



December 7, 2021

Members of the New York City Council  
via email  
250 Broadway  
New York, NY 10007

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Andrew Berman

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**232 EAST 11TH STREET  
NEW YORK NY 10003  
212-475-9585  
VILLAGEPRESERVATION.ORG**

**Re: SoHo/NoHo/Chinatown Rezoning Affordable Housing Financial Analysis**

Dear Councilmembers:

I write to share with you a financial analysis we have performed of one of the key development sites in the proposed SoHo/NoHo/Chinatown rezoning area, the Edison Parking Lot at 375 Lafayette Street/30 Great Jones Street. Like more than 80 other sites in the proposed rezoning area, the City and other advocates for the rezoning claim that under the rezoning, affordable housing units will be built here, in this case 51-61 units. **But our analysis of the financial return on various development options allowed under the rezoning shows that just the opposite is far and away the most likely outcome here — that in fact no affordable units will ever be built here. That's because under the rezoning, a developer would enjoy roughly double the internal rate of return by building no affordable housing** as compared to if they did include affordable housing. They can do so by building the maximum allowable commercial FAR and no more than 25,000 sq ft of market rate residential space on these three zoning lots, which requires no affordable housing construction whatsoever, but allows developers to merely pay into a fund instead.

This illustrates, in even greater detail than our [prior submissions](#) (also [here](#)), that **the rezoning for this area is inherently structured to provide great financial incentives to not include affordable housing in new construction.**

Based upon this objective, data-driven analysis, only one or more of the following changes would alter the basic mathematics which would continue to very strongly incentivize construction with no affordable housing over affordable housing which includes it:

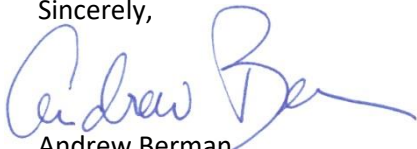
- Lowering the allowable commercial FAR on sites where affordable housing is desired to a di minimis amount, so that it is not competing with immensely less profitable residential developments where 25-30% of the space is dedicated to “affordable” housing.
- Eliminating the option of paying into a fund for residential developments of less than 25,000 sq ft per zoning lot rather than providing on-site affordable housing.
- Providing very significant subsidies for the construction of affordable housing, to make including affordable housing in new developments more financially worthwhile than merely building much more profitable commercial space and/or market rate residential space of less than 25,000 sq ft per zoning lot.

Because the City refused to consider a wider range of options in its analysis for this rezoning, the types of changes described above which are necessary to ensure that a rezoning does not merely reward developers with an enormous windfall with no public benefit of affordable housing is likely not “in scope,” and therefore not possible, under the existing rezoning. Instead, it would require restarting the process for considering any zoning changes to this area.

For this and many other reasons, including the profoundly detrimental effect the rezoning would have on [existing rent regulated affordable housing](#) and [lower income residents](#), small businesses, arts groups, historic structures, [Asian American residents in and around the Chinatown section of the rezoning](#), and [the scale and character of the neighborhood](#), I strongly urge you to vote this plan down and work with all stakeholders to begin anew.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Andrew Berman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Andrew Berman  
Executive Director

# Site Analysis in Soho/NoHo/Chinatown Rezoning of Internal Rate of Return for Including Affordable Housing vs. Building with No Affordable Housing

The premise of the SoHo/NoHo/Chinatown Rezoning Plan is that it will create significant amounts of affordable housing. But reasoned analysis shows it won't — not unless the private, for-profit developers chose to act against their own financial self-interest. In fact, the plan makes it much more financially rewarding to build with no affordable housing whatsoever and incentivizes the [destruction of a great deal of existing rent-regulated affordable housing](#), displacing its long-term, lower-income residents.

[Prior analysis](#) by Village Preservation showed that on every site where the city projects affordable housing being built, the rezoning plan actually allows developers to build **more** market-rate space when they don't include affordable housing than when they do, thus providing a huge incentive not to build affordable housing. Changes made to the plan by the City Planning Commission when they adopted it [had no substantive impact upon this equation](#).

We have now performed an even more in-depth analysis of the built-in incentives and likely outcomes of the plan, using one of the largest development sites in the rezoning area, the Edison Parking lot at Lafayette Street and Great Jones Street, as an example. Based on market assumptions, we found that a rezoning scenario on this site with no affordable housing would produce **roughly double** the 10-year Internal Rate of Return (IRR) of one that does, indicating that **any developer would forgo a development with affordable housing in favor of one without. This remains the case even if the maximum commercial FAR were substantially lowered from the proposed levels.** Our analysis found:

- Residential Development with 30% Affordable Housing (Mandatory Inclusionary Housing — Floor Area Ratio of 9.7): **10-year IRR = 8.93%**
- 100% commercial development (Floor Area Ratio of 6): **10-year IRR = 14.33%**
- Development with 25,000 sq ft of market-rate residences per zoning lot (exempted from affordable housing requirements with the payment of a fee) with the remainder of the development commercial to the maximum extent allowable by zoning (Floor Area Ratio of 9.7): **10-year IRR = 19.67%**
- Maximum Allowable Commercial SF (6 FAR) with unused FAR filled with market-rate residential of less than 25,000 sq ft per zoning lot (exempted from affordable housing requirements with the payment of a fee) (Floor Area Ratio of 9.7): **10-year IRR = 19.55%**

Even a 5 FAR commercial building on these sites would bring in a higher internal rate of return—17.68% — than the full FAR residential building with affordable housing, as would a 4 FAR commercial building, which would yield a 10 year internal rate of return of 13.9%.

