



35791

**City of Portland
Vera Katz
Mayor**

May 12, 1999

REPORT TO COUNCIL

TO THE COMMISSIONERS

Attached is the resolution and report for the transit-oriented development tax abatement proposed for the project known as Center Square and Center Station Buildings of the Center Commons Development owned by Glisan Housing Partners, LLC and located at NE 60th Avenue and NE Glisan Street

Out of the 228-unit project, 172 units will be subject to rent regulatory restrictions at 60% of area median income for a period of 60 years, and all 228 units will provide transit-oriented design elements

TO THE COUNCIL:

The Mayor concurs with the staff report submitted by the Portland Development Commission and

RECOMMENDS

that the Council approve the Resolution

Respectfully submitted,

Vera Katz
Mayor

REPORT AND RECOMMENDATION TO CITY COUNCIL

**Application of Glisan Housing Partners, LLC for a 10-Year Property
Tax Exemption for New Transit Supportive Residential Development
(Chapter 3.103)**

**Center Square (Senior Affordable) and Center Station (Market Rate)
Buildings of the Center Commons Development**

Martin Brantley
Chairman

James J. Atkinson
Commissioner

Douglas C. Blomgren
Commissioner

Carl B. Talton
Commissioner

Joell Webb
Commissioner

Debra Katz
Mayor

Debra L. Trader
Executive Director

900 S.W. Fourth Avenue
Suite 100
Portland, OR 97201-5304

503/823-3200

AX 503/823 3368
TY 503/823 3366

Internet
www.portlanddev.org

I FACTS

A GENERAL INFORMATION

Effective Dates	Pre-Application Date	January 7, 1998
	Full Application Date	October 19, 1998
	City Council Date	May 12, 1999
Deedholder	Glisan Housing Partners, LLC c/o American Pacific Properties, Inc 851 SW Sixth Avenue, Suite 1400 Portland, OR 97204	
Applicant	Thomas Kemper, for Glisan Housing Partners, LLC c/o American Pacific Properties, Inc 851 SW Sixth Avenue, Suite 1400 Portland, OR 97204	
Architects	OTAK Architects P C 17355 SW Boones Ferry Road Lake Oswego, OR 97035	
	Vallaster & Corl Architects 711 SW Alder Street Portland, OR 97205	
Proposal	Application for a limited property tax exemption for a new construction, transit-oriented development (TOD Tax Exemption) containing 228 units 172 units (75.4%) will be subject to rent regulatory restrictions at 60% of area median income (AMI) for a period of 60 years	
Location	The project is located at NE 60 th Avenue and NE Glisan Street in Portland Oregon	



Legal Description	See attached								
Zone(s)	RHd (high-density, multi-dwelling, residential with design review overlay)								
Project Description	<p>Center Commons is a planned high density, mixed-income, mixed-use, transit oriented development with a total of 314 residential units, 1,500 square feet of ground floor commercial space, and a 2,900 square foot child care facility (the "Development")</p> <p>The Development consists of the following four concurrently constructed components</p> <table><tr><td>Center Square</td><td>172 units of senior affordable (rents restricted to 60% of medial income),</td></tr><tr><td>Center Station</td><td>56 units of market-rate rental housing and 1,500 square feet of ground floor commercial space,</td></tr></table> <p>Center Square and Center Station, the subjects of this TOD Tax Exemption application (the "Project"), are a single project with regard to tax ownership and senior debt structure (tax-exempt bond financing)</p> <table><tr><td>Center Village</td><td>60 units of family affordable (rents restricted for 48 units at 60% median income and the remaining 12 units at 30% of median income) rental housing and a 2,900 square foot child care facility, and</td></tr><tr><td>Rowhouse Phase</td><td>26 for sale rowhouses half of which are projected to be affordable (sale price not to exceed 95% Multnomah County condo median sales price as established by HUD for FHA loan qualification, sold to households earning no more than 100% of median income for a 4 person household, Code of the City of Portland, Oregon (Code) Section 3 103 040 (C))</td></tr></table>	Center Square	172 units of senior affordable (rents restricted to 60% of medial income),	Center Station	56 units of market-rate rental housing and 1,500 square feet of ground floor commercial space,	Center Village	60 units of family affordable (rents restricted for 48 units at 60% median income and the remaining 12 units at 30% of median income) rental housing and a 2,900 square foot child care facility, and	Rowhouse Phase	26 for sale rowhouses half of which are projected to be affordable (sale price not to exceed 95% Multnomah County condo median sales price as established by HUD for FHA loan qualification, sold to households earning no more than 100% of median income for a 4 person household, Code of the City of Portland, Oregon (Code) Section 3 103 040 (C))
Center Square	172 units of senior affordable (rents restricted to 60% of medial income),								
Center Station	56 units of market-rate rental housing and 1,500 square feet of ground floor commercial space,								
Center Village	60 units of family affordable (rents restricted for 48 units at 60% median income and the remaining 12 units at 30% of median income) rental housing and a 2,900 square foot child care facility, and								
Rowhouse Phase	26 for sale rowhouses half of which are projected to be affordable (sale price not to exceed 95% Multnomah County condo median sales price as established by HUD for FHA loan qualification, sold to households earning no more than 100% of median income for a 4 person household, Code of the City of Portland, Oregon (Code) Section 3 103 040 (C))								

While the Center Village and the Rowhouse components of the Development are not the subject of this TOD tax abatement request, cash flow from Center Village is included in the internal rate of return analysis in Section II, Eligibility Determination to

assess the financial feasibility of the Project TOD tax abatement requests for the Center Village and the Rowhouse components will be addressed in a separate report to City Council later this spring

B SITE and PROJECT INFORMATION

The property is a 4.88-acre site located at NE 60th Avenue and NE Glisan Street. Existing site improvements (vacant commercial and industrial structures built in 1948 that formerly housed offices and maintenance facilities for the Oregon Department of Transportation) were recently demolished in preparation for the Project's construction. Three mature oak trees will be retained at the south end of the property along Glisan Street.

The construction of the Center Square building will be wood frame with stucco and lapped siding material for five stories of housing and garage parking. The construction of the Center Station building will be wood frame with stucco and lapped siding material for four stories of housing over a masonry base for parking and retail space. The retail space will face NE Glisan Street. Site amenities including pedestrian walkways, benches, lighting, and a "woonerf" designed central plaza that will provide an enhanced pedestrian access to the site from both NE Glisan Street and NE 60th Avenue. Vehicular access to the site for both buildings will be from NE 60th Avenue.

C VICINITY DATA

The site is located within one block of the MAX light rail station at NE 60th Avenue. The site is bounded by the Banfield freeway (I-84) to the north. The surrounding areas to the east, west, and south are residential (both single and multi-family), much of the housing stock is older. The property along NE Glisan is developed with older neighborhood commercial uses. It is anticipated that this project will help further encourage revitalization of the area.

D AGENCIES, NEIGHBORHOOD, AND OTHER ASSOCIATIONS NOTIFIED

All appropriate agencies and associations have been notified in accordance with Title 33 regulations governing Design Review of this project. The property tax exemption falls under Title 3, Administration, of the Code. The public notices of the meeting dates of the Portland Development Commission and the City Council, which are printed in area newspapers, fulfill the notification requirement of this review.

E EXHIBITS

- 1 Legal description
- 2 Site Map
- 3 Elevations and Typical Building Floor Plans
- 4 Financial Projections

F LEGISLATIVE INTENT

Consideration for property tax exemption for a ten-year period is authorized by ORS 307 600 through 307 690 and by Title 3, Administration, of the Code

State law specifies the following intent for the tax exemption provision under ORS 307 600, Legislative Findings

“(1) The legislature finds that it is in the public interest to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work

(2) The legislature also finds that it is in the public interest to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing, and commercial and retail property, in areas located within a light rail station area or transit oriented area

(3) The legislature further finds that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing in light rail station areas, in transit oriented areas or in city core areas by means of the local property tax exemption authorized under ORS 307 600 to 307 691 ”

The Oregon Legislature further specified that the 10-year property tax exemption applies only to the building improvements. The applicant would continue to be taxed on the land and any other improvements not a part of the multiple-unit housing or associated public benefit (ORS 307 630)

This statutory language was amended during the 1995 Legislative session by HB 3133, which broadens this program to include “transit oriented” residential and mixed-use development. The City adopted the Property Tax Exemption for New Transit Supportive Development under Chapter 3 103 of the Code in October of 1996

G STATUTORY AUTHORITY/PORTLAND DEVELOPMENT COMMISSION REVIEW

Section 3 103 050 of the Code requires that the Portland Development Commission review transit-supportive property tax exemption applications and determine whether the applicant's proposed development is consistent with the requirements of the Code and shall recommend to the City Council that the application be approved subject to conditions which the Commission deems appropriate to achieve the purposes of Chapter 3 103

In order for a limited property tax exemption to be approved, the following determinations must be made

- The proposed project contains one or more of the public benefits described in Section 3 103 040 and described in detail below,
- The proposed project containing these public benefits, affordable units, and/or transit oriented design features would not otherwise be financially feasible without the benefit provided by the property tax exemption,
- The construction project must, at the time of completion, conform with the applicable provisions of Titles 17, 24, 30, 32, 33, and 34,
- The applicant must comply with all other sections of the Chapter

II. ELIGIBILITY DETERMINATION

Section 3 103 020(A) states that the property tax exemption permitted by this Chapter is intended to benefit projects that emphasize

- The development of vacant or underutilized sites rather than sites where sound or rehabilitatable multiple-unit housing exists,
- The development of multiple-unit housing, with or without parking, in structures that may include ground level commercial space,
- The development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures,
- The development of multiple-unit housing, with or without parking, on existing surface parking lots, and
- The development of units at rental rates or purchase prices which are accessible to a broad income range of the general public

Staff Finding The Project involves the development of a vacant and underutilized site. The 172-unit Center Square component of the Project will be subject to 60-year affordable restrictions at 60% of AMI. The Project will include approximately 1,500 square feet of ground floor commercial space in the Center Station building. The Development that will also include a 60-unit family affordable apartment building, a 2,900 square foot child care center, and 26 for sale rowhouse units that will be affordable to moderate income households.

Code Section 3 103 020(B) states that “eligible projects shall be constructed or converted after the date of adoption of this program, and completed on or before July 1, 2006

Staff Finding Construction will begin in April 1999 and is scheduled to be completed in July 2000

Section 3 103 020(C) requires that the property must be located in one of three areas to be eligible for tax abatement

- Light rail station areas within a one-quarter mile radius of an existing light rail station or a station under construction on or before January 1, 1999, and outside the boundaries of the Central City Plan District as shown on Map 510-1 of Chapter 33 510 of the Portland Zoning Code, or
- Transit-oriented areas within the Gateway Plan District as included on Map 526-1 of Title 33, Planning and Zoning as show on Maps 3 103-5, or
- Transit-oriented areas within the Lents Town Center as delineated on Map 11 of the adopted Outer Southeast Community Plan and shown on Map 3 103-6

Staff Finding The Project is located within the eligible 60th Avenue Light Rail Station Area as shown in Chapter 3 103 of the Code,

Code Section 3 103 020(D) states that in addition to the eligible areas noted above, the following criteria apply to individual projects

Projects located on sites zoned R5, R7, R10, R20, or RF Single Dwelling Zones, as defined by Title 33, Planning and Zoning, are not eligible

Staff Finding The subject site is zoned RHd and is therefore eligible under the Code

Multiple-unit projects which do not include ground floor commercial space must contain at least 35 housing units per net acre of site area to be eligible for the property tax exemption permitted by this Chapter

Staff Finding The Project meets this criterion through its inclusion of ground floor commercial space and due to its density of approximately 82 units per net acre of site area

Mixed-use projects containing ground floor commercial space must incorporate at least two times the amount of residential floor area to non-residential floor area and contain at least 20 housing units per net acre of site area

Staff Finding The Project's ratio of residential floor area to non-residential floor area is approximately 67 8 1 0 The Project has a density of approximately 82 housing units per net acre of site area

All eligible projects must demonstrate that property tax exemption is necessary to achieve economic feasibility for residential use, taking into account the additional costs incurred by the design features, public benefits, or minimum densities required in return for the exemption

Staff Finding The property tax exemption is necessary to make the Project economically feasible. The 172-unit Center Square component of the Project will be subject to 60-year affordable restrictions at 60% of AMI. In addition, the dense nature of the project and the transit-oriented features all increase the cost of the development, these additional costs cannot be funded within the constraints of the Project's financing structure without the tax abatement.

In reaching this determination, Commission staff examined three financial scenarios, detailed below. Note that the following internal rate of return (IRR) analysis incorporates the cash flows from all three rental components of the Development: Center Square and Center Station (the subjects of this TOD tax exemption request) and Center Village, whose TOD tax exemption request will be brought to City Council later this spring. This approach was utilized because Center Square and Center Station's owner, Glisan Housing Partners, LLC, and Center Village's owner, MAX Housing Partners, LLC, are subsidiaries of American Pacific Properties, Inc (AMPAC). AMPAC's \$1.19 million equity investment in the Development was premised on its subsidiaries' receipt of cash flows from their respective rental components of the Development. PDC staff has consolidated the cash flows from the three rental components in preparing its IRR analysis of Project financial feasibility.

- Staff examined the cash flow projections without the 10-year tax abatement. There are additional costs associated with building at this level of density, in addition, the Project's design also included public improvement costs, transit-oriented design costs, and pedestrian-centered features and incorporates a significant affordable component (75.4% of units).

