

Order 102-17/18

Passage: 8-0 (Thibodeau absent) on 11/20/2017

Effective 11/30/2017

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
BRIAN E. BATSON (3)
JUSTIN COSTA (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
PIOUS ALI (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER APPROVING AND AUTHORIZING THE CITY MANAGER TO ENTER INTO
THE 58 BOYD STREET APARTMENTS CREDIT ENHANCEMENT AGREEMENT
WITH 58 BOYD STREET LP**

ORDERED, that the credit enhancement agreement between the City of Portland and 58 Boyd Street LP related to the 58 Boyd Street Apartments Affordable Housing Tax Increment Financing District is hereby approved and the City Manager is authorized to sign the agreement in substantially the form attached hereto and any other related documents that are necessary or convenient to carry out the intent of said agreement.

CREDIT ENHANCEMENT AGREEMENT

This Credit Enhancement Agreement, dated as of November ____, 2017, between the City of Portland, Maine, a municipal body corporate and politic and a political subdivision of the State of Maine (the “City”), and 58 Boyd Street LP, a Maine Corporation (the “Developer”).

WITNESSETH THAT

WHEREAS, the City designated the 58 Boyd Street Apartments Affordable Housing Development District (the “District”) pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, by vote of the City Council at a meeting held on November 20, 2017 and pursuant to the same City Council Meeting action adopted a development program and financial plan for the District (the “Development Program”), and

WHEREAS, the Director of the Maine State Housing Authority has reviewed and approved the District and the Development Program, and

WHEREAS, the Development Program contemplates the execution and delivery of a credit enhancement agreement between the City and the Developer and the City approved the execution and delivery of a credit enhancement agreement as described in the Development Program pursuant to such City Council Meeting approval and a resolution of the Municipal Officers, adopted November 20, 2017 by vote of the City Council and the City and the Developer desire and intend that this Credit Enhancement Agreement be and constitute the Credit Enhancement Agreement contemplated by and described in the Development Program;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

ARTICLE I: DEFINITIONS

Section 1.1. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise:

“Affordable Housing Development Program Fund” means the Affordable Housing Development Program Fund described in Article III of the Development Program and established and maintained pursuant to Article II hereof.

“Agreement” means this Credit Enhancement Agreement between the City and the Developer.

“Captured Assessed Value” means the amount, stated as percentages or stated sums, of the Increased Assessed Value that is utilized from year to year to finance the Capital Program and Public Improvements described in the Development Program; the Captured Assessed Value of the District shall be 50% of the Increased Assessed Value.

“City” means the City of Portland, Maine, a municipality duly organized and existing under the laws of the State of Maine, its successors and assigns.

“Current Assessed Value” means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the District remains in effect.

“Developer” means 58 Boyd Street LP, its successors and assigns.

“Development Program” means the Development Program for the District as adopted by the City at a meeting of the City Council held on November 20, 2017.

“District” means the 58 Boyd Street Apartments Affordable Housing Development District designated by the City pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, by vote of its City Council at a meeting held on November 20, 2017.

“Financial Plan” means the financial plan described in Article III of the Development Program.

“Fiscal Year” means July 1 to June 30 each year or such other fiscal year as the City may establish.

“Increased Assessed Value” means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the District. If the Current Assessed Value is equal to or less than the Original Assessed Value, there is no Increased Assessed Value.

“Original Assessed Value” means the assessed value of the District as of March 31, 2017, which amount was Zero Dollars (\$0).

“Project” means the design, planning, development, acquisition, construction, financing and installation of the Development Program as described in Section 2.03 of said Development Program.

“Project Costs” means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5249 of title 30-A of the Maine Revised Statutes and included in the Development Program.

“Project Cost Account” means the Developer’s Project Cost Account described in Article III of the Development Program and established and maintained pursuant to Article II of this Agreement.

“Property Taxes” means any and all ad valorem property taxes levied, charged or assessed against real estate in the District by the City or on its behalf.

“Qualified Investments” means any and all securities, obligations or accounts in which municipalities may invest their funds under applicable Maine law.

“Tax Increment” means all Property Taxes assessed by the City, in excess of any state, county or special district tax, upon the Increased Assessed Value of all property in the District.

“Tax Increment Revenues (Developer’s Share)” means that percentage of the Tax Increment with respect to real estate now or hereafter located in the District retained pursuant to the terms of the Development Program to pay Project Costs of the Capital Program, and which amount is to be deposited each year during the term of this Agreement in the Developer’s Project Cost Account to fund payments to the Developer due pursuant to this Agreement. The Tax Increment Revenues (Developer’s Share) is fifty percent (50%). The Tax Increment Revenues (Developer’s Share) will be calculated each year as more particularly described herein and in Exhibit A of the Development Program and will be based on the Increased Assessed Value of the District which percentage or amount shall be captured and retained to pay to the Developer the costs of the Capital Program described in the Development Program.

"Tax Shift" means the sum of the following amounts as calculated under the Tax Shift Formulas, as hereafter defined: (a) the difference between (i) the county tax payable by the City if the Captured

Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of County Tax were included in the City's valuation in calculating the county tax, and (ii) the county tax payable by the City to the extent that the Captured Assessed Value is excluded from the City's valuation in calculating the county tax; plus (b) the difference between (i) the State aid to education that would be received by the City if the Captured Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of State aid to education were included in the City's valuation in calculating State aid to education, and (ii) the State aid to education that received by the City to the extent that the Captured Assessed Value is excluded from the City's valuation in calculating such amounts of State aid to education; plus (c) the difference between (i) the State revenue sharing that would be received by the City if the Captured Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of State revenue sharing were included in the City's valuation in calculating the amount of State revenue sharing, and (ii) the State revenue sharing received each year to the extent that the Captured Assessed Value is excluded in the City's valuation in calculating such amounts of revenue sharing. Examples of the calculation of the estimated Tax Shifts based on the current Tax Shift Formulas are attached as Exhibit F to the Development Program.

"Tax Shift Formulas" means the formulas utilized by the State of Maine in calculating (a) the county tax payable in accordance with 30-A M.R.S.A. § 706 and 36 M.R.S.A. §§ 305(1), 381, as amended, and any successor provisions; (b) the municipal revenue sharing distribution of the Local Government Fund in accordance with 30-A M.R.S.A. §5681, as amended, and any successor provision, provided, however, that distribution of the Disproportionate Tax Burden Fund (the Revenue II fund), if any, shall not be taken into consideration in such calculation since taxes assessed on captured value within a tax increment financing district are included in the amounts of the property assessed in determining allocations of such Disproportionate Tax Burden Fund; and (c) State aid to education, including aid for total operating costs, total program cost allocation (taking into account the maximum local share or circuit breaker) and total debt service cost allocation (taking into account the maximum local share or circuit breaker), but not taking into account any hold harmless or hardship cushion that results in additional State aid to education to the prior year's level even through the calculation would have resulted in a reduction, all as computed in accordance with Maine Department of Education Form ED 261 or any successor form.

"Tax Payment Date" means the date(s) on which Property Taxes levied by the City are due and payable from owners of property located within the City.

Section 1.2. Interpretation and Construction. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" means after, and the term "heretofore" means before the date of delivery of this Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), limited liability companies, trusts, corporations and other legal entities, including public or governmental bodies, as well as any natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(e) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time. All approvals, consents and acceptances required to be given or made by any signatory hereto shall not be withheld unreasonably.

(f) If any clause, provision, Article or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, Article or Section shall not affect any of the remaining provisions hereof.

ARTICLE II: DEVELOPER'S PROJECT COST ACCOUNT OF THE AFFORDABLE HOUSING DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of Developer's Project Cost Account of the Affordable Housing Development Program Fund. The City hereby confirms the creation and establishment of (a) the 58 Boyd Street Apartments Affordable Housing Development District Affordable Housing Development Program Fund; and (b) a segregated fund in the name of the City designated as the "58 Boyd Street Apartments Affordable Housing Development District Developer's Project Cost Account of the Affordable Housing Development Program Fund" (the "Developer's Project Cost Account") pursuant to, and in accordance with the terms and conditions of the Development Program. The Affordable Housing Development Program Fund shall consist of the Developer's Project Cost Account as described in the Development Program.

Section 2.2. Deposits into Developer's Project Cost Account of the Affordable Housing Development Program Fund. The City shall deposit into the Developer's Project Cost Account contemporaneously with each payment of Property Tax by owners of property in District during the term of the District an amount equal to that portion thereof constituting the Tax Increment Revenues (Developer's Share) for the period or year to which the payment relates and shall allocate the amount so deposited to fund fully and pay the payments due to Developer under Article III of this Agreement.

Section 2.3. Use of Monies in Developer's Project Cost Account of the Affordable Housing Development Program Fund. Monies deposited in the Developer's Project Cost Account shall be used and applied exclusively to fund the City's payment obligation described in Article III hereof.

Section 2.4. Monies Held in Trust. All monies required to be deposited with or paid into the Developer's Project Cost Account to fund payments of the Developer under the provisions hereof and the provisions of the Development Program, shall be held by the City in trust, for the benefit of the Developer.

Section 2.5. Investments. The monies in the Developer's Project Cost Account shall be invested and reinvested in Qualified Investments as determined by the City. The City shall have discretion regarding the investment of such monies, provided such monies are invested in Qualified Investments. As and when any amounts thus invested may be needed for disbursements, the City shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such account. The City shall have the sole and exclusive right to designate the investments to be sold and to otherwise direct the sale or conversion to cash of investments made with monies in the Developer's Project Cost Account.

Section 2.6. Liens. The City shall not hypothecate or grant or create any liens, security interests, encumbrances, or other interests of any nature whatsoever, with respect to the Developer's Project Cost Account or any funds therein, other than the interest granted to the Developer hereunder in and to the amounts on deposit therein.