	SCENARIO					
	MIH 70/30 w/ retail	All Commercial	Max non-MIH Residential, Remainder Commercial	Max Commercial, Remainder Residential	Max non-MIH Residential, 5 FAR Commercial	Max non-MIH Residential, 4 FAR Commercial
<b>Total FAR</b>	9.7	6	9.7	9.7	8.7	7.7
<b>Residential FAR</b>	8.7	0	3.8	3.7	3.7	3.7
<b>Commercial FAR</b>	1	6	5.9	6	5	4
<b>IRR</b>	8.93%	14.33%	19.67%	19.55%	17.68%	13.90%

Similar analysis throughout the neighborhood would yield comparable results, demonstrating how unlikely this plan is to produce any affordable housing.

The data that follows includes the calculations and bases for this analysis.

# Appendix A: MIH Affordable

PROPERTY INFORMATION		FAR	9.7
Commercial FAR	Lot SF	6	19,775
Residential Floor Plate	Storages		
Residential SF	GSF	191,818	
Retail SF		172,043	
Office SF		19,775	
Units		0	
Parking Spaces		173	

9.70  
8.70  
1.00  
0.00

90%  
100%  
0%

DEVELOPMENT COSTS		Land	\$76,727,000	\$400	per GSF
Hard Costs (Residential)		\$68,817,000	\$400	per GSF	
Hard Costs (Retail and Office)		\$6,328,000	\$320	per GSF	
Hard Costs (Parking)		\$0	\$50,000	per space	
Hard Costs Total		\$75,145,000			
Soft Cost		\$18,786,250		25%	of Hard Cost
Interest Expenses Construction		\$7,963,082		3.75%	
<b>Total Development Costs</b>		<b>\$178,621,332</b>		<b>\$1,034,100</b>	<b>per Unit</b>

Income Mix		%	AMI	SF	Boost
Homeless / Section 8		0%	AMI	473	0%
40% AMI		0%	AMI	600	
(50% AMI)		0%	AMI	900	
Tx Credit Low (60% AMI)		0%	AMI	950	
80% AMI		30%	AMI	746	
Middle (101-130% AMI)		0%	AMI	932	
Market		76%	AMI		
		100%	AMI		

Unit Type Distribution		Market SF	%	Rental SF	Condo SF
Unit Type		473	15%	473	473
0BR		600	25%	600	717
1BR		900	50%	900	1325
2BR		950	10%	1200	2237
3BR		746		791	1136
NSF/DU					
GSF/DU					

M & O per SF:		\$11
421A? (1=yes, 0=no)		0
Mini Tax		\$90,683.32
Lot 17		\$27,959.48
Lot 56		\$71,703.28
Lot 52		\$190,246.08

Lots SF Calculation Block 531		Lot Size	Residential	Commercial	Total
Lot 17		9,261	80,571	9,261	89,832
Lot 56		2,567	22,333	2,567	24,900
Lot 52		7,947	69,139	7,947	77,086
<b>Total</b>		<b>19,775</b>	<b>172,043</b>	<b>19,775</b>	<b>191,818</b>
FAR		9.70			
Residential SF		25,000			

