CHFA Capital Plan Property Assessment - Laurel Park

Property Identification

Laurel Park
ENFIELD, CT

Total Current Unit Count:	90
Census Tract:	4807.00
Connecticut Congressional District:	2

CHFA Property Identification #: 85043D
Current State Sponsored Housing Program: SH Moderate Rental

This is a single, stand-alone property. Green Valley Village, a state sponsored Moderate Rental housing program, sits adjacent to Laurel Park. There are potential opportunities for consolidation to achieve greater efficiencies of scale, however Recap has elected to analyze these properties individually.

Property Description

Tenancy Type:	Family
Structure Type:	Duplex
Number of buildings:	46
Maximum # of Stories:	2
Elevator?	None

Summary property description:
The Laurel Park property has 61 two-bedroom and 29 three-bedroom units. Generally, the property consists of reasonably sized units. It features amenities such as in-unit laundry hookup and outdoor walkways.

Current Operating & Capital Needs Status

Aggregate Capital Needs (without market enhancements):	$ 5,116,681
Capital Needs per Unit:	$ 56,852
Projected Year 1 (2014) Operating Income:	$ 18,146

Current operations at the property are projected to generate roughly $18,100 in net operating income (NOI, or revenue after operating expenses) in Year 1 (2014). With incomes and expenses trending at 2% and 3% respectively, which is a standard affordable housing industry convention, the NOI figure decreases annually and results in negative NOI beginning in 2019. As a result, the property is not sustainable and cannot adequately address its future basic capital needs, projected to be approximately $5.12 million ($56,852 per unit) over the next 20 years.

Owner Comments to Property Assessment:

Please see Page 9 for Owner Comments

Current average income relative to the Area Median Income (AMI): 22%

In order for the property to operate in a sustainable manner into the foreseeable future, the property would benefit from greater revenues. This can happen in one of two ways - either the property could get operating subsidy from the state or federal government, or it could charge higher rents. A higher rent structure burdens low-income households to pay a greater percentage of their income for housing and it will require that the property serve tenants with modestly higher incomes.

	Current Base Rent	Affordability (% AMI)
Studio/efficiency unit:		
One-bedroom unit:		
Two-bedroom unit:	260	14%
Three-bedroom unit:	275	12%
Four-bedroom unit:		
Five-bedroom unit:		
Six-bedroom unit:		

Currently, base rents are set by the owner of each property, often in consultation with CHFA staff. While there varying definitions of affordability, this study considers a rent which exceeds 30% of a household's adjusted gross income to be burdensome on the household's monthly budget. In the table to the left, the base rent is identified for each unit size. The table also identifies the minimum household income level for which the base rent would be considered "affordable." The household income level is presented as a percentage of the local Area Median Income.

There are strong reasons to keep the base rents low, as low base rents provide affordable housing options for the state's lowest income residents and reduce the burden of operating subsidies on the State budget. However, if the property's revenue stream (including any available operating subsidy and any cross-subsidy from higher income residents) does not cover the cost of actually operating the property, including the cost of ongoing maintenance and capital improvements, the property itself is at risk.

	Proposed Base Rent	Affordability (% AMI)
Studio/efficiency unit:		
One-bedroom unit:		
Two-bedroom unit:	578	30%
Three-bedroom unit:	668	30%
Four-bedroom unit:		
Five-bedroom unit:		
Six-bedroom unit:		

The Capital Plan is intended to identify the real estate needs of the State Sponsored Housing Portfolio. In order to ensure a minimum revenue stream and in order to implement programmatic consistency regarding base rent levels, this analysis assumes that all base rents are adjusted in 2014 to equal the greater of a) the current base rent or b) 30% of the adjusted gross income of a household at 30% of AMI for the applicable household size, provided these levels do not exceed the local market. This base rent adjustment would represent a significant increase for some households. The analysis identifies the number of households that would be affected by such a change and the amount of operating subsidy needed to protect these households. If the owners elect not to raise the base rents as assumed in this analysis, the property is more likely to experience tight operating budgets towards the end of the Capital Plan subsidy period and will be less able to access leverage funding such as private debt.