Without tax abatement, the ten-year IRR for the Project is almost negative eleven percent (-10.86%) based on invested capital of \$1.19 million. The net operating income (NOI) for the Project is reduced to the point that the debt coverage ratio (DCR) for the bond financing is approximately 1.05:1.00, significantly below the minimum debt coverage covenant of 1.15:1.00 for the bonds. The combined DCR for the bonds and PDC loan for the Center Square component is 0.98:1.00, therefore, the Project is unable to pay the required debt service for the PDC loan. The Project is also unable to repay the developer fee note for the project within the maximum 15-year period allowed by the Internal Revenue Service.

- Staff examined the Project's financial feasibility with the 10-year tax abatement. With tax abatement, the ten-year internal rate of return (IRR) for the Project is approximately eight percent (8.08%) based on invested capital of \$1.19 million. The net operating income (NOI) for the Project is sufficient to provide a DCR for

the bond financing of approximately 1 20 1 00, above the minimum debt coverage covenant of 1 15 1 00 for the bonds. The combined DCR for the bonds and PDC loan for the Center Square component is 1 12 1 00, therefore, the Project is able to pay the required debt service for the PDC loan. The Project is also able to repay the developer fee note for the Project within the maximum 15-year period allowed by the Internal Revenue Service.

- Staff evaluated whether project rents could be raised sufficiently to maintain project financial feasibility without the 10-year tax abatement. The rents in the affordable components of the development (Center Square and Center Village) are limited by PDC, state, and federal rent regulatory restrictions at their current levels. Therefore, only the rents in the Center Station market-rate component of the Development could be raised for this analysis. In order to maintain the eight-percent IRR achieved with the 10-year tax abatement, project rents need to increase from the current average of \$721 (73.9% AMI) to \$911 (92.3% AMI). These increased rents are almost 20% above current market rents and cannot be achieved in the marketplace.

III. ELIGIBILITY CONCLUSIONS

The proposed project is eligible for limited property tax exemption in accordance with Code and statutory requirements referenced in Section II above.

According to statutory intent and applicable Code, the proposed project is consistent with and supportive of the purposes for which this authority was created. The legislative intent strongly encourages the development of new multiple-unit rental housing in the State's largest urban code areas, and recognizes the need to provide a financial incentive for projects with higher than average costs due to a number of factors.

Although the property tax exemption has been in existence since 1975, it is only during the last ten-plus years that residential construction activity has occurred within targeted core areas of the City. This activity has in large part been made possible by the incentives of the property tax exemption, in combination with additional direct and indirect subsidies. The expansion of this program for transit oriented development is designed to assist appropriate development along the established Eastside light rail stations. Such development has not yet occurred during the last ten years of operation of this line and, in the current market, is not likely to occur without limited public subsidy.

The site was an underutilized site. Therefore, public incentives, in the form of limited tax abatement, are justified in order to achieve the adopted plan goals for new residential development in this area of the City.

IV. DETERMINATION OF PUBLIC BENEFIT

Section 3 103 040(A) specifies that the proposed project must meet two separate and distinct public benefit thresholds. The first threshold of public benefit, described in Sections 3 101 040(A) through 3 103 040(D) specifies

Public Benefit Threshold (1) The first threshold of public benefit is described in Sections 3 103 040(A) through 3 103 040(D). Section 3 103 040(B) specifies

“All rental projects containing more than 15 units applying for the exemption must include within the project and for the term of the exemption at least 20 percent of the units for rent at rates which are affordable to households earning 60 percent or less of the area median income.”

Section 3 103 040(D) states that, as an alternative to this provision, the project may instead provide one or more of the following public benefits

- At least ten percent of the rental units must be affordable to households earning 30 percent or less of area median income,
- At least 20 percent of the rental units must be dedicated during the term of the exemption by covenant to households that include persons with special needs,
- At least 20 percent of the rental units must include three or more bedrooms,
- The project must provide child care on-site or support child care through a service provider with a facility located within 1200 feet of a light rail station,
- The project must provide a residential unit per acre density equivalent to at least 80 percent of the applicable maximum density as allowed by the base zone

Staff Finding The project provides 172 affordable units and meets the first requirement above

Public Benefit Threshold (2) The second threshold of public benefit, described in Section 3 103 040E and entirely separate from the provisions above, indicates the project must also provide one or more of the following

- Ground floor service or commercial use which is permitted and serves project residents, neighboring residents, and transit riders, or
- Office space or meeting room for community organizations, or
- Publicly accessible open space such as a landscaped plaza, or
- Family oriented recreational facilities for the children of project residents, or
- Transit amenities and transit or pedestrian design elements such as benches, bus shelters, directional signs, or an off-site pedestrian connection from the project to the nearest transit service

Staff Finding The Project meets each of these criteria

General Public Benefits In addition to these specific and required public benefits, the Project will provide the following

The Project provides infill development of an underutilized site in an established neighborhood in need of revitalization. It will specifically serve public purposes by creating 228 units of housing, and by providing high-density housing with excellent transit access to the downtown employment center. High-density housing is crucial in allowing the region to meet Metro 2040 Plan growth management goals. The Project represents the City of Portland's commitment to fulfill statewide and regional growth management goals and policies by locating high-density housing close to public transportation and the City and its urban services.

The Project will also provide mixed-income housing, which is an important City goal. Mixed-income housing typically requires public investment in order to be financially feasible because mixed-income projects can service less debt than market-rate projects because operating income is commensurately lower.

The State has also adopted the Transportation Planning Rule that mandates reduced reliance on the automobile, through measures such as high density, transit-supportive development. With a light rail station less than a block away, the Project supports transit in the City of Portland.

VI. PUBLIC BENEFIT RECOMMENDATION

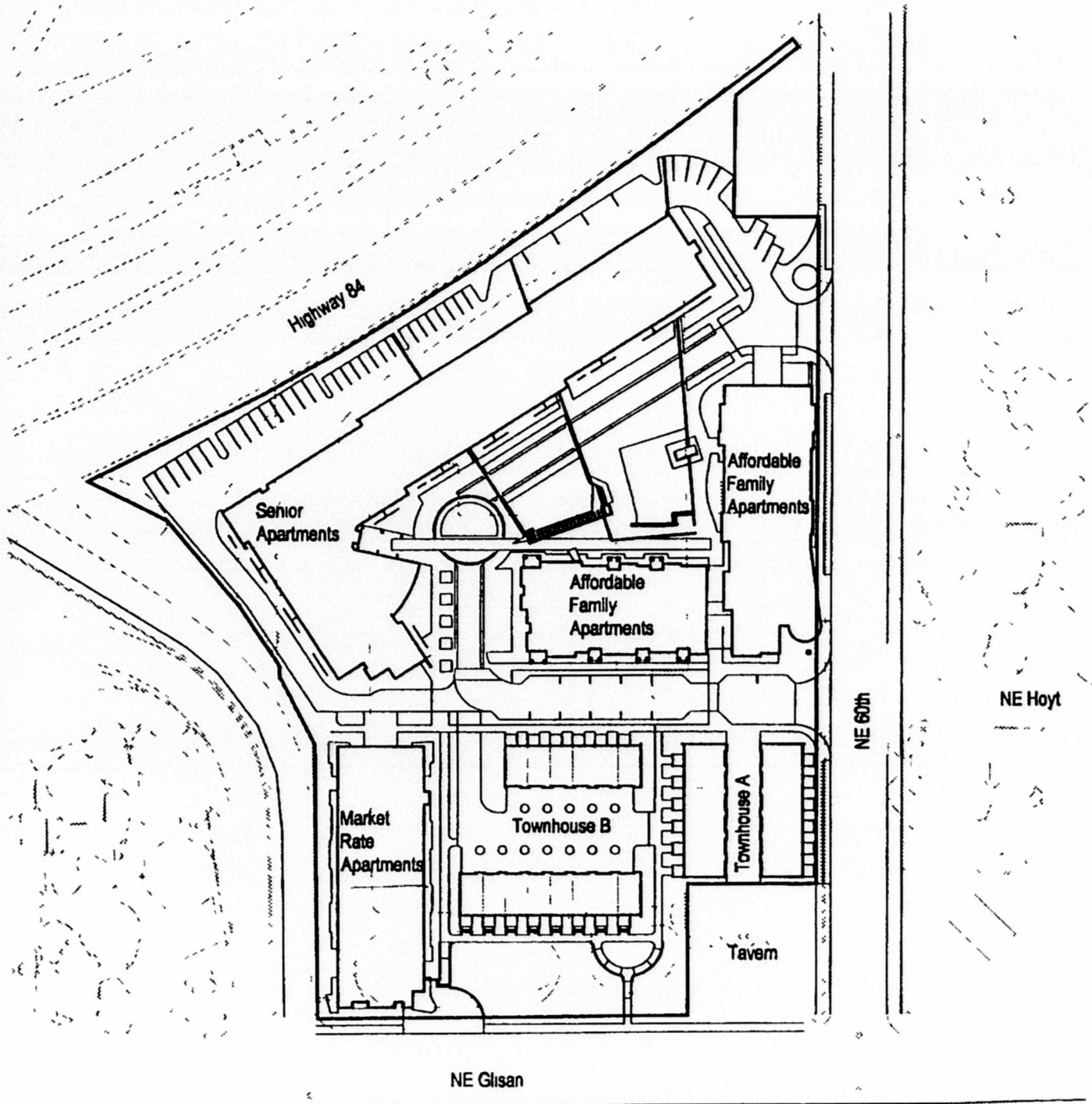
Staff recommends that City Council approve the limited property tax exemption for this project subject to the following conditions:

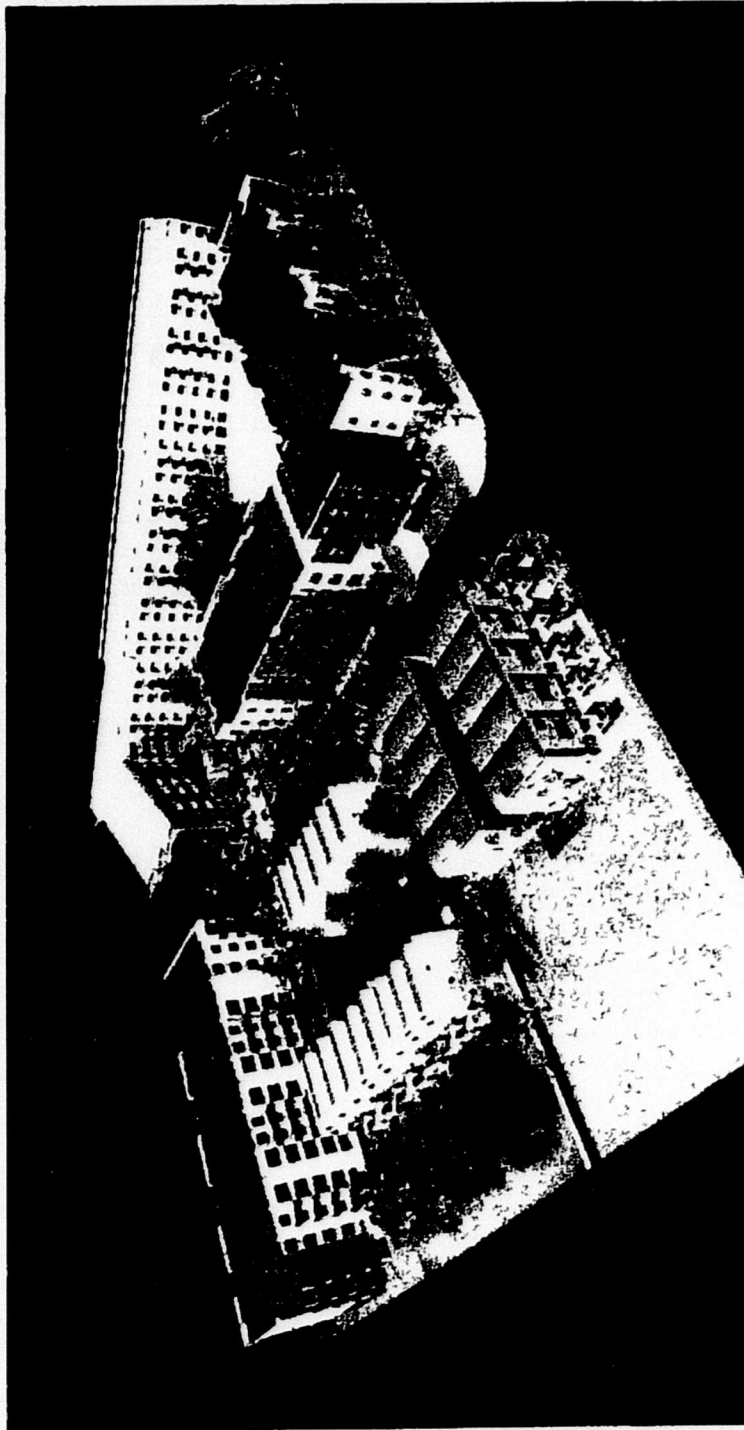
- (1) Assignment of a tax account number(s) before the City conveys its approval to the tax assessor. The applicant must convey to the Portland Development Commission the assigned number.
- (2) The individual apartment units must be maintained as rental housing and not converted to condominiums or other ownership arrangements during the ten-year term of the exemption.
- (3) Maintenance of 172 of the units at rent levels affordable to tenants earning 60% or less of median income during the period of abatement.
- (4) The project must comply with all applicable standards of Title 33, Planning and Zoning, as well as all conditions of approval of any land use and design review.
- (5) The project must comply with all applicable provisions of Titles 17, 24, 30, 32, and 34.

