

**COST BENEFIT ANALYSIS
SUBSTANTIATION OF NEED FOR NASSAU COUNTY IDA FINANCIAL ASSISTANCE**



Rendering of As-Complete Residential Development

PROJECT NAME AND DEVELOPER

Engel Burman at the Beach LLC

LOCATION

Broadway between Riverside Boulevard and Long Beach Boulevard
Long Beach, NY

PROJECT DESCRIPTION

New Construction of Mixed Income Residential Rental and Condominium Units and 6,500 Retail SF

REQUESTED FINANCIAL ASSISTANCE

25-Year Payment of Lieu of Taxes
Exemption on Sales Tax of Building Materials
Exemption on Mortgage Recording Sales Tax

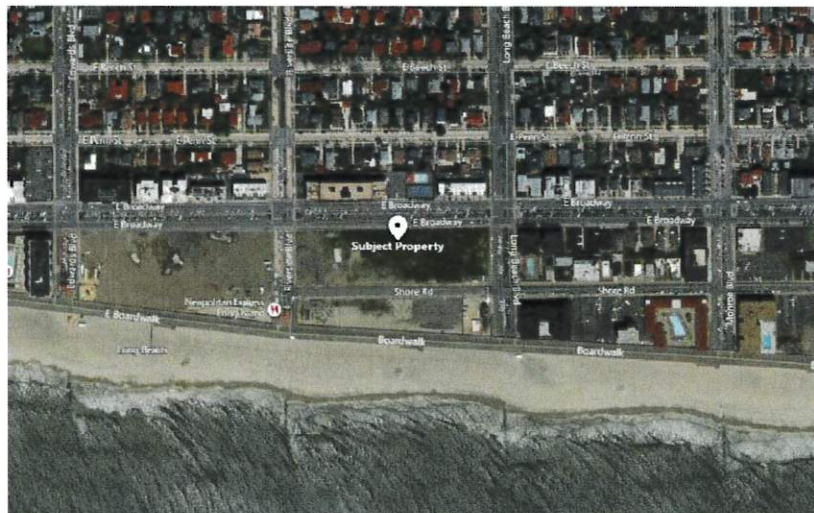
July, 2021

UPDATED

The National Development Council (“NDC”) has a limited engagement with the Nassau County Industrial Development Agency (the “IDA”) to review applications for tax assistance. NDC is a national economic development organization that provides development finance advisory services to municipalities throughout the country. NDC is commonly requested to analyze financial structures of proposed developments and determine the appropriateness of direct financial assistance or incentives. The purpose of this memo is to describe NDC’s project understanding and findings of the above-referenced development.

A. PROJECT SUMMARY

Engel Burman at the Beach, LLC (the “developer” or “applicant”) has submitted a Uniform Joint Application for tax assistance to the IDA. The applicant is an affiliate of Engel Burman, a highly accomplished vertically integrated development, construction, and management company that has developed dozens of residential, commercial, assisted living and healthcare properties throughout the tri-state areas. The applicant has developed its own residential brands including “The Bristol” senior living facilities.



Aerial photo

The applicant proposes to build a transit-oriented development (TOD) at a 6.04-acre block situated on Broadway between Riverside Boulevard and Long Beach Boulevard, adjacent to the boardwalk in the City of Long Beach. The oceanfront site has reportedly been vacant since 1984 and multiple redevelopment efforts have been mired by litigation and other challenges. The applicant has a purchase option with an affiliate of iStar Financial, a development company that was unsuccessful in its effort to build a 655,000 square foot mixed-use building with 522 units in two 15-story towers several years ago.

The proposed development by the applicant will consist of a newly constructed twelve (12) story luxury waterfront rental apartment building with boardwalk level retail space as well and two (2) newly constructed eleven (11) story luxury waterfront residential condominium buildings. There will also be 6,500 square feet of ground floor retail and 1,112 supportive parking spaces, 926 of which will be in structured parking garages.

DEVELOPMENT PROGRAM			
	Rental	Condominium	TOTAL
Total Residential Units	238	200	438
Market rate Units	208	200	408
Workforce Units	30		30
Gross Square Feet	281,230	366,940	648,170
Net Square Feet	235,790	235,790	471,580
Retail SF	6,500		6,500
Parking Spaces	500	426	186



View of Site

Rental Apartment Tower

The mixed-use and mixed-income apartment tower will contain 238 residential apartments and +/- 6,500 square feet of retail space. The proposed gross building area is reported at 287,730 square feet. The subject will be configured with 20 studios, 90 one-bedroom apartments and 128 two-bedroom apartments. There will be a tiered affordability plan for workforce units. Thirty (30) of the apartments will be designated as “workforce” units affordable to individuals and households earning less than 80% (6 units) , 100% (12 units) , 120% (12 units) of area median income (AMI).