Unit Distribution		Units	Rents	Income	Net Revenue
<b>Homeless / Section 8 FMR</b>					
0BR	15%	0	\$888	\$0	\$0
1BR	30%	0	\$1,069	\$0	\$0
2BR	55%	0	\$1,189	\$0	\$0
3BR	0%	0	\$1,462	\$0	\$0
<b>40% AMI (rent at 38%)</b>					
0BR	15%	0	\$424	\$0	\$0
1BR	30%	0	\$453	\$0	\$0
2BR	55%	0	\$548	\$0	\$0
3BR	0%	0	\$633	\$0	\$0
<b>Very Low - 50% of AMI (Rent at 48%)</b>					
0BR	15%	0	\$552	\$0	\$0
1BR	30%	0	\$690	\$0	\$0
2BR	55%	0	\$712	\$0	\$0
3BR	0%	0	\$823	\$0	\$0
<b>Low - 60% of AMI (Rent at 56%)</b>					
0BR	15%	0	\$1,190	\$0	\$0
1BR	30%	0	\$1,271	\$0	\$0
2BR	55%	0	\$1,518	\$0	\$0
3BR	0%	0	\$1,746	\$0	\$0
<b>80% AMI</b>					
0BR	15%	8	\$1,606	\$146,485	\$146,485
1BR	30%	16	\$1,718	\$313,272	\$313,272
2BR	55%	29	\$2,054	\$679,185	\$679,185
3BR	0%	0	\$2,366	\$0	\$0
<b>Middle - 130%</b>					
0BR	15%	0	\$1,338	\$0	\$0
1BR	30%	0	\$1,680	\$0	\$0
2BR	55%	0	\$2,019	\$0	\$0
3BR	0%	0	\$2,334	\$0	\$0
<b>Market</b>					
0BR	15%	18	\$3,350	\$687,506	\$687,506
1BR	25%	30	\$3,700	\$1,265,400	\$1,265,400
2BR	50%	60	\$8,775	\$6,002,100	\$6,002,100
3BR	10%	12	\$10,500	\$1,436,400	\$1,436,400
	100%	121		\$9,391,406	\$9,391,406
<b>Commercial and Other Income:</b>					
Parking		# of Spaces	Monthly Rent	Annual Income	\$0
Retail		Total s.f.	Monthly/s.f.	Annual Income	\$1,977,500
Office		19,775	0	\$0	\$0
Laundry		# units	Per unit/per year	Annual Income	\$15,546
		173	\$90	\$1,993,046	\$1,993,046
<b>Cash Flow</b>					
Total Commercial and Other Income				\$1,977,500	\$1,977,500
Residential Net				\$0	\$0
Parking Income				\$0	\$0
Commercial & Parking Net				10%	\$1,779,750
Laundry Income				5%	\$15,546
Laundry Net					\$14,769
<b>Commercial/Parking/Laundry Net</b>					<b>\$1,794,519</b>
TOTAL EGI					<b>\$12,324,866</b>
M & O					<b>-\$2,001,230</b>
NOI					<b>\$10,323,636</b>
<b>Financing</b>					
Interest Rate			5.00%		
DSCR			1.15		
NOI			\$10,323,636		
Available for DS			\$8,977,075		
<b>4% Tax Credits</b>					
Eligible Basis			\$160,206,762		
Applicable Fraction			0%		
Basis Boost			30%		

Assumptions		
All variable cells in blue:		
<b>General</b>		
Bldg FAR	9.70	
Acq & Inf FAR	0.00	
Lot Area	19,775	
GBA	191,818	
<b>Residential</b>		
% of project	89.69%	
NSF	172,043	
Efficiency Factor	78%	
<b>Unit Breakdown</b>		
avg DU size (NSF)	total units	% distribution
Studio	473	8
1 BR	600	16
2 BR	900	29
3 BR	960	0
Market Studio	473	18
Market 1 BR	600	30
Market 2 BR	900	35%
Market 3 BR	1,200	12
		7%
		100%
assumed avg DU size (NSF)	777	173
Number of Units	746	791
	173	residential
<b>Parking</b>		
parking spaces	0	
parking ratio	0.0%	
<b>Commercial</b>		
% of project	10.31%	
GSF	19,775	
NSF	19,775	
Efficiency Factor	100%	
<b>Development Costs</b>		
Acquisition	\$76,727,000	\$400 per ZFA
Infr/Env Costs	\$0	per GZF
Commercial Hard Cost	\$6,328,000	\$320 per GSF
Residential Hard Cost	\$68,817,000	\$400 per GSF
Parking Costs	\$0	\$15,000 per space
Soft Cost/GSF	\$18,786,250	25% of Hard Cost/GSF
Developer Fee	\$0	0.00% of TDC
<b>Total Development Costs</b>	<b>\$170,658,250</b>	
<b>Revenue</b>		
<b>Residential</b>		
Average Rent/Unit/Month	5,072	
Total Annual Rent	10,530,348	
Annual Rent/NSF	78.47	
Annual Rental Growth	3%	
Annual Vacancies	5%	
Area Median Income	119,300	
<b>Market</b>	<b>% of project</b>	<b>Rent per NSF</b>
	70%	104.92
<b>Monthly Rent</b>	<b># of units</b>	<b>Annual Income</b>
Studio	3,350	18
1 BR	3,700	30
2 BR	8,775	60
3 BR	10,500	12
total		120
		9,391,406
		687,508
		1,265,400
		6,002,100
		1,436,400
		9,391,406
<b>AMI Rent Level</b>	<b>% of project</b>	<b>Rent per NSF</b>
	60%	0% #DIV/0!
<b>Monthly Rent</b>	<b># of units</b>	<b>Annual Income</b>
Studio	1,214	0
1 BR	1,298	0
2 BR	1,580	0
3 BR	1,805	0

