 16 units.

Maine Housing Restrictions: 10 units at 50% area median income for 30 years
City Restrictions: 28 units at 80% area median income for 90 years
No restriction/Market Rate: 10 units at market rate

Items for Council Consideration:

The following items staff needs direction from the City Council on:

1. ***Portland Preference:*** The City has had several conversations with AHDC, MH, as well as the Governor's Office regarding an assurance that asylum seekers currently being supported by the City would have priority for the units at Winchester Woods. City staff has repeatedly been told that a local preference will not be allowed. There have been positive discussions, however, about a preference for pregnant mothers currently staying in local shelters and hotels. Should this preference continue to be pursued by staff?

2. ***Real Estate Taxes:*** The City has a long-standing policy that projects receiving financial assistance from the City must pay real estate taxes. The City's loan documents incorporate a clause which requires that if the property should become exempt, an amount equal to the assessed tax amount would still be payable. This policy was reviewed in 2021 by the Housing and Economic Development Committee (HEDC) as a

result of a request received from the IRIS Network. The HEDC did not support the request.

On November 2nd a consultant for the City's Tax Assessor's Office provided an estimate of value of $9,000,000 to $10,000,000 and annual taxes between $122,000 to $136,000 (utilizing current tax rate of .01361).

Staff is concerned that this may set a precedent that will have an impact on our current affordable housing portfolio as well as future projects funded through the City's Affordable Housing Development Program. As such, should real estate taxes or a PILOT continue to be pursued by staff?

3. The primary source of City funding is the JCD Housing Trust Fund. The 2022 JCD HTF Annual Plan approved by the City Council, outlines the terms in which these funds will be used. The Plan specifies the following:

   Maximum Award Amount: The average City investment per unit, excluding TIF financing, is approximately $10,000 per unit. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals can move forward. In those cases, the higher cost per unit ratio must be tied into the goals outlined in the City's Comprehensive Plan.

   The current proposal would see a subsidy of $88,688 per unit. As required by the 2022 JCD HTF Annual Plan, the Council needs to approve this larger contribution per unit for this project.

4. ***Financing Terms:*** Staff is requesting that the Council grant it flexibility to negotiate financing terms based on the final proforma, when available. This project is not typical of the developments financed by the City. While the State of Maine has indicated a willingness to cover rent for the first two years, there is uncertainty regarding the project's operating income beginning in year three when the state funding is no longer available.

   As stated above, financing terms as noted in the City's Affordable Housing Development Program Application use debt service coverage ratio as an important tool in the financial analysis of a project. Typically, projects with a DSCR 1.15 are considered for a deferred cash flow loan. At this time, staff is requesting the ability to negotiate loan terms once a final proforma has been approved by Maine Housing.

   Therefore, if the Council ultimately approves financing for this project, staff recommends the approval be conditioned upon receipt of a final proforma, final review and confirmation of loan terms by the City's underwriting contractor, and written confirmation that the project will provide housing for asylum seekers with the State of Maine covering rent for the first two years.

PROJECT NAME:	**Winchester Woods**	Date: 09/30/22
LOCATION:	**Portland, ME**	
Constr. Type:	**New Construction**	

DEVELOPMENT ASSUMPTIONS

Total Units		48	Inflation Adjustments	Yr 1-5	Yr. 6-15	Yr. 16-30
# @ 30% AMI	0.0%	0	Rent	2.00%	2.50%	3.00%
# @ 50% AMI	25.0%	12	Operating Expense	3.00%	3.00%	3.00%
# @ 60% AMI	0.0%	0	Other Income	2.00%	2.50%	3.00%
# @ 80% AMI	50.0%	24	Debt Coverage Ratio	1.20		
# @ Market	25.0%	12	Vacancy	3%		
Appraised Market Value		1,976,471	Market Value/Unit	$41,176		