ARTICLE III: PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments. (a) The term of this Agreement shall be for thirty (30) years as described below. The City agrees to pay to the Developer within 30 days of the end of each fiscal year (ends June 30 each year) this Agreement is in effect payments equal to the Tax Increment Revenues (Developer's Share) beginning with the designation and approval of the District by the Director of the Maine State Housing Authority, that being the City Fiscal Year beginning July 1, 2018 and ending June 30, 2019 (FY19) and continuing with each Fiscal Year of the City thereafter through and including June 30, 2048 (FY48). The City shall make all such payments of the Tax Increment Revenues (Developer's Share) to the Developer, its successors and assigns according to Exhibit A of the Development Program, based upon the corresponding fiscal year's projected allocation percentage for each payment. The Developer's share will be 100% of the captured revenue (based on 50% of the value captured) as indicated on Exhibit A. The obligation of the City to make such payments shall be a limited obligation payable solely from that portion of the Tax Increment Revenues (Developer's Share) payable to the Developer hereunder, whether or not actually deposited into the Developer's Project Cost Account, and shall not constitute a general debt or obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine or any political subdivision thereof.

(b) If, with respect to any Tax Payment Date, the owner or owners of property in the District fail(s) to pay any portion of the Property Taxes assessed by the City, because of a valuation dispute or otherwise, the Property Taxes actually paid with respect to such Tax Payment Date shall first be applied to taxes due on account of the Original Assessed Value and second shall constitute Tax Increment Revenues.

(c) Annually, Developer will provide operating cash flow statements as back-up documentation of Projects Costs for its TIF payments, which documentation will be kept confidential by the City.

(d) Prior to receiving the first payment under this Agreement, Developer must provide evidence reasonably satisfactory to the City to demonstrate that the Project was designed, constructed and/or rehabilitated in accordance with City's Green Building Code set forth in the City's Code of Ordinances Chapter 6 Article VII.

(e) During the course of construction of the Project, Developer must provide documentation in a form reasonably satisfactory to the City, which demonstrates that any firms employed in the construction phase of the Project have compensated their employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or the City's Code of Ordinances Chapter 33, §33-1 to §33-12.

Section 3.2. Completion of Development Program. Prior to receiving the first payment under this Agreement, Developer shall provide evidence reasonably satisfactory to the City of the Company's ability to complete the Project in accordance with State law. Reasonably satisfactory evidence shall include the Company's having closed on the financing for the Project.

Section 3.3. Failure to Make Payment. In the event the City should fail to, or be unable to, make any of the payments required under Section 3.1 hereof, the item or installment so unpaid shall continue from year-to-year, as a limited obligation of the City, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid and the City agrees to pay the same with interest thereon at the rate equal to the interest rate per annum payable by owners of property in the City on Property Taxes that are not paid when due, but only from Tax Increment Revenues (Developer's Share)

paid to the City by the Developer from time to time, and any earnings thereon, whether or not deposited into the Developer's Project Cost Account of the Affordable Housing Development Program Fund. Payments shall be applied first against accrued interest and then against principal. The Developer shall have the right to initiate and maintain an action to specifically enforce the City's obligations hereunder, including without limitation, the City's obligation to deposit all Tax Increment Revenues (Developer's Share) to the Developer's Project Cost Account and its obligation to make payments to the Developer.

Section 3.4. Manner of Payments. The payments provided for in this Article III shall be paid in immediately available funds directly to the Developer in the manner provided hereinabove for its own use and benefit, for qualified Project Costs.

Section 3.5. Obligations Unconditional. The obligations of the City to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Developer. The City shall not suspend or discontinue any such payment or terminate this Agreement for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration or frustration of purpose or any damage to or destruction of the Project or any change in the tax or other laws of the United States, the State of Maine or any political subdivision of either thereof.

Section 3.6. Limited Obligation. The City's obligations of payment hereunder shall be limited obligations of the City payable solely from monies on deposit in the Developer's Project Cost Account, and any earnings thereon, pledged therefor under this Agreement. The City's obligations hereunder shall not constitute a general debt or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from that portion of the Tax Increment Revenues (Developer's Share) payable to the Developer hereunder, and any earnings thereon, whether or not actually deposited into the Developer's Project Cost Account. This Agreement shall not directly or indirectly or contingently obligate the City, the State of Maine, or any other municipality or political subdivision to levy or to pledge any form of taxation or to levy or to make any appropriation for their payment, excepting the City's obligation to levy Property Taxes upon the property in the District and the pledge of the Tax Increment Revenues (Developer's Share), and earnings thereon, established under this Agreement.

ARTICLE IV: PLEDGE AND SECURITY INTEREST

Section 4.1. Pledge of Developer's Project Cost Account. In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to the Developer by the City, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the City's covenants and agreements contained herein, the City does hereby grant a security interest in and pledge to the Developer the Developer's Project Cost Account to the extent of Developer's Rights under this Agreement to receive funds from the Developer's Project Cost Account and all sums of money and other securities and investments now or hereafter therein.

Section 4.2. Perfection of Interest. The City authorizes the Developer to file and, if necessary, shall cooperate with the Developer in causing appropriate financing statements and continuation statements naming the Developer as pledgee of all amounts from time to time on deposit in the Developer's Project Cost Account to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order

to perfect and maintain the security interests created hereunder. To the extent deemed necessary by the Developer, the City will at such time and from time to time as requested by Developer establish the Developer's Project Cost Account as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect Developer's interest therein.

Section 4.3. Further Instruments. The City shall, upon the reasonable request of the Developer, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement; provided, however, that no such instruments or actions shall pledge the credit of the City.

Section 4.4. No Disposition of Developer's Project Cost Account. Except as permitted hereunder, the City shall not sell, lease, pledge, grant a security interest in, assign or otherwise dispose, encumber or hypothecate any interest in the Developer's Project Cost Account and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part hereof not permitted hereby.

Section 4.5. Access to Books and Records. All books, records and documents in the possession of the City relating to the District, the Development Program, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Developer's Project Cost Account shall at all reasonable times be open to inspection by the Developer, its agents, lenders, designees and employees.

ARTICLE V: DEFAULTS AND REMEDIES

Section 5.1. Events of Default. Each of the following events shall constitute and be referred to in this Agreement as an "Event of Default:"

(a) any failure by the City to pay any amounts due to Developer when the same shall become due and payable;

(b) any failure by the City to make deposits into the Affordable Housing Development Program Fund or the Developer's Project Cost Account as and when due;

(c) any failure by the City or the Developer to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the City or the Developer to be observed or performed, provided, however, that failure of Developer or any other owner of property in the District to pay Property Taxes when due shall not constitute an event of default hereunder; or

(d) if a decree or order of a court or agency or supervisory authority having jurisdiction in the premises of the appointment of a conservator or receiver or liquidator of, any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding up or liquidation of the City's affairs shall have been entered against the City or the City shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the City or of or relating to all or substantially all of its property, including without limitation, the filing of a voluntary petition in bankruptcy by the City or the failure by the City to have a petition in bankruptcy dismissed within a period of ninety (90) consecutive days following its filing or in the event an order for release has been entered under the Bankruptcy Code with respect to the City.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 hereof shall have occurred and be continuing, the non-defaulting party may take any one or more of the

following remedial steps: (a) the non-defaulting party may take whatever action at law or at equity as may appear necessary or desirable to collect any amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the non-defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder; and (b) the Developer shall also have the right to exercise any rights and remedies available to a secured party under the laws of the State of Maine.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. Delay or omission to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon the occurrence of an Event of Default shall not impair any relinquishment for the future of the rights to insist upon and to enforce, from time to time and as often as may be deemed expedient, by injunction or other appropriate legal or equitable remedy, strict compliance by the City with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such Event of Default be continued or repeated.

Section 5.4. Agreement to Pay Attorneys' Fees and Expenses. Notwithstanding the application of any other provision hereof, in the event any party should default under any of the provisions of this Agreement and the non-defaulting party shall require and employ attorneys or incur other expenses or costs for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the City or the Developer herein contained, the defaulting party shall, on demand thereof pay to the non-defaulting party the reasonable attorneys fees, costs and expenses so incurred by the non-defaulting party.

Section 5.5. Disputes. The parties agree that in the event of any dispute or disagreement hereunder the City shall continue to make payment of all amounts due hereunder in the manner and at the times specified herein until final resolution of such dispute, whether by mutual agreement or final decision of a court, arbitrator or other dispute resolution mechanism. The City hereby waives any right to withhold, suspend or setoff payments during the pendency of any such dispute, this waiver being limited and expressly intended to affect only those rights necessarily related to or arising directly under the terms of this Agreement.

ARTICLE VI: EFFECTIVE DATE, TERM AND TERMINATION

Section 6.1. Effective Date and Term. This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof for the entire term of this Agreement and shall expire upon the payment of all amounts due to the Developer hereunder and the performance of all obligations on the part of the City and the Developer hereunder.

Section 6.2. Cancellation and Expiration of Term. At the termination or other expiration of this Agreement and following full payment of all amounts due and owing to the Developer hereunder or provision for payment thereof and of all other fees and charges having been made in accordance with the provisions to this Agreement, the City and the Developer shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement.