Rendering of one building



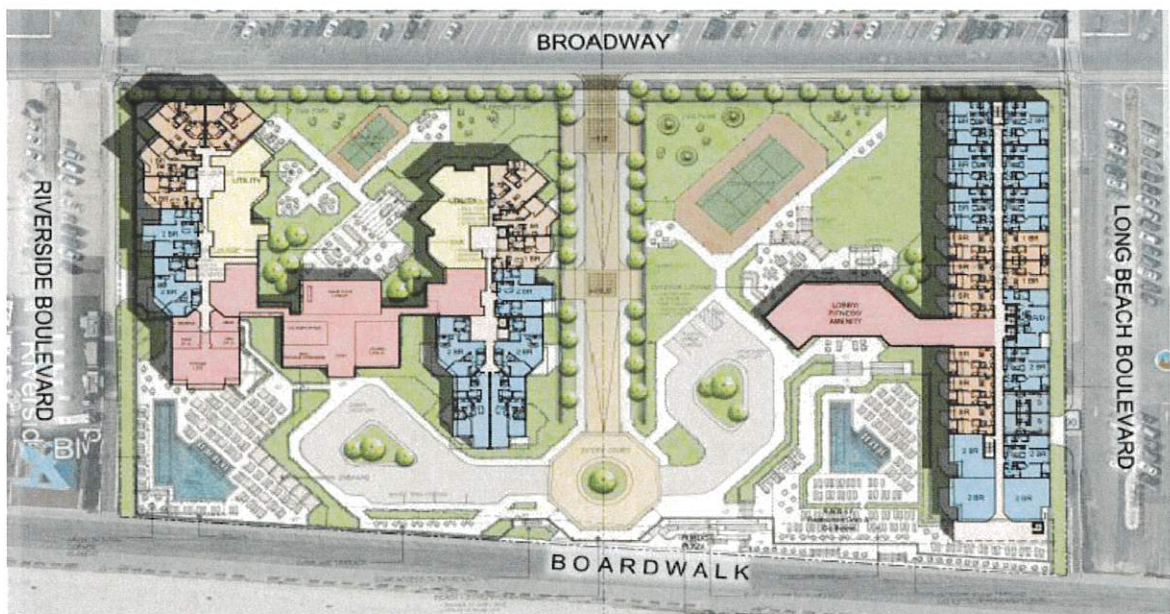
Rendering of one building

The applicant had originally proposed to place into service 24 rental units priced affordably to households earning 130% of AMI.

Condominium Apartment Towers

The two residential condominium towers will contain a total of two hundred (200) residential apartments. The proposed gross building area is reported at 366,940 square feet and the net rentable area is 261,270 square feet. The building will be configured with 68 one-bedroom for-sale apartments and 132 for-sale two-bedroom apartments.

The buildings will feature top of the line finishes and appliances and many common care amenities including in-ground heated pool, fitness center, club room, direct waterfront access, professional landscaping, concierge and doormen.



Site Plan

The condominium units will pay the fully assessed real estate taxes. For the rental building, the applicant seeks a partial tax exemption in the form of a twenty-five (25) year payment in lieu of taxes (PILOT) agreement. Other financial benefits, including a sales tax exemption and mortgage recording tax exemption, are requested for the rental and condominium community.

B. SOURCES & USES

The \$369 million, 438-unit mixed-use and mixed-income transit-oriented development will be financed with conventional debt and equity. Large residential and/or mixed-use buildings are typically financed during the construction phase at 65% debt and 35% equity. The developer has not yet secured financing as it is highly dependent on the tax benefit package available from the IDA.

The \$157.9 million development budget for the rental community, a 10-story non-combustible concrete building, is high as it is equivalent to \$664K per unit.

