



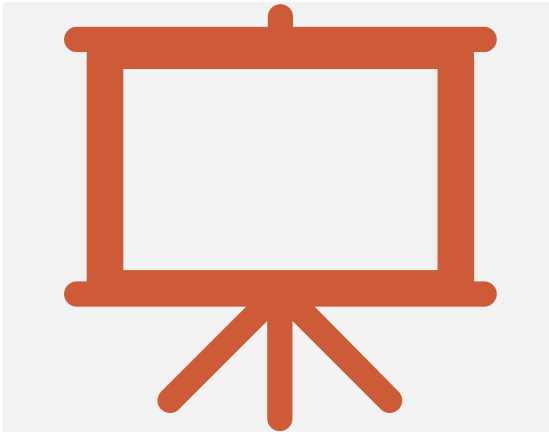
Rural Rental Housing Preservation Academy

June 28, 2023

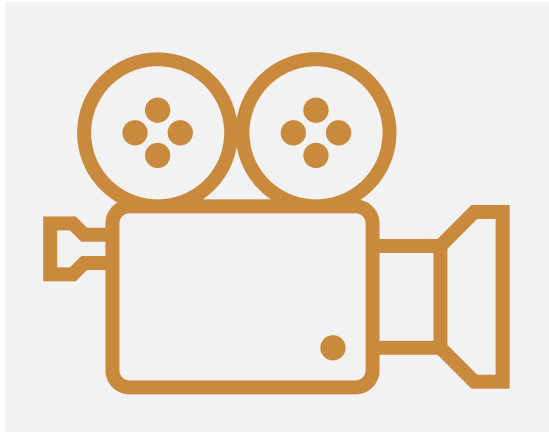




Housekeeping



All registered attendees will receive the slides via email



This session is being recorded. You will receive a copy and it will be posted on the Enterprise website



We will answer questions throughout the presentation. Please submit them using the Q&A, chat or raise hand function



The link to register for upcoming sessions will be shared

MISSION AND VISION

Enterprise Community Partners

OUR VISION

A country where home and community are steppingstones to more.

OUR MISSION

To make home and community places of pride, power and belonging, and platforms for resilience and upward mobility for all. We focus on three pillars:

- Increase Housing Supply
- Advance Racial Equity
- Build Resilience and Upward Mobility

Unmatched **breadth, scale and expertise** across the entire spectrum of affordable housing...



...creating a positive feedback loop that does it **all under one Enterprise roof.**

2023 Rural Rental Housing Preservation Academy

What to expect

Overview and Introduction to Rural Rental Housing Preservation

- Introduction to Rural Development 515 Transfer Process
- Strategies for 515 Preservation: Case Studies
- Capital Needs Assessment and Operating Budget

Basic Deal Structuring

- Understanding Tax Implications of a Transfer
- Pro forma development
- National Policy Conversation-521 Rental Assistance and Decoupling
- Funding Beyond RD: LIHTC, Bonds and Third-Party Lenders/ Connecting Buyers and Sellers

Property Management/Community Engagement–2 sessions, including

- Property Stewardship: Resident Services and Asset Management

Our Partner



Fannie Mae®



USDA RD Transfer Application

Capital Needs Assessments (C.N.A.)

Capital Needs Assessment (C.N.A)

C.N.A. Reports (As-Is & Post)

- As-Is report focuses on the Remaining Useful Life (RUL) of existing conditions. Provides a repair schedule for the property in its current condition.
- Post report utilizes the proposed Scope of Work that is to be completed and projects when future items will need to be replaced.
- Aids in calculating the Replacement Reserves needed per unit spread over a 20 year schedule.
- C.N.A. provide may NOT be the same firm/person as your architect.

Capital Needs Assessment Process Addendum

[LINK TO USDA.GOV – HTTPS://WWW.RD.USDA.GOV/SITES/DEFAULT/FILES/CNA_ADDENDUM.PDF](https://www.rd.usda.gov/sites/default/files/cna_addendum.pdf)

This Addendum addresses the Capital Needs Assessment (CNA) process for RD-financed properties. It provides guidance and clarification to assist RD borrowers, providers and staff for all RD required CNA assessments for loan making and servicing.

This Addendum includes general instructions to be used in completing the RD CNA reports, specific instructions on how to use the expected useful life tables, and a set of applicable forms including the Terms of Reference form; Systems and Conditions forms; and Evaluator's Summary forms.

This Addendum is comprised of nine main sections:

- 1) Definitions;
- 2) Contract Addendum (Attachment A);
- 3) Requirements and Statement of Work (SOW) for a C.N.A. (Attachment B);
- 4) The CNA Review Process (Attachment C);
- 5) Guidance for the Multi-Family Housing (MFH) CNA Recipient Regarding Contracting for a CNA;
- 6) Revising an Accepted CNA During Underwriting;
- 7) Updating a CNA;
- 8) Incorporating a Property's Rehabilitation into a CNA; and
- 9) Repair and Replacement Schedule.