PRO FORMA DEVELOPMENT BUDGET

		Residential	Per Unit	Commercial	TDC
Site Improvements		0	0	0	0
New Construction		0	0	0	0
Historic Construction		0	0	0	0
General Requirements		0	0	0	0
Builder Profit		0	0	0	0
Bond Premium		0	0	0	0
Solar		0	0	0	0
Construction Contingency	#DIV/0!	0	0	0	0
Subtotal Construction Costs		**0**	**0**	**0**	**0**
Building Permits and Fees		0	0	0	0
Survey & Engineering		0	0	0	0
Architectural & Design		0	0	0	0
Legal		60,000	1,250	0	60,000
Title & Recording		0	0	0	0
Accounting		0	0	0	0
Construction Period Tax		0	0	0	0
Construction Period Insurance		0	0	0	0
Other		0	0	0	0
Subtotal Soft Costs		**60,000**	**1,250**	**0**	**60,000**
Construction Loan Origination Fees		0	0	0	0
Construction Loan Interest		0	0	0	0
Equity Bridge Loan Interest		0			0
MH Permanent Loan Fees		0	0	0	0
Other Permanent Loan Fees		0	0	0	0
Other		0	0	0	0
Subtotal Finance Costs		**0**	**0**	**0**	**0**
Market Survey		0	0	0	0
Appraisal		6,500	135	0	6,500
Environmental Study		0	0	0	0
LIHTC Fees & Prepaid Monitoring		0	0	0	0
Relocation Costs		0	0	0	0
FF&E		42,000	875	0	42,000
Other:		0	0	0	0
Subtotal Miscellaneous		**48,500**	**1,010**	**0**	**48,500**
Acquisition: Buildings		15,600,000	325,000	0	15,600,000
Acquisition: Land		0	0	0	0
Acquisition: Existing Reserves		0	0	0	0
Acquisition: Legal		0	0	0	0
Acquisition: other		0	0	0	0
Subtotal Acquisition		**15,600,000**	**325,000**	**0**	**15,600,000**
Operating Deficit Escrow		0	0	0	0
Pre-funded Replacements		21,600	450	0	21,600
Tax & Insurance Escrow		56,000	1,167	0	56,000
Working Capital		26,000	542	0	26,000
Total Syndication Expenses		0	0	0	0
Consultant Fee		0	0	0	0
Developer Overhead		0	0	0	0
Developer Profit		0	0	0	0
Other		26,000	542	0	26,000
Subtotal Fee and Reserves		**129,600**	**2,700**	**0**	**129,600**
Total Project Costs		**15,838,100**	**329,960**	**0**	**15,838,100**

Max LIHTC Available	0
LIHTC Alloc.	0
Equity yield	0.87
Synd. %	99.99%
Equity Raise	0
Historic Credit FED	0
Equity yield	0.90
Synd. %	99.99%
Equity Raise	0
Historic Credit STATE	0
Equity yield Equivalent	0.00
Synd. %	100.00%
Equity Raise	0
Solar	0
Equity Yield	1.00
Synd.	99.99%
Equity Raise:	0
Total Equity:	0
Gross Square Footage	43,591
Construction Cost/Sq ft.	**0**

Notes:

Maximum Gross Developer Fee (10%/15%)	1,595,715
Maximum Net Developer Fee (per unit max)	750,000
Actual Proposed Gross Fee	0
% of maximum Gross Fee	0.0%
Proposed Net Fee Collected	0
% of Maximum Net Fee	0.0%