RENTAL COMMUNITY SOURCES AND USES				
USES OF FUJNDS	\$	Per Unit	Per SF	%
Land Acquisition	\$10,500,000	\$44,118	\$37	7%
Site Work	\$12,000,000	\$50,420	\$43	8%
Hard Costs--Construction	\$86,072,250	\$361,648	\$306	55%
Structured Parking	\$17,000,000	\$71,429	\$60	11%
Finance Fees	\$11,000,000	\$46,218	\$39	7%
Soft Costs and Professional Fees	\$21,341,450	\$89,670	\$76	14%
Total	\$157,913,700	\$663,503	\$562	100%
SOURCES OF FUNDS	\$	Per Unit		%
Loan	\$102,643,905	\$431,277		65%
Equity	\$55,269,795	\$232,226		35%
TOTAL	\$157,913,700	\$663,503		100%

This cost is substantially higher than most other rental buildings that have been placed into service or have been proposed in the region. The high costs are attributable to the following extraordinary costs, costs that are not typical for the standard rental community, as reported by the applicant;

- The building is designed to meet FEMA standards with “hurricane proof” glass, saltwater protection techniques, and other high-end features typically not seen in other Long Island multi-family rental projects. These design and material requirements add a premium (likely 10 – 15% or more) to traditional costs for multi-family housing development.
- \$17 million for structured parking, equivalent to approximately \$35,000 per parking space.
- \$12 - \$14 million in site work costs, including
 - \$7 - \$8 million for pilings for the foundation necessary to support the building
 - \$3 – 4 million for sewer and water infrastructure
 - \$2 million for electric infrastructure.

The applicant acknowledges that this proposed building has considerably higher costs than its other multi-family properties in its portfolio. Its other properties are wood-frame buildings typically not exceeding four stories, have on grade parking, and are not located in a flood zone.



The building type, site work and structured parking needs result in the higher costs (\$40 million or more) that challenges financial feasibility of the proposed development.

The cost for the condominium community is considerably higher, equivalent to over \$1 million per unit in costs. It has similar design, site work and structured parking issues that elevate costs. However, the unit sizes are larger and features enhanced design standards as well as superior finishes and amenities.

CONDO COMMUNITY SOURCES AND USES				
CONDO USES OF FUNDS	\$	Per Unit	Per SF	%
Land Acquisition	\$20,000,000	\$100,000	\$55	9%
Site Work	\$14,560,000	\$72,800	\$40	7%
Construction	\$115,786,520	\$578,933	\$316	55%
Infrastructure	\$17,000,000	\$85,000	\$46	8%
Finance Fees	\$14,000,000	\$70,000	\$38	7%
Soft Costs and Professional Fees	\$29,809,730	\$149,049	\$81	14%
TOTAL	\$211,156,250	\$1,055,781	\$575	100%
CONDO SOURCES OF FUND	\$	Per Unit	Per SF	%
Loan	\$137,251,562.50			65%
Equity	\$73,904,687.50			35%
TOTAL	\$211,156,250.00			100%

Assembling a capital structure to cover the costs for the proposed development is extremely challenging. Multi-family rental communities are more common than multi-family condominium communities simply because financing for residential condominiums is typically not as readily available. Most lenders have resisted financing a for-sale residential product since the last real estate recession in 2008 as condominiums represent a higher risk profile.

TOTAL SOURCES AND USES OF FUNDS	
TOTAL USES	\$
Land Acquisition	\$30,500,000
Site Work	\$26,560,000
Construction	\$201,858,770
Infrastructure	\$34,000,000
Finance Fees	\$25,000,000
Soft Costs and Professional Fees	\$51,151,180
TOTAL	\$369,069,950
TOTAL SOURCES OF FUNDS	\$
Loan	\$239,895,468
Equity	\$129,174,483
TOTAL	\$369,069,950

C. SUMMARIZED BENEFITS PACKAGE FOR DEVELOPER

The summary of the package is represented in the following table;

PILOT AND TAX SUMMARY			
IDA RELATED PROPERTY TAXES			
	<i>Rental</i>	<i>Condo</i>	<i>Total</i>
Current Taxes	\$262,066	\$334,211	\$596,277
As Complete Full Taxes	\$2,871,344	\$3,777,644	\$6,648,988
Per Unit As Complete Taxes	\$12,064	\$18,888	\$15,180
PILOT schedule for Rental	25-year	None	
Savings over 25 Years		\$ does not apply	\$0
PILOT Over 25 years	\$24,215,117	\$ does not apply	\$24,215,117
Real Estate Taxes Paid over 25 years		\$114,185,062	\$114,185,062
Total PILOT and Real Estate Taxes Over Term			\$138,400,180
MORTGAGE RECORDING TAX EXEMPTION			
	<i>Rental</i>	<i>Condo</i>	<i>Total</i>
Mortgage (65% of cost)	\$102,643,905	\$137,251,563	\$239,895,468
Mortgage Recording Tax	1.05%	1.05%	1.05%
Transit District Exclusion	-0.30%	-0.30%	-0.30%
Mortgage Recording Tax Exemption %	0.75%	0.75%	0.75%
Value of Exemption	\$769,829	\$1,029,387	\$1,799,216
SALES TAX EXEMPTION			
	<i>Rental</i>	<i>Condo</i>	<i>Total</i>
Construction Cost	\$115,822,250	\$148,346,250	\$205,230,000
Value of Building Materials	\$69,793,250	\$89,407,750	\$159,201,000
Sales Tax	8.625%	8.625%	8.625%
Value of Exemption	\$6,019,668	\$7,711,418	\$13,731,086

SVS Standard Valuation Services (SVS) completed a Real Estate Tax Assessment Projection for the subject property. It reported the current taxes on the current property and estimated real estate taxes after determining value based upon the income approach to valuation. These estimated taxes were updated in July 2021.