ARTICLE VII: ASSIGNMENT AND PLEDGE OF DEVELOPER'S INTEREST

Section 7.1. Consent to Pledge and/or Assignment. The City hereby acknowledges that it is the intent of the Developer to pledge and assign and to grant security interests in and to this Agreement and the amounts payable to Developer hereunder and Developer's right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Developer to make such assignment or pledge or to grant such security interests. Recognizing this intention, the City does hereby consent and agree to the grant of such security interests and to the pledge and assignment of all the Developer's right, title and interest in, to and under this Agreement and in and to the payments to be made to Developer hereunder, to third parties as collateral or security for indebtedness and other obligations or otherwise, on one or more occasions during the term hereof.

Section 7.2. Pledge, Assignment or Security Interest. The City hereby consents to the pledge, assignment or granting of a security interest by the Developer (or the pledge and assignment by any one Developer) of its right, title and interest in, to and under this Agreement. The City agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective secured party, pledgee or assignee, including without limitation, recognition of the secured party, pledgee or assignee as the holder of all right, title and interest herein and as the payee of amounts due and payable hereunder and any and all such other documentation as shall confirm to such secured party, pledgee or assignee the position of such secured party, assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the secured party, pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 7.3. Assignment. Except as provided in this Article VII, the Developer shall not have the right to transfer and assign to any person or entity all or any portion of its rights in, to and under this Agreement; provided however, that any transfer of the real property within the District shall carry with it the benefit of this Agreement so long as (i) the rental units within the District remain affordable after such transfer; (ii) the prospective owner establishes to the reasonable satisfaction of the City that the financial benefits provided by this Agreement are still necessary to maintain the viability of the Project and (iii) the City Council approves the transfer.

ARTICLE VIII: MISCELLANEOUS

Section 8.1. Successors. The covenants, stipulations, promises and agreements set forth herein shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

Section 8.2. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 8.3. No Personal Liability of Officials of the City. No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his individual capacity and neither the members of the City Council of the City nor any official, officer, employee or agent of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 8.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement.

Section 8.5. Governing Law. The laws of the State of Maine shall govern the construction and enforcement of this Agreement.

Section 8.6. Notices. All notices, certificates, requests, requisitions or other communications by the City or the Developer pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when hand delivered or mailed by first class mail, postage prepaid, addressed as follows:

If to the City: City Manager
 City Portland
 389 Congress Street
 Portland, Maine 04101

If to the Developer: 58 Boyd Street LP

 14 Baxter Boulevard
 Portland, ME 04101

Any of the parties may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 8.7. Amendments. This Agreement may be amended only with the concurring written consent of the parties hereto.

Section 8.8. Net Agreement. This Agreement shall be deemed and construed to be a “net agreement,” and the City shall pay absolutely net during the term hereof all payments required hereunder, free of any deductions, and without any abatement, deductions or setoffs.

Section 8.9. Benefit of Assignees or Pledges. The City agrees that this Agreement is executed in part to induce secured parties, assignees or pledges to provide financing for the Project and accordingly all covenants and agreements on the part of the City as to the amounts payable hereunder are hereby declared to be for the benefit of any such secured parties, assignee or pledgee from time to time of the Developer’s right, title and interest herein.

Section 8.10. Maine Housing Rules and Requirements. The Developer and the City shall comply with any rules adopted by the Maine State Housing Authority and with any conditions of approval imposed by the Maine State Housing Authority following designation of the District. The City shall report annually to the Director of the Maine State Housing Authority regarding the status of the District, including the following matters as required by law: (a) certify that the public purpose of the District is being met; (b) account for any sales of property within the District; and (c) certify that rental units within the District remain affordable. The parties shall comply with the rule provisions for recovery of public revenue if conditions for approval of the District are not maintained for the duration of the District, as provided by rules adopted by the Maine State Housing Authority in accordance with applicable law. The Developer agrees to provide all information as required by the City to satisfy its reporting obligations.

Section 8.11. Affordability Covenants. The Developer and the City shall, in order to assure the continued affordability of the rental units as required by the Development Program, Maine State Housing Authority and applicable laws, regulations and ordinances, execute a declaration which is substantially in the same form as the “Declaration of Covenants, Conditions and Restrictions which is attached to the Development Program as Exhibit I.

Section 8.12 Valuation Agreement. The Development Program makes certain assumptions and estimates regarding valuation, depreciation of assets, tax rates, estimated amounts of the Increased Assessed Value and the Tax Increment, estimated amounts of the Tax Increment Revenues (Developer's Share), estimated development costs and other estimates. The City and the Developer hereby covenant and agree that the assumptions, estimates, analysis and results set forth in the Development Program shall in no way (a) prejudice the rights of any party to be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise with respect to Developer's property for purposes of ad valorem property taxation or any tax abatement proceeding or (b) modify or change in any way the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis.

Section 8.13. Integration. This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the City and the Developer relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by the duly authorized officers, all as of the date first above written.

WITNESS

CITY OF PORTLAND

By: _____
Jon P. Jennings, Its City Manager

58 BOYD STREET LP
BY PORTLAND HOUSING DEVELOPMENT
CORPORATION, ITS GENERAL PARTNER

By: _____
Mark Adelson, Its Executive Director

CITY OF PORTLAND
Declaration of Covenants, Conditions and Restrictions for

This Declaration of Covenants, Conditions and Restrictions (the “Declaration”) is entered into by and between the City of Portland, a public body corporate and politic with its principal place of business at 389 Congress Street, Portland, Maine, 04101 (“City”) and 58 Boyd Street LP, a Maine limited partnership with a mailing address of 14 Baxter Boulevard, Portland, Maine 04101 (“Developer”).

WITNESSETH

WHEREAS, the Developer acknowledges that City is providing a loan from HUD HOME funds in City’s Housing and Community Development Budget to the Developer (the “Loan”) for the construction of fifty-five (55) units of rental housing located at 58 Boyd Street, Portland, Maine (the “Development”); and

WHEREAS the Developer acknowledges City’s resulting beneficial interest in the Development, and Developer acknowledges that its ownership and operation of the Development are in furtherance of discharge of the public trust; and

WHEREAS, City has provided the Loan to Developer in consideration of the Developer’s agreement to abide by the provisions of this Declaration.

NOW THEREFORE, City and the Developer agree as follows:

1. **Term**. The term of this Declaration shall be for a period beginning on the date that it is recorded in the Cumberland County Registry of Deeds (the “Effective Date”), and ending on the later of (a) the date the Loan is paid in full, or (b) 90 years from the Effective Date of this Declaration (the “Qualified Project Period”).
2. **Enforceability of Covenants**. The covenants and restrictions of Developer set forth herein are intended to be and shall be considered covenants that run with the real estate described in Exhibit A attached hereto and made a part hereof and shall bind all subsequent owners and holders of any interest in said real estate, except to the extent herein provided. The City may enforce the covenants set forth herein as a contract beneficiary whether or not Developer is or

remains indebted to the City. The covenants of Developer set forth herein shall survive a sale, transfer, or other disposition of the Development by Developer, a foreclosure or transfer of title in lieu of foreclosure, or the repayment of the Loan, but shall cease to apply to the Development in the event of involuntary noncompliance caused by substantial destruction, seizure, requisition, or change in law or an action of a governmental agency that prevents the City from enforcing the covenants, even though compensated by insurance, provided that the Loan is repaid within a reasonable period of time after such involuntary loss or substantial destruction.

3. **Covenants**. Developer hereby covenants and represents to the City as follows:

- a. **Development**. The Development shall consist of the land described in Exhibit A attached hereto, together with all improvements, which after completion of the work will contain a total of eighty (80) units of rental housing and related amenities. The units in the Development shall be of comparable quality and have comparable amenities. Developer shall not make any change in the nature, size, number or location of the units in the Development and the facilities in the units.
- b. **Use**. The Developer shall rent or make available for rental all of the units in the Development on a continuous and non-transient basis to members of the general public throughout the Qualified Project Period. Developer covenants and agrees that no change of use shall occur without the express written consent of the City.
- c. **Low Income Units**. For a period of ninety (90) years at least forty-four (44) of the units will be occupied by households with incomes at or below sixty percent (60%) (collectively referred to as the “Low Income Units”). The remaining eleven (11) units will be market rate units.
 - i. Income and area median income shall be as determined in accordance with Section 42 of the Internal Revenue Code of 1986 and associated regulations and guidance, all as may be amended from time to time, (“Section 42”) and income limits shall be adjusted for family size.
 - ii. Prior to initial occupancy and at least annually, the Developer shall verify that the income, based on the then current income, of each household occupying a Low Income Unit in the Development does not exceed the Applicable Income Limit (the “Determination”).
 - iii. A Low Income Unit occupied by a household, who at the commencement of occupancy, met the Applicable Income Limit shall continue to be treated as occupied by a qualified resident even though the household’s income may exceed the Applicable Income Limit, adjusted for family size, at the time of the most recent Determination, if after such Determination, but before the next Determination, any unit in the Development of comparable size is occupied by a new household whose income does not exceed the Applicable Income Limit.

- iv. After initial occupancy but upon again becoming vacant, a Low Income Unit shall be treated as occupied by a household meeting the Applicable Income Limit until occupied (other than occupancy by another resident for a temporary period not to exceed 31 days), at which time the character of the unit shall be re-determined in light of the new resident's income.
- d. **Rent Restrictions**. For the Qualified Project Period, the Low Income Units shall be rent-restricted. A unit is rent-restricted if the gross monthly rent does not exceed one-twelfth (1/12th) of thirty percent (30%) of the imputed income limitation applicable to the unit. The imputed income limitation is the Applicable Income Limit for the unit, except the adjustment for family size shall be based, not on the actual number of occupants, but by assuming the number of occupants as follows:
 - i. For a unit without a separate bedroom, one individual.
 - ii. For a unit with one or more separate bedrooms, one and one-half individuals for each separate bedroom.