Sources & Uses		per unit
<b>Sources Total</b>		511,438
First Mortgage	88,478,689	
Developer Equity	42,664,563	
Land Value	-	
Total	170,658,250	511,438
<b>Uses Total</b>		443,509
Land Cost	76,727,000	
Infrastructure	0	
Commercial Hard Cost	6,328,000	36,578
Residential Hard Cost	68,817,000	397,786
Parking Hard Cost	0	
Soft Costs	18,786,250	108,591
Developer Fee	0	
Total	170,658,250	986,464
<b>Total</b>		
Total Rent	12,507,848	
Total Vacancy	(724,267)	
EGI	11,783,580	
Operating Expenses	(1,892,468)	
421a Mini Tax	(3,227,726)	
After Tax NOI	6,663,386	
First Mortgage DS	(5,699,673)	
Net Cash Flow	963,713	
<b>LTV Calculation Total</b>		
NPV	169,784,713	
Max Loan Amount	127,338,535	
	75%	
<b>Debt Service Calculation Total</b>		
Monthly Available for First Mort DS	474,973	
Max First Mortgage Amount	88,478,689	
<b>Total</b>		
<b>IRR 10 years</b>		8.93%

**Total Cash Flows**  
**RESIDENTIAL CF**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Residential Rent	10,530,348	10,846,258	11,171,646	11,506,995	11,851,999	12,207,559	12,573,786	12,950,999	13,339,529	13,739,715	14,151,907	14,576,464	15,013,758	15,464,170	15,928,066
less Residential Vacancy	526,517	542,313	559,582	575,340	592,600	610,378	628,689	647,550	666,976	686,986	707,595	728,823	750,688	773,209	796,405
<b>Effective Gross Income</b>	<b>10,003,830</b>	<b>10,303,945</b>	<b>10,613,063</b>	<b>10,931,655</b>	<b>11,259,399</b>	<b>11,597,181</b>	<b>11,945,096</b>	<b>12,303,449</b>	<b>12,672,553</b>	<b>13,052,729</b>	<b>13,444,311</b>	<b>13,847,641</b>	<b>14,263,070</b>	<b>14,690,962</b>	<b>15,131,691</b>
<b>Total Operating Expenses</b>	<b>1,892,468</b>	<b>1,949,242</b>	<b>2,007,719</b>	<b>2,067,960</b>	<b>2,129,989</b>	<b>2,193,889</b>	<b>2,259,705</b>	<b>2,327,496</b>	<b>2,397,321</b>	<b>2,469,241</b>	<b>2,543,316</b>	<b>2,619,618</b>	<b>2,698,206</b>	<b>2,779,152</b>	<b>2,862,927</b>
Residential Sales - MH Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Pre Tax NOI</b>	<b>8,111,363</b>	<b>8,354,704</b>	<b>8,605,345</b>	<b>8,863,695</b>	<b>9,129,410</b>	<b>9,403,292</b>	<b>9,685,391</b>	<b>9,975,953</b>	<b>10,275,232</b>	<b>10,583,489</b>	<b>10,900,993</b>	<b>11,223,023</b>	<b>11,564,864</b>	<b>11,911,810</b>	<b>12,269,164</b>
<b>Assessed Tax:</b>															
NOI (I) Assessor's Rate	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%
Market Value	55,259,169	56,916,258	58,623,212	60,382,736	62,193,166	64,056,925	65,976,212	67,955,045	69,995,929	72,099,975	74,269,215	76,505,645	78,809,275	81,180,105	83,628,105
(X) Equalization Rate	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Projected Assessment	24,866,225	25,612,212	26,360,278	27,111,996	27,867,156	28,626,770	29,390,573	30,159,221	30,933,321	31,712,490	32,497,339	33,292,571	34,098,896	34,916,016	35,743,531
(X) Tax Rate	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%
<b>Projected RE Taxes</b>	<b>2,659,194</b>	<b>2,738,970</b>	<b>2,821,139</b>	<b>2,905,973</b>	<b>2,992,946</b>	<b>3,082,735</b>	<b>3,175,217</b>	<b>3,270,473</b>	<b>3,368,588</b>	<b>3,469,645</b>	<b>3,573,735</b>	<b>3,680,947</b>	<b>3,791,375</b>	<b>3,905,116</b>	<b>4,022,270</b>
421a Mini Tax:	170,633	175,792	181,025	186,455	192,049	197,811	203,745	209,857	216,153	222,637	229,317	236,196	243,282	250,580	258,098
<b>421a Exemptions:</b>															
Exempt percent	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Exempt amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Taxes Due</b>	<b>2,659,194</b>	<b>2,738,970</b>	<b>2,821,139</b>	<b>2,905,973</b>	<b>2,992,946</b>	<b>3,082,735</b>	<b>3,175,217</b>	<b>3,270,473</b>	<b>3,368,588</b>	<b>3,469,645</b>	<b>3,573,735</b>	<b>3,680,947</b>	<b>3,791,375</b>	<b>3,905,116</b>	<b>4,022,270</b>
<b>After Tax NOI</b>	<b>5,452,169</b>	<b>5,615,734</b>	<b>5,784,206</b>	<b>5,957,732</b>	<b>6,136,464</b>	<b>6,320,558</b>	<b>6,510,174</b>	<b>6,705,480</b>	<b>6,906,644</b>	<b>7,113,843</b>	<b>7,327,259</b>	<b>7,547,076</b>	<b>7,773,489</b>	<b>8,006,693</b>	<b>8,246,894</b>
<b>NPV of After tax NOI</b>	<b>138,626,763</b>														