TAX DETERMINATIONS FROM SVS REPORT			
	<i>Rental</i>	<i>Condo</i>	<i>Total</i>
Current Taxes	\$262,066	\$334,211	\$596,277
As Complete Full Taxes	\$2,871,344	\$3,777,644	\$6,648,988
Per Unit As Complete Taxes	\$12,064	\$18,888	\$15,180

The estimated tax after completion for the rental community is \$2,871,344 equivalent to \$12,064 per unit. This is considered extremely high for a rental development.

The estimated tax after completion for the condominium community is \$3,777,644, equivalent to \$18,888. This is high for for-sale units of one- and two-bedroom condominium units.

The high development costs combined with the high real estate taxes renders the project financially infeasible. Since a condominium community is not eligible for the PILOT, only the rental community will have a PILOT.

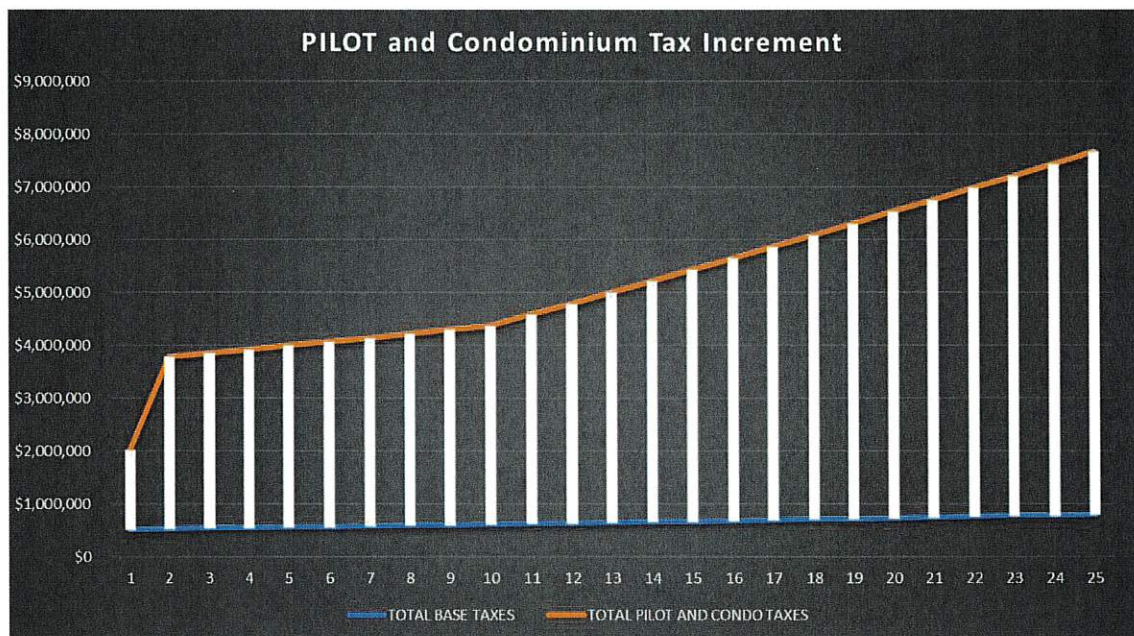
The applicant requested a thirty-year PILOT schedule, including a ten-year 100% exemption on the improvements.

The proposed PILOT schedule found in **Exhibit 1 on page 13** locks in a 100% abatement on the rental units for ten years and includes a 25-year schedule. Following a ten-year 100% lock-in period, the abatement will be reduced by 5% annually in years 11 – 25. While the length (10 years) of the lock-in period and the abatement percentage (100%) are longer and higher than what would normally be considered, the PILOT is necessary to create financial feasibility and offset the extraordinary design, site costs, and structured parking costs associated with the development and detailed earlier.