Legal Description

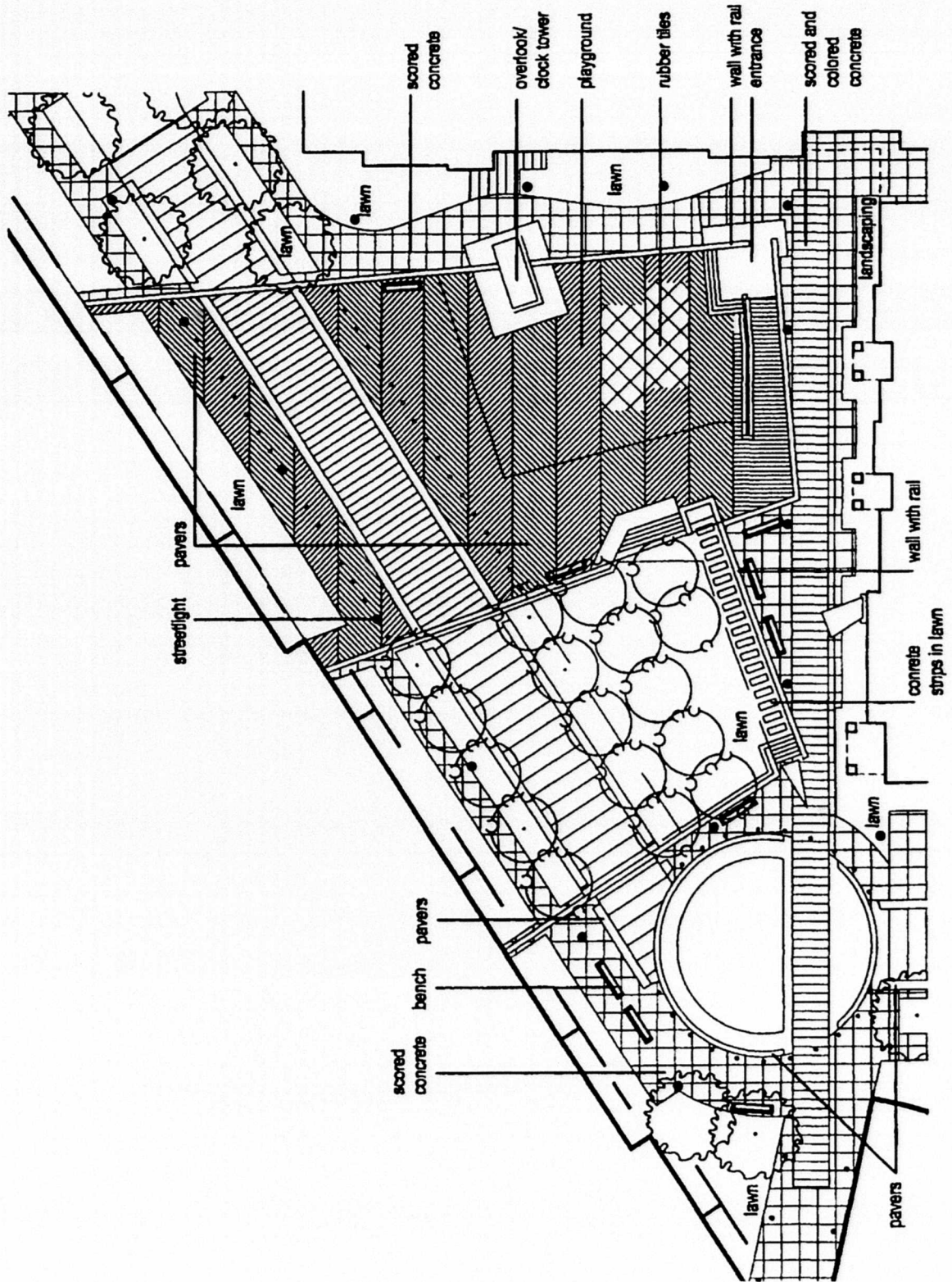
Lots 1 and 2 and Tracts A and C of Center Commons, a subdivision of the City of Portland,
County of Multnomah, State of Oregon

Site Map





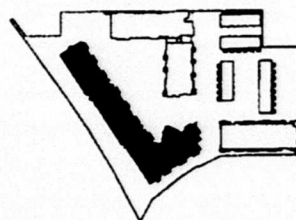
Plaza Area Detail



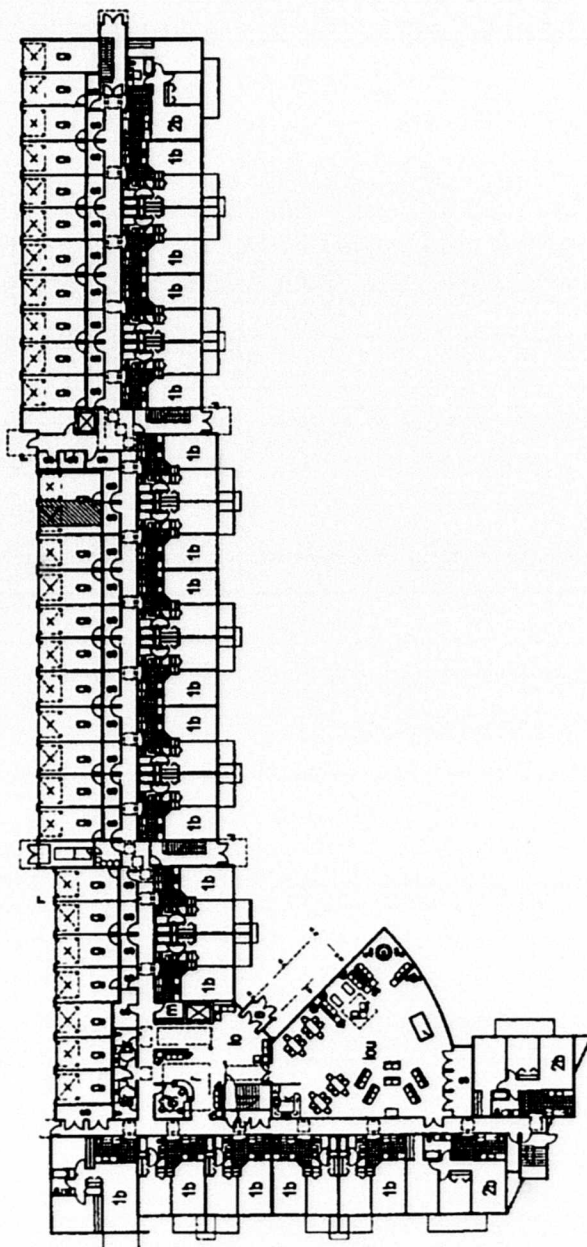
Elevations and Typical Building Floor Plans



- Legend
- 1 bedroom
 - 2 bedroom
 - reception
 - lobby
 - lounge
 - office
 - mail
 - entry
 - kitchen
 - bathroom
 - storage
 - garage
- 1b
2b
r
l
lo
of
m
e
k
br
o

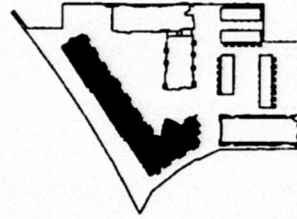
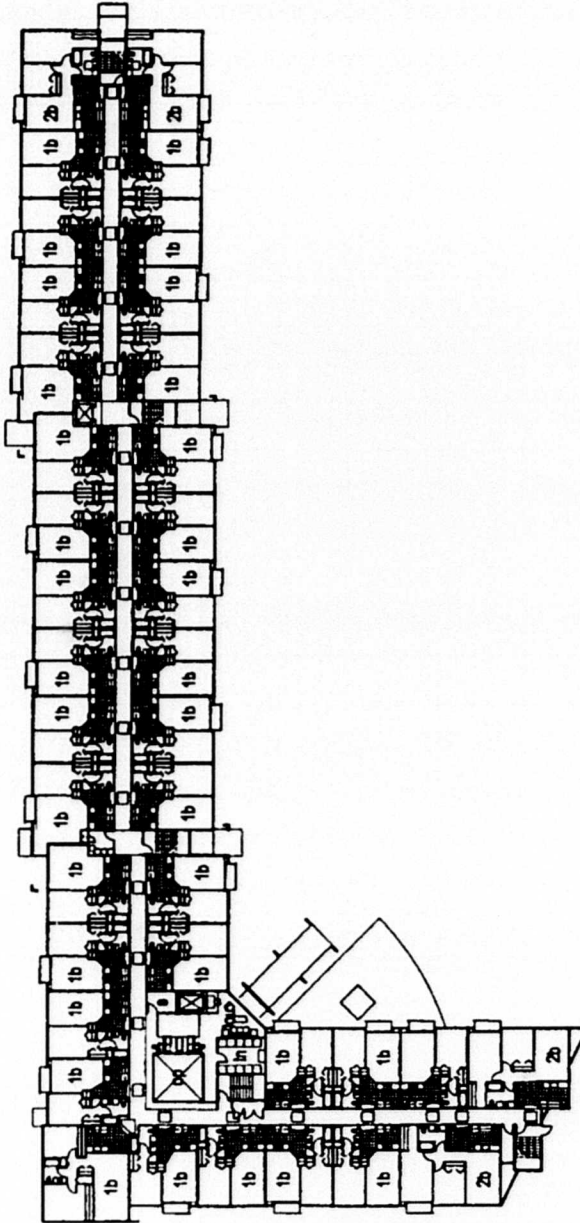


Center Square
Floor Plan
(1st Floor)

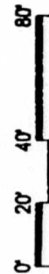


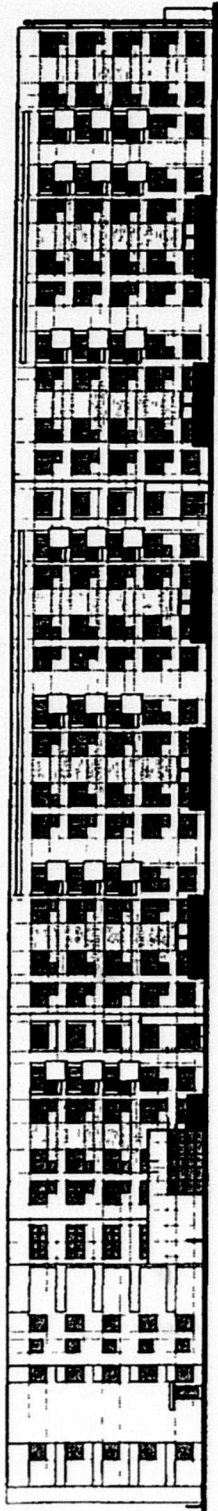


- Legend
- 1b 1 bedroom
 - 2b 2 bedroom
 - op open to below (2nd & 5th floors)
 - in laundry (boiler room at 5th floor)
 - storage

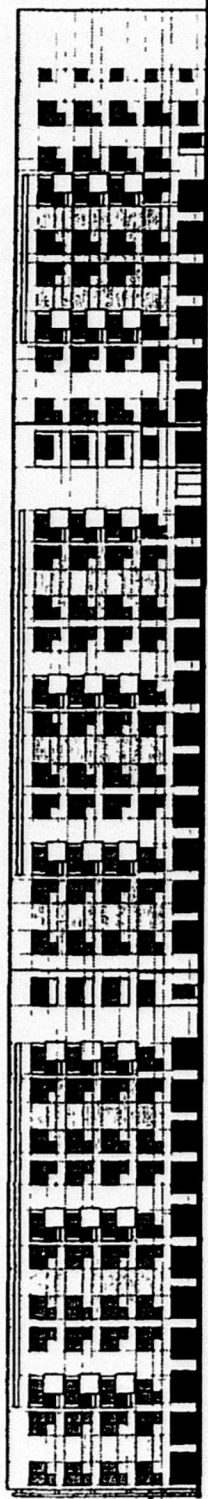


Center Square Floor Plan (2nd - 5th Floors)

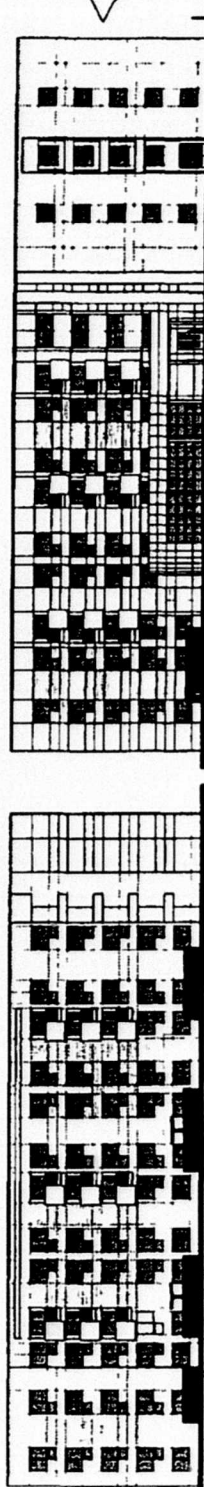
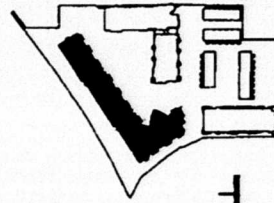