Gross monthly rent shall not include any payment under Section 8 of the United States Housing Act of 1937 and associated regulations and guidance, all as may be amended from time to time ("Section 8") but shall include any utility allowance, where applicable, taking into account such determinations under Section 8.

- e. **Discrimination Prohibited**. Developer shall not segregate or physically isolate the Low Income Units from each other and from other units in the Development and the Developer shall use its best efforts to proportionately distribute the Low Income Units among each unit size in the Development. Developer shall not refuse to rent a unit in the Development to any applicant because the applicant holds a voucher or a certificate of eligibility under Section 8.
- 4. **Compliance**. Developer agrees to furnish to City such information as City may require in a form acceptable to City, including without limitation certifications and/or verifications of occupancy and resident income, to determine Developer's compliance with the covenants set forth herein. Information deemed acceptable by Maine State Housing Authority shall be acceptable to the City.
 - 5. **Income Certifications/Leases**. Developer shall use residential lease forms acceptable to City and obtain written and signed certifications of residents in a form acceptable to City to determine the qualifications of the residents for occupancy of a Low Income Unit. Such leases or certifications shall contain clauses wherein each resident (a) certifies as to the accuracy of statements made relating to the resident's income, (b) agrees that resident income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, (c) agrees to comply all requests for information with respect thereto from Developer or City, and (d) agrees that failure to provide accurate information or refusal to comply with a request for information shall be deemed a violation of a substantial obligation of the tenancy. Developer covenants and agrees to take such action as City deems necessary to comply with the covenants herein or to correct or cure any failure of the Developer to comply with the covenants herein,

including, without limitation, the eviction of any tenant in accordance with applicable law. Lease forms which have been approved by Maine State Housing Authority shall be deemed approved by City.

6. **Real Estate Taxes.** Developer agrees that it shall pay all real estate taxes assessed on the Development during its ownership of the Development. Nothing contained in this section shall be deemed a waiver or limitation on Developer's right to seek abatement of property taxes if Developer believes the Development is over-assessed.
7. **Records.** Developer shall maintain and keep current all books, documents, plans and records concerning the Development, including, but not limited to, books and records related to compliance with the covenants contained in this Declaration. Such books, records, documents and plans shall be kept for: (a) a minimum of six (6) years after the expiration of the Qualified Project Period for those books, records, documents and plans pertaining to the rent and occupancy requirements described in Section 3 of this Declaration and the rent roll for all units in the Development; and (b) for a minimum of six (6) years after the end of the fiscal year or calendar year, as applicable, for all other books, records, documents and plans pertaining to the Development. Upon reasonable notice, City may audit and examine these books, records, documents and plans, and may inspect the buildings, grounds, equipment offices of the Development.
8. **Violation.** Developer shall immediately notify the City if Developer anticipates or discovers any noncompliance with any restriction or covenant in this Declaration, including, without limitation, noncompliance with the occupancy restrictions in Section 3 of this Declaration. Developer agrees to take such action as the City deems necessary to prevent noncompliance or to correct or cure any failure to comply with the covenants in this Declaration. In the event the Developer fails to comply with the covenants set forth herein, and fails to cure such non-compliance within any applicable cure period, the City shall be entitled to exercise any of its rights under the documents executed in connection with the Loan, maintain an action in law or in equity against the Developer to recover damages incurred by the City from such failure, including, without limitation, reasonable attorneys' fees and costs, and to require the Developer (through injunctive relief or specific performance) to comply with the provisions and covenants set forth herein and to immediately cure any failure to comply with the covenants set forth herein by the Developer.
9. **Indemnification.** Developer shall indemnify and hold City and its agents harmless from and against any and all claims, demands, liability, loss, cost or expense (including, but not limited to attorney's fees and other costs of litigation) which may be incurred by the City arising out of or in any way related to the Developer's breach of any of its obligations under this Declaration or any action taken by the City to enforce or exercise its rights under this Declaration as a result of such breach, except for claims arising from the gross negligence or willful acts of the City. The obligations under this section shall survive the termination or expiration of this Declaration as necessary to effectuate its provisions.

10. **Modifications.** This Declaration may be amended or modified, in whole or in part, only by written agreement of Developer and the City clearly expressing the intent to modify this Declaration.
11. **Severability.** The validity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.
12. **Successors and Assigns.** This Declaration shall be binding upon Developer's respective heirs, personal representatives, executors, administrators, successors and assigns and shall inure to the benefit of and be enforceable by City, its successors, transferees and assigns.
13. **Governing Law.** This Declaration shall be construed in accordance with and governed by the laws of the State of Maine.
14. **Notices.** Any notice or demand required or provided for in this Declaration shall be in writing and shall be deemed to have been sufficiently given for all purposes when hand-delivered or mailed by certified or registered United States mail, postage prepaid, or sent by overnight United States mail or overnight commercial delivery service to the Developer or the City at their respective addresses set forth herein, or at such other address as either of them may from time to time hereafter designate by notice given to the other as herein provided. The City shall endeavor to provide a copy of any notice to Developer simultaneously to the Limited Partners at c/o Northern New England Housing Investment Fund, 75 Market Street, Suite 201, Portland, ME 04101, or such other addresses as may from time to time hereafter be designated by notice given to the City as herein provided.
15. **Intercreditor.** This Declaration is subject to the terms and conditions of the Intercreditor and Subordination Agreement by and among Maine State Housing Authority, the City of Portland, 58 Boyd Street LP, and Portland Housing Development Corporation. dated _____, 2017 to be recorded in the Cumberland County Registry of Deeds herewith.

Signature page follows.

IN WITNESS WHEREOF, this Declaration has been duly executed by the Developer and City as of November ____, 2017.

CITY OF PORTLAND

Witness

By: _____
Jon P. Jennings
Its City Manager

58 BOYD STREET LP

BY: Portland Housing Development Corporation, its
General Partner

Witness

By: _____
Mark Adelson, Its President

**State of Maine
Cumberland, ss.**

November ____, 2017

Personally appeared the above named Mark Adelson, President of Portland Housing Development Corporation, General Partner of 58 Boyd Street LP, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said corporation and limited partnership.

Before me,

Notary Public/Attorney-at-Law

(Print or type name)

**State of Maine
Cumberland, ss.**

November ____, 2017

Personally appeared the above named Jon P. Jennings, City Manager to the City of Portland, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said City of Portland.

Before me,

Notary Public/Attorney-at-Law

(Print or type name)

EXHIBIT A

DRAFT

City of Portland - TIF Model
 Boyd Street TIF Model

8/28/2017 OAV: \$0 - Tax Exempt

50% Captured Value to Developer; 50% Uncaptured to City General Fund

City of Portland- TIF Projection Table/58 Boyd Street AH TIF									
TIF Year	Tax Year- April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non- Captured General Fund Revenues
1	2018	\$0	50.00%	\$0	21.53	\$0	\$0	\$0	\$0
2	2019	\$2,550,000	50.00%	\$1,275,000	21.96	\$28,003	\$28,003	\$0	\$28,003
3	2020	\$5,100,000	50.00%	\$2,550,000	22.40	\$57,125	\$57,125	\$0	\$57,125
4	2021	\$5,100,000	50.00%	\$2,550,000	22.85	\$58,268	\$58,268	\$0	\$58,268
5	2022	\$5,100,000	50.00%	\$2,550,000	23.31	\$59,433	\$59,433	\$0	\$59,433
6	2023	\$5,100,000	50.00%	\$2,550,000	23.77	\$60,622	\$60,622	\$0	\$60,622
7	2024	\$5,100,000	50.00%	\$2,550,000	24.25	\$61,834	\$61,834	\$0	\$61,834
8	2025	\$5,100,000	50.00%	\$2,550,000	24.73	\$63,071	\$63,071	\$0	\$63,071
9	2026	\$5,100,000	50.00%	\$2,550,000	25.23	\$64,332	\$64,332	\$0	\$64,332
10	2027	\$5,100,000	50.00%	\$2,550,000	25.73	\$65,619	\$65,619	\$0	\$65,619
11	2028	\$5,100,000	50.00%	\$2,550,000	26.25	\$66,931	\$66,931	\$0	\$66,931
12	2029	\$5,100,000	50.00%	\$2,550,000	26.77	\$68,270	\$68,270	\$0	\$68,270
13	2030	\$5,100,000	50.00%	\$2,550,000	27.31	\$69,635	\$69,635	\$0	\$69,635
14	2031	\$5,100,000	50.00%	\$2,550,000	27.85	\$71,028	\$71,028	\$0	\$71,028
15	2032	\$5,100,000	50.00%	\$2,550,000	28.41	\$72,449	\$72,449	\$0	\$72,449
16	2033	\$5,100,000	50.00%	\$2,550,000	28.98	\$73,898	\$73,898	\$0	\$73,898
17	2034	\$5,100,000	50.00%	\$2,550,000	29.56	\$75,376	\$75,376	\$0	\$75,376
18	2035	\$5,100,000	50.00%	\$2,550,000	30.15	\$76,883	\$76,883	\$0	\$76,883
19	2036	\$5,100,000	50.00%	\$2,550,000	30.75	\$78,421	\$78,421	\$0	\$78,421
20	2037	\$5,100,000	50.00%	\$2,550,000	31.37	\$79,989	\$79,989	\$0	\$79,989
21	2038	\$5,100,000	50.00%	\$2,550,000	32.00	\$81,589	\$81,589	\$0	\$81,589
22	2039	\$5,100,000	50.00%	\$2,550,000	32.64	\$83,221	\$83,221	\$0	\$83,221
23	2040	\$5,100,000	50.00%	\$2,550,000	33.29	\$84,885	\$84,885	\$0	\$84,885
24	2041	\$5,100,000	50.00%	\$2,550,000	33.95	\$86,583	\$86,583	\$0	\$86,583
25	2042	\$5,100,000	50.00%	\$2,550,000	34.63	\$88,315	\$88,315	\$0	\$88,315
26	2043	\$5,100,000	50.00%	\$2,550,000	35.33	\$90,081	\$90,081	\$0	\$90,081
27	2044	\$5,100,000	50.00%	\$2,550,000	36.03	\$91,883	\$91,883	\$0	\$91,883
28	2045	\$5,100,000	50.00%	\$2,550,000	36.75	\$93,720	\$93,720	\$0	\$93,720
29	2046	\$5,100,000	50.00%	\$2,550,000	37.49	\$95,595	\$95,595	\$0	\$95,595
30	2047	\$5,100,000	50.00%	\$2,550,000	38.24	\$97,506	\$97,506	\$0	\$97,506
30 Year TIF Total		\$145,350,000		\$72,675,000		\$2,144,566	\$2,144,566	\$0	\$2,144,566
30 Year TIF Average						\$71,486	\$71,486		\$71,486