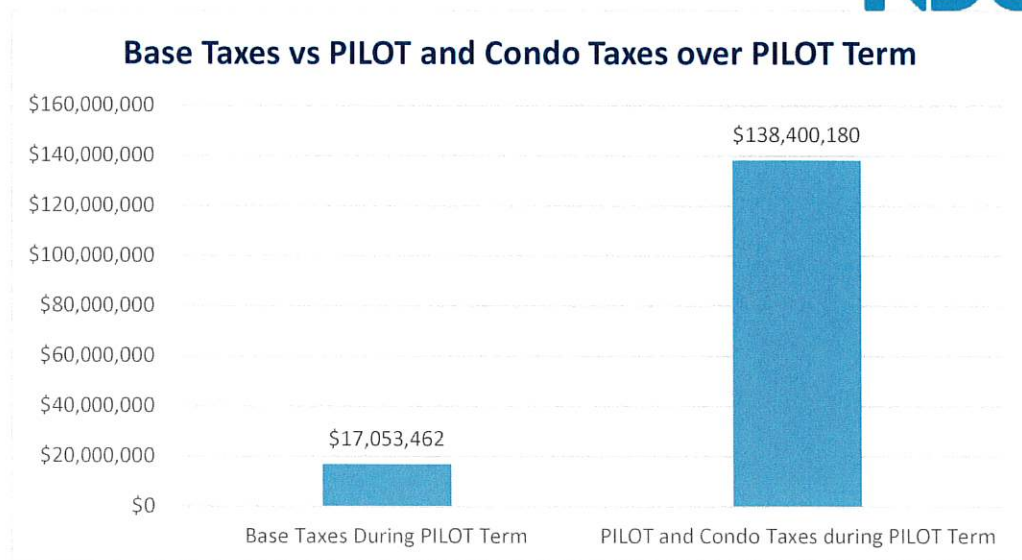
The savings realized by the rental community through the proposed PILOT total \$49.3 million during the 25-year term.

The unique aspect of this development is that there are substantial supplemental real estate taxes paid by the condominium community. As previously mentioned, the estimated annual condominium taxes are approximately \$3.7 million. The condominiums will be constructed in two 100 unit phases.

The below chart demonstrates the real estate increment (rental community PILOT and condominium community real estate taxes) during the 25-year PILOT period.



Over the course of the PILOT period, it is estimated that there will be over \$138.4 million paid by the development. The PILOT payments (\$24.2 million) from the rental community will account for 17% of the total and real estate taxes (\$114.2 million) from the condominium community will account for or 83% of the total. The annual average in rental PILOT payments and condominium real estate taxes is approximately \$5.5 million which is approximately a 10x multiple of the \$596K in taxes currently paid on the property.



The base taxes and the projected PILOT payments on the rental community and the real estate taxes for the condominium units are presented in **Exhibit 2 on page 14**.

D. SUMMARY OF NDC ANALYSIS

NDC based its analysis on the revenue, expense and costs assumptions provided by the Developer in the IDA application. For consistency with other IDA reviews, NDC adjusted the pro forma provided by the developer with the following assumptions:

- Increasing assessor provided baseline taxes by a 1.81% annual increase and improvements by 0.0%.
- Permanent loan assumptions that are in line with the current market for similar projects
 - 30-year amortization
 - Rate of 5.00%
- Adjusting revenue growth to 3% annually for market rate units
- Adjusting revenue growth to 2% annually for workforce units
- Adjusting expense growth to 3% annually
- Projecting terminal value of project using a 5.0% cap rate

The market rents for the new units, ranging from \$3.17 to \$5.13/SF monthly, or an average monthly rent of \$3,670 per unit, are on the higher side to other comparable residential rental buildings in the market.

The updated rental program includes 30 workforce units are priced to be affordable to households earning less than 120% area median income (AMI), 100% AMI, and 80% AMI. The average workforce rent spread among the 30 units is \$2,502.

Workforce Unit Split								
120% AMI	12 units							
100% AMI	12 units							
80% AMI	6 units							
TOTAL	30 units							