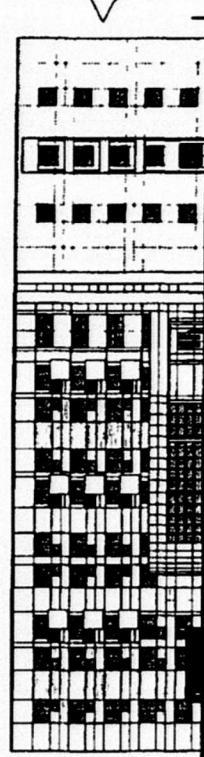
front elevation - southeast elevation



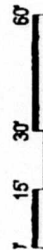
rear elevation - northwest elevation



southwest elevation

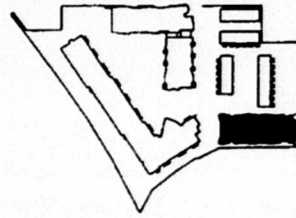


northeast elevation

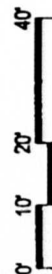
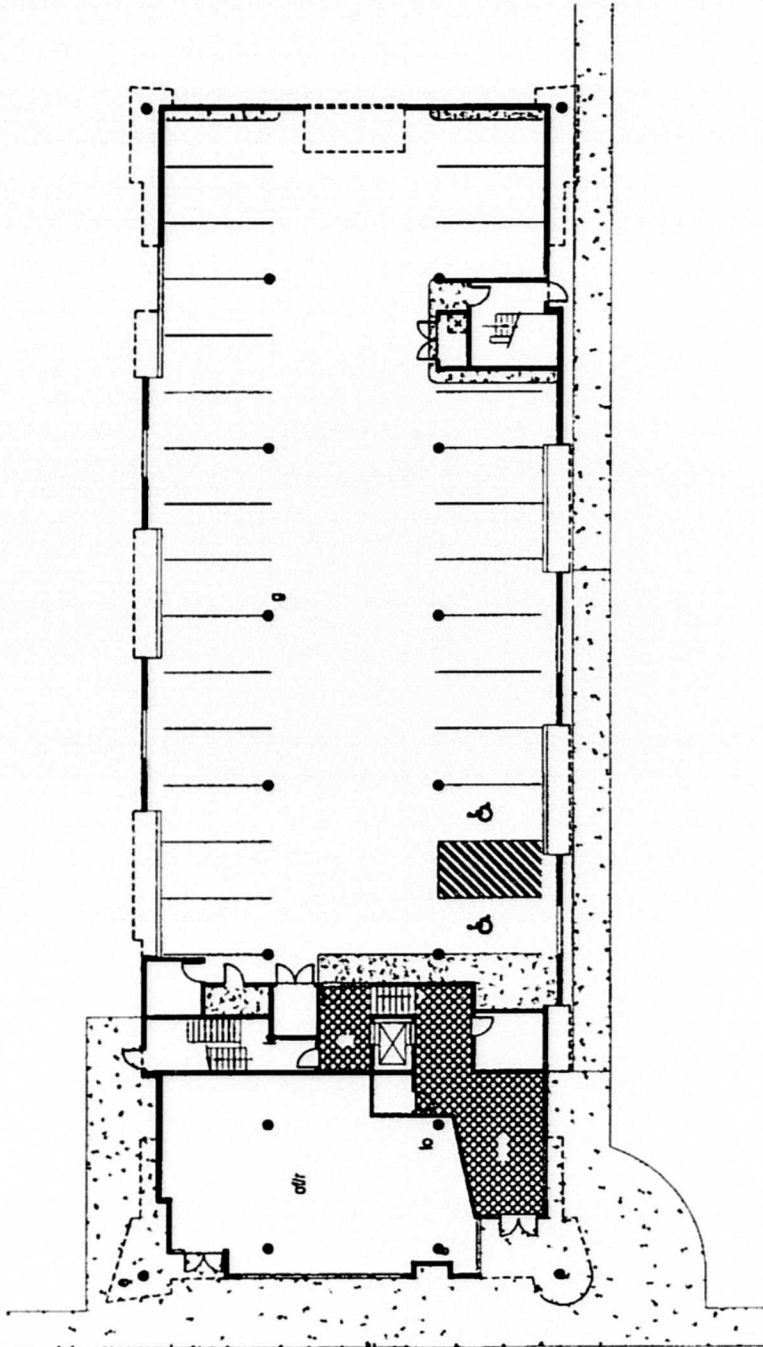




Center Station Floor Plan (1st Floor)



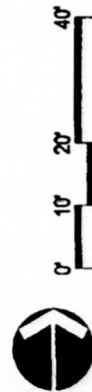
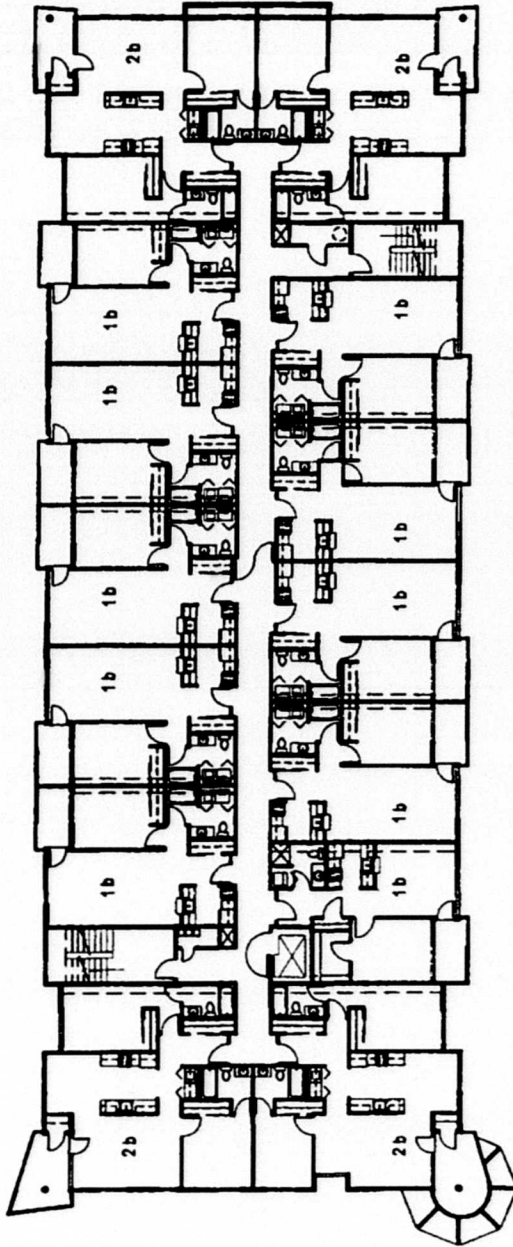
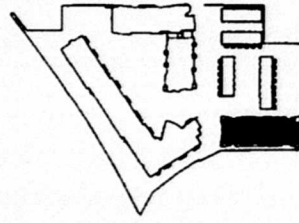
- Legend
- r reception
 - la lobby
 - of office
 - e entry
 - g garage



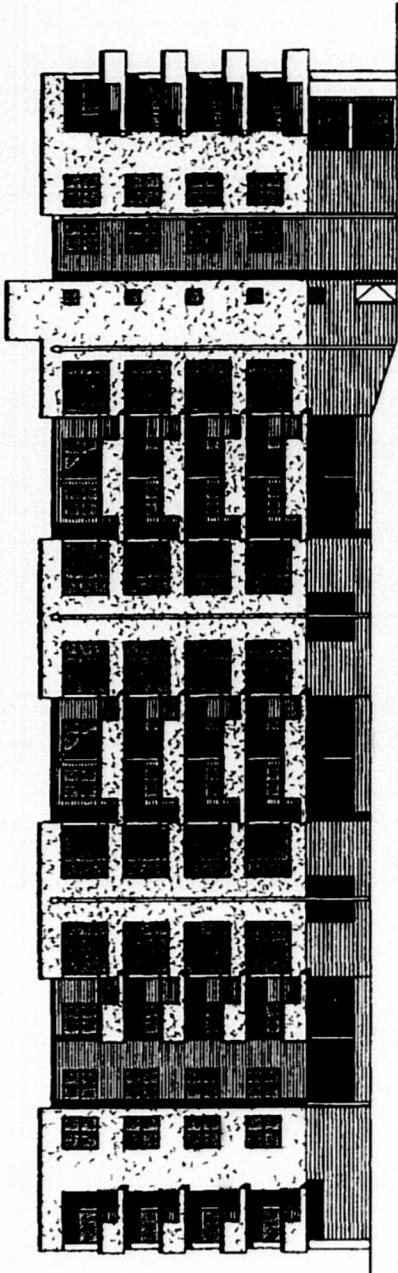
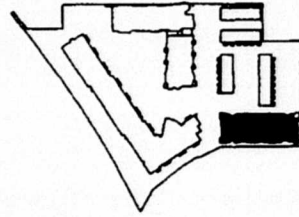


Legend
1b 1 bedroom apartment
2b 2 bedroom apartment

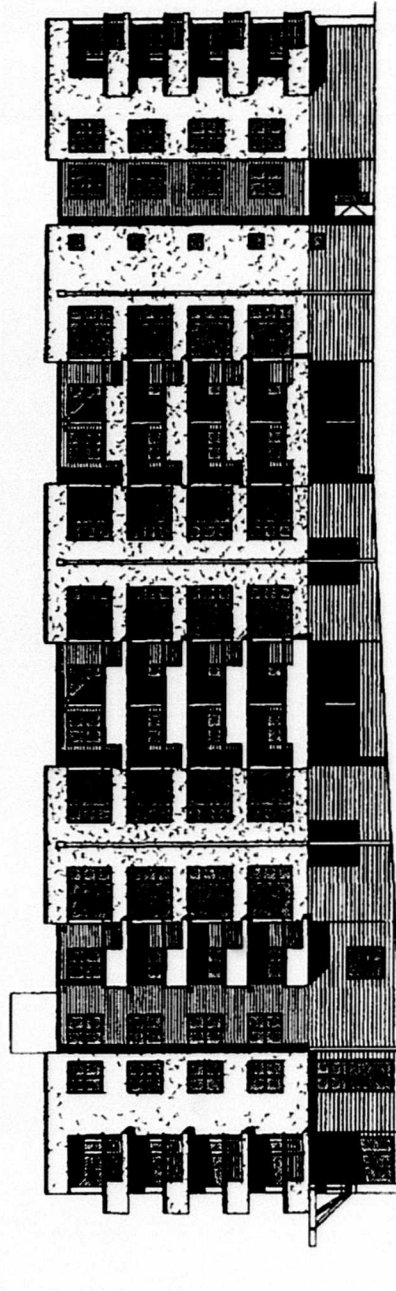
Center Station Floor Plan (2nd - 5th Floors)



Center Station
Elevations

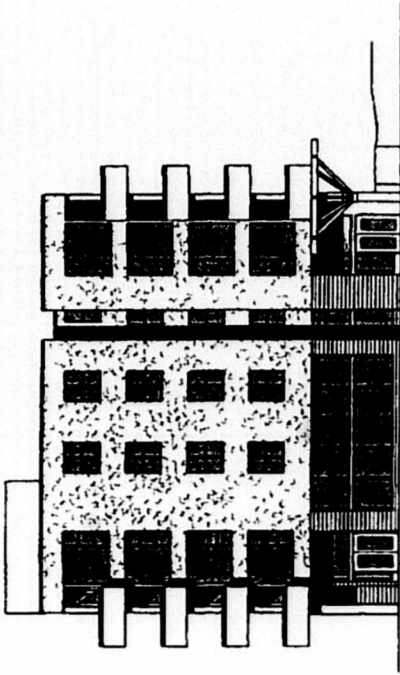
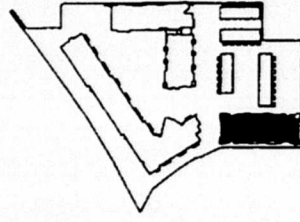


West Elevation

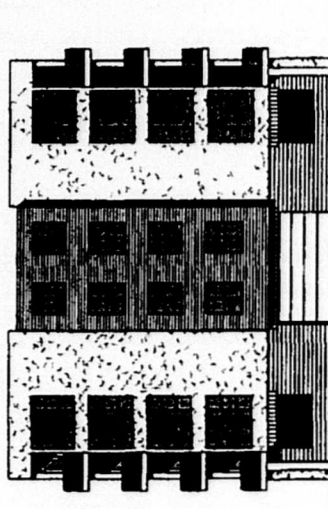


East Elevation

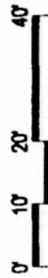




South Elevation



North Elevation



Financial Projections

Rolled-Up Calculations - Without Tax Abatement
 Center Commons - Station, Square, and Village Phases
 American Pacific Properties

Equity 1,189,753

Cash Flow

Year	1	2	3	4	5	6	7	8	9	10
Station	71,250	33,597	38,844	44,149	49,512	54,932	60,409	65,942	71,531	77,176
Square	0	0	0	0	0	0	0	0	0	0
Village	0	0	0	0	0	0	0	0	0	0
Total	71,250	33,597	38,844	44,149	49,512	54,932	60,409	65,942	71,531	77,176

Internal Rate of Return

Year	0	1	2	3	4	5	6	7	8	9	10
	(1,189,753)	71,250	33,597	38,844	44,149	49,512	54,932	60,409	65,942	71,531	77,176