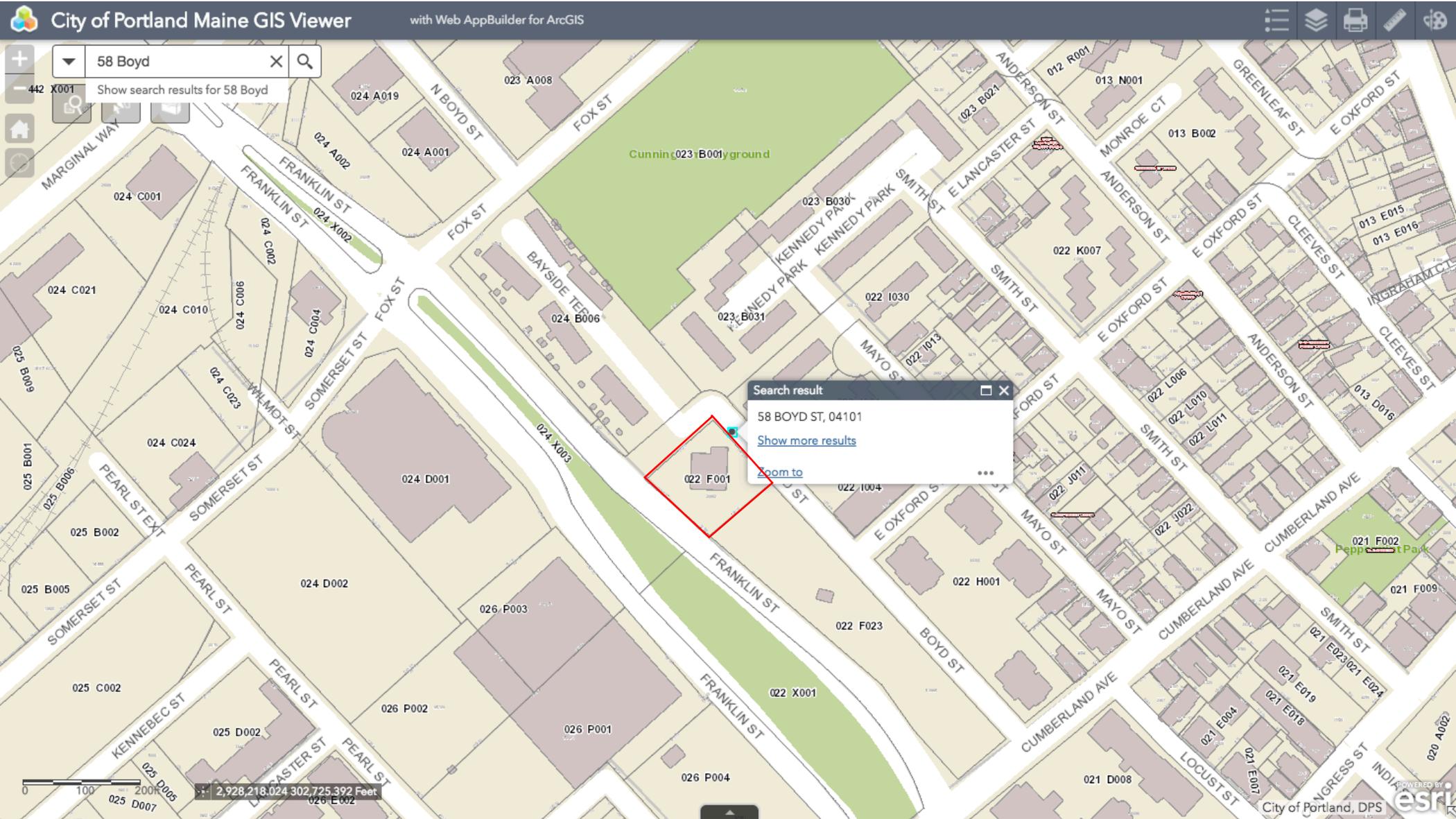
City of Portland - TIF Model
 Boyd Street TIF Model

8/28/2017 OAV: \$0 - Tax Exempt

50% Captured Value to Developer; 50% Uncaptured to City General Fund

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model							
50% Sheltered over 30 years with that 50% going to Developer Project Account; 50% to City General Fund							
TIF Year	Tax Year- April 1	Total Added Valuation	Sheltered Valuation	Avoided Formula Impacts from Sheltering of Valuation			
				Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2018	\$0	\$0	\$0	\$0	\$0	\$0
2	2019	\$2,550,000	\$1,275,000	\$0	\$777	\$694	\$1,471
3	2020	\$5,100,000	\$2,550,000	\$0	\$1,553	\$1,389	\$2,942
4	2021	\$5,100,000	\$2,550,000	\$7,055	\$1,553	\$1,389	\$9,997
5	2022	\$5,100,000	\$2,550,000	\$14,110	\$1,553	\$1,389	\$17,052
6	2023	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
7	2024	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
8	2025	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
9	2026	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
10	2027	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
11	2028	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
12	2029	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
13	2030	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
14	2031	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
15	2032	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
16	2033	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
17	2034	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
18	2035	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
19	2036	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
20	2037	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
21	2038	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
22	2039	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
23	2040	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
24	2041	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
25	2042	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
26	2043	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
27	2044	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
28	2045	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
29	2046	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
30	2047	\$5,100,000	\$2,550,000	\$21,165	\$1,553	\$1,389	\$24,107
30 Year TIF Total		\$145,350,000	\$72,675,000	\$550,290	\$44,265	\$39,584	\$634,138
30 Year TIF Average				\$18,343	\$1,475	\$1,319	\$21,138

Exhibit A





To: Mary Davis, City of Portland
From: Anne Boynton, Urban Ventures, Inc.
Re: 58 Boyd Street
Date: 10/24/17

Executive Summary

58 Boyd Street is a project of the Portland Housing Development Corporation (PHDC), the development affiliate of the Portland Housing Authority. 58 Boyd Street will construct 55 units of mixed income rental housing as part of the East Bayside redevelopment, just across the street from its Bayside Anchor development and service hub. Units will range in size from efficiency units (25) to three bedrooms (9). Rents will range from market rate (11 units will be unrestricted) to no more than 50% AMI with 28 units subsidized with Project Based Vouchers.

Sources and Uses

Permanent Sources include:

Maine Housing	\$550,000
AHP Loan (Bangor Savings)	\$2,932,139
City of Portland HOME	\$200,000
Sponsor Loan	\$119,936
AHP Subsidy	\$750,000
Net LIHTCs	<u>\$6,756,824</u>
Total Sources:	\$11,308,899

PHDC is well positioned to secure all remaining sources needed to complete this project. In the 2017 LIHTC competition, this project missed funding by only 1 point, and has been able to adjust the project to score higher in the 2018 QAP, taking advantage of additional points for family scale units and planning board approvals. The Bangor Savings/AHP loan and subsidy are already committed, as is a construction loan of \$6,850,000 from Bangor Savings.

For analysis of "Uses," see Development Budget.

Development Budget

Construction Costs:

Construction costs are being repriced right now in preparation for submission of materials to Maine Housing for the LIHTC application. Current costs are based on a "Conceptual Estimate" by Wright-Ryan Construction created in 2016. It reflects an inflation cost adjuster through an anticipated start of construction in October 2017. So there will be upward pressure on these costs to factor in inflation till a construction start date in 2018. However, the developer has identified cost savings in the design and is working closely with the contractor on containing the total construction cost. The development team anticipates the new construction costs, available in early November, will be very close to the existing

estimate. Costs of demolition for the existing structure are specifically excluded and will be funded through a CDBG allocation committed in 2015, prior to PHDC taking title to the site.

Soft Costs:

Soft costs are modest at 22% of total development costs and generally in line with or slightly under industry norms. Developer fee is a very modest 7.43% of development costs (excluding reserves and developer fee).

Contingency:

Construction Contingency is too narrowly budgeted at 5% considering the very preliminary stage of design. A 5% hard cost contingency should be sufficient once plans are finalized and the job is bid, but given the early stage of the development and the updated construction costs, a 5% contingency is insufficient. Soft cost contingency is also too low at less than 2% of total soft costs. However, these concerns are mitigated by the financial strength of the developer and sponsor. PHDC has the financial resources to address unexpected set backs and cost over runs in the development of this project.

Acquisition:

This property is currently owned by the Portland Housing Authority, the parent company of the developer. The existing improvements will be demolished prior to transfer of ownership of the site. No acquisition price will be associated with the transfer.

Operating Budget & 20 Year Cashflow Projection

Project Income:

This project will serve a wide range of income levels, with 28 Project Based Vouchers for households with incomes not to exceed 50% AMI, 50% AMI units without project based vouchers (8 units), 60% AMI units (8 units), and market rate units (11 units).