Minimum Deferred Fee: **0**

FLOW OF FUNDS

Date Estimate: / Sources	3/1/2022 CLC	During Construction 25%	50%	75%	100%	PLC	1st Equity Occupancy Milestone	Final Capital Payment	Total
Beginning Cash	0	0	0	0	0	0	-476,809	-476,809	0
Capital Contribution	0	0	0	0	0	0	0	0	0
Equity Bridge Loan	0	0	0	0	0	0			
Construction Loan	12,708,500	0	0	0	26,000				12,734,500
GP Bridge Loan									0
MH: MaineHousing Subsidy	0	0	0	0	0	0			0
MaineHousing Debt	0	0	0	0	0	0			0
Cumberland County	2,500,000	0	0	0	0	0			2,500,000
City of Portland	0	0	0	0	0	4,257,004			4,257,004
State Historic Bridge:	0	0	0	0	0	0			0
MaineHousing IO Debt	0	0	0	0	0	8,104,287			8,104,287
South Portland	500,000	0	0	0	0	0			500,000
	0	0	0	0	0	0			0
State Tax Credit	0	0	0	0	0	0			0
Existing Reserves	0	0	0	0	0	0			0
Seller's Note	0	0	0	0	0	0			0
Development Fee Loan	0	0	0	0	0	0			0
									0
TOTAL SOURCES	15,708,500	0	0	0	26,000	12,361,291	-476,809	-476,809	28,095,791
Uses									
Acquisition	15,600,000								15,600,000
Construction		0	0	0	0				0
Soft Costs	60,000								60,000
Financing Costs	0								0
Miscellaneous	48,500					26,000			74,500
Dev Fee	0					0	0	0	0
Reserves	0				26,000	77,600			103,600
TOTAL DEV. COSTS	15,708,500	0	0	0	26,000	103,600	0	0	15,838,100
Repay GP Bridge Loan						0			0
Repay Construction Loan						12,734,500			12,734,500
Other Syndication Costs	0								0
SUBTOTAL OTHER ITEMS	0	0	0	0	0	12,734,500	0	0	12,734,500
TOTAL USES OF FUNDS	15,708,500	0	0	0	26,000	12,838,100	0	0	28,572,600
Ending Cash	0	0	0	0	0	-476,809	-476,809	-476,809	-476,809

PROJECT FINANCING

Source			Amount	Rate	Term	Amort.	Lien	Annual D/S Yr. 1-5	Yr. 6-15	Yr. 16-20	Yr. 21-30
Source 1:	MaineHousing	$0 Subsidy/Unit	0	0.00%	30		2nd	0	0	0	0
Source 2:	MaineHousing Debt		0	4.68%	30	45	1st	0	0	0	0
Source 3	Cumberland County		2,500,000	0.00%	30		2nd	0	0	0	0
Source 4	City of Portland		4,257,004	0.00%	30		2nd	0	0	0	0
Source 5	MaineHousing IO Debt		8,104,287	5.50%	30		1st	445,736	445,736	445,736	445,736
Source 6	South Portland		500,000	0.00%	30		2nd	0	0	0	0
Source 7			0	5.50%	15		2nd	0	0	0	0
Source 8	State Tax Credit		0	0.00%	30		1st	0	0	0	0
Source 9	Seller's Note		0	0.00%	30		1st	0	0	0	0
Source 10	Development Fee Loan		0	0.00%				CF	CF	CF	CF
Source 11	State Historic Bridge:		0								
Source 12	Existing Reserves		0								
Source 13	Net Syndication		0								
	Capitalization Gap		$476,809								
	Total		15,838,100								

COLLATERAL COVERAGE	Total	Per Unit
Projected Mortgage	8,104,287	168,839
Appraised Market Value	1,976,471	41,176
Loan to Value Ratio	410%	
Market Rent Differential	166,896	290
Subsidy per Unit		0
Subsidy per Low Income Unit		0

MaineHousing Subsidy Limits:	
Per Project Max:	5,000,000
Per LI Unit Max:	160,000
Actual Request:	0
Request per LI Unit:	0

PROPOSED RENT SCHEDULE			Maximum Gross LIHTC/HOME	Utility	Maximum Net Tenant	Rents from	Market	Total
Type	AMI	# Units	Rents	Allow.	Rent	Applicant	Rent	Rent
Efficiency	30% AMI	0	0	0	0	0		0
	50% AMI	0	0	0	0	0		0
	60% AMI	0	1,173	0	1,173	1,173	$1,200	0
	80% AMI	0	0	0	0	0		0
0	Market	0	0	0	0	0		0
1BR	30% AMI	0	0	0	0	0		0
	50% AMI	6	1,048	0	1,048	1,048	$1,257	75,456
	60% AMI	0	1,257	0	1,257	1,257	$1,257	0
	80% AMI	12	1,676	0	1,676	1,676	$1,676	241,344
24	Market	6	1,800	0	1,800	1,800	$1,800	129,600
2BR	30% AMI	0	0	0	0	0		0
	50% AMI	6	1,258	0	1,258	1,258	$1,509	90,576
	60% AMI	0	1,509	0	1,509	1,509	$1,509	0
	80% AMI	12	2,012	0	2,012	2,012	$2,012	289,728
24	Market	6	2,200	0	2,200	2,200	$2,200	158,400
3BR	30% AMI	0	0	0	0	0	$0	0
	50% AMI	0	0	0	0	0	$0	0
	60% AMI	0	0	0	0	0	$0	0
	80% AMI	0	0	0	0	0	$0	0
0	Market	0	0	0	0	0	$0	0
4BR	30% AMI	0	0	0	0	0	$0	0
	50% AMI	0	0	0	0	0	$0	0
	60% AMI	0	0	0	0	0	$0	0
	80% AMI	0	0	0	0	0	$0	0
0	Market	0	0	0	0	0	$0	0
								0
								0
Subtotals		48						985,104
Bedrooms		72						
				Other Income:	HAP Differential		0	0
				Other Income:	RSC		0	25,000
				Vacancy Rate		3.00%		(30,303)
				Other Income:	Laundry		0	0
				Other Income:	TIF (trends at 3%)			0
				Effective Gross Income				979,801

