



# **Financing of the Oddstad Workforce Housing Project – *Updated Analyses***

November 27, 2017

# Updated Analysis

Changes from November 8<sup>th</sup> presentation slides

**Pacifica School District**

1. Project costs have decreased from \$23.0 million to \$21.5 million.
2. Unit sizes have been decreased.
3. Capitalized interest period has been shortened to cover only until December 2021.

# Project Costs

## Adjustments to the project cost assumptions

## Pacifica School District

- ❖ The table below compares the Brookwood assumptions from the prior presentation to the current version.

	Prior Brookwood Assumption	Current Brookwood Assumption
Land	--	--
Construction	\$16.7 Million	\$15.8 Million
Construction Contingency	\$1.3 Million	\$1.2 Million
Soft Costs	\$4.1 Million	\$4.1 Million
Soft Contingency	\$0.3 Million	\$0.3 Million
Pre-Dev Financing	\$0.1 Million	\$0.1 Million
<b>Total</b>	<b>\$22.5 Million</b>	<b>\$21.5 Million</b>
Esc. Contingency	\$0.5 Million	\$0 Million
<b>Total Project Cost*</b>	<b>\$23.0 Million</b>	<b>\$21.5 Million</b>

\*Not including long-term financing.

# Project and Unit Sizes Assumptions

Project and Unit Sizes Assumptions for Nov. 27, 2017

**Pacifica School District**

Project and Unit Sizes Assmptions for Nov. 27, 2017						Unit Size
Units Proposed	Number of Units	Size of units (NSF)	Manager's Unit	Description	Aggregate NSF	11.8.2017
Studio	0					
1-Bedroom	19	671			12,742	725
2-Bedroom	19	925			17,575	1000
3-Bedroom	6	1156	1	Manager's Unit = 1156 NSF	8,094	1250
<b>TOTAL</b>	<b>44</b>	<b>854</b>	<b>1</b>		<b>38,411</b>	<b>923</b>

# Unit Rent Assumptions

Information Presented on Nov. 8, 2017

Pacifica School District

Rents by Unit Type and Size (Base Year Shown = 2017)				
Unit Size:	Studio	1-Bedroom	2-Bedroom	3-Bedroom
No. Units @ 80% Med Inc.		1	1	1
Proposed Monthly Gross Rent (excluding utility allowance)		\$1,900	\$2,300	\$2,500
No. Units @ 100% Med Inc.		1	1	
Proposed Monthly Gross Rent (excluding utility allowance)		\$2,100	\$2,500	
<b>No of Affordable Units</b>		<b>2</b>	<b>2</b>	<b>1</b>
<b>No. Workforce Units</b>		<b>17</b>	<b>17</b>	<b>5</b>
Proposed Monthly Gross Rent (excluding individual utilities)		\$2,000	\$2,500	\$2,900
Manager's Unit				1
Proposed Monthly Gross Rent				\$1,200
<b>Total Units</b>		<b>19</b>	<b>19</b>	<b>7</b>

# Rent Assumptions

Nov. 27, 2017 Tiered and at same revenue as Nov. 8.

**Pacifica School District**

Rents by Unit Type and Size (Base Year Shown = 2017)				
Unit Size:		1-Bedroom	2-Bedroom	3-Bedroom
No. Workforce Units @ 70% Inc.		3	3	1
Proposed Monthly Gross Rent (excluding utility allowance)		\$1,729	\$2,075	\$2,397
No. Workforce Units @ 80% Inc.		3	3	1
Proposed Monthly Gross Rent (excluding utility allowance)		\$1,976	\$2,371	\$2,739
No. Workforce Units @ 90% Inc.		5	5	2
Proposed Monthly Gross Rent (excluding utility allowance)		\$2,069	\$2,483	\$2,868
No. Workforce Units @ 100% Inc.		3	3	1
Proposed Monthly Gross Rent (excluding utility allowance)		\$2,162	\$2,594	\$2,998
No. Workforce Units @ 110% Inc.		3	3	0
Proposed Monthly Gross Rent (excluding utility allowance)		\$2,378	\$2,853	\$3,297
No of Workforce Units		17	17	5
Manager's Unit				1
Proposed Monthly Rent				1200

# Projected Rental Income

Past and current analyses assume 3.0% rental escalation

**Pacifica School District**

- ❖ Net operating income is largely unchanged since the last presentation.