IRR	-10.86%
10 Year	

Operating Cash Flows - Without Tax Abatement															
Center Station - Market															
American Pacific Properties															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lease up 1															
	Stabilized Yr.														
Revenue															
Potential Rental Income	484,800	510,155	520,358	530,765	541,381	552,208	563,253	574,518	586,008	597,728	609,683	621,876	634,314	647,000	659,940
Other Income	3,136	5,857	5,770	5,886	6,003	6,123	6,246	6,371	6,498	6,628	6,761	6,896	7,034	7,175	7,318
Gross Potential Income	(87,823)	515,812	526,129	536,651	547,384	558,332	569,499	580,889	592,506	604,356	616,443	628,772	641,348	654,175	667,258
Vacancy	(24,539)	(25,791)	(26,306)	(26,833)	(27,369)	(27,917)	(28,475)	(29,044)	(29,625)	(30,218)	(30,822)	(31,439)	(32,067)	(32,709)	(33,363)
Effective Rental Income	198,113	490,022	499,822	509,819	520,015	530,415	541,024	551,844	562,881	574,139	585,621	597,334	609,280	621,466	633,895
Parking	11,340	11,833	12,722	12,415	12,663	12,917	13,175	13,439	13,707	13,982	14,261	14,546	14,837	15,134	15,437
Commercial	15,330	15,637	15,849	16,288	16,594	16,926	17,284	17,669	18,082	18,521	18,987	19,481	19,942	20,428	20,928
Effective Gross Income	492,337	517,591	527,943	538,502	549,272	560,348	571,463	582,692	594,050	605,441	616,970	628,641	640,360	652,129	663,960
Expenses															
Property Taxes-Last	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Abated Taxes-Improve	46,937	48,368	49,817	51,312	52,851	54,436	56,070	57,752	59,484	61,268	63,107	65,000	66,950	68,959	71,027
Management Fee	19,553	19,601	19,993	20,393	20,801	21,217	21,641	22,074	22,515	22,966	23,425	23,893	24,371	24,859	25,356
Replacement Reserves	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Other Expenses	100,550	88,654	103,567	109,874	113,170	116,565	120,062	123,664	127,374	131,195	135,131	139,185	143,360	147,661	152,091
Total Expenses	180,601	131,787	190,188	195,442	200,849	206,414	212,143	218,039	224,107	230,353	236,782	243,399	250,210	257,221	264,437
Net Operating Income	311,736	385,804	337,755	343,060	348,423	353,934	359,320	364,653	370,443	376,088	381,788	387,542	393,350	399,210	405,123
First Mortgage															
Beginning Balance	4,154,660	4,154,660	4,103,640	4,049,474	3,991,966	3,930,912	3,865,092	3,797,274	3,724,212	3,646,643	3,564,290	3,476,857	3,384,032	3,285,482	3,180,853
Interest	0	247,892	244,745	241,404	237,857	234,091	230,092	225,949	221,543	216,958	212,179	207,086	201,761	196,283	190,629
Repayments	0	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)
Ending Balance	4,154,660	4,103,640	4,049,474	3,991,966	3,930,912	3,865,092	3,797,274	3,724,212	3,646,643	3,564,290	3,476,857	3,384,032	3,285,482	3,180,853	3,069,711
DCR First Mortgage	1.04	#DIV/0!	1.11	1.13	1.17	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.34	1.36
HS Partnership Mgt Fee	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	71,250	33,597	38,844	44,149	49,512	54,932	60,409	65,942	71,531	77,176	82,876	88,630	94,438	100,299	106,211
GP 15 / Structured DS	0	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837
Cash Flow for Split	71,250	(11,240)	(5,993)	(688)	4,675	10,095	15,572	21,105	26,695	32,340	38,039	43,794	49,601	55,462	61,375
/ CF to Borrower	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Borrower	71,250	(11,240)	(5,993)	(688)	4,675	10,095	15,572	21,105	26,695	32,340	38,039	43,794	49,601	55,462	61,375
DC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrower Cash Flow	(1,189,753)	33,597	38,844	44,149	49,512	54,932	60,409	65,942	71,531	77,176	82,876	88,630	94,438	100,299	106,211
10 Yr Avg \$ \$ ROR	56,734	4,77	5,89%	3,71	4,16	4,62	5,08	5,54	6,01	6,49	6,97	7,45	7,94	8,43	8,93
15 Yr Avg \$ \$ ROR	69,320	2,82	3,26	3,71	4,16	4,62	5,08	5,54	6,01	6,49	6,97	7,45	7,94	8,43	8,93

Operating Cash Flows - Without Tax Abatement															
Center Square Senior															
American Pacific Properties															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Rent	668,472	1,168,871	1,192,248	1,216,093	1,240,415	1,265,224	1,290,528	1,316,339	1,342,665	1,369,519	1,396,909	1,424,847	1,453,344	1,482,411	1,512,039
Other Income	12,354	12,632	12,884	13,142	13,405	13,673	13,946	14,225	14,510	14,800	15,096	15,398	15,706	16,020	16,340
Gross Potential Income	675,996	1,181,503	1,205,133	1,229,235	1,253,820	1,278,897	1,304,474	1,330,564	1,357,175	1,384,319	1,412,005	1,440,245	1,469,050	1,498,431	1,528,379
Vacancy	(337,848)	(59,075)	(61,402)	(63,945)	(66,224)	(68,251)	(70,028)	(71,562)	(72,868)	(73,946)	(74,800)	(75,532)	(76,154)	(76,667)	(77,171)
Effective Rental Income	337,848	1,122,428	1,144,731	1,165,290	1,187,596	1,210,646	1,234,446	1,258,999	1,284,307	1,310,373	1,337,205	1,364,713	1,392,896	1,421,764	1,451,208
Parking	5,127	17,859	18,290	18,656	19,029	19,410	19,798	20,194	20,598	21,010	21,430	21,859	22,296	22,742	23,186
Effective Gross Income	342,975	1,140,287	1,163,021	1,184,946	1,206,625	1,229,056	1,252,244	1,275,193	1,298,905	1,323,383	1,348,635	1,374,572	1,401,192	1,428,506	1,456,394
Expenses															
Property Taxes	132,895	136,852	140,868	145,218	149,574	154,062	158,684	163,444	168,347	173,389	178,600	183,958	189,476	195,161	201,016
Management Fee	44,017	44,897	45,795	46,711	47,645	48,598	49,570	50,561	51,573	52,604	53,656	54,729	55,824	56,940	58,079
Replacement Reserves	15,050	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Other Expenses	312,249	321,618	331,255	341,203	351,439	361,982	372,842	384,027	395,548	407,414	419,637	432,226	445,182	458,548	472,505
Total Expenses	579,209	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595	579,595
Net Operating Income	(30,629)	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164	611,164
First Mortgage															
Beginning Balance	8,575,000	8,575,000	8,498,817	8,386,481	8,269,551	8,145,410	8,013,612	7,873,685	7,725,127	7,567,407	7,399,958	7,222,182	7,033,442	6,833,060	6,620,319
Interest	0	384,320	506,801	500,008	492,786	485,138	477,010	469,380	462,127	455,229	448,659	442,397	436,435	430,765	425,381
Repayments	(6,159,927)	(482,703)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)	(618,937)
Ending Balance	8,575,000	8,496,617	8,386,481	8,269,551	8,145,410	8,013,612	7,873,685	7,725,127	7,567,407	7,399,958	7,222,182	7,033,442	6,833,060	6,620,319	6,394,566
DCR First Mortgage	0.98	1.32	1.00	1.02	1.03	1.04	1.06	1.07	1.08	1.10	1.11	1.12	1.14	1.15	1.16
HS Partnership Mgt Fee	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)
Cash Flow	(36,965)	138,957	(7,123)	1,056	9,256	17,478	25,712	33,956	42,205	50,455	58,701	66,937	75,159	83,360	91,535
Priority Debt Fee Note															
Beginning Balance	565,924	705,879	682,769	723,735	767,159	813,189	861,980	913,699	968,521	1,026,632	1,088,230	1,153,524	1,222,735	1,296,100	1,373,865
Interest	39,955	42,353	40,966	43,424	45,930	48,791	51,719	54,822	58,111	61,598	65,294	69,211	73,364	77,766	82,432
Repayments	0	(6,000)	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Principal	0	(59,453)	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	705,879	682,769	723,735	767,159	813,189	861,980	913,699	968,521	1,026,632	1,088,230	1,153,524	1,222,735	1,296,100	1,373,865	1,456,787
PDC RHP Loan															
Beginning Balance	2,100,000	2,100,000	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507
Interest	36,750	83,000	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685
Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	(36,750)	(83,000)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)	(62,685)
Additional Principal	(10,453)	(10,453)	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	2,100,000	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507
Combined DCR	0.83	(0.83)	0.91	0.92	0.94	0.95	0.96	0.99	1.00	1.01	1.02	1.03	1.04	1.05	1.06
Cash Flow for Split	(13,892)	(73,715)	(69,809)	(81,829)	(53,427)	(45,207)	(36,973)	(30,385)	(22,116)	(12,866)	(7,386)	(2,384)	(49,162)	(40,961)	(32,786)
LCF to Borrower															
LNR	100	80	50	50	50	50	50	50	50	50	50	50	50	50	50
LHI	0	59,463	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrower Cash Flow	0	65,463	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Return of Capital	(65,463)	(65,463)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 yr Avg \$3 ROR	0	#DIV/0!	0	0	0	0	0	0	0	0	0	0	0	0	0
15 yr Avg \$5 ROR	0	#DIV/0!	0	0	0	0	0	0	0	0	0	0	0	0	0

Operating Cash Flows - Without Tax Abatement

Center Village - Family Affordable

American Pacific Properties

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue															
Potential Rental Income	258,729	395,856	403,773	411,848	420,085	428,487	437,057	445,798	454,714	463,808	473,084	482,546	492,197	502,041	512,081
Other Income	4,886	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605	8,777	8,952	9,131	9,314	9,500	9,680
Gross Potential Income	263,625	403,346	411,413	419,642	428,034	436,595	445,327	454,234	463,318	472,585	482,036	491,677	501,511	511,541	521,772
Vacancy	(71,075)	(20,167)	(20,982)	(21,830)	(22,666)	(23,502)	(24,338)	(25,174)	(26,010)	(26,846)	(27,682)	(28,518)	(29,354)	(30,190)	(31,026)
Effective Rental Income	192,550	383,179	390,431	398,660	406,834	414,755	423,061	431,522	440,152	448,955	457,935	467,093	476,435	485,954	495,683
Parking	5,998	9,176	9,360	9,547	9,738	9,933	10,131	10,334	10,541	10,752	10,967	11,186	11,410	11,638	11,871
Effective Gross Income	198,548	392,355	400,203	408,207	416,371	424,688	433,192	441,856	450,693	459,707	468,901	478,279	487,845	497,602	507,554
Expenses															
Property Taxes	32,628	33,607	34,615	35,653	36,723	37,825	38,960	40,128	41,332	42,572	43,849	45,165	46,520	47,915	49,353
Management Fee	7,495	15,327	15,634	15,946	16,265	16,591	16,922	17,261	17,606	17,958	18,317	18,684	19,057	19,439	19,827
Replacement Reserves	8,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Other Expenses	109,117	130,598	134,516	138,552	142,708	146,990	151,399	155,941	160,620	165,438	170,401	175,513	180,779	186,202	191,788
Total Expenses	157,240	191,532	196,765	202,152	207,697	213,405	219,281	225,331	231,558	237,968	244,568	251,362	258,356	265,566	272,986
Net Operating Income	41,307	200,823	203,437	206,055	208,674	211,293	213,911	216,525	219,135	221,738	224,333	226,917	229,489	232,046	234,585
First Mortgage															
Beginning Balance	2,535,000	2,532,708	2,504,221	2,473,825	2,441,394	2,406,790	2,369,870	2,330,476	2,288,445	2,243,598	2,195,748	2,144,694	2,090,220	2,032,096	1,970,083
Interest	13,731	163,788	161,880	159,844	157,672	155,355	152,882	150,244	147,429	144,425	141,221	137,802	134,153	130,261	126,108
Repayments	(16,023)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)	(192,275)
Ending Balance	2,532,708	2,504,221	2,473,825	2,441,394	2,406,790	2,369,870	2,330,476	2,288,445	2,243,598	2,195,748	2,144,694	2,090,220	2,032,096	1,970,083	1,903,915
DCR First Mortgage	1.01	2.58	1.04	1.07	1.09	1.10	1.11	1.13	1.14	1.15	1.17	1.18	1.19	1.21	1.22
HS Partnership Mgt Fee	0.00	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)	(2,496)
Cash Flow	24,452	6,052	8,666	11,283	13,903	16,522	19,139	21,754	24,364	26,967	29,562	32,146	34,717	37,274	39,814
Priority Devel Fee Note															
Beginning Balance	295,000	288,448	299,491	308,794	316,038	323,842	324,134	343,582	362,332	379,605	395,320	409,393	421,740	432,270	440,892
Interest	17,700	17,295	17,969	18,528	19,066	19,582	19,431	19,448	20,615	21,740	22,776	23,719	24,564	25,304	25,936
Repayments	0	(6,052)	(8,666)	(11,283)	(13,903)	(16,522)	(19,139)	0	(1,864)	(4,457)	(7,062)	(9,646)	(12,217)	(14,741)	(17,314)
Additional Principal	(24,452)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	288,248	299,491	308,794	316,038	323,842	324,134	343,582	362,332	379,605	395,320	409,393	421,740	432,270	440,892	440,892
PDC RHOP Loan															
Beginning Balance	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Interest	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Accrued Interest	0	22,500	45,000	67,500	90,000	112,500	135,000	157,500	180,000	202,500	225,000	247,500	270,000	292,500	315,000
Repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Principal	(45,533)	0	0	0	0	0	0	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)
Ending Balance	922,500	945,000	967,500	990,000	1,012,500	1,035,000	1,057,500	1,080,000	1,102,500	1,125,000	1,147,500	1,170,000	1,192,500	1,215,000	1,237,500
Combined DCR	0.82	2.58	1.04	1.07	1.09	1.10	1.11	1.01	1.02	1.03	1.04	1.06	1.07	1.08	1.09
Cash Flow for Split	(43,751)	24,452	0	0	0	0	0	(746)	(0)	0	(0)	(0)	0	0	(0)
/ CF to Borrower	100%	100%	100%	100%	100%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
LNR	24,452	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrower Cash Flow	24,452	6,052	8,666	11,283	13,903	16,522	19,139	21,754	24,364	26,967	29,562	32,146	34,717	37,274	39,814
Less Return of Capital	(24,452)	(6,052)	(8,666)	(11,283)	(13,903)	(16,522)	(19,139)	0	(1,864)	(4,457)	(7,062)	(9,646)	(12,217)	(14,741)	(17,314)
10 yr Avg \$\$ PDC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 yr Avg \$\$ PDC	2.32	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Rolled-Up Calculations - With Tax Abatement
 Center Commons - Station, Square, and Village Phases
 American Pacific Properties