**COMMERCIAL CF**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Commercial Rental Revenue	1,977,500	2,036,825	2,097,930	2,160,889	2,225,694	2,292,464	2,361,238	2,432,076	2,505,038	2,580,189	2,657,595	2,737,322	2,819,442	2,904,025	2,991,146
Parking Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
less Commercial Vacancy	197,750	205,663	209,793	216,987	222,569	229,246	236,124	243,208	250,504	258,019	265,759	273,732	281,944	290,403	299,115
<b>Effective Gross Income</b>	<b>1,779,750</b>	<b>1,833,143</b>	<b>1,888,137</b>	<b>1,944,781</b>	<b>2,003,124</b>	<b>2,063,218</b>	<b>2,125,115</b>	<b>2,188,868</b>	<b>2,254,534</b>	<b>2,322,170</b>	<b>2,391,835</b>	<b>2,463,590</b>	<b>2,537,498</b>	<b>2,613,623</b>	<b>2,692,032</b>
<b>Total Operating Expenses</b>	<b>108,763</b>	<b>112,025</b>	<b>115,986</b>	<b>118,848</b>	<b>122,413</b>	<b>126,086</b>	<b>129,868</b>	<b>133,764</b>	<b>137,777</b>	<b>141,910</b>	<b>146,168</b>	<b>150,553</b>	<b>155,069</b>	<b>159,721</b>	<b>164,513</b>
<b>Pre Tax NOI</b>	<b>1,670,988</b>	<b>1,721,117</b>	<b>1,772,151</b>	<b>1,825,933</b>	<b>1,880,711</b>	<b>1,937,132</b>	<b>1,995,246</b>	<b>2,055,104</b>	<b>2,115,757</b>	<b>2,180,260</b>	<b>2,245,667</b>	<b>2,313,037</b>	<b>2,382,429</b>	<b>2,453,901</b>	<b>2,527,519</b>
<b>Assessed Tax:</b>															
NOI (I) Assessor's Rate	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%
Market Value	11,814,150	12,169,575	12,533,632	12,909,641	13,296,930	13,695,838	14,106,713	14,529,915	14,965,312	15,414,786	15,877,230	16,353,547	16,844,153	17,349,478	17,869,982
(X) Equalization Rate	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Projected Assessment	5,316,368	5,475,859	5,640,134	5,809,338	5,983,619	6,163,127	6,346,021	6,532,462	6,724,615	6,926,854	7,134,753	7,350,096	7,579,869	7,804,183	8,041,483
(X) Tax Rate	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%
<b>Projected RE Taxes</b>	<b>568,532</b>	<b>585,568</b>	<b>603,156</b>	<b>621,251</b>	<b>639,866</b>	<b>659,005</b>	<b>678,697</b>	<b>698,923</b>	<b>720,600</b>	<b>741,806</b>	<b>763,592</b>	<b>786,982</b>	<b>810,991</b>	<b>834,969</b>	<b>859,956</b>
421a Mini Tax:	19,613	20,201	20,807	21,432	22,075	22,737	23,419	24,122	24,845	25,591	26,358	27,149	27,963	28,802	29,666
<b>421a Exemptions:</b>															
Exempt percent	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Exempt amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Taxes Due</b>	<b>568,532</b>	<b>585,568</b>	<b>603,156</b>	<b>621,251</b>	<b>639,866</b>	<b>659,005</b>	<b>678,697</b>	<b>698,923</b>	<b>720,600</b>	<b>741,806</b>	<b>763,592</b>	<b>786,982</b>	<b>810,991</b>	<b>834,969</b>	<b>859,956</b>
<b>After Tax NOI</b>	<b>1,102,456</b>	<b>1,135,529</b>	<b>1,169,995</b>	<b>1,204,683</b>	<b>1,240,823</b>	<b>1,278,048</b>	<b>1,316,389</b>	<b>1,355,881</b>	<b>1,396,357</b>	<b>1,438,454</b>	<b>1,481,608</b>	<b>1,526,056</b>	<b>1,571,637</b>	<b>1,618,933</b>	<b>1,667,562</b>
<b>NPV of After tax NOI</b>	<b>26,031,010</b>														