The rents for the market rate units are set just under Fair Market Rents, discounted by \$19-\$21 per unit per month. Given the high demand for units in Portland overall, these are not likely to pose a significant problem to rent, even with the potential marketing disadvantage of a predominately affordable property.

50% and 60% AMI units are set at the maximum allowable rent for LIHTC units. Units with Project Based Vouchers will supplement the tenant's contribution to rent up to the FMR rate. However, due to Maine Housing's preferences regarding how this is reflected in the pro forma, the additional income above the allowable 50% AMI tax credit rent is reflected in the income line labeled "PBV/HAP Differential." This significant income line (\$147,288 in year 1) will trend with Fair Market Rent.

Other income includes 1) laundry for \$5,500 (\$8.33/unit/month, not unreasonable given the amount of family housing) and 2) \$12,000 in rent from Cultivating Community, which will move their office space to this location adjacent to one of their primary community gardens.

A 50% 30 year TIF is requested, and reflected in Income of \$57,125 in the first full year of operations.

Operating Expense

Operating expenses appear high at \$9,085/unit in part because this includes the full property tax liability as an expense. A property with a PILOT which provided the comparable property tax relief to the requested TIF would show per unit operating expenses of \$8,046. This is still high. Factoring out tenant services and computer network, not expenses typically included in operating budgets, brings the per unit operating expense per year to \$7,682, still on the high side of normal. Both maintenance (\$2,341/unit) and replacement reserve (\$450) are budgeted on the high end of normal, especially for new construction. However, considering the likelihood of pretty heavy resident demands on the property (25 of 55 units are 2 or 3 bedrooms, there will be plenty of children in the property) budgeting high for maintenance and replacement reserves is appropriate.

20 Year Cashflow & Debt Service Coverage Ratio (DSCR)

Year 1 debt service coverage is 1.28, rising to 1.30 before declining to 1.26 in year 20, with industry standard income and expense inflators (2% & 3%) and a 5% vacancy. Given the nature of the Portland housing market, with very limited supply of affordable units relative to demand, a 5% vacancy, while consistent with industry standards for underwriting, is conservative relative to likely operating experience. Since these units are very likely to outperform a 5% vacancy projection, these debt service coverage ratios are likely to be conservative. A more likely scenario reflects the affordable units operating at 3% (or lower) vacancy. Running an average of 3% vacancy results in a dscr of 1.33 in year 1, peaking at 1.35, and a year 20 dscr of 1.33.

Even with a 5% average vacancy, the HOME loan can be fully repaid to City of Portland from 25% of cashflow in year 12, while the developer fee loan would be fully retired in year 7 with payment of 25% of cashflow. A lower actual vacancy rate repays the developer fee and HOME loans slightly sooner.

Developer Financials

Portland Housing Authority has submitted audits for FY2013, 2014, 2015 and 2016. Their fiscal year ends 6/30. Their audit as of 6/30/16 showed strong and improving financial health, with current assets over \$16 million and current liabilities of \$1.5 million, resulting in a current ratio of 11. The Quick Ratio (cash and cash equivalents divided by current liabilities) is a remarkably healthy 4.6. In 2016, they increased their Net Position by \$526,458, as growth in revenues exceeded growth in expenses. In 2016, tenant services expense grew by 36% -- a rate of growth unlikely to be sustainable, and their operations were helped by a drop in utility expenditures which may be dependent upon weather. However, overall, this organization has very strong financial health. This developer has the financial capacity to intervene in a development facing unexpected set backs and or cost over-runs to keep the development process moving forward. Their financial strength as an organization mitigates the risk of the thin hard and soft cost contingency.

Recommendations

I recommend a loan in the amount of no more than \$200,000, 30 years, zero percent interest, with repayment annually of 25% of cashflow, and a 50%, 30 year TIF, with the following conditions prior to loan closing:

1. Satisfactory review of a final development budget and operating pro forma which is consistent with the commitments of all source, including a cashflow waterfall acceptable to the City;
2. Final rent schedules to be compared to maximum allowable rents and applicable utility allowance charts to determine final maximum rent rates, and satisfactory review of a letter of intent from Cultivating Community (or other prospective tenant) to lease ground floor space at price as proposed in the final operating budget;
3. All standard construction loan conditions, including satisfactory review of final contract with GC consistent with budgeted estimates, and total contractor overhead, profit and general conditions of not to exceed 14% of net construction costs.

Development Budget with Permanent Sources

Date 10/20/2017
 Project Name 58 Boyd Street
 Project Address 58 Boyd Street
 Developer/Sponsor Portland Housind Development Corp.

Total Units 55
 Total Square Feet 48,488

	Total	Per Unit	Per Sq Ft
Sources of Funds			
Permanent Financing - 1st Lien	\$550,000	\$10,000	\$11
City of Portland HOME loan	\$200,000	\$3,636	\$4
AHP Loan	\$2,932,139	\$53,312	\$60
FHLB Subsidy	\$750,000	\$13,636	\$15
LIHTC Syndication	\$6,756,824	\$122,851	\$139
Sponsor (Developer Fee) Loan	\$119,936	\$2,181	\$2
Total Sources of Funds	\$11,308,899	\$205,616	\$233

Uses of Funds

Hard Costs			
Site Improvements	\$748,000	\$13,600	\$15
Rehabilitation		\$0	\$0
New Construction	\$6,817,499	\$123,955	\$141
Contractor's Profit, Overhead, & Gen. Requirements	9.8%	\$741,218	\$13,477
Hazardous Materials abatement (if contracted separately)		\$0	\$0
Demolition Cost (if contracted separately)		\$0	\$0
Bond Premium	\$44,963	\$818	\$1
Other		\$0	\$0
Hard Cost Contingency (% of hard costs)	5.0%	\$417,584	\$7,592
Total Hard Costs		\$8,769,264	\$159,441

Soft Costs			
Building Permit & Fees	\$175,730	\$3,195	\$4
Survey & Engineering	\$66,900	\$1,216	\$1
Design & Permitting (% of const exp)	6.9%	\$510,000	\$9,273
Borrower Legal (all closings, excluding syndication legal)	\$68,000	\$1,236	\$1
Title & Recording	\$15,000	\$273	\$0
Accounting	\$8,000	\$145	\$0
Construction Period Taxes	\$8,000	\$145	\$0
Construction Period Insurance	\$25,000	\$455	\$1
Other: FF&E, Security		\$0	\$0
Other		\$0	\$0
Total Soft Costs		\$876,630	\$15,939

Financing Costs			
Construction Loan Origination Fees	\$7,500	\$136	\$0
Construction Period Interest	\$115,500	\$2,100	\$2
Lender Inspection Fees +Letter of Credit + const legal	\$33,200	\$604	\$1
Letter of Credit Fee		\$0	\$0
Permanent Loan Fee	\$14,500	\$264	\$0



Phased Sources and Uses

Predevelopment Uses	
Earnest money deposit	
Appraisal	
Environmental	
Building condition assessment	
Legal	
Architect	
Other professional fees	
Other	
Total:	\$ -

Predevelopment Sources	Status	Rate	Term	Amount
Predevelopment loan:	Applied			\$ -
Grant:	Applied			\$ -
Developer/sponsor equity	Applied			\$ -
Resident deposits				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
Total:				\$ -

Acquisition/Construction Uses	
Predevelopment expenses included above	\$ -
Acquisition of real estate	
Construction Contract	
Construction contingency	
Soft costs (not included in predevelopment period)	
Soft cost contingency	
Other:	
Total:	\$ -

Acquisition/ Construction Sources*	Status	Rate	Term	Amount
1st mortgage:				\$ -
2nd mortgage:				\$ -
3rd mortgage:				\$ -
Grant:				\$ -
Developer/sponsor equity				\$ -
Resident downpayments				\$ -
Other				\$ -
Total:				\$ -

Permanent Financing	
Acquisition/construction & predev expenses above	\$ -
Lease up reserve	
Capitalized operating reserve	
Capitalized replacement reserve	
Other	
Total:	\$ -

Permanent Financing*	Status	Rate	Term	Amount
1st mortgage:				\$ -
2nd mortgage:				\$ -
3rd mortgage:				\$ -
Grant:				\$ -
Developer/sponsor equity				\$ -
Resident downpayments				\$ -
Other				\$ -
Total:				\$ -

* All sources should be listed at the cumulative value in each phase.