	2017	Trend	2022	2023	2024	2025
Annual Gross Rents	\$1,242,000	3.0%	\$1,439,818	\$1,483,013	\$1,527,503	\$1,573,328
Vacancy	(\$27,996)	3.0%*	(\$32,455)	(\$33,429)	(\$34,432)	(\$35,464)
Operating Expense	(\$199,320)	3.0%	(\$231,067)	(\$237,999)	(\$245,138)	(\$252,493)
Replacement Reserves	\$0	\$1000 / unit	\$0	(\$15,000)	(\$30,000)	(\$45,000)
<b>Operating Reserves**</b>	<b>\$0</b>	<b>n/a</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Operation Income</b>	<b>\$1,014,684</b>	<b>...</b>	<b>\$1,176,297</b>	<b>\$1,196,586</b>	<b>\$1,217,933</b>	<b>\$1,240,371</b>

\*Assumes vacancy of one out of 39 workforce housing units.

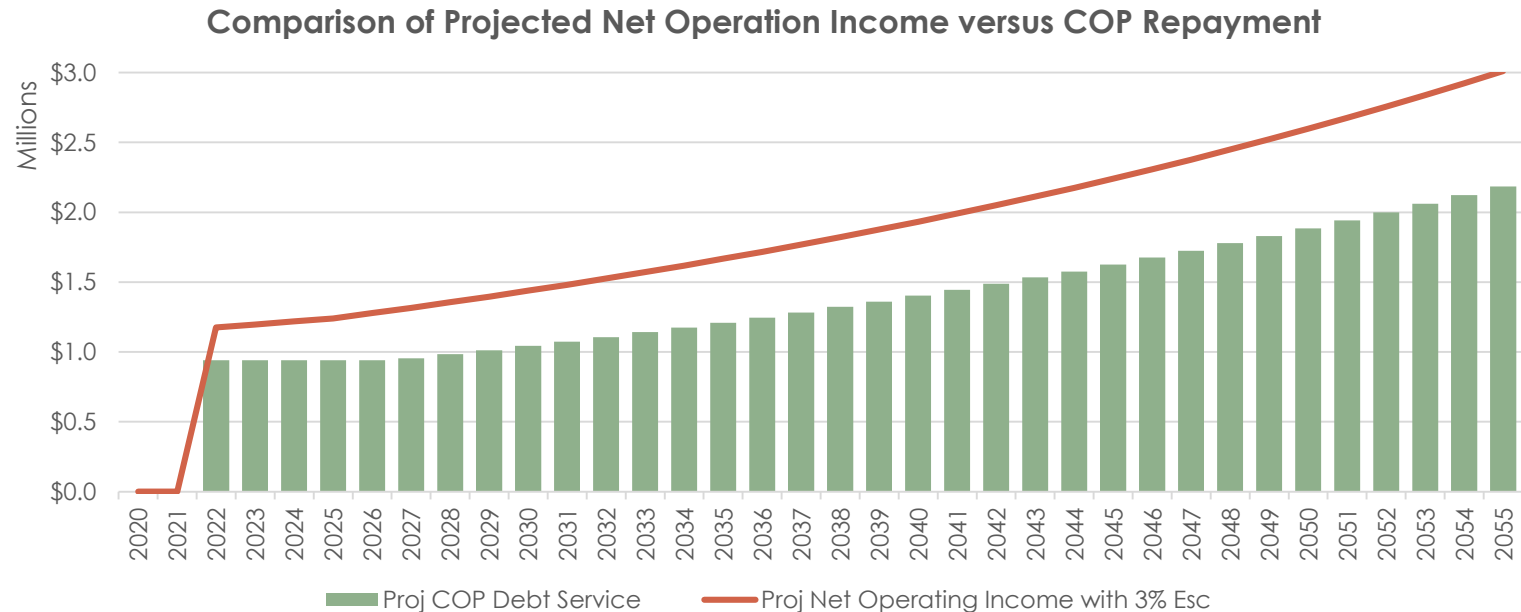
\*\* Operating reserves no longer included; part of the "cushion".