UNIT MIX AND RENT ROLL								
		<i>Units</i>	<i>NSF</i>		<i>Total NSF</i>	<i>Mo Rent</i>	<i>Rent/SF</i>	<i>Annual Rent</i>
Market Studio		15	585	6%	8,775	\$3,000	\$5.13	\$540,000
Market 1BR 1.5 BA		80	760	34%	60,800	\$3,400	\$4.47	\$3,264,000
Market 2BR 2BA		97	1,135	41%	110,095	\$3,900	\$3.44	\$4,539,600
Market 2BR 2.5BA		16	1,342	7%	21,472	\$4,250	\$3.17	\$816,000
Total Market		208		87%	201,142	\$14,550		\$9,159,600
Workforce Studio	120% AMI	3	585	1%	1,755	\$2,400	\$4.10	\$86,400
Workforce Studio	100% AMI	2	585	1%	1,170	\$2,120	\$3.62	\$50,880
Workforce 1BR 1.5 BA	120% AMI	4	760	2%	3,040	\$2,700	\$3.55	\$129,600
Workforce 1BR 1.5 BA	100% AMI	4	760	2%	3,040	\$2,250	\$2.96	\$108,000
Workforce 1BR 1.5 BA	80% AMI	2	760	1%	1,520	\$1,785	\$2.35	\$42,840
Workforce 2BR 2BA	120% AMI	5	1,135	2%	5,675	\$3,200	\$2.82	\$192,000
Workforce 2BR 2BA	100% AMI	6	1,135	3%	6,810	\$2,690	\$2.37	\$193,680
Workforce 2BR 2BA	80% AMI	4	1,135	2%	4,540	\$2,133	\$1.88	\$102,384
Total Workforce		30		13%	27,550	\$19,278		\$905,784
Total		238		100%	228,692	\$33,828		\$10,065,384

As can be seen below, the development does not work financially if it were to pay full taxes. By the fourth operating year, what the applicant considers to be its “stabilized” year, the cash flow is barely positive if it paid full taxes. None of the financial metrics required are met with the project paying full taxes.

NDC factored the actual fourth year PILOT as well as the average PILOT paid over the term of the PILOT in the stabilized pro forma. Even with the proposed PILOTs factored, the returns to the applicant/investors are just meeting the financial metrics required of lenders and investors.



STABILIZED OPERATING PRO FORMA (Assumed to be 4th year of operations after new construction)						
	WITHOUT PILOT		WITH PILOT (Actual 4th year PILOT)		WITH PILOT (average over term)	
	\$	PER UNIT	\$	PER UNIT		
Market Gross Income	\$10,509,389					
Workforce Gross Income	\$1,009,286					
Vacancy	(\$460,747)	4.00%				
Garage Income	\$411,835	\$69 per month				
Retail Space Income	\$177,568	\$27 per annum				
Other Income	\$597,942	\$209 per month				
Reimbursements	\$57,067					
Effective Gross Income	\$12,302,341		\$12,302,341		\$12,302,341	
Operating Expenses Excl Taxes	(\$2,524,942)	\$10,609 per unit 4th year	(\$2,524,942)	\$10,609 per unit 4th year	(\$2,524,942)	\$10,609 per unit 4th year
RE Taxes	(\$2,886,634)	\$12,129 per unit 4th year	(\$291,846)	\$1,226 per unit 4th year	(\$968,605)	\$4,070 avg. over term
Total Expenses	(\$5,411,576)	\$22,738 per unit 4th year	(\$2,816,788)	\$11,835 per unit 4th year	(\$3,493,547)	\$14,679 per unit 4th year
Net Operating Income	\$6,890,765		\$9,485,553		\$8,808,794	
Debt Service	(\$6,612,176)		(\$6,612,176)		(\$6,612,176)	
Cash Flow	\$278,589		\$2,873,377		\$2,196,618	
						Market Expects
Debt Coverage Ratio	1.04		1.43		1.33	> 1.25
Yield to Cost Return (NOI/Cost)	4%		6%		6%	> 6%
Leveraged Internal Rate of Return *	5%		12%		12%	>12%

* without factoring refinancing after stabilization

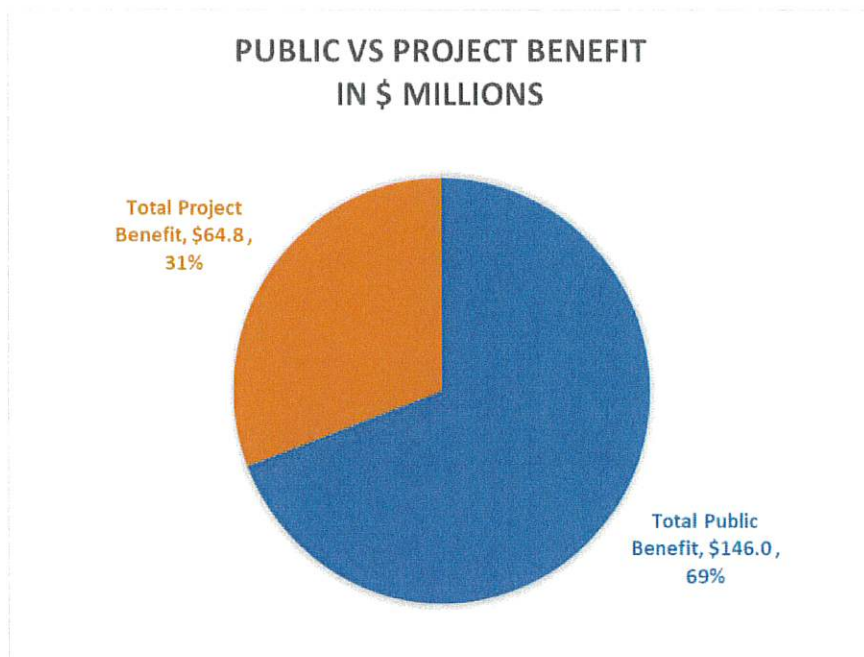
“But for” the proposed financial incentive package, the development is not considered financially feasible, as the developer would not be able to assemble the capital structure to cover development costs and meet the financial metric requirements.