**COMBINED CASH FLOWS**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rental After tax NOI	5,452,169	5,615,734	5,784,206	5,957,732	6,136,464	6,320,558	6,510,174	6,705,480	6,906,644	7,113,843	7,327,259	7,547,076	7,773,489	8,006,693	8,246,894
Commercial + Parking After tax NOI	1,102,456	1,135,529	1,169,995	1,204,683	1,240,823	1,278,048	1,316,389	1,355,881	1,396,357	1,438,454	1,481,608	1,526,056	1,571,637	1,618,933	1,667,562
<b>Combined After tax NOI</b>	<b>6,554,624</b>	<b>6,751,262</b>	<b>6,954,200</b>	<b>7,162,414</b>	<b>7,377,287</b>	<b>7,598,605</b>	<b>7,826,563</b>	<b>8,061,360</b>	<b>8,303,001</b>	<b>8,552,297</b>	<b>8,808,866</b>	<b>9,073,132</b>	<b>9,345,126</b>	<b>9,625,626</b>	<b>9,914,456</b>
<b>NPV of After tax NOI</b>	<b>169,784,713</b>														





# Appendix B: Market

PROPERTY INFORMATION		FAR	9.7
Commercial FAR		6	
Residential Floor Plate		19,775	
Storages			
GSF	193,660		
Residential SF	75,000		39%
Retail SF	19,775		10%
Office SF	98,875		51%
Units	51		
Parking Spaces	0		

DEVELOPMENT COSTS		per GSF
Land	\$76,727,000	\$400
Hard Costs (Residential)	\$37,500,000	\$500
Hard Costs (Retail and Office)	\$47,460,000	\$400
Hard Costs (Parking)	\$0	\$50,000
Hard Costs Total	\$84,960,000	
Soft Cost	\$21,240,000	25% of Hard Cost
Interest Expenses Construction	\$12,347,573	3.75%
<b>Total Development Costs</b>	<b>\$195,274,573</b>	<b>\$3,793,334</b> per Unit

Income Mix		AMI	0%
Homeless / Section 8		0%	0
40% AMI		0%	0
(50% AMI)		0%	0
Tx Credit Low (60% AMI)		0%	0
80% AMI		0%	0
Middle (101-130% AMI)		0%	0
Market		100%	51
		100%	51

Unit Type Distribution		Market SF	%	Boost
Unit Type	ATF SF	Rental SF	Condo SF	
0BR	473	473	473	0%
1BR	600	600	717	
2BR	900	900	1325	
3BR	950	1200	2237	
NSF/DU	746	791	1136	
GSF/DU	932			

M & O per SF:		\$11
421A? (1=yes, 0=no)		0
Mini Tax		0%
Lot 17	\$90,683.32	
Lot 56	\$27,959.48	
Lot 52	\$71,703.28	
Actual Mini Tax	\$190,246.08	

Lots SF Calculation Block 531		Lot Size	Residential	Commercial	Total
Lot 17	9,261	25,000	64,832	89,832	
Lot 56	2,567	25,000	-100	24,900	
Lot 52	7,947	25,000	52,086	77,083	
<b>Total</b>	<b>19,775</b>	<b>75,000</b>	<b>116,818</b>	<b>191,818</b>	
FAR	9.70				
Residential SF	25,000				

Unit Distribution	Units	Rents	Income	Net Revenue
<b>Homeless / Section 8 FMR</b>				
0BR	15%	\$888	\$0	\$0
1BR	30%	\$1,069	\$0	\$0
2BR	55%	\$1,189	\$0	\$0
3BR	0%	\$1,462	\$0	\$0
0	100%			
<b>40% AMI (rent at 38%)</b>				
0BR	15%	\$424	\$0	\$0
1BR	30%	\$453	\$0	\$0
2BR	55%	\$548	\$0	\$0
3BR	0%	\$633	\$0	\$0
0	100%			
<b>Very Low - 50% of AMI (Rent at 48%)</b>				
0BR	15%	\$552	\$0	\$0
1BR	30%	\$690	\$0	\$0
2BR	55%	\$712	\$0	\$0
3BR	0%	\$823	\$0	\$0
0	100%			
<b>Low - 60% of AMI (Rent at 56%)</b>				
0BR	15%	\$1,190	\$0	\$0
1BR	30%	\$1,271	\$0	\$0
2BR	55%	\$1,518	\$0	\$0
3BR	0%	\$1,746	\$0	\$0
0	100%			
<b>80% AMI</b>				
0BR	15%	\$1,606	\$0	\$0
1BR	30%	\$1,718	\$0	\$0
2BR	55%	\$2,054	\$0	\$0
3BR	0%	\$2,366	\$0	\$0
0	100%			
<b>Middle - 130%</b>				
0BR	15%	\$1,338	\$0	\$0
1BR	30%	\$1,680	\$0	\$0
2BR	55%	\$2,019	\$0	\$0
3BR	0%	\$2,334	\$0	\$0
0	100%			
<b>Market</b>				
0BR	15%	\$3,350	\$305,558	\$0
1BR	25%	\$3,700	\$548,340	\$0
2BR	50%	\$8,775	\$2,600,910	\$0
3BR	10%	\$10,500	\$598,500	\$0
0	100%			
<b>Commercial and Other Income:</b>				
Parking	# of Spaces	Monthly Rent	Annual Income	\$0
Retail	Total s.f.	Monthly/s.f.	Annual Income	\$1,977,500
Office	19,775	\$100	\$1,977,500	
	98,875	\$130	\$12,853,750	
Laundry	# units	Per unit/year	Annual Income	\$4,633
	51	\$90	\$4,633	
<b>Cash Flow</b>				
Total Commercial and Other Income			\$14,835,883	
<b>Residential Net</b>				
Commercial Income			\$0	
Commercial & Parking Net			\$0	
Laundry Income		10%	\$1,779,750	
Laundry Net		5%	\$4,401	
<b>Commercial/Parking/Laundry Net</b>			\$1,784,151	
<b>TOTAL EGI</b>			\$1,784,151	
<b>M &amp; O</b>			-\$1,477,575	
<b>NOI</b>			\$306,576	