Project Operating Pro Forma

Date October 20, 2017
 Project Name 58 Boyd St
 Project Address 58 Boyd St
 Developer/Sponsor Portland Housing Development Corporation

Rental Income

Unit Type	Number of Units	Per Unit Sq Ft	Total Sq Ft	Restriction on % Median Inc.	Per Unit Monthly Gross Rent	Utility Deductions	Rent Subsidy	Per Unit Monthly Net Rent	Per Unit Net Rent Per Sq Ft	Total Monthly Net Income	Total Annual Net Rent
0 BR	4	pbv	0	50%	\$718	\$0		\$718		\$2,872	\$34,464
0 BR	8		0	50%	\$718	\$0		\$718		\$5,744	\$68,928
0 BR	5		0	60%	\$862			\$862		\$4,310	\$51,720
0 BR	8		0	market	\$941			\$941		\$7,528	\$90,336
1 BR	3	pbv	0	50%	\$770			\$770		\$2,310	\$27,720
1 BR	1		0	60%	\$924			\$924		\$924	\$11,088
1 BR	1		0	market	\$1,033			\$1,033		\$1,033	\$12,396
2 BR	12	pbv	0	50%	\$923			\$923		\$11,076	\$132,912
2 BR	2		0	60%	\$1,108			\$1,108		\$2,216	\$26,592
2 BR	2		0	market	\$1,368			\$1,368		\$2,736	\$32,832
3 BR	9	pbv	0	50%	\$1,067			\$1,067		\$9,603	\$115,236
Other			0	60%				\$0		\$0	\$0
Total:	55		0							\$50,352	\$604,224

Operating Expenses

Rent Increase Rate	2.0%
Expenses Increase Rate	3.0%

Note: Year 1 is the first full year of stabilized operations

	Year 1	Year 1/Unit	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income											
Sch. Gross Income - Residential	\$604,224	\$10,986	\$616,308	\$628,635	\$641,207	\$654,031	\$667,112	\$680,454	\$694,063	\$707,945	\$722,104
<u>Vacancy Loss</u> 5.0%	(\$30,211)	(\$549)	(\$30,815)	(\$31,432)	(\$32,060)	(\$32,702)	(\$33,356)	(\$34,023)	(\$34,703)	(\$35,397)	(\$36,105)
Other income (laundry & comm)	\$17,500	\$318	\$17,850	\$18,207	\$18,571	\$18,943	\$19,321	\$19,708	\$20,102	\$20,504	\$20,914
PBV/HAP differential	\$147,288	\$2,678	\$150,234	\$153,238	\$156,303	\$159,429	\$162,618	\$165,870	\$169,188	\$172,571	\$176,023
TIF	\$57,125	\$1,039	\$58,268	\$59,433	\$60,622	\$61,834	\$63,071	\$64,332	\$65,619	\$66,931	\$68,270
Effective Gross Income	\$795,926	\$14,471	\$811,844	\$828,081	\$844,643	\$861,536	\$878,766	\$896,342	\$914,269	\$932,554	\$951,205

Administrative											
Management Fee	\$42,833	\$779	\$44,118	\$45,442	\$46,805	\$48,209	\$49,655	\$51,145	\$52,679	\$54,260	\$55,887
Management Charges	\$42,833	\$779	\$44,118	\$45,442	\$46,805	\$48,209	\$49,655	\$51,145	\$52,679	\$54,260	\$55,887
Marketing Expense	\$500	\$9	\$515	\$530	\$546	\$563	\$580	\$597	\$615	\$633	\$652
Legal	\$2,000	\$36	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319	\$2,388	\$2,460	\$2,534	\$2,610
Audit & Accounting	\$6,000	\$109	\$6,180	\$6,365	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829
Admin Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Administrative	\$94,166	\$1,712	\$96,991	\$99,901	\$102,898	\$105,985	\$109,164	\$112,439	\$115,812	\$119,287	\$122,865

Tenant Services & Computer	\$20,000	\$364	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095
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Utilities											
Fuel Oil	\$25,000	\$455	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619
Natural Gas		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electric	\$39,000	\$709	\$40,170	\$41,375	\$42,616	\$43,895	\$45,212	\$46,568	\$47,965	\$49,404	\$50,886
Water / Sewer	\$33,500	\$609	\$34,505	\$35,540	\$36,606	\$37,705	\$38,836	\$40,001	\$41,201	\$42,437	\$43,710
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Utilities	\$97,500	\$1,773	\$100,425	\$103,438	\$106,541	\$109,737	\$113,029	\$116,420	\$119,913	\$123,510	\$127,215

Maintenance	Year 1	Year 1/Unit	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Grounds	\$8,250	\$150	\$8,498	\$8,752	\$9,015	\$9,285	\$9,564	\$9,851	\$10,146	\$10,451	\$10,764
Janitor Contract	\$20,000	\$364	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095
Trash Removal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trash Removal	\$15,500	\$282	\$15,965	\$16,444	\$16,937	\$17,445	\$17,969	\$18,508	\$19,063	\$19,635	\$20,224
Maintenance	\$37,000	\$673	\$38,110	\$39,253	\$40,431	\$41,644	\$42,893	\$44,180	\$45,505	\$46,870	\$48,277
Elevator, HVAC, systems mainte	\$48,000	\$873	\$49,440	\$50,923	\$52,451	\$54,024	\$55,645	\$57,315	\$59,034	\$60,805	\$62,629
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Maintenance	\$128,750	\$2,341	\$132,613	\$136,591	\$140,689	\$144,909	\$149,257	\$153,734	\$158,346	\$163,097	\$167,990

Taxes & Insurance											
Real Estate Taxes or PILOT	\$114,250	\$2,077	\$117,678	\$121,208	\$124,844	\$128,589	\$132,447	\$136,420	\$140,513	\$144,728	\$149,070
Payroll Taxes / Fidelity Bond / Workers Comp / Health Ins.		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance (property, liability)	\$20,250	\$368	\$20,858	\$21,483	\$22,128	\$22,792	\$23,475	\$24,180	\$24,905	\$25,652	\$26,422
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Taxes & Insurance	\$134,500	\$2,445	\$138,535	\$142,691	\$146,972	\$151,381	\$155,922	\$160,600	\$165,418	\$170,381	\$175,492

Replacement Reserves	\$24,750	\$450	\$25,493	\$26,257	\$27,045	\$27,856	\$28,692	\$29,553	\$30,439	\$31,353	\$32,293
Operating Reserves		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Expenses	\$499,666	\$9,085	\$514,656	\$530,096	\$545,999	\$562,378	\$579,250	\$596,627	\$614,526	\$632,962	\$651,951
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Net Operating Income	\$296,260	\$5,387	\$297,188	\$297,986	\$298,644	\$299,157	\$299,517	\$299,714	\$299,742	\$299,592	\$299,254
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Debt Service											
Maine Housing -- First Lien	\$39,570	\$719	\$39,570	\$39,570	\$39,570	\$39,570	\$39,570	\$39,570	\$39,570	\$39,570	\$39,570
AHP Loan -- Second Lien	\$188,884	\$3,434	\$188,884	\$188,884	\$188,884	\$188,884	\$188,884	\$188,884	\$188,884	\$188,884	\$188,884
Sponsor Loan	\$3,690	\$67	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690
Total Debt Service (Must Pay)	\$232,144	\$4,221	\$232,144								

Cash Flow (after Must Pay Debt)	\$64,116	\$1,166	\$65,044	\$65,842	\$66,500	\$67,013	\$67,373	\$67,570	\$67,598	\$67,448	\$67,110
Debt Service Coverage Ratio	1.28		1.28	1.28	1.29						

Cash Flow Debt Payments	remaining :	\$103,107	\$86,846	\$70,386	\$53,761	\$37,007	\$20,164	\$3,271	(\$13,628)	(\$30,490)	
Sponsor Loan	25.0%	\$16,029	\$291	\$16,261	\$16,460	\$16,625	\$16,753	\$16,843	\$16,893	\$16,900	\$16,778
HOME Loan Repayment	25.0%	\$16,029	\$291	\$16,261	\$16,460	\$16,625	\$16,753	\$16,843	\$16,893	\$16,900	\$16,778
Cash Flow Retained by Project		\$32,058	\$583	\$32,522	\$32,921	\$33,250	\$33,507	\$33,686	\$33,785	\$33,799	\$33,724
Retained Cash Flow %	6% remaining :	\$183,971	\$167,710	\$151,250	\$134,625	\$117,871	\$101,028	\$84,135	\$67,236	\$50,374	\$33,596

Operating Expenses

Rent Increase Rate	2.0%
Expenses Increase Rate	3.0%

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Income										
Sch. Gross Income - Residential	\$736,546	\$751,277	\$766,302	\$781,628	\$797,261	\$813,206	\$829,470	\$846,059	\$862,981	\$880,240
<u>Vacancy Loss</u> 5.0%	(\$36,827)	(\$37,564)	(\$38,315)	(\$39,081)	(\$39,863)	(\$40,660)	(\$41,474)	(\$42,303)	(\$43,149)	(\$44,012)
Other income (laundry & commercial space)	\$21,332	\$21,759	\$22,194	\$22,638	\$23,091	\$23,553	\$24,024	\$24,504	\$24,994	\$25,494
PBV/HAP differential	\$179,543	\$183,134	\$186,797	\$190,533	\$194,343	\$198,230	\$202,195	\$206,239	\$210,364	\$214,571
TIF	\$69,635	\$71,724	\$73,876	\$76,092	\$78,375	\$80,726	\$83,148	\$85,642	\$88,212	\$90,858
Effective Gross Income	\$970,229	\$990,330	\$1,010,854	\$1,031,810	\$1,053,207	\$1,075,055	\$1,097,363	\$1,120,142	\$1,143,401	\$1,167,151

Administrative										
Advertising	\$57,564	\$59,291	\$61,070	\$62,902	\$64,789	\$66,732	\$68,734	\$70,796	\$72,920	\$75,108
Office Payroll & Benefits	\$57,564	\$59,291	\$61,070	\$62,902	\$64,789	\$66,732	\$68,734	\$70,796	\$72,920	\$75,108
Office Supplies, Phone, Misc.	\$672	\$692	\$713	\$734	\$756	\$779	\$802	\$826	\$851	\$877
Mngr or Super Rent Free Unit	\$2,688	\$2,768	\$2,852	\$2,937	\$3,025	\$3,116	\$3,209	\$3,306	\$3,405	\$3,507
Audit & Accounting	\$8,063	\$8,305	\$8,555	\$8,811	\$9,076	\$9,348	\$9,628	\$9,917	\$10,215	\$10,521
Admin Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Administrative	\$126,551	\$130,348	\$134,258	\$138,286	\$142,435	\$146,708	\$151,109	\$155,642	\$160,311	\$165,121