Equity 1,189,753

Cash Flow

Year	1	2	3	4	5	6	7	8	9	10
Station	98,642	81,963	88,661	95,461	102,363	109,368	116,478	123,694	131,016	138,445
Square	0	144,763	38,898	45,596	52,469	59,520	66,750	47,089	53,665	60,315
Village	17,700	11,848	14,637	17,421	17,421	17,252	16,995	16,639	16,438	16,224
Total	116,342	238,574	142,196	158,478	172,252	186,139	200,224	187,422	201,118	214,984

Internal Rate of Return

Year	0	1	2	3	4	5	6	7	8	9	10
	(1,189,753)	116,342	238,574	142,196	158,478	172,252	186,139	200,224	187,422	201,118	214,984

	IRR
10 Year	8.08%

Operating Cash Flows - With Tax Abatement		Center Station - Market															
American Pacific Properties		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Stabilized Yr	Lease up 1																
Revenue	Change																
Potential Rental Income	2.00%	282,800	510,155	520,358	530,765	541,381	552,208	563,253	574,518	586,008	597,728	609,683	621,876	634,314	647,000	659,940	
Other Income	2.00%	3,136	5,657	5,770	5,886	6,003	6,123	6,246	6,371	6,498	6,628	6,761	6,896	7,034	7,175	7,318	
Gross Potential Income		285,936	515,812	526,129	536,651	547,384	558,332	569,498	580,888	592,506	604,356	616,443	628,772	641,348	654,175	667,258	
Vacancy	5.00%	(87,823)	(25,791)	(26,306)	(26,833)	(27,369)	(27,917)	(28,475)	(29,044)	(29,625)	(30,218)	(30,822)	(31,439)	(32,067)	(32,709)	(33,363)	
Effective Rental Income		198,113	490,022	499,822	509,819	520,015	530,415	541,024	551,844	562,881	574,139	585,621	597,334	609,280	621,466	633,895	
Parking	2.00%	4,725	11,933	12,172	12,415	12,663	12,917	13,175	13,439	13,707	13,982	14,261	14,546	14,837	15,134	15,437	
Commercial	2.00%	199	15,637	15,949	16,268	16,594	16,926	17,264	17,609	17,962	18,321	18,687	19,061	19,442	19,831	20,228	
Effective Gross Income		203,037	517,591	527,943	538,502	549,272	560,258	571,463	582,892	594,550	606,441	618,570	630,941	643,560	656,431	669,560	
Expenses																	
Property Taxes Land	3.00%	2,917	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	
Abated Taxes Improve	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Management Fee	4.00%	7,925	19,601	19,993	20,393	20,801	21,217	21,641	22,074	22,515	22,966	23,425	23,893	24,371	24,859	25,356	
Replacement Reserves	0.00%	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	
Other Expenses	3.00%	88,654	103,567	106,673	109,874	113,170	116,565	120,062	123,664	127,374	131,195	135,131	139,185	143,360	147,661	152,091	
Total Expenses		104,395	136,717	140,371	144,130	147,996	151,978	156,073	160,287	164,623	169,084	173,675	178,399	183,210	188,134	193,161	
Net Operating Income		98,642	380,874	387,572	394,372	401,274	408,280	415,390	422,605	429,927	437,356	444,894	452,542	460,350	468,301	476,400	
First Mortgage																	
Beginning Balance		4,154,660	4,154,660	4,103,640	4,049,474	3,991,966	3,930,912	3,866,092	3,797,274	3,724,212	3,646,643	3,564,290	3,476,857	3,384,032	3,285,482	3,180,853	
Interest	6.0000%	0	247,892	244,745	241,404	237,857	234,091	230,093	225,849	221,343	216,558	211,479	206,086	200,361	194,283	187,829	
Repayments	12	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	
Ending Balance		4,154,660	4,103,640	4,049,474	3,991,966	3,930,912	3,866,092	3,797,274	3,724,212	3,646,643	3,564,290	3,476,857	3,384,032	3,285,482	3,180,853	3,069,771	
DCR First Mortgage	1.20	#DIV/0!	1.27	1.30	1.32	1.34	1.37	1.39	1.41	1.44	1.46	1.49	1.50	1.52	1.54	1.56	
HS Partnership Mgt Fee	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cash Flow		98,642	81,963	88,661	95,461	102,363	109,368	116,478	123,694	131,016	138,445	145,983	153,630	161,388	169,260	177,250	
GP 15% Structured DS		0	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	
Cash Flow for Split		98,642	37,126	43,824	50,624	57,526	64,531	71,641	78,857	86,179	93,608	101,146	108,794	116,546	124,423	132,413	
% CF to Borrower		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Borrower		98,642	37,126	43,824	50,624	57,526	64,531	71,641	78,857	86,179	93,608	101,146	108,794	116,546	124,423	132,413	
PDC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Borrower Cash Flow	(1,189,753)																
10 yr Avg S/S ROR	108,609	9.13%	88,642	81,963	88,661	95,461	102,363	109,368	116,478	123,694	131,016	138,445	145,983	153,630	161,388	169,250	
15 yr Avg S/S ROR	108,110	9.09%	8,29%	6.89%	7.45%	8.02%	8.60%	9.19%	9.79%	10.40%	11.01%	11.64%	12.27%	12.94%	13.62%	14.33%	

Operating Cash Flows - With Tax Abatement

Center Square - Senior

American Pacific Properties

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue															
Potential Rental Income	1,145,952	1,168,871	1,192,248	1,216,093	1,240,415	1,265,224	1,290,528	1,316,339	1,342,665	1,369,519	1,396,909	1,424,847	1,453,344	1,482,411	1,512,059
Other Income	12,364	7,224	12,632	13,142	13,405	13,673	13,946	14,225	14,510	14,800	15,096	15,398	15,706	16,020	16,340
Gross Potential Income	1,158,316	1,176,095	1,204,880	1,229,235	1,253,820	1,278,897	1,304,474	1,330,564	1,357,175	1,384,319	1,412,005	1,440,245	1,469,050	1,498,431	1,528,400
Vacancy	(57,917)	(37,848)	(60,257)	(61,462)	(62,691)	(63,945)	(65,224)	(66,528)	(67,859)	(69,216)	(70,600)	(72,012)	(73,453)	(74,922)	(76,420)
Effective Rental Income	1,100,419	1,138,247	1,144,623	1,167,773	1,191,129	1,214,952	1,239,251	1,264,036	1,289,316	1,315,103	1,341,405	1,368,233	1,395,598	1,423,510	1,451,980
Parking	17,580	5,127	17,932	18,656	19,029	19,410	19,798	20,194	20,588	21,010	21,430	21,859	22,296	22,742	23,196
Effective Gross Income	1,117,999	1,143,374	1,162,555	1,186,430	1,210,158	1,234,361	1,259,049	1,284,230	1,309,914	1,336,113	1,362,835	1,390,091	1,417,893	1,446,251	1,475,176
Expenses															
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	44,017	44,897	45,795	46,711	47,645	48,598	49,570	50,561	51,573	52,604	53,656	54,729	55,824	56,940	58,079
Replacement Reserves	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Other Expenses	312,249	321,616	331,265	341,203	351,439	361,982	372,842	384,027	395,548	407,414	419,637	432,226	445,192	458,548	472,305
Total Expenses	382,066	392,314	402,860	413,714	424,884	436,380	448,212	460,388	472,920	485,818	499,093	512,755	526,816	541,289	556,184
Net Operating Income	735,933	751,060	759,695	772,716	785,274	797,981	810,837	823,841	836,994	850,294	863,742	877,337	891,077	904,963	919,992
First Mortgage															
Beginning Balance	8,575,000	8,575,000	8,496,617	8,386,481	8,269,551	8,145,410	8,013,612	7,873,685	7,725,127	7,567,407	7,399,958	7,222,182	7,033,442	6,833,060	6,620,319
Interest	0	384,320	506,801	500,008	492,796	485,139	477,010	468,380	459,217	449,489	439,161	428,197	416,556	404,196	391,075
Repayments	0	(462,703)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)	(616,937)
Ending Balance	8,575,000	8,496,617	8,386,481	8,269,551	8,145,410	8,013,612	7,873,685	7,725,127	7,567,407	7,399,958	7,222,182	7,033,442	6,833,060	6,620,319	6,394,456
DCR First Mortgage	1.19	#DIV/0!	1.23	1.25	1.27	1.29	1.31	1.34	1.36	1.38	1.40	1.42	1.44	1.47	1.49
HS Partnership Mgt Fee	8	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)
Cash Flow	95,930	275,838	133,865	146,274	158,833	171,540	184,396	197,400	210,552	223,853	237,301	250,895	264,636	278,521	292,551
Priority Devel Fee Note															
Beginning Balance	665,924	646,700	503,689	495,012	479,117	455,395	423,199	381,641	357,662	325,457	284,670	234,711	174,957	104,748	23,384
Interest	39,955	38,802	30,221	29,701	28,747	27,324	25,902	22,910	21,460	19,527	17,080	14,083	10,497	6,285	1,403
Repayments	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Additional Principal	(53,180)	(175,813)	(32,898)	(39,596)	(46,469)	(52,520)	(60,750)	(41,089)	(47,665)	(54,315)	(61,039)	(67,836)	(74,706)	(81,649)	(88,787)
Ending Balance	646,700	503,689	495,012	479,117	455,395	423,199	381,641	357,662	325,457	284,670	234,711	174,957	104,748	23,384	0
PDC RHDP Loan															
Beginning Balance	2,100,000	2,100,000	2,068,974	2,036,076	1,996,480	1,950,011	1,896,482	1,835,741	1,740,502	1,635,830	1,521,367	1,396,746	1,261,590	1,115,509	958,102
Interest	36,750	63,000	62,069	61,082	59,894	58,500	56,895	55,072	52,215	49,075	45,641	41,902	37,848	33,465	28,743
Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	(36,750)	(63,000)	(62,069)	(61,082)	(59,894)	(58,500)	(56,895)	(55,072)	(52,215)	(49,075)	(45,641)	(41,902)	(37,848)	(33,465)	(28,743)
Additional Principal	0	(31,026)	(32,898)	(39,596)	(46,469)	(52,520)	(60,750)	(41,089)	(47,665)	(54,315)	(61,039)	(67,836)	(74,706)	(81,649)	(88,787)
Ending Balance	2,100,000	2,068,974	2,036,076	1,996,480	1,950,011	1,896,482	1,835,741	1,740,502	1,635,830	1,521,367	1,396,746	1,261,590	1,115,509	958,102	719,081
Combined DCR	1.02	1.42	1.12	1.14	1.16	1.18	1.20	1.13	1.15	1.17	1.19	1.21	1.23	1.25	1.27
Cash Flow for Split	119,003	206,838	65,796	79,192	92,938	107,039	121,501	136,177	151,330	167,030	183,378	200,372	218,013	236,299	255,258
Le CF to Borrower	100%	85%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
LNR	53,180	175,813	32,898	39,596	46,469	52,520	60,750	41,089	47,665	54,315	61,039	67,836	74,706	81,649	88,787
IHI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC	0	31,026	32,898	39,596	46,469	52,520	60,750	41,089	47,665	54,315	61,039	67,836	74,706	81,649	88,787
Borrower Cash Flow	59,180	181,813	38,898	45,596	52,469	59,520	67,500	47,089	53,665	60,315	67,039	73,836	80,706	87,649	94,787
Less Return of Capital	(59,180)	(37,050)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Yr Avg \$\$ ROE	56,906	#DIV/0!	38,898	45,596	52,469	59,520	67,500	47,089	53,665	60,315	67,039	73,836	80,706	87,649	94,787
15 Yr Avg \$\$ ROE	60,205	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Operating Cash Flows - With Tax Abatement