Number of current households that would be impacted by the proposed increase in Base Rent: 69

Protecting the 69 Family Households at risk in the event of a base rent increase is clearly a major concern. In 2014, the base rent increase creates the need for operating subsidy of $319,326 to protect these households while generating the revenue equivalent to the proposed increase in the base rent.

Rental operating subsidy necessary in 2014 to generate revenue equal to raising the base rent as proposed: $ 319,326

Total rental operating subsidy necessary assuming a turnover-based leasing strategy: $ 1,866,006

This 2014 rental operating subsidy would recur annually, with inflation increases, for the next 20 years if the State determines that, as a policy matter, the property should continue serving households with an income profile equivalent to the current residents at the property. An alternative formulation assumes that, upon turnover, new residents would move in for whom the proposed base rent is affordable and tenant protection operating subsidies would no longer be necessary. This turnover strategy requires less operating subsidy from the State, but also reduces the number of units of housing available to the lowest income residents of the community. The total tenant protection operating subsidy associated with the increase in the base rent assuming that, on turnover, the units are leased to households able to pay the new base rent without assistance is $1,866,006.

Household Income Level	Current Income Mix	Proposed Income Mix
0-25% of AMI	69	68
25-50% of AMI	21	21
50% of AMI or greater	0	1
Total number of units	90	90

With the revenue generated by the increase in the base rent or the provision of an equivalent operating subsidy, the property should operate under a sustainable revenue picture for the foreseeable future. As a result, no additional revenue adjustments from income mixing are recommended in connection with the transaction.

	Pre-Trans. Base Rent	Post-Trans. Base Rent
Studio/efficiency unit:		
One-bedroom unit:		
Two-bedroom unit:	578	578
Three-bedroom unit:	668	668
Four-bedroom unit:		
Five-bedroom unit:		
Six-bedroom unit:		

Rental operating subsidy in the transaction year which would be necessary to generate additional revenue equal to that generated by income mixing: $ 325

Transitional rental operating subsidy necessary to protect current residents and permit a five-year transition to income tier occupancy: $ 828

Property used for market reference: Green Valley Village

	Capital Surplus or (Gap)	Total (Gap) Funded by Subsidy inc. Capital & Operating
Current Scenario (excluding transaction costs):	(1,576,699)	(2,259,530)
Recoverable Grant Scenario:	(6,865,148)	(6,014,571)
CHFA/FHA Scenario:	(3,701,055)	(4,209,528)
4% LIHTC Scenario:	(1,470,661)	(1,918,065)
9% LIHTC Scenario:	1,881,013	(377,574)

The Capital Plan analysis considers five scenarios and the prospect under each scenario to address the property's capital and operational needs. Each scenario's capacity to address the property's capital needs is listed to the left, as represented by the Replacement Reserve (RM&R) balance at the end of 20 years. Also at left is the total gap, including both operating subsidy needs and capital subsidy needs, over the 20 year study period.

- The first scenario, the "Current Scenario" assumes the property continues operating as it currently is operated - no material change in the base rent and no implementation of income mixing strategies to shift the property's revenue picture. Consequently, there is no adverse impact on residents or on the opportunity to serve the income demographic currently holding tenancies. The current scenario uses the baseline capital needs as the anticipated capital investment for purposes of identifying the surplus or gap. However, the current scenario - unlike the other four scenarios - does not include any allowance for soft costs (architecture or design, relocation, developer overhead, etc.) or for general contractor overhead and profit (as it is assumed each trade would come to the site independently, without the need for overarching coordination).

- The second scenario, the "Recoverable Grant Scenario" assumes any revenue adjustments described above (i.e., if the analysis suggested an increase in base rent and/or introduction of a mixed-income framework, or the equivalent revenue from federal or state operating subsidy). The Recoverable Grant Scenario envisions a streamlined allocation of funds from the State to the property, implemented with standardized documents and minimal legal or due diligence transaction costs. The Recoverable Grant would be repaid to the State to the extent possible from cash flow. The Recoverable Grant Scenario is most frequently selected when the transaction is too small to warrant the transaction costs associated with alternative financing or if the market is too weak to support debt or equity leverage.