AFFORDABLE AMORTIZING MORTGAGE CALCULATION		
Effective Gross Income (w/TIF)		979,801
Annual Operating Expense		466,855
Stabilized NOI		512,946
DSC	**1.20**	85,491
$ Avail for D/S		427,455
Other DS		0
Balance		427,455
Affordable Fully Amortizing Mortgage	0.00%	12,823,646
Affordable Interest Only Mortgage	0.00%	#DIV/0!

BREAKEVEN ANALYSIS:	RENT SENSITIVITY	OCCUPANCY	
	Total		Annual
Operating Expense	466,855	Gross Revenues	1,010,104
Debt Service	445,736		
Breakeven Rent	1,584	Breakeven Occupancy	90%

OPERATING EXPENSES			
Expense	Annual	Annual Per Unit	Monthly Per Unit
Administrative Expenses:			
Management Fees	60,924	1,269	106
Management Charges	48,331	1,007	84
Marketing Expenses	500	10	1
Legal Expenses	1,500	31	3
Auditing Expenses	5,500	115	10
Other Administrative Expenses	4,000	83	7
Administrative Expenses	120,755	2,516	210
Operating Expenses:			
Janitorial Payroll	0	0	0
Janitorial Supplies and Equipment	0	0	0
Janitorial Contractual Services	0	0	0
Fuel and Gas	0	0	0
Electricity	145,000	3,021	252
Water and Sewer	35,300	735	61
Garbage and Trash Removal	10,000	208	17
Vehicle and Equipment Expenses	0	0	0
Other Operating Expenses	0	0	0
Operating Expenses	190,300	3,965	330
Maintenance Expenses:			
Grounds Maintenance Payroll	0	0	0
Grounds Tools and Supplies	0	0	0
Grounds Contractual Services	25,000	521	43
Miscellaneous Ground Maintenance	0	0	0
Building Maintenance Payroll	40,000	300	25
Building Tools and Supplies	8,000	167	14
Building Contractual Services	5,000	104	9
Building Systems Maintenance	6,000	125	10
Miscellaneous Building Maintenance	2,200	46	4
		0	0
Maintenance Expenses	86,200	1,796	150
General Expenses:			
Property Taxes	0	0	0
Property and Liability Insurance	48,000	1,000	83
Tenant Service Expenses	0	0	0
Other General Expenses	0	0	0
General Expenses	48,000	1,000	83
Replacement Reserve Funding	21,600	1,800	150
Commercial Expenses (if applicable)	0	0	0
Total	466,855	9,726	923

Management Costs Analysis

Management Fees	60,924		
Management Charges	48,331		
Other Administrative Expenses	4,000	113,255	
Effective Gross Rental Income		979,801	
Cost Percentage for use in Management Agreement			**12%**