Supportive Services	\$26,878	\$27,685	\$28,515	\$29,371	\$30,252	\$31,159	\$32,094	\$33,057	\$34,049	\$35,070
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Utilities										
Fuel Oil	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815	\$38,949	\$40,118	\$41,321	\$42,561	\$43,838
Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gas	\$52,413	\$53,985	\$55,605	\$57,273	\$58,991	\$60,761	\$62,584	\$64,461	\$66,395	\$68,387
Water / Sewer	\$45,021	\$46,372	\$47,763	\$49,196	\$50,672	\$52,192	\$53,758	\$55,370	\$57,032	\$58,742
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Utilities	\$131,032	\$134,963	\$139,012	\$143,182	\$147,477	\$151,902	\$156,459	\$161,153	\$165,987	\$170,967

58 Boyd Street Apartment Sources and Uses

58 Boyd Street Apartments - Sources and Uses			
Sources			
Development Fee Loan	0		
MH Amortizing Loan	550,000		
City FedHOME	200,000		
AHP Loan	2,932,139		
FHLB Subsidy	750,000		
Net Syndication	6,756,824	795,000	Credit Allocation
Sponsor Loan	119,936		
Total	11,308,899		
Uses			
Construction	8,769,264	\$172.24	/sf Construction
Soft Costs	910,630		
Finance Costs	170,700		
Miscellaneous	198,780		
Acquisition	0		
Reserves	509,524		
Developer Fee	750,000		
Total	11,308,899	205,616	Gross TDC / Unit
		199,461	Adj. TDC / unit

PROJECT FINANCING								
Source		Amount	Rate	Term	Lien	Annual D/S		
						Yr. 1-5	Yr. 6-15	Yr. 16-30
Source 1:	MH Subsidy	0	0.00%	30	First	0	0	0
Source 2:	MH Amortizing Loan	550,000	6.00%	30	First	39,570	39,570	39,570
Source 3:	AHP Loan	2,932,139	5.00%	30	First	188,884	188,884	188,884
Source 4:	Sponsor Loan	119,936	0.00%	30		3,690	3,690	3,690
Source 7:	City FedHOME	200,000	0.00%	30	Third	0		0
Source 8:	AHP Subsidy	750,000			Third		Grant	
Source 9:	Development Fee Loan	0			Unsecured		Cash Flow	
Source 10:	Net Syndication	6,756,824	\$0.85					
	Capitalization Gap	-0						
	Total	11,308,899						

58 Boyd Street Development Budget

	Pro Forma Development Budget		Commercial	Total
	Residential	Per Unit		
Site Improvements	748,000	13,600		748,000
Construction	6,817,499	123,955	0	6,817,499
Demolition	0	0		0
Builder Overhead	420,000	7,636		420,000
Builder Profit	321,218	5,840		321,218
Bond Premium	44,963	818		44,963
Construction Contingency	5% 417,584	7,592		417,584
Subtotal Construction Costs	8,769,264	159,441	0	8,769,264
Building Permits and Fees	175,730	3,195		175,730
Survey & Engineering	66,900	1,216		66,900
Architectural & Design	510,000	9,273		510,000
Legal	68,000	1,236		68,000
Title & Recording	15,000	273		15,000
Accounting	8,000	145		8,000
Construction Period Tax	8,000	145		8,000
Construction Period Insurance	25,000	455		25,000
Soft Cost Contingency	34,000	618		34,000
Subtotal Soft Costs	910,630	16,557	0	910,630
Construction Loan Origination Fees	7,500	136		7,500
Construction Loan Interest	115,500	2,100		115,500
Constr Partic. Fee/Perm Loan Fee	14,500	264		14,500
Lend Inspec, Const legal, Letter of Credit	33,200	604		33,200
Subtotal Finance Costs	170,700	3,104	0	170,700
Market Survey	5,200	95		5,200
Appraisal	6,000	109		6,000
Environmental Study	13,500	245		13,500
LIHTC Fees/ prepd monitor	63,000	1,145		63,000
Commissioning	57,080	1,038		57,080
FF&E	54,000	982		54,000
Subtotal Miscellaneous	198,780	3,614	0	198,780
Acquisition: Buildings	0	0		0
Acquisition: Land	0	0		0
Acquisition: Legal	0	0		0
Subtotal Acquisition	0	0	0	0
Operating Deficit Escrow	305,530	5,555		305,530
Pre-funded Replacements	76,037	1,382		76,037
Tax & Insurance Escrow	77,958	1,417		77,958
Working Capital	0	0		0
GP Contribution	0	0		0
Developer Overhead	420,000	7,636		420,000
Developer Profit	330,000	6,000		330,000
Rent-up & Marketing	50,000	909		50,000
Subtotal Fee and Reserves	1,259,524	22,900	0	1,259,524
Total Development Costs	11,308,899	205,616	0	11,308,899
TDC Less LIHTC Fees and ODE		199,461		

58 Boyd Street Apartments

Rent Schedule

PROPOSED RENT SCHEDULE								
Type	AMI	# Units	Rents from Applicant	Program Max Rents	Gross Rent	Market Rent	Utility Allow.	Total Rent
Efficiency	40% LIHTC	0				\$1,045	0	0
	50% LIHTC PBV	4	718	718	718	\$1,045	0	34,464
	50% LIHTC	8	718	718	718	\$1,045	0	68,928
	60% HOME	0				\$1,045	0	0
	60% LIHTC	5	862	862	862	\$1,045	0	51,720
	25 Market	8	\$941	\$941	941	\$1,045	0	90,288
1BR	40% LIHTC	0				\$1,215	0	0
	50% HOME	0				\$1,215	0	0
	50% LIHTC PBV	3	770	770	770	\$1,215	0	27,720
	50% LIHTC	0	770	770	770	\$1,215	0	0
	60% LIHTC	1	924	924	924	\$1,215	0	11,088
	5 Market	1	\$1,033	\$1,033	1,033	\$1,215	0	12,393
2BR	40% LIHTC	0				\$1,520	0	0
	50% HOME	0	923	923	923	\$1,520	0	0
	50% LIHTC PBV	12	923	923	923	\$1,520	0	132,912
	High HOME	0				\$1,520	0	0
	60% LIHTC	2	1,108	1,108	1,108	\$1,520	0	26,592
	16 Market	2	\$1,368	\$1,368	1,368	\$1,520	0	32,832
3BR	50% LIHTC	0	1067	1067	1,067	\$1,810	0	0
	50% LIHTC PBV	9	1067	1067	1,067	\$1,810	0	115,236
	60% HOME	0				\$1,810	0	0
	60% LIHTC	0	1281	1281	1,281	\$1,810	0	0
	9 Market	0	\$1,629	\$1,629	1,629	\$1,810	0	0
	4BR	50% HOME					\$0	0
50% LIHTC						\$0	0	0
60% HOME						\$0	0	0
60% LIHTC						\$0	0	0
0 Market								0
Other:								0
Subtotals		55						604,173
			Vacancy Rate		5%			-37,573
			Other Income		50% TIF			55,208
			Other Income		PBV-HAP Diff.			147,288
			Other Income		Laundry			5,500
			Tenant Income		CSF			12,000
			Effective Gross Income					786,595

One Year Operating Expenses

OPERATING EXPENSES					
Expense	Residential Annual	Annual Per Unit	Monthly Per Unit	Community Facility Annual	Total Building Annual
Administrative Expenses:					
Management Fees	42,833	779	65	0	42,833
Management Charges	42,833	779	65	0	42,833
Marketing Expenses	500	9	1	0	500
Legal Expenses	2,000	36	3	0	2,000
Auditing Expenses	6,000	109	9	0	6,000
					0
Other Administrative Expenses	0	0	0	0	0
Administrative Expenses	94,167	1,712	143	0	94,167
Operating Expenses:					
Janitorial Payroll	0	0	0	0	0
Janitorial Supplies and Equipment	0	0	0	0	0
					0
Janitorial Contractual Services	20,000	364	30	0	20,000
Propane Heat & HW	24,000	436	36	1,000	25,000
Electricity	35,000	636	53	4,000	39,000
Water and Sewer	32,500	591	49	1,000	33,500
Garbage and Trash Removal	15,000	273	23	500	15,500
Vehicle and Equipment Expenses	0	0	0	0	0
Other Operating Expenses	0	0	0	0	0
Operating Expenses	126,500	2,300	192	6,500	133,000
Maintenance Expenses:					
Grounds Maintenance Payroll	0	0	0	0	0
Grounds Tools and Supplies	0	0	0	0	0
Grounds Contractual Services	7,500	136	11	750	8,250
Miscellaneous Ground Maintenance	0	0	0	0	0
Tenant Damage Charges - Grounds	0	0	0	0	0
Building Maintenance Payroll	0	0	0	0	0
Building Tools and Supplies	5,500	100	8	0	5,500
Building Contractual Services	30,000	545	45	1,000	31,000
Building Systems Maintenance	45,000	818	68	3,000	48,000
Miscellaneous Building Maintenance	500	9	1	0	500
Tenant Damage Charges - Building	0	0	0	0	0
Maintenance Expenses	88,500	1,609	134	4,750	93,250
General Expenses:					
Off-Site Parking					
Property Taxes	110,415	2,008	167	0	110,415
Property and Liability Insurance	19,500	355	30	750	20,250
Tenant Computer Network Expense	2,500	45	4	0	2,500
Tenant Service Expenses	17,500	318	27	0	17,500
General Expenses	149,915	2,726	227	750	150,665
Replacement Reserve Funding	24,750	450	38	0	24,750
Commercial Expenses (if applicable)	0	0	0		
Total	483,832	8,797	733	12,000	495,832
Operating Cost per unit without Replacement Reserve		8,347			