# Extending the COP Repayment Term

35-Year Repayment Term

Pacifica School District

- ❖ Extending the COP repayment term to 35-years would provide additional “cushion” between projected net operation income and projected COP payments.



Note: Difference between the projected net operation income and projected COP payments are approximately \$230,000 in 2022, increasing to about \$825,000 in 2055.

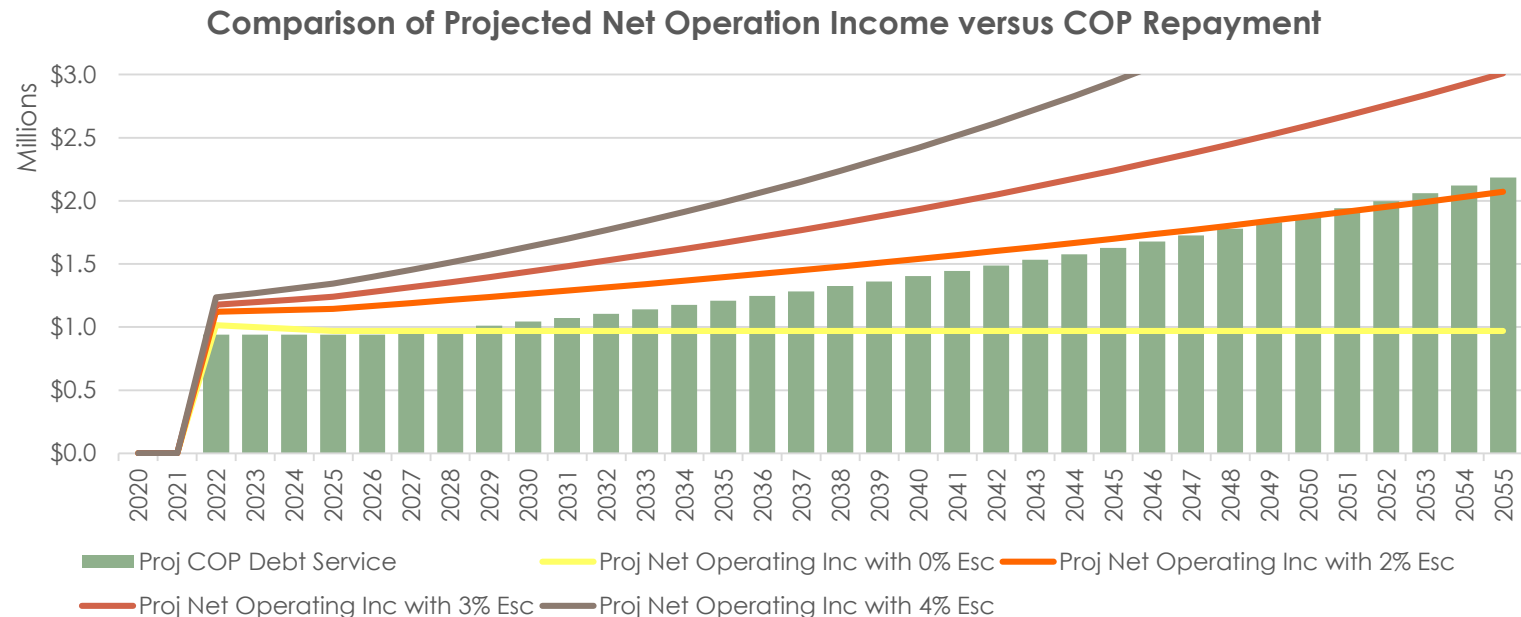


# Sensitivity Analysis

35-Year Repayment Term

Pacifica School District

- ❖ The longer repayment term would add additional “cushion” for the possibility of actual net operation income differing from projections.