- The three remaining scenarios - "CHFA/FHA," "4% LIHTC" and "9% LIHTC" correspond to three different leverage transaction structures. Each scenario includes transaction costs appropriate to the nature of the transaction. (For example, legal fees in the two LIHTC scenarios are higher than in the CHFA/FHA scenario.) Typically, the CHFA/FHA scenario would generate the least amount of funds for capital improvements and the 9% LIHTC scenario would generate the greatest amount, with the 4% LIHTC scenario falling in between. The CHFA/FHA scenario is a debt-only scenario, using either CHFA or FHA-insured financing. The two LIHTC scenarios assume both debt and a syndication of low income housing tax credits. The 4% tax credits rely on the use of tax exempt bond financing and are generally available when needed. (The analysis assumes that the tax exempt bonds will be used for construction funding in order to generate the tax credits, but may not remain outstanding at the full amount after permanent debt conversion.) The 9% tax credits are a competitive and scarce resource so cannot be assumed to be available for all properties.

Recommended Transaction and Transaction Assumptions

Recommended Transaction Option:	4% LIHTC
Recommended Transaction Year	2016
Replacement Reserve Deposit PUPY:	425
Debt Service Coverage in Transaction Year:	1.200
Debt Service Coverage in Transaction Year 15:	1.806
Pre-Transaction Capital Subsidy Needed:	-
Transaction Capital Subsidy Needed:	1,470,661

The capital plan recommends using the 4% low income housing tax credit scenario to finance the capital needs at this property. The debt-only scenario leaves significant capital needs unaddressed, while the use of 9% tax credits at this property would be an inefficient use of the scarce 9% resource given the competing needs within the portfolio and within the State as a whole. The 4% LIHTC scenario, however, covers the capital needs appropriately while minimizing the need for State capital subsidies.
This analysis has suggested a potential transaction year of 2016 based on a series of criteria outlined in the capital plan report. In short, the transaction year has been informed by the distribution of critical capital needs year-by-year at the property (i.e. roof, mechanical, structural components) and by the need to distribute the timing of capital transaction for properties within the State Sponsored Housing Portfolio over a period of years in order to manage scarce State-wide resources.

This property has been underwritten assuming replacement reserve deposits of $425 per unit per year, assuming debt service coverage is maintained over 1.806 throughout the first 15 years of the new financing, and assuming hard construction capital needs of $5.12 million.

The property is able to cover its capital needs from current replacement reserves through the date of the capital transaction, so no interim State support is needed.

Summary of Recommended Transaction

Under the 4% LIHTC scenario, the property yields $357,849 in NOI in the transaction completion year, which includes $425 per unit per year in replacement reserve deposits. After debt service, the property generates $136,312 in cash flow in the capital transaction's completion year, trending to $178,474 fifteen years thereafter. Post-transaction, distribution of cash flow is governed by the terms of the transaction documents and, to the extent not restricted by the documents, could be used at the owner's discretion for ongoing capital needs, owner's working capital or the owner's other priorities. The transaction raises $3,578,000 in debt and $3,202,000 in equity. The transaction results in a gap of $1,470,000, all of which would need to be covered by State capital subsidy. This compares to a needs gap of over $2,259,000 if no transaction takes place at the property and the capital needs are addressed through routine maintenance or a needs gap of over $6,865,000 if the capital needs are addressed in a consolidated transaction relying entirely on State capital subsidy.

Immediate Emergency Capital Needs:	0
Current Deferred Capital Needs:	0
Current Routine Capital Needs:	184,202

The chart below indicates the year-by-year capital investment needs at the property as projected by On-Site Insight. One should note, however, that On-Site Insight used a state-wide cost basis generated from the RS Means database for capital needs. Some high-cost communities can experience a premium of 10%-15% in excess of the State-wide figures. The chart also indicates the timing of State capital and operating subsidy needs assuming the transaction scenario described above.