Financing		Interest Rate	5.00%
Interest Rate		5.00%	
DSCR		1.73	
NOI		\$306,576	
Available for DS		\$235,828	

4% Tax Credits		Eligible Basis	\$75,629,192
Eligible Basis		\$75,629,192	
Applicable Fraction		0%	
Basis Boost		30%	

Assumptions		
All variable cells in blue:		
<b>General</b>		
Bldg FAR	9.70	
Acq & Inf FAR	0.00	
Lot Area	19,775	
GBA	191,818	
<b>Residential</b>		
% of project	38.73%	
NSF	74,290	
Efficiency Factor	57.946	
	78%	
<b>Unit Breakdown</b>		
avg DU size (NSF)	total units	% distribution
Studio	473	0
1 BR	600	0%
2 BR	900	0%
3 BR	960	0%
Market Studio	473	8
Market 1 BR	600	13
Market 2 BR	900	25
Market 3 BR	1,200	5
		100%
	791	51
assumed avg DU size (NSF)	746	791
Number of Units	51	residential
<b>Parking</b>		
parking spaces	0	
parking ratio	0.0%	
<b>Commercial</b>		
% of project	61.27%	
GSF	117,527	
NSF	117,527	
Efficiency Factor	100%	
<b>Development Costs</b>		
Acquisition	\$76,727,000	\$400 per ZFA
Infr/Eny Costs	\$0	per GZF
Commercial Hard Cost	\$47,460,000	\$400 per GSF
Residential Hard Cost	\$37,500,000	\$500 per GSF
Parking Costs	\$0	\$15,000 per space
Soft Cost/GSF	\$21,240,000	25% of Hard Cost/GSF
Developer Fee	\$0	0.00% of TDC
<b>Total Development Costs</b>	<b>\$182,927,000</b>	
<b>Revenue</b>		
<b>Residential</b>		
Average Rent/Unit/Month	-	
Total Annual Rent	-	
Annual Rent/NSF	0.00	
Annual Rental Growth	3%	
Annual Vacancies	5%	
Area Median Income	119,300	
<b>Market</b>	<b>% of project</b>	<b>Rent per NSF</b>
	100%	0.00
<b>Monthly Rent</b>	<b># of units</b>	<b>Annual Income</b>
Studio	3,350	8
1 BR	3,700	13
2 BR	8,775	25
3 BR	10,500	5
total	51	51
<b>AMI Rent Level</b>	<b>% of project</b>	<b>Rent per NSF</b>
	60%	0%
<b>Monthly Rent</b>	<b># of units</b>	<b>Annual Income</b>
Studio	1,214	0
1 BR	1,298	0
2 BR	1,580	0
3 BR	1,805	0

Sources & Uses		per unit
<b>Sources Total</b>		2,690,103
First Mortgage	137,195,250	
Developer Equity	45,731,750	
Land Value	-	
Total	182,927,000	2,690,103
<b>Uses Total</b>		1,504,451
Land Cost	76,727,000	
Infrastructure	0	
Commercial Hard Cost	47,460,000	930,588
Residential Hard Cost	37,500,000	735,294
Parking Hard Cost	0	
Soft Costs	21,240,000	416,471
Developer Fee	0	
Total	182,927,000	3,586,804
<b>Total</b>		
Total Rent	14,831,250	
Total Vacancy	(1,483,125)	
EGI	13,348,125	
Operating Expenses	(817,193)	
421a Mini Tax	(41,118,861)	
After Tax NOI	(28,587,929)	
First Mortgage DS	(13,247,652)	
Net Cash Flow	(41,835,581)	
<b>LTV Calculation Total</b>		
NPV	274,199,328	
Max Loan Amount	205,649,496	
	75%	
<b>Debt Service Calculation Total</b>		
Monthly Available for First Mort DS	5,373,453	
Max First Mortgage Amount	1,000,975,448	
<b>Total</b>		19.84%
<b>IRR 10 years</b>		