E. COST / BENEFIT ANALYSIS

The public financial benefits are substantial at \$145.9 million, inclusive of rental community PILOT payments (\$24.3 million), condominium real estate taxes (\$114.1 million), and the value of the 30 workforce units. NDC established a valuation for the thirty workforce units at approximately \$7.5 million, equivalent to \$250K per unit. NDC valued the workforce units by identifying the delta between market and workforce rental units and dividing it by an assumed capitalization rate, as seen in **Exhibit 2 on page 14.**

The total project benefits of \$64.8 million consists of the PILOT savings during the term as well as the exemptions on the mortgage recording tax and sales tax. The net public benefit is \$81.1 million.

BENEFIT SUMMARY	
PILOT Over 25 Year Term	\$24,215,117
Condominium Real Estate Taxes over 25 Year Term	\$114,185,062
Value of 30 Units of Workforce Housing	\$7,551,130
Total Public Benefit	\$145,951,310
Rental Real Estate Tax Savings During 25 Year Term	\$49,300,985
Sales Tax Exemption	\$13,731,086
Mortgage Recording Tax	\$1,799,216
Total Project Benefit	\$64,831,287
Net Public Benefit	\$81,120,022



In addition to the above benefits, the applicant expects to create up to 300 construction jobs. It estimates up to forty (40) full-time jobs, twenty (20) full-time equivalent permanent jobs at the rental and condominium community and up to twenty (20) jobs for the retail part of the for the development.

This project replaces a long vacant and blighted waterfront land parcel with much needed market rate and workforce rental units and for-sale condominium units. As a transit-oriented development (TOD) within a ½ mile of the Long Island Railroad station, it maximizes the site’s land use. It supports the City’s Urban Renewal Plan completed in 2004 by adding considerable disposable income from the 438 units to patronize the retail base and it catalyze future development and investment.

Kevin F. Gremse

Kevin F. Gremse
Senior Director



EXHIBIT 1: PILOT SCHEDULE

TAX DETERMINATIONS FROM SVS REPORT				
	Rental	Condo	Total	
# Units	238	200	438	
Total Current Tax	\$262,066	\$344,211	\$606,277	
Total Estimated As Complete Taxes	\$2,871,344	\$3,777,644	\$6,648,988	
Per Unit	\$12,064	\$18,888	\$15,180	