Center Village - Family Affordable

American Pacific Properties

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lease up 1															
Stabilized Yr															
Revenue															
Potential Rental Income	380 484	395 856	403 773	411 848	420 085	428 487	437 057	445 798	454 714	463 808	473 084	482 546	492 197	502 041	512 081
Other Income	7 200	7 491	7 641	7 794	7 949	8 108	8 271	8 436	8 605	8 777	8 952	9 131	9 314	9 500	9 690
Gross Potential Income	387 684	403 346	411 413	419 642	428 034	436 595	445 327	454 234	463 319	472 585	482 036	491 677	501 511	511 541	521 772
Vacancy	(19 384)	(20 167)	(20 571)	(20 982)	(21 402)	(21 826)	(22 251)	(22 676)	(23 101)	(23 526)	(23 951)	(24 376)	(24 801)	(25 226)	(25 651)
Effective Rental Income	368 300	383 179	390 843	398 660	406 633	414 769	423 076	431 558	440 218	448 959	457 935	467 093	476 435	485 964	495 683
Parking	8 820	9 176	9 360	9 547	9 738	9 933	10 131	10 334	10 541	10 752	10 967	11 186	11 410	11 638	11 871
Effective Gross Income	377 120	392 355	400 203	408 207	416 371	424 698	433 192	441 892	450 693	459 707	468 901	478 279	487 845	497 602	507 554
Expenses															
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	14 732	15 327	15 634	15 946	16 265	16 591	16 922	17 261	17 606	17 958	18 317	18 684	19 057	19 439	19 827
Replacement Reserves	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000
Other Expenses	123 702	109 117	130 598	134 516	138 552	142 708	146 990	151 399	155 941	160 620	165 438	170 401	175 513	180 779	186 202
Total Expenses	150 434	124 612	157 926	162 150	166 498	170 974	175 580	180 322	185 202	190 226	195 396	200 719	206 197	211 836	217 641
Net Operating Income	226 686	234 430	238 053	241 708	245 397	249 118	252 870	256 654	260 467	264 311	268 182	272 082	276 009	279 961	283 938
First Mortgage															
Beginning Balance	360	2 535 000	2 532 708	2 504 221	2 473 825	2 441 394	2 406 790	2 369 870	2 330 476	2 288 445	2 243 598	2 195 748	2 144 684	2 090 220	1 970 083
Interest	6.50%	13 731	163 788	161 860	159 844	157 872	155 955	154 088	152 262	150 485	148 757	147 077	145 443	143 854	142 310
Repayments	1	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)
Ending Balance		2 532 708	2 504 221	2 473 825	2 441 394	2 406 790	2 369 870	2 330 476	2 288 445	2 243 598	2 195 748	2 144 684	2 090 220	2 032 098	1 903 915
DCR First Mortgage	1.18	4.61	1.22	1.24	1.26	1.28	1.30	1.32	1.33	1.35	1.37	1.39	1.42	1.44	1.48
HS Partnership Mgt Fee	0.00%	(832)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)
Cash Flow	57 080	39 658	43 281	46 937	50 626	54 346	58 099	61 882	65 696	69 539	73 411	77 311	81 237	85 190	89 167
Priority Devel Fee Note															
Beginning Balance	295 000	255 620	231 298	201 895	167 072	126 471	96 886	63 649	37 324	7 386	0	0	0	0	0
Interest	17 700	15 337	13 876	12 114	10 024	7 588	5 813	3 819	2 239	443	0	0	0	0	0
Repayments	0	(20 000)	(20 000)	(20 000)	(20 000)	(20 000)	(20 000)	(20 000)	(20 000)	(7 829)	0	0	0	0	0
Additional Principal	(57 080)	(19 658)	(23 281)	(26 937)	(30 626)	(34 346)	(38 099)	(41 882)	(45 696)	(49 539)	(53 411)	(57 311)	(61 237)	(65 190)	(69 167)
Ending Balance	255 620	231 298	201 895	167 072	126 471	96 886	63 649	37 324	7 386	0	0	0	0	0	0
POC RHDP Loan															
Beginning Balance	900 000	900 000	900 000	900 000	900 000	900 000	882 827	863 777	853 633	841 456	800 782	747 391	688 765	624 747	555 176
Interest	22 500	22 500	22 500	22 500	22 500	22 500	22 071	21 584	21 341	21 036	20 020	18 685	17 219	15 619	13 879
Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	(45 533)	0	0	0	0	0	0	(21 594)	157 071	157 071	157 071	157 071	157 071	157 071	157 071
Additional Principal	0	0	0	0	0	0	(17 173)	(19 049)	(10 144)	(40 674)	(53 391)	(58 626)	(64 018)	(69 571)	(75 287)
Ending Balance	922 500	945 000	967 500	990 000	1 012 500	1 017 827	1 020 848	1 010 704	998 526	957 853	904 461	845 835	781 817	712 246	636 959
Committed DCR	0.95	4.61	1.22	1.24	1.26	1.28	1.30	1.32	1.22	1.24	1.26	1.29	1.32	1.35	1.38
Cash Flow for Split	(11,123)	57 080	19 658	23 281	26 937	30 626	34 346	38 099	41 882	45 696	49 539	53 391	57 311	61 237	65 190
% CF to Borrower	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
LNR	57 080	19 658	23 281	26 937	30 626	34 346	38 099	41 882	45 696	49 539	53 391	57 311	61 237	65 190	69 167
IHI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
POC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrower Cash Flow	57 080	39 658	43 281	46 937	50 626	54 346	58 099	61 882	65 696	69 539	73 411	77 311	81 237	85 190	89 167
Less Return of Capital	(57 080)	(39 658)	(43 281)	(46 937)	(50 626)	(54 346)	(58 099)	(61 882)	(65 696)	(69 539)	(73 411)	(77 311)	(81 237)	(85 190)	(89 167)
10 yr Avg \$/S ROR	25.247	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631
15 yr Avg \$/S ROR	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631	16.631

Rolled-Up Calculations - Without Tax Abatement and with Increased Rents for Center Station
 Center Commons - Station, Square, and Village Phases
 American Pacific Properties

Equity 1,189,753

Cash Flow

Year	1	2	3	4	5	6	7	8	9	10
Station	142,643	155,946	163,641	171,442	179,350	187,367	195,493	203,728	212,073	220,529
Square	0	0	0	0	0	0	0	0	0	0
Village	0	0	0	0	0	0	0	0	0	0
Total	142,643	155,946	163,641	171,442	179,350	187,367	195,493	203,728	212,073	220,529

Internal Rate of Return

Year	0	1	2	3	4	5	6	7	8	9	10
	(1,189,753)	142,643	155,946	163,641	171,442	179,350	187,367	195,493	203,728	212,073	220,529

10 Year	IRR
	8.08%

Operating Cash Flows - Without Tax Abatement and with Increased Rents																	
Center Station - Market																	
American Pacific Properties																	
	Stabilized Yr	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Lease up 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
Revenue																	
Potential Rental Income	2.00%	612,288	644,311	657,197	670,341	683,748	697,423	711,371	725,599	740,111	754,913	770,011	785,411	801,120	817,142	833,485	
Other Income	2.00%	357,168	3136	5,170	5,886	6,003	6,123	6,246	6,371	6,499	6,628	6,761	6,896	7,034	7,175	7,318	
Gross Potential Income		617,664	649,968	662,967	676,227	689,751	703,546	717,617	731,970	746,609	761,541	776,772	792,307	808,154	824,317	840,803	
Vacancy	5.00%	(30,883)	(67,820)	(33,148)	(33,811)	(34,488)	(35,177)	(35,881)	(36,598)	(37,330)	(38,077)	(38,839)	(39,615)	(40,408)	(41,216)	(42,040)	
Effective Rental Income		586,781	612,148	629,819	642,415	655,263	668,369	681,736	695,371	709,279	723,464	737,933	752,692	767,746	783,101	798,763	
Parking	2.00%	11,340	4,725	11,893	12,172	12,415	12,663	12,917	13,175	13,439	13,707	13,982	14,261	14,546	14,837	15,134	
Commercial	2.00%	15,330	15,637	15,949	16,268	16,594	16,926	17,264	17,609	17,962	18,321	18,687	19,061	19,442	19,831	20,228	
Effective Gross Income		613,451	645,039	657,940	671,099	684,501	698,211	712,175	726,419	740,947	755,766	770,892	786,299	802,025	818,066	834,427	
Expenses																	
Property Taxes—Land	3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	
Abated Taxes—Improve	3.00%	46,957	48,366	49,817	51,312	52,851	54,436	56,070	57,752	59,484	61,269	63,107	65,000	66,950	68,959	71,027	
Management Fee	4.00%	24,538	24,699	25,193	25,697	26,211	26,735	27,269	27,815	28,371	28,939	29,517	30,106	30,710	31,324	31,951	
Reserve Reserves	0.00%	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	
Other Expenses	3.00%	100,550	88,854	103,587	109,874	113,170	116,565	120,062	123,664	127,374	131,195	135,131	139,185	143,360	147,661	152,091	
Total Expenses		185,445	134,762	195,388	200,746	206,259	211,933	217,771	223,780	229,963	236,326	242,875	249,614	256,549	263,686	271,032	
Net Operating Income		428,005	454,858	462,552	470,353	478,262	486,279	494,404	502,639	510,984	519,440	528,007	536,686	545,476	554,380	563,395	
First Mortgage																	
Beginning Balance		4,154,660	4,103,640	4,049,474	3,991,966	3,930,912	3,866,092	3,797,274	3,724,212	3,646,543	3,564,290	3,476,857	3,384,032	3,285,482	3,180,853	3,069,771	
Interest	6.0000%	0	247,892	244,745	241,404	237,857	234,091	230,093	225,849	221,343	216,568	211,479	206,066	200,361	194,283	187,829	
Repayments	12	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	(298,911)	
Ending Balance		4,154,660	4,103,640	4,049,474	3,991,966	3,930,912	3,866,092	3,797,274	3,724,212	3,646,543	3,564,290	3,476,857	3,384,032	3,285,482	3,180,853	3,069,771	
DCH First Mortgage	1.43	#DIV/0!	1.52	1.55	1.57	1.60	1.63	1.65	1.68	1.71	1.74	1.77	1.80	1.82	1.85	1.88	
HS Partnership Mgt Fee	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cash Flow		142,643	155,946	163,641	171,442	179,350	187,367	195,493	203,728	212,073	220,529	229,096	237,774	246,565	255,468	264,484	
GP 15 & Structured DS		0	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	
Cash Flow for Split		142,643	111,110	118,804	126,605	134,514	142,531	150,656	158,891	167,236	175,692	184,259	192,938	201,728	210,631	219,647	
/ CF to Borrower		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Borrower		142,643	111,110	118,804	126,605	134,514	142,531	150,656	158,891	167,236	175,692	184,259	192,938	201,728	210,631	219,647	
PDC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Borrower Cash Flow	(1.887753)	15,407	155,946	163,641	171,442	179,350	187,367	195,493	203,728	212,073	220,529	229,096	237,774	246,565	255,468	264,484	
10 yr Avg \$\$ ROR		182.221	11.99%	13.75%	14.41%	15.07%	15.75%	16.43%	17.12%	17.82%	18.54%	19.26%	19.99%	20.72%	21.47%	22.23%	
1.5 yr Avg \$\$ ROR		204.373	13.11%	13.75%	14.41%	15.07%	15.75%	16.43%	17.12%	17.82%	18.54%	19.26%	19.99%	20.72%	21.47%	22.23%	

Operating Cash Flows - Without Tax Abatement															
Center Square Senior American Pacific Properties															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lease up 1	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Stabilized Yr	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue															
Potential Rental Income	1,145,932	1,168,871	1,192,246	1,216,093	1,240,415	1,265,224	1,290,528	1,316,339	1,342,665	1,369,519	1,396,909	1,424,847	1,453,344	1,482,411	1,512,059
Other Income	12,384	12,632	12,884	13,142	13,405	13,673	13,946	14,225	14,510	14,800	15,096	15,398	15,706	16,020	16,340
Gross Potential Income	1,158,316	1,181,503	1,205,130	1,229,235	1,253,820	1,278,897	1,304,474	1,330,564	1,357,175	1,384,319	1,412,005	1,440,245	1,469,050	1,498,431	1,528,400
Vacancy	(57,917)	(337,848)	(509,075)	(61,402)	(62,891)	(63,945)	(65,224)	(66,529)	(67,859)	(69,216)	(70,600)	(72,012)	(73,453)	(74,922)	(76,420)
Effective Rental Income	1,100,419	337,848	1,122,428	1,147,774	1,191,259	1,214,952	1,239,251	1,264,035	1,289,316	1,315,103	1,341,405	1,368,233	1,395,598	1,423,510	1,451,980
Parking	17,580	5,127	17,892	18,290	18,658	19,029	19,410	19,798	20,194	20,598	21,010	21,430	21,859	22,296	22,742
Effective Gross Income	1,117,999	342,975	1,140,359	1,166,064	1,210,158	1,234,981	1,259,049	1,284,230	1,309,914	1,336,113	1,362,835	1,390,091	1,417,893	1,446,251	1,475,176
Expenses															
Property Taxes	132,895	136,882	140,888	145,218	149,574	154,062	158,684	163,441	168,347	173,398	178,600	183,958	189,476	195,161	201,016
Management Fee	44,017	44,897	45,795	46,711	47,645	48,598	49,570	50,561	51,573	52,604	53,658	54,736	55,837	56,960	58,107
Replacement Reserves	0.00	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Other Expenses	312,249	321,616	331,285	341,203	351,439	361,982	372,842	384,027	395,548	407,414	419,637	432,226	445,192	458,548	472,305
Total Expenses	514,961	379,604	529,195	548,848	574,459	599,442	624,832	650,832	677,268	704,110	731,911	760,713	790,514	821,316	853,128
Net Operating Income	603,038	303,375	611,164	617,216	635,700	643,919	634,217	633,400	631,646	631,903	630,824	629,380	627,379	625,937	624,048
First Mortgage															
Beginning Balance	8,575,000	8,496,617	8,386,481	8,269,551	8,145,410	8,013,612	7,873,685	7,725,127	7,567,407	7,399,958	7,222,182	7,033,442	6,833,080	6,620,319	6,397,075
Interest	0	394,320	500,801	600,008	692,768	779,337	860,800	937,257	1,008,714	1,075,171	1,137,628	1,196,095	1,250,572	1,301,059	1,347,556
Repayments	9,575,000	8,496,617	8,386,481	8,269,551	8,145,410	8,013,612	7,873,685	7,725,127	7,567,407	7,399,958	7,222,182	7,033,442	6,833,080	6,620,319	6,397,075
Ending Balance	0	(652,703)	(616,937)	(576,937)	(533,687)	(487,051)	(437,044)	(383,276)	(328,057)	(271,384)	(213,307)	(153,829)	(92,850)	(31,371)	30,604
DCR First Mortgage	0.98	1.32	1.00	1.02	1.03	1.04	1.07	1.08	1.10	1.11	1.12	1.14	1.15	1.16	1.16
HS Partnership Mgt Fee	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)	(9,504)
Cash Flow	(38,965)	138,857	(7,123)	1,056	9,258	17,478	25,712	33,856	42,205	50,455	58,701	66,937	75,159	83,360	91,535
Priority Debt Fee Note															
Beginning Balance	965,924	705,879	682,789	729,735	767,159	813,189	861,980	913,699	968,521	1,028,632	1,093,230	1,153,524	1,222,735	1,296,100	1,373,865
Interest	39,865	42,353	40,966	43,424	46,030	48,791	51,719	54,822	58,111	61,598	65,284	69,211	73,364	77,766	82,432
Repayments	0	(6,000)	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Principal	0	(59,463)	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	705,879	682,789	723,735	767,159	813,189	861,980	913,699	968,521	1,028,632	1,088,230	1,153,524	1,222,735	1,296,100	1,373,865	1,456,297
PDC RHPD Loan															
Beginning Balance	2,100,000	2,100,000	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507
Interest	38,750	63,000	62,665	62,665	62,665	62,665	62,665	62,665	62,665	62,665	62,665	62,665	62,665	62,665	62,665
Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	(38,750)	(63,000)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)	(62,665)
Additional Principal	0	(10,493)	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	2,100,000	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507	2,089,507
Combined DCR	0.83	(0.83)	0.91	0.92	0.94	0.95	0.96	0.98	0.99	0.99	0.92	0.94	0.95	0.96	0.97
Cash Flow for Split	(13,892)	(73,715)	(69,659)	(61,629)	(53,427)	(45,207)	(36,973)	(28,365)	(20,116)	(12,666)	(6,620)	(1,384)	(49,162)	(40,961)	(32,786)
LCF to Borrower	100%	85%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
UNR	0	59,483	0	0	0	0	0	0	0	0	0	0	0	0	0
IHI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC	0	10,493	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrower Cash Flow	0	65,463	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Return of Capital	(65,463)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 yr Avg \$\$ ROR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 yr Avg \$\$ ROR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Operating Cash Flows - Without Tax Abatement
Center Village - Family Affordable
American Pacific Properties

