

11. BUDGETS

Please find attached:

- The Development Pro Forma (Exhibit B), which identifies the total development cost and the sources and uses of funds.
- The Operating Budget (part of Exhibit B), providing operating costs and cash flow over a 15 year period.
- Tax Credit Summary (Exhibit B), providing details on the amount of tax credits being requested from PHFA, the equity raise and the amount of funds being requested from PHFA.

Total hard costs for the project are estimated to be approximately \$11,005,020, including a 3% contingency. Total soft costs are estimated to be \$1,421,692, and syndication fees totals \$109,400. Reserve budget includes an operating reserve of \$178,822, real estate tax and insurance escrow of \$40,500, a social service reserve of \$265,000 and a transition reserve of \$ 60,000. Additional uses of funds include a developer's fee of \$1,500,000.

Sources of funds include City of Philadelphia funding of \$1,375,000, tax credit equity of \$12,961,119 and reinvested developer fee of \$257,329. The application for City funding is being submitted concurrently with this PHA application. The LIHTC application is scheduled for submission in the upcoming PHFA round in January, 2015.

Assuming an award of \$ 1,270,698 per year in tax credits, it is estimated that the credits will be purchased by an equity investor at \$1.02 per \$1 of credit, resulting in \$12,961,119 in total equity over 10 years after the subtraction of a .01% share for the limited partner.