Capital Needs Assessment Process Addendum (cont.)

[LINK TO USDA.GOV – HTTPS://WWW.RD.USDA.GOV/SITES/DEFAULT/FILES/CNA_ADDENDUM.PDF](https://www.rd.usda.gov/sites/default/files/cna_addendum.pdf)

This entire Addendum should be made available to RD MFH property owners, applicants and CNA Providers who are or are planning to submit transactions using the MPR or any other RD RRH or FLH program loan making or servicing authorities. Only CNAs following this Addendum will be accepted.

Pro Tips:

- 1. When the Purchaser is working to complete their predevelopment due diligence, please forward complete, executed contract to USDA RD (proposal, Attachment A with Attachment B) for their counter-signature and approval.*
- 2. Please have the As-Is C.N.A. reviewed and approved before the Scope of Work is finalized. RD reviewer may have additions or comments to update the As-Is C.N.A or to include in SOW.*
- 3. Once you have a Scope of Work and the As-Is C.N.A has been approved; then request the Post C.N.A. from the provider.*
- 4. The Post C.N.A schedule is based on a 20-year schedule. Review materials with architect that could exceed this schedule and negotiate larger items that could fall in year 20 as part of the re-syndication with USDA when determining your initial deposit and PUPY in your post construction budget.*
- 5. The Post C.N.A. will need USDA review and approval. Once approved, this can be uploaded to the PAT.*

Self Evaluation/ 504 Transition Plan

Link to Unnumbered Letter:

<https://www.rd.usda.gov/sites/default/files/rdul-fy22section504.pdf>

Unnumbered Letter – 01/04/2022; provides guidance.

- Regardless of when a project was ready for occupancy, all borrowers receiving federal financial assistance are required to have policies and practices that do not discriminate against persons with disabilities.
- If an existing MFH property does not have a plan in place, regardless of the date it was placed into service, the borrower must develop a plan.
- The cost of the report preparation is an eligible project expense and may be paid from the housing project's Reserve Account or excess Operating and Maintenance (O&M) account funds with prior Agency approval.
- Report is good for 3 years
- Must be submitted with application

CAPITAL NEEDS ASSESSMENT

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WHAT DOES THE CNA AFFECT?

REHAB

RESERVES

RENTS

CASH FLOW

ACCESSIBILITY

**RENTS, RESERVES & CASH FLOWS ARE
IMPACTED BY EACH OTHER AND REHAB**

ACCESSIBILITY AFFECTS REHAB BUDGET



OWNER FUNDED IMPROVEMENTS

QUALITY OF REHABILITATION AND IMPROVEMENTS

QUESTIONS?



Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Capital Needs Summary

This is an updated CNA of the earlier CNA dated May 2, 2022, for [REDACTED] an existing affordable multi-family development located at [REDACTED]. The project is 24 apartment units originally constructed in 1983. There are 9 one-bedroom units and 15 two-bedroom units. This includes 1 handicap accessible unit. The subject property is a family project. The property has 4 two-story residential buildings. The wood framed buildings are on a concrete slab foundation with a combination brick veneer and wood siding exterior.

The subject property is currently in fair condition. The purpose of this report is to evaluate the condition of the subject property as of the effective date of the report and to estimate the capital improvements necessary to bring the property up to “like new” condition and keep the property in good condition over the next 20 years. This report should not be used for any other purpose. The scope of this assignment consists of a capital needs assessment of the subject property as of the date of our inspection. The scope includes:

1. A review of the status of major building systems.
2. A photographic record of the property.
3. A review of required capital improvements to bring it up to “like new” condition.
4. An estimate of required replacements to the subject property each year for the next 20 years; and
5. A review of the accessibility requirements

The intended users of this report are the owners, OHFA and USDA-Rural Development. No other person or entity may use this report for any reason whatsoever without the express written permission of GIBCO. This assessment included an inspection of 50% of dwelling units plus the handicapped units to give an adequate picture of the overall condition of the subject property. This assessment was conducted by Jim Howell, a person trained and experienced in building construction. The inspection included a review of pertinent documentation (repair/replacement records, as-built drawings, etc.) and interviews with the property owner’s representative, management staff and tenants. This assessment included a review of buildings, foundations, roofs, exterior/interior walls, mechanical systems, doors and windows, interior elements, landscaping, paved areas and utilities.