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue															
Potential Rental Income	258 729	395 656	403 773	411 848	420 085	428 487	437 057	445 798	454 714	463 808	473 094	482 546	492 197	502 041	512 081
Other Income	4 896	7 491	7 641	7 794	7 949	8 108	8 271	8 436	8 605	8 777	8 952	9 131	9 314	9 500	9 689
Gross Potential Income	263 625	403 346	411 413	419 642	428 034	436 595	445 327	454 234	463 318	472 585	482 036	491 677	501 511	511 541	521 772
Vacancy	(71 075)	(20 167)	(20 982)	(19 584)	(18 982)	(18 230)	(17 462)	(16 687)	(15 906)	(15 119)	(14 327)	(13 534)	(12 737)	(11 936)	(11 131)
Effective Rental Income	192 550	383 179	390 431	398 658	406 633	414 755	423 061	431 522	440 152	448 955	457 935	467 983	476 435	485 964	495 683
Parking	5 998	9 176	9 360	9 547	9 738	9 933	10 131	10 334	10 541	10 752	10 967	11 186	11 410	11 638	11 871
Effective Gross Income	198 548	392 355	400 203	408 207	416 371	424 688	433 192	441 856	450 693	459 707	468 901	478 279	487 845	497 602	507 554
Expenses															
Property Taxes	32 628	33 607	34 615	35 653	36 723	37 825	38 960	40 128	41 332	42 572	43 849	45 165	46 520	47 915	49 353
Management Fee	7 495	15 327	15 534	15 945	16 295	16 591	16 922	17 261	17 606	17 958	18 317	18 684	19 057	19 439	19 827
Reserve Reserves	8 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000
Other Expenses	109 117	130 598	134 516	138 552	142 708	146 980	151 359	155 941	160 620	165 438	170 401	175 513	180 779	186 202	191 788
Total Expenses	183 062	191 532	196 765	202 152	207 697	213 405	219 281	225 331	231 558	237 968	244 568	251 362	258 366	265 556	272 968
Net Operating Income	41 307	200 823	203 437	206 055	208 674	211 293	213 911	216 525	219 135	221 738	224 333	226 917	229 489	232 046	234 585
First Mortgage															
Beginning Balance	2 535 000	2 532 708	2 504 221	2 473 825	2 441 384	2 406 790	2 369 870	2 330 476	2 288 445	2 243 598	2 195 746	2 144 694	2 090 220	2 032 098	1 970 083
Interest	13 731	163 788	161 860	159 844	157 672	155 355	152 882	150 244	147 429	144 425	141 221	137 802	134 153	130 261	126 108
Repayments	(15 023)	(192 278)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)	(192 275)
Ending Balance	2 532 708	2 504 221	2 473 825	2 441 384	2 406 790	2 369 870	2 330 476	2 288 445	2 243 598	2 195 746	2 144 694	2 090 220	2 032 098	1 970 083	1 903 915
DCR First Mortgage	1.01	2.58	1.04	1.07	1.09	1.10	1.11	1.13	1.14	1.15	1.17	1.18	1.19	1.21	1.22
HS Partnership Mgt Fee	(832)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)	(2 496)
Cash Flow	24 452	6 052	6 668	11 283	13 903	16 522	19 139	21 754	24 364	26 967	29 562	32 146	34 717	37 274	39 814
Priority Devel Fee Note															
Beginning Balance	295 000	288 248	299 491	308 794	316 038	321 098	324 134	324 134	324 134	324 134	324 134	324 134	324 134	324 134	324 134
Interest	17 700	17 295	17 959	18 528	19 062	19 559	19 431	19 448	20 615	21 740	22 776	23 719	24 564	25 304	25 936
Repayments	0	(6 052)	(6 668)	(11 283)	(13 903)	(16 522)	(19 139)	0	(1 864)	(4 457)	(7 062)	(9 646)	(12 217)	(14 774)	(17 314)
Additional Principal	(24 452)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	288 248	299 491	308 794	316 038	321 098	324 134	324 134	324 134	324 134	324 134	324 134	324 134	324 134	324 134	324 134
PDC RHPD Loan															
Beginning Balance	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500
Interest	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000	900 000
Accrued Interest	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500
Repayments	0	22 500	45 000	67 500	90 000	112 500	135 000	157 500	175 000	192 500	210 000	227 500	245 000	262 500	280 000
Additional Principal	(45 533)	0	0	0	0	0	0	(22 500)	(22 500)	(22 500)	(22 500)	(22 500)	(22 500)	(22 500)	(22 500)
Ending Balance	922 500	945 000	967 500	990 000	1 012 500	1 035 000	1 057 500	1 080 000	1 102 500	1 125 000	1 147 500	1 170 000	1 192 500	1 215 000	1 237 500
Combined DCR	2.58	1.04	1.06	1.07	1.09	1.10	1.11	1.01	1.02	1.03	1.04	1.06	1.07	1.08	1.09
Cash Flow for Split	24 452	0	0	0	0	0	0	(746)	(0)	0	(0)	(0)	0	0	(0)
/ CF to Borrower	100%	100%	100%	100%	100%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
LNR	24 452	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IHI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrower Cash Flow	24 452	6 052	6 668	11 283	13 903	16 522	19 139	21 754	24 364	26 967	29 562	32 146	34 717	37 274	39 814
Less: Return of Capital	(24 452)	(6 052)	(6 668)	(11 283)	(13 903)	(16 522)	(19 139)	0	(1 864)	(4 457)	(7 062)	(9 646)	(12 217)	(14 774)	(17 314)
10 yr Avg \$\$ ROR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 yr Avg \$\$ ROR	2.392	0	0	0	0	0	0	0	0	0	0	0	0	0	0

35791

RESOLUTION NO.

Approve the Application of Glisan Housing Partners, LLC for a ten-year property tax exemption for a Transit Oriented Development Project that includes 228-units of multi-family housing, located near NE 60th Avenue and NE Glisan Street, known as the Center Square and Center Station Project

WHEREAS, Chapter 3 103 of the City Code provides that ten-year property tax exemptions are available to encourage the development of high density housing and mixed use projects affordable to a broad range of the general public on vacant or underutilized sites within walking distance of light rail stations

WHEREAS, Glisan Housing Partners, LLC (the "Applicant"), c/o American Pacific Properties, Inc , 851 SW Sixth Avenue, Suite 1400, Portland, OR 97204, owns Property located at NE 60th Avenue and NE Glisan Street, legally described as

Lots 1 and 2 and Tracts A and C of Center Commons, a subdivision of the City of Portland, County of Multnomah, State of Oregon

WHEREAS, the Applicant proposes to construct a transit-oriented development project, that includes 228-units of multiple-unit housing development, known as the Center Square and Center Station Apartments (the "Project")

WHEREAS, the Applicant has applied to the Portland Development Commission for a ten-year property tax exemption provided by Chapter 3 103 of the City Code

WHEREAS, the Property is located within the 60th Avenue Light Rail Station Area which is an area eligible for a transit-oriented property tax exemption as provided by Chapter 3 103 of the City Code

WHEREAS, the staff of the Portland Development Commission recommends approval of this application, based on findings found in the Portland Development Commission Report and Recommendations, attached as Exhibit A, that address the approval criteria required by City Code section 3 103 045

WHEREAS, the proposed Project conforms with the Comprehensive Plan, other relevant Council-adopted plans and policies, and the applicable regulations for the reasons contained in the Portland Development Commission Report and Recommendation to City Council These plans, policies, and regulations include the Central City 2000 and the Livable City Housing Initiative

WHEREAS, the proposed Project contains public benefits as required by City Code section 3 103 040 necessary for approval of the ten-year property tax exemption on the improvement value

WHEREAS, it is in the public interest that the limited property tax exemption for the proposed Project be adopted in order to meet the City's goals for housing as stated in the Central City Plan and the Livable City Housing Initiative and to meet the housing production goals of the Central City 2000 Plan

WHEREAS, on April 29, 1999, the Portland Development Commission Loan Review Committee reviewed the proposed development and recommended that the application be approved on a finding that the tax exemption is necessary to make the project feasible

WHEREAS, at the April 29, 1999 meeting, the Portland Development Commission Loan Review Committee recommended that this application be approved subject to the public benefit conditions as set forth in the Portland Development Commission Report and Recommendation to City Council

WHEREAS, this resolution was made available to the applicant, the City Council, and any interested agencies or individuals at least 14 days prior to consideration of this resolution by the City Council as required by section 3 103 050 of the City Code

NOW, THEREFORE, BE IT RESOLVED that the application of Glisan Housing Partners, LLC for the ten-year property tax exemption as provided by Chapter 3 103 of the City Code for a transit-oriented development project that includes 228 unit multiple-unit housing (Project) is hereby approved, based on the findings contained in the Portland Development Commission Report and Recommendation to City Council (attached as Exhibit A), for the following described Property

Lots 1 and 2 and Tracts A and C of Center Commons, a subdivision of the City of Portland, County of Multnomah, State of Oregon

BE IT FUTHER RESOLVED, that this application is approved subject to the following conditions

- 1 Applicant shall deliver to the Portland Development Commission the new tax account numbers for the subdivision as soon as they are assigned by the County
- 2 The individual apartment units shall be maintained as rental housing and shall not convert to condominiums or other ownership arrangement during the ten-year term of the property tax exemption
- 3 172 units in the Center Square building shall be affordable to households earning 60% or less of area median income as described in Section 3 1 3 040 of the City Code for the duration of the tax abatement
- 4 The Project shall provide an appropriate child-care facility on the Project's site as an alternative to providing affordability As required by City Code Chapter 3 103 040(B), this child-care facility must be in place for the life of the tax abatement

- 5 The Project shall also provide an office space or meeting room for community organizations, family-oriented recreational facilities for the children of Project residents, publicly accessible open space, and transit amenities and other design elements
- 6 These and any other public benefits including transit oriented features, shall be provided in accordance with agreements reached or conditions imposed by the relevant review bodies and agencies, including but not limited to the Planning Bureau, the Portland Development Commission, and Design Review Commission, as appropriate
- 7 The Project shall comply with all applicable standards of Titles 17, 24, 30, 32, 33, and 34 of the City Code, as well as all conditions of approval of any land use and design reviews

BE IT FURTHER RESOLVED that the Portland Development Commission staff shall file with the Assessor a copy of this resolution approving the application, as provided in section 3 103 050(E) of the City Code

Mayor Katz
PDC JWF FLT
May 12, 1999

Adopted by the Council

MAY 12 1999

GARY BLACKMER
Auditor of the City of Portland
By
Deputy

Britta Olson

Title

Approve the Application of Glisan Housing Partners, LLC for a ten-year property tax exemption for a transit-oriented development project that includes 228 units of multi-family housing, located near NE 60th Avenue and NE Glisan Street, known as the Center Square and Center Station Project (Resolution)

INTRODUCED BY	DATE FILED MAY 7 1999
Mayor Vera Katz	Gary Blackmer Auditor of the City of Portland By <u>Gay Kershner</u> Deputy For Meeting of _____ ACTION TAKEN
NOTED BY COMMISSIONER	
Affairs	
Finance and Administration <i>VK</i>	
Safety	
Utilities	
Works	
BUREAU APPROVAL	
Bureau Portland Development Commission	
Prepared by John Warner Date May 4, 1999	
Budget Impact Review <input type="checkbox"/> Completed <input type="checkbox"/> Not Required	
Bureau Head <i>Felicia Trader</i> Felicia L. Trader, Executive Director	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS	
			YEAS	NAYS
Consent	Regular	Francesconi	✓	
NOTED BY		Hales	✓	
City Attorney		Kafoury	✓	
City Auditor		Sten	✓	
City Engineer		Katz	✓	