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT

YEAR	Lease Up	1 Stabilized	2	3	4	5	6	7	8	9	10	11
Mos:	10	3/2/2023	3/1/2024	3/1/2025	3/1/2026	3/2/2027	3/1/2028	3/1/2029	3/1/2030	3/2/2031	3/1/2032	3/1/2033
Effective Rental Income	816,501	979,801	999,397	1,019,385	1,039,773	1,060,568	1,087,082	1,114,259	1,142,116	1,170,669	1,199,935	1,229,934
TIF Reimbursement		0	0	0	0	0	0	0	0	0	0	0
Less Operating Expense	389,046	466,855	480,861	495,287	510,145	525,449	541,213	557,449	574,173	591,398	609,140	627,414
Net Operating Income	427,455	512,946	518,536	524,098	529,627	535,119	545,869	556,810	567,943	579,271	590,795	602,520
Less RLP Repay	0	0	0	0	0	0	0	0	0	0	0	0
Less Other Repay	371,446	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736
Cash Flow	56,008	67,210	72,800	78,363	83,892	89,383	100,133	111,074	122,207	133,535	145,060	156,784
Cash Flow per Unit	1,167	1,400	1,517	1,633	1,748	1,862	2,086	2,314	2,546	2,782	3,022	3,266
Debt Coverage Ratio	1.15	1.15	1.16	1.18	1.19	1.20	1.22	1.25	1.27	1.30	1.33	1.35
Principal Balance (1-4)	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004
Principal Balance (5-10)	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287
Operating Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0
Per Unit Annual Deficit		$ 2,240	$ 2,427	$ 2,612	$ 2,796	$ 2,979	$ 3,338	$ 3,702	$ 4,074	$ 4,451	$ 4,835	$ 5,226
Per Unit Per Month Deficit		$ 187	$ 202	$ 218	$ 233	$ 248	$ 278	$ 309	$ 339	$ 371	$ 403	$ 436

First Year End: 12/31/2023

Total Cash Flow
Projected over 12 Years
1,509,990

1,964,895

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT, continued

YEAR		12	13	14	15	16	17	18	19	20	21	22
		3/1/2034	3/2/2035	3/1/2036	3/1/2037	3/1/2038	3/2/2039	3/1/2040	3/1/2041	3/1/2042	3/2/2043	3/1/2044
Effective Rental Income		1,260,682	1,292,199	1,324,504	1,357,617	1,391,557	1,433,304	1,476,303	1,520,592	1,566,210	1,613,196	1,661,592
TIF Reimbursement		0	0	0	0	0	0	0	0	0	0	0
Less Operating Expense		646,237	665,624	685,592	706,160	727,345	749,165	771,640	794,789	818,633	843,192	868,488
Net Operating Income		614,445	626,575	638,912	651,457	664,212	684,138	704,663	725,803	747,577	770,004	793,104
Less RLP Repay		0	0	0	0	0	0	0	0	0	0	0
Less Other Repay		445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736
Cash Flow		168,710	180,840	193,176	205,721	218,476	238,403	258,927	280,067	301,841	324,268	347,368
Cash Flow per Unit		3,515	3,767	4,024	4,286	4,552	4,967	5,394	5,835	6,288	6,756	7,237
Debt Coverage Ratio		1.38	1.41	1.43	1.46	1.49	1.53	1.58	1.63	1.68	1.73	1.78
Principal Balance (1-4)	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004
Principal Balance (5-10)	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287
Operating Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0
		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT, continued

YEAR		23	24	25	26	27	28	29	30
		3/1/2045	3/1/2046	3/2/2047	3/1/2048	3/1/2049	3/1/2050	3/2/2051	3/1/2052
Effective Rental Income		1,711,440	1,762,783	1,815,666	1,870,136	1,926,240	1,984,028	2,043,549	2,104,855
TIF Reimbursement		0	0	0	0	0	0	0	0
Less Operating Expense		894,543	921,379	949,020	977,491	1,006,816	1,037,020	1,068,131	1,100,175
Net Operating Income		816,897	841,404	866,646	892,646	919,425	947,008	975,418	1,004,680
Less MaineHousing RLP Repay		0	0	0	0	0	0	0	0
Less Other Repay		445,736	445,736	445,736	445,736	445,736	445,736	445,736	445,736
Cash Flow		371,161	395,668	420,910	446,910	473,689	501,272	529,682	558,945
Cash Flow per Unit		7,733	8,243	8,769	9,311	9,869	10,443	11,035	11,645
Debt Coverage Ratio		1.83	1.89	1.94	2.00	2.06	2.12	2.19	2.25
Principal Balance (1-4)	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004	6,757,004
Principal Balance (5-10)	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287	8,604,287
Operating Reserve Balance	0	0	0	0	0	0	0	0	0