		Capital Subsidy		Operating Subsidy		
Year	**Annual Capital Needs (per CNA)**	Pre-Transaction Capital Subsidy Needs	Transaction Capital Subsidy Needs	Operating Deficit Subsidy Needs	Base Rent Operating Subsidy Needs	Income Mixing Operating Subsidy Needs
2013	**184,202**	-	-	-	-	-
2014	**151,103**	-	-	-	319,326	-
2015	**204,371**	-	-	-	293,141	-
2016	**160,305**	-	1,470,661	-	265,781	(0)
2017	**228,952**	-	-	-	237,210	325
2018	**165,916**	-	-	-	207,389	248
2019	**170,894**	-	-	-	176,281	169
2020	**180,837**	-	-	-	143,845	86
2021	**153,632**	-	-	-	110,042	-
2022	**117,845**	-	-	-	74,828	-

		Capital Subsidy		Operating Subsidy		
Year	**Annual Capital Needs (per CNA)**	Pre-Transaction Capital Subsidy Needs	Transaction Capital Subsidy Needs	Operating Deficit Subsidy Needs	Base Rent Operating Subsidy Needs	Income Mixing Operating Subsidy Needs
2023	**443,662**	-	-	-	38,162	-
2024	**519,992**	-	-	-	-	-
2025	**531,400**	-	-	-	-	-
2026	**551,659**	-	-	-	-	-
2027	**568,209**	-	-	-	-	-
2028	**193,294**	-	-	-	-	-
2029	**131,956**	-	-	-	-	-
2030	**145,036**	-	-	-	-	-
2031	**154,392**	-	-	-	-	-
2032	**159,024**	-	-	-	-	-

Scenario Pro Formas

Income and Expense Analysis

	CURRENT		RECOVERABLE GRANT		CHFA/FHA		4% LIHTC		9% LIHTC	
2023 ANNUAL INCOME	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**
Gross Potential Rent	412,522	4,583.58	825,162	9,168.46	825,162	9,168	825,162	9,168	825,162	9,168
Vacancy/Loss	(13,260)	(147.33)	(13,269)	(147.43)	(41,258)	(458)	(57,761)	(642)	(57,761)	(642)
Other Income	54,484	605.38	54,484	605.38	54,484	605	54,484	605	54,484	605
Effective Gross Income	**453,747**	**5,041.63**	**866,377**	**9,626.42**	**838,388**	**9,315**	**821,885**	**9,132**	**821,885**	**9,132**
2023 ANNUAL EXPENSES										
Operating Expenses	355,530	3,950	398,849	4,432	391,113	4,346	390,288	4,337	390,288	4,337
Replacement Reserve Deposits	126,739	1,408	126,739	1,408	54,442	605	54,442	605	44,834	498
Total Operating Expenses	**482,269**	**5,359**	**525,587**	**5,840**	**445,555**	**4,951**	**444,730**	**4,941**	**435,122**	**4,835**
2023 NET OPERATING INCOME	**(28,522)**	**(317)**	**340,790**	**3,787**	**392,833**	**4,365**	**377,155**	**4,191**	**386,762**	**4,297**
Debt Service	-	-	-	-	226,998	2,522	221,536	2,462	223,133	2,479
2023 CASH FLOW	**(28,522)**	**(317)**	**340,790**	**3,787**	**165,835**	**1,843**	**155,619**	**1,729**	**163,629**	**1,818**