PILOT AND TAX SUMMARY									
	1.81% escalator	0.00% escalator	5.00% discount rate			5.00% discount rate		1.81% escalator	
Year	Base Taxes	Improvement Taxes	Full Taxes	Abatement %	Savings	RENTAL PILOT	Increment Over Base on Rental	CONDO TAXES	PILOT AND Condo Taxes
construction	\$262,066					\$262,066	\$0	\$344,211	\$606,277
construction	\$266,809					\$266,809	\$0	\$292,189	\$558,998
construction	\$271,639					\$271,639	\$0	\$297,477	\$569,116
1	\$276,555	\$2,594,789	\$2,871,344	100.00%	\$2,594,789	\$276,555	\$0	\$1,888,822	\$2,165,377
2	\$281,561	\$2,594,789	\$2,876,350	100.00%	\$2,594,789	\$281,561	\$0	\$3,777,644	\$4,059,205
3	\$286,657	\$2,594,789	\$2,881,446	100.00%	\$2,594,789	\$286,657	\$0	\$3,846,019	\$4,132,677
4	\$291,846	\$2,594,789	\$2,886,634	100.00%	\$2,594,789	\$291,846	\$0	\$3,915,632	\$4,207,478
5	\$297,128	\$2,594,789	\$2,891,917	100.00%	\$2,594,789	\$297,128	\$0	\$3,986,505	\$4,283,633
6	\$302,506	\$2,594,789	\$2,897,295	100.00%	\$2,594,789	\$302,506	\$0	\$4,058,661	\$4,361,167
7	\$307,981	\$2,594,789	\$2,902,770	100.00%	\$2,594,789	\$307,981	\$0	\$4,132,123	\$4,440,104
8	\$313,556	\$2,594,789	\$2,908,345	100.00%	\$2,594,789	\$313,556	\$0	\$4,206,914	\$4,520,470
9	\$319,231	\$2,594,789	\$2,914,020	100.00%	\$2,594,789	\$319,231	\$0	\$4,283,059	\$4,602,291
10	\$325,009	\$2,594,789	\$2,919,798	100.00%	\$2,594,789	\$325,009	\$0	\$4,360,583	\$4,685,592
11	\$330,892	\$2,594,789	\$2,925,681	95.00%	\$2,465,049	\$460,632	\$129,739	\$4,439,509	\$4,900,141
12	\$336,881	\$2,594,789	\$2,931,670	90.00%	\$2,335,310	\$596,360	\$259,479	\$4,519,864	\$5,116,224
13	\$342,979	\$2,594,789	\$2,937,767	85.00%	\$2,205,570	\$732,197	\$389,218	\$4,601,674	\$5,333,871
14	\$349,187	\$2,594,789	\$2,943,975	80.00%	\$2,075,831	\$868,144	\$518,958	\$4,684,964	\$5,553,109
15	\$355,507	\$2,594,789	\$2,950,296	75.00%	\$1,946,092	\$1,004,204	\$648,697	\$4,769,762	\$5,773,966
16	\$361,942	\$2,594,789	\$2,956,730	70.00%	\$1,816,352	\$1,140,378	\$778,437	\$4,856,095	\$5,996,473
17	\$368,493	\$2,594,789	\$2,963,281	65.00%	\$1,686,613	\$1,276,669	\$908,176	\$4,943,990	\$6,220,659
18	\$375,163	\$2,594,789	\$2,969,951	60.00%	\$1,556,873	\$1,413,078	\$1,037,915	\$5,033,476	\$6,446,554
19	\$381,953	\$2,594,789	\$2,976,742	55.00%	\$1,427,134	\$1,549,608	\$1,167,655	\$5,124,582	\$6,674,190
20	\$388,866	\$2,594,789	\$2,983,655	50.00%	\$1,297,394	\$1,686,261	\$1,297,394	\$5,217,337	\$6,903,598
21	\$395,905	\$2,594,789	\$2,990,693	45.00%	\$1,167,655	\$1,823,039	\$1,427,134	\$5,311,771	\$7,134,810
22	\$403,071	\$2,594,789	\$2,997,859	40.00%	\$1,037,915	\$1,959,944	\$1,556,873	\$5,407,914	\$7,367,858
23	\$410,366	\$2,594,789	\$3,005,155	35.00%	\$908,176	\$2,096,979	\$1,686,613	\$5,505,797	\$7,602,776
24	\$417,794	\$2,594,789	\$3,012,583	30.00%	\$778,437	\$2,234,146	\$1,816,352	\$5,605,452	\$7,839,598
25	\$425,356	\$2,594,789	\$3,020,145	25.00%	\$648,697	\$2,371,447	\$1,946,092	\$5,706,911	\$8,078,358
TOTAL DURING TERM	\$8,646,385	\$64,869,717	\$73,516,102		\$49,300,985	\$24,215,117	\$15,568,732	\$114,185,062	\$138,400,180

EXHIBIT 2: VALUATION OF WORKFORCE HOUSING

VALUATION OF WORKFORCE HOUSING	
< 130% AMI	
<120% AMI	12
<100% AMI	12
< 80% AMI	6
AVERAGE RENT	\$2,516
Valuation of Affordable Housing	\$7,551,130
Avg Market Rate Rent	\$3,670
Avg Workforce Rent	\$2,516
Differential	\$1,154
# Units	30
Annual Income Lost	\$415,312
	5.50%
Loss of Value/Benefit of Housing	\$7,551,130
	30
Per unit	\$251,704



STANDARD DISCLOSURE

Standard disclaimer regarding NDC's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

The National Development Council is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms or other similar matters concerning such financial products or issues.

The general information contained in this document is factual in nature and consistent with current market conditions and does not contain or express subjective assumptions, opinions, or views, or constitute a recommendation, either express or implied, upon which a municipal entity or obligated person may rely with respect to municipal products or the issuance of municipal securities.