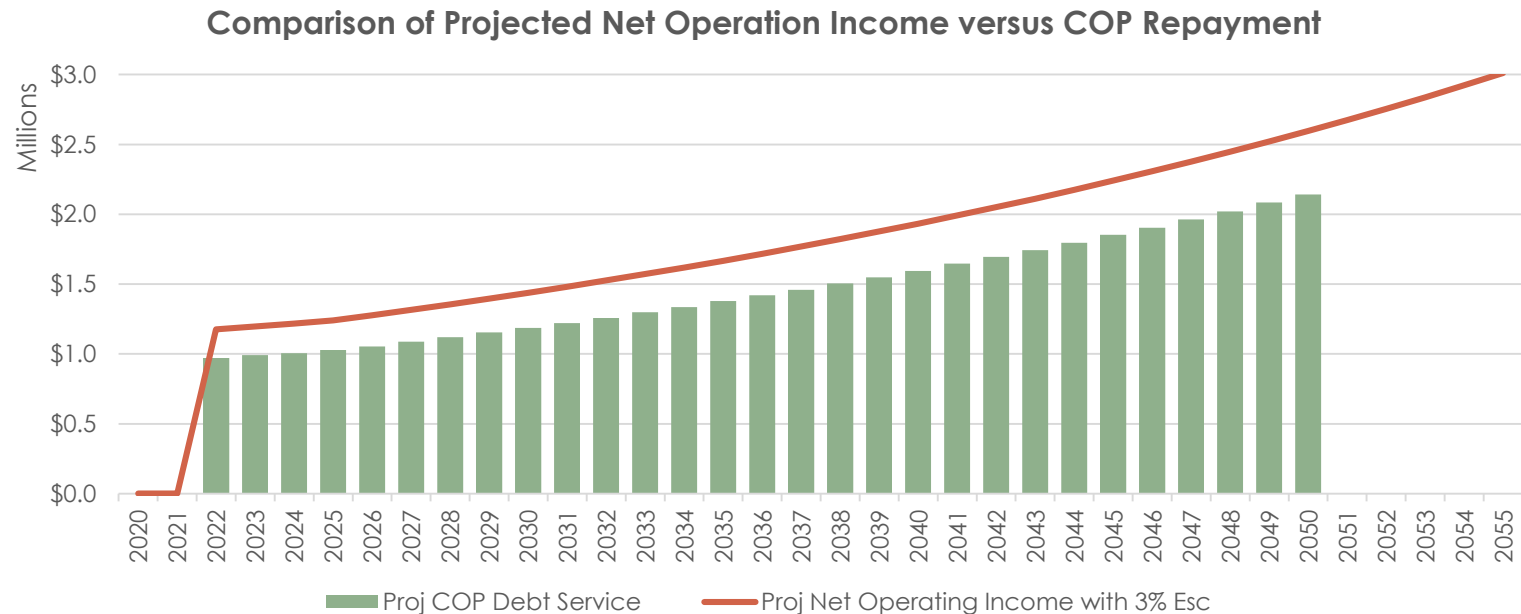


# COP Repayment Structure

30-Year Repayment Term

Pacifica School District

- ❖ With the lower project cost and shorter capitalized interest period, there is more “cushion” between projected net operation income and projected COP payments.



# Rent Assumptions

Nov. 27, 2017 Tiered and Reduced

Pacifica School District

Rents by Unit Type and Size (Base Year Shown = 2017)				
Unit Size:	Change	1-Bedroom	2-Bedroom	3-Bedroom
No. Workforce Units @ 70% Inc.		3	3	1
Proposed Monthly Gross Rent (excluding utility allowance)	<b>-\$375</b>	\$1,354	\$1,700	\$2,022
No. Workforce Units @ 80% Inc.		3	3	1
Proposed Monthly Gross Rent (excluding utility allowance)	<b>-\$300</b>	\$1,676	\$2,071	\$2,439
No. Workforce Units @ 90% Inc.		5	5	2
Proposed Monthly Gross Rent (excluding utility allowance)	<b>-\$225</b>	\$1,844	\$2,258	\$2,643
No. Workforce Units @ 100% Inc.		3	3	1
Proposed Monthly Gross Rent (excluding utility allowance)	<b>-\$150</b>	\$2,012	\$2,444	\$2,848
No. Workforce Units @ 110% Inc.		3	3	0
Proposed Monthly Gross Rent (excluding utility allowance)	<b>-\$75</b>	\$2,303	\$2,778	\$3,222
No of Workforce Units		17	17	5
Manager's Unit				1
Proposed Monthly Rent				1200