Sources and Uses Analysis

	CURRENT		RECOVERABLE GRANT		CHFA/FHA		4% LIHTC		9% LIHTC	
SOURCES	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**
Hard Debt										
Commercial Debt 1	-	-	-	-	3,950,065	43,890	3,578,492	39,761	3,882,821	43,142
Commercial Debt 2	-	-	-	-	-	-	-	-	-	-
Tax-Exempt Bond	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Soft Debt										
Seller Financing/Take Back Note	-	-	-	-	-	-	4,473,115	49,701	4,568,025	50,756
State	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Other										
From Operations	-	-	30,588	340	68,838	765	68,838	765	62,088	690
Cash Escrows	-	-	1,119,683	12,441	1,119,683	12,441	1,119,683	12,441	1,119,683	12,441
Grant	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee	-	-	-	-	450,669	5,007	468,511	5,206	466,827	5,187
Equity										
GP Contribution	-	-	-	-	-	-	-	-	-	-
LIHTC	-	-	-	-	-	-	3,202,788	35,587	6,246,521	69,406
Other	-		-		-		-		-	
Total Sources of Funds	**-**	**-**	**1,150,271**	12,781	**5,589,255**	62,103	**12,911,426**	143,460	**16,345,966**	181,622
USES										
Acquisition Costs	-	-	-	-	-	-	4,473,115	49,701	4,568,025	50,756
Construction Costs	-	-	6,423,930	71,377	6,423,930	71,377	6,495,119	72,168	6,495,119	72,168
Soft Costs - Design & Construction	-	-	697,138	7,746	687,013	7,633	703,901	7,821	703,901	7,821
Soft Costs - Due Diligence	-	-	19,709	219	31,709	352	41,662	463	41,776	464
Soft Costs - Transaction Costs	-	-	51,088	568	131,088	1,457	298,059	3,312	298,059	3,312
Soft Costs - Financing	-	-	194,532	2,161	604,032	6,711	724,702	8,052	725,425	8,060
Soft Costs - Other	-	-	51,750	575	58,500	650	58,500	650	58,500	650
Soft Cost Contingency	-	-	50,711	563	75,617	840	83,254	925	81,829	909
Reserves	-	-	-	-	151,749	1,686	332,499	3,694	325,251	3,614
Developer Fee	-	-	526,560	5,851	1,126,672	12,519	1,171,276	13,014	1,167,068	12,967
Total Uses of Funds	**-**	**-**	**8,015,419**	89,060	**9,290,310**	103,226	**14,382,087**	159,801	**14,464,953**	160,722
TRANSACTION SURPLUS (GAP)	**-**	**-**	**(6,865,148)**	(76,279)	**(3,701,055)**	(41,123)	**(1,470,661)**	(16,341)	**1,881,013**	20,900

Coverage of Capital Needs Analysis

	CURRENT		RECOVERABLE GRANT		CHFA/FHA		4% LIHTC		9% LIHTC	
	Total	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**
FUNDS										
Transaction Rehab	-	-	4,957,657	55,085	4,957,657	55,085	4,957,657	55,085	4,957,657	55,085
Capital Needs Funded Using Subsidy	1,576,699	17,519	-	-	-	-	-	-	-	-
Existing Replacement Reserve Balance	1,119,683	12,441	1,119,683	12,441	1,119,683	12,441	1,119,683	12,441	1,119,683	12,441
Replacement Reserves	2,510,873	27,899	2,463,979	27,378	1,058,425	11,760	1,058,425	11,760	871,644	9,685
Total Funds	**5,207,256**	**57,858**	**8,541,319**	**94,904**	**7,135,764**	**79,286**	**7,135,764**	**79,286**	**6,948,984**	**77,211**
USES										
Estimated Capital Needs	5,116,681	56,852	5,116,681	56,852	5,116,681	56,852	5,116,681	56,852	5,116,681	56,852
Enhancements	-	-	-	-	-	-	-	-	-	-
Total Uses	**5,116,681**	**56,852**	**5,116,681**	**56,852**	**5,116,681**	**56,852**	**5,116,681**	**56,852**	**5,116,681**	**56,852**
YEAR 20 REPLACEMENT RESERVE BALANCE	**90,575**	**1,006**	**3,424,638**	**38,052**	**2,019,084**	**22,434**	**2,019,084**	**22,434**	**1,832,303**	**20,359**

Subsidy Analysis

	CURRENT		RECOVERABLE GRANT		CHFA/FHA		4% LIHTC		9% LIHTC	
	Total	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**
OPERATING SUBSIDY										
Base Rent Operating Subsidy Needed	n/a	n/a	1,866,006	20,733	1,866,006	20,733	1,866,006	20,733	1,866,006	20,733
Operating Deficit Subsidy Needed	682,830	7,587	-	-	0	-	0	-	0	-
Income Mixing Operating Subsidy Needed	n/a	n/a	828	9	828	9	828	9	828	9
Total Operating Subsidy	**682,830**	**7,587**	**1,866,834**	**20,743**	**1,866,834**	**20,743**	**1,866,834**	**20,743**	**1,866,834**	**20,743**
CAPITAL SUBSIDY										
Pre-Transaction Capital Subsidy Needed	1,576,699	17,519	-	-	-	-	-	-	-	-
Recoverable Cash Flow	n/a	n/a	(2,717,411)	(30,193)	(1,358,361)	(15,093)	(1,419,430)	(15,771)	(1,489,261)	(16,547)
Transaction Capital Subsidy Required	n/a	n/a	6,865,148	76,279	3,701,055	41,123	1,470,661	16,341	-	-
Transaction Capital Subsidy Needed	**1,576,699**	**17,519**	**4,147,737**	**46,086**	**2,342,694**	**26,030**	**51,231**	**569**	**(1,489,261)**	**(16,547)**
TOTAL SUBSIDY NEEDED	**2,259,530**	**25,106**	**6,014,571**	**66,829**	**4,209,528**	**46,773**	**1,918,065**	**21,312**	**377,574**	**4,195**