The assessment included a physical inspection of all areas of the interior and exterior of each unit and structure, as well as an interview with the site manager and site maintenance technician as to any on-going maintenance problems. The following components examined and analyzed in the assessment included, but were not limited to:

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

- A.) Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utility lines;
- B.) Structural systems, both substructure and superstructure, including exterior walls, balconies and stairways, exterior doors and windows, roofing system and drainage, including but not limited to termite, mold and water.
- C.) Interiors, including unit and common area finishes (carpeting, vinyl flooring, tile flooring, plaster walls, paint condition, etc.) unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors;
- D.) Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection and elevators; and buildings, facilities, common use areas, residential units, parking areas, curbs, ramps, railings to ensure compliance with applicable federal, state and local laws regarding building code compliance and accessibility code compliance for persons with disabilities.
- E.) An interview with the development site manager was held 4-21-22 in which Management indicated the following:
 - 1. There are 3 units vacant.
 - 2. Units have all electric appliances.
 - 3. Each unit has a washer / dryer hook-up; however, the tenants are not allowed to use them except for the HC units.
- F.) The assessment of this property specifically identifies the scope of work and costs necessary to:
 - (i) rehabilitate all components examined and analyzed in the development to a new or "like-new" condition;
 - (ii) Correct all deficiencies in order for the development to comply with applicable federal, state and local laws and requirements regarding accessibility for persons with disabilities;
- G.) CNA Provider certifies that GIBCO, or any employee of GIBCO, preparing this Capital Needs Assessment will not benefit materially from the Development in any way other than receiving a fee for performing the Property Condition Assessment.

Finally, this inspection included the preparation and submittal of a written report in a format consistent with USDA-RD requirements. Construction documents for the rehab were not available for review.

This report includes a description of the overall condition of the building components and systems and conditions and an estimate of the Expected Useful Life (EUL) and the Remaining Useful Life (RUL) of the subject property and its components. This report includes a discussion regarding significant deficiencies, deferred maintenance items, health and safety issues and material code violations at the subject property. The conclusions within this report are based upon a visual survey of the buildings and grounds, research of readily available documents, and conversations with people who have knowledge of the property

The implementation of the recommendations in this report will correct the deficiencies found and noted on the inspection of 4-21-22.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Upon completion of corrections of deficiencies found and noted on the inspection of 4-21-2022 and implementation of the Capital Needs Replacement Reserve Account funding and implementation of the Capital Needs Replacement Schedule, as noted in this report, the proposed improvements plus the reserves should provide for a useful life that meets the full term of affordability and will allow for the preservation of this property while functioning properly and efficiently.

Recommendations

In order to extend the useful life of this development, the items in the CNA. that are beyond or near the end of their useful life should be addressed.

The proposed ongoing maintenance funded from reserves should give the property a remaining useful life that meets the full term of affordability.

Other recommendations are: None

Health and Safety

None noted.

Site

The property appears to be in fair condition and maintained similar to other properties in the area.

Playground

There is a basketball court and a swing set, both in poor condition and not on a fully accessible route. Management proposes to construct a playground with 3 or more features grouped together.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Site Lighting

Exterior lighting is provided for by large luminaires mounted on tall poles maintained by the City. There are also lights mounted on the buildings that should be upgraded to energy efficient products. There are porch lights at the apartment entrances. Add additional lighting on buildings to improve site lighting.

Driveways, Parking Lots and Sidewalks

The roadways and parking lot areas at the property are concrete with concrete curbing and in fair to poor condition. Some areas are cracked and damaged. There is a need for striping immediately. There are ample parking spaces and handicapped spaces near the handicap units. Along with the striping work all the handicap parking spaces should have signage installed that is compliant with Rural Development standards. See the attached inspection sheet for specific deficiencies regarding accessibility.

Sidewalks are generally in fair to poor condition. There are some areas that should be replaced. There should be an accessible route to all public features.

Landscaping

Landscaping consists of mature trees, shrubs, and lawn areas in fair condition. There are areas with no grass and the shrubs are not sufficient to provide the needed curb appeal. This site has several trees / shrubs / foundation plantings which should be trimmed back from walks and structures. Areas under trees have outcropping of surface roots with limited grass cover, outcropped roots should be removed, and shade tolerant grass installed. Outcropping of tree roots are adjacent to the building foundations and should be removed to prevent foundation failure. This cost included in the site drainage/erosion of site sheet of this excel document. New additional planting beds with new landscaping / plantings / planting of shade tolerant grass under trees would enhance curb appeal.

Signage

Site has a development sign that is in good to fair condition.

NOTE: Replacement cost of sign is estimated to be less than \$1,000 and therefore will be operational expense and not shown in the CNA Spreadsheet.

Dumpster Enclosures

The dumpsters need the screening to be replaced and to be on an accessible route (nearest HC units).

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Tenant Mailboxes:

Tenant mailboxes are mounted on cluster boxes. These need to be replaced.

Site Drainage

The site is generally flat and drains to public streets and drainage structures. The site appears to need drainage issues repaired. The parking areas and streets do not drain efficiently in all areas.

Site Underground Water, Sewer, and Fire Hydrant Supply Systems

Maintenance did not report any problems with the underground water, sewer, or fire hydrant supply systems, except for some sewer stoppages that occur occasionally. There was no evidence these systems were recently repaired or damaged.

Immediate