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Total Cash Flows</b>															
Residential Rent															
less Residential Vacancy															
<b>Effective Gross Income</b>															
Residential Sales - MH Fee															
<b>Pro Tax NOI</b>															
NOI (I) Assessor's Rate	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%	14.68%
(II) Equalization Rate	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)	(5.74%)
(X) Tax Rate	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)	(2.50%)
Projected Assessment	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572	344,922.572
(X) Tax Rate	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%
Projected RE Taxes	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260
421a Mini Tax:	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682	73,682
421a Exemptions:															
Exempt amount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Taxes Due	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260	36,197,260
<b>After Tax NOI</b>															
<b>NPV of After Tax NOI</b>															
<b>COMMERCIAL CF</b>															
Gross Commercial Rental Revenue	14,831,250	15,276,188	15,724,473	16,206,507	16,692,703	17,193,484	17,709,288	18,240,557	18,787,764	19,351,417	19,931,960	20,529,919	21,145,816	21,780,191	22,433,596
Parking Revenue															
less Parking Vacancy															
less Commercial Vacancy	1,483,125	1,527,619	1,573,447	1,620,851	1,669,270	1,719,348	1,770,929	1,824,057	1,878,779	1,935,142	1,993,196	2,052,992	2,114,562	2,178,019	2,243,360
Effective Gross Income	13,348,125	13,748,569	14,151,026	14,585,657	15,023,432	15,474,135	15,938,359	16,416,510	16,909,005	17,416,276	17,937,764	18,475,927	19,031,255	19,604,172	20,190,237
<b>Total Operating Expenses</b>															
Pro Tax NOI	12,701,725	13,082,777	13,475,260	13,879,518	14,295,904	14,724,781	15,166,524	15,621,620	16,090,166	16,572,871	17,070,557	17,582,158	18,109,623	18,652,912	19,212,699
NOI (I) Assessor's Rate	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%	14.14%
(II) Equalization Rate	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337	92,497,337
(X) Tax Rate	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458	40,411,458
Projected Assessment	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601
(X) Tax Rate	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%	10.694%
Projected RE Taxes	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601	4,321,601
421a Mini Tax:	116,564	120,061	123,663	127,373	131,194	135,130	139,184	143,360	147,660	152,090	156,653	161,352	166,193	171,179	176,314
421a Exemptions:															
Exempt amount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Taxes Due	4,321,601	4,451,249	4,584,787	4,722,530	4,864,000	5,009,920	5,160,218	5,315,024	5,474,475	5,638,709	5,807,871	5,982,107	6,161,570	6,346,417	6,536,610
<b>After Tax NOI</b>															
<b>NPV of After Tax NOI</b>															
<b>COMBINED CASH FLOWS</b>															
Rental After tax NOI	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737	75,445,737
Commercial + Parking After tax NOI	8,380,124	8,631,528	8,890,474	9,157,188	9,431,903	9,714,860	10,006,306	10,306,495	10,615,690	10,934,161	11,262,196	11,600,051	11,948,053	12,306,495	12,675,689
Combined After tax NOI	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861	83,825,861
NPV of After Tax NOI	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328	274,199,328

**FINANCING CALCULATIONS**

	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>MORTGAGES</b>													
First Mortgage													
LTV Debt Service	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652	13,247,652
Max Loan by LTV	205,649,496												
DCR Debt Service	1,30	0.13	0.13	0.13	0.14	0.14	0.15	0.15	0.15	0.16	0.16	0.17	0.17
monthly debt service	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432	64,481,432
Max Loan by DSCR	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453	5,373,453
	<b>1,000,975,448</b>												

	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Actual Debt Service</b>	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925	8,837,925

	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Return on Investment</b>													
Cash Flow													
Equity Investment	45,731,750												
Cash on Cash ROE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
IRR	15.39%	-1.69%	-1.16%	-0.67%	-0.05%	0.53%	1.12%	1.73%	2.37%	3.02%	3.69%	4.38%	5.09%
	(45,731,750)	(772,164)	(530,191)	(280,959)	(24,250)	240,160	512,502	793,015	1,081,944	1,379,540	1,686,064	2,001,783	2,326,974
		(772,164)	(530,191)	(280,959)	(24,250)	240,160	512,502	793,015	1,081,944	1,379,540	1,686,064	2,001,783	2,326,974
<b>10 Year IRR</b>	<b>19.84%</b>												
	(45,731,750)												

annual rate	5.00%												
number of years	30												
number of payments	360												
loan amount	137,195,250												
monthly payment	(\$738,494)												
beginning month	1												
ending month	120												
principal paid	\$26,060,861												
outstanding balance year 10	\$111,134,389												
									sale/reversion outstanding princ	\$210,479,775	\$111,134,389	\$59,345,386	