Owner Comments

General Comments

This “30,000 foot view” as referred to by Recap contains broad information that may provide some guidance in making decisions regarding the EHA’s State Financed Housing Programs. However, the reports appear to lack the depth and accuracy needed to be used as a basis for funding decisions.
The acknowledgement that the rent rates need to increase confirms what many owners and CHFA has stated for many years. This is appreciated.
The individual reports do not address the impact of programmatic and policy issues on the sustainability of the portfolio. The reports do not give enough consideration to repositioning properties and/or bifurcating portions of the portfolio.

RECAP Response: Recap encourages property owners to develop their own recapitalization solutions that work for their specific situation, with the Capital Plan Property Assessment to be used as a starting point for discussions internally and with the State.

There are significant errors and omissions in the market report data and should not be relied upon.

RECAP Response: While it is important to note the owner comments to the market assessments, the market analysis was used primarily to determine the maximum market rents for the property's market area, as well as to inform revitalization options and any marketability issues at the site. If the owner chooses to undertake a tax credit transaction, an updated market analysis will be required to meet IRS and State guidelines.

The financial information used in the financial analysis was not provided. This makes it difficult to verify the information in the reports to justify the conclusions and recommendations. It is my understanding that just one year’s data was used. Any anomalies in that one year could significantly skew the information. I believe this to be the case for our Green Valley and Laurel Park developments.

RECAP Response: The property was remodeled with 2012 operating data and 2013 rent rolls provided by the owner.

The period allowed to review and comment was not sufficient to allow for a detailed verification of the information contained within the reports.

RECAP Response: The two week turnaround for owner review was constrained by the Capital Plan project schedule. Since the property analysis is the starting point, owners will have a great deal more time to formulate your own plans and policy directions for funding awards.

The analyses do not appear to recognize that all operating income, in absence of debt, is treated as deposits to reserves.
The elderly reports do not recognize that the ongoing ERAP is an indirect operating subsidy.

RECAP Response: The policy recommendations in the Capital Plan Final Report include strategies to improve the revenue potential of elderly properties with ERAPs by supplementing the budget authority with new RAP units and greater flexibility with regards to SSHP program regulations.

The capital needs assessments vary from the ones the EHA had performed and may misstate the actual financial needs of the portfolio. There are several areas of the C.N.A.’s that we disagree with.

RECAP Response: The comment period for issues related to the CNAs occurred when the draft CNAs were distributed to the person designated by the owner to review the CNA several months ago, so we are not able to revise CNAs at this time. However, given that the CNA impacts the property anaysis, Recap has included the owner comments regarding the CNA to the property assessment so their concerns will be noted.

Property Specific Comments

Using one year's financial data that contains an exception has significantly skewed the data leading to inappropriate conclusion for this development.
This property is not at risk as it erroneously shows negative NOI in 2014. The EHA’s data show this property as sustainable with modest increases to the rents. 20 year sustainability can continue without outside subsidy and debt as the current and future reserves will meet the capital needs. Therefore the recommendation for a 4% transaction in 2016 is not appropriate.

RECAP Response: As described above, the property was remodeled with 2012 operating data and 2013 rent rolls provided by the owner.   The revised modeling shows positive NOI in 2014, however does project NOI going negative by 2019. With increases to the base rents to 30% of 30% AMI, the property can support a LIHTC transaction, with approximately $1.47 million in additional State capital subsidy. However, as also described above, Recap encourages property owners to develop their own recapitalization solutions that work for their specific situation, with the Capital Plan Property Assessment to be used as a starting point for discussions internally and with the State.

Information Property Identification: This information is not correct. There is another adjacent development under common ownership. The description of the property is also not correct.

RECAP Response: Property identification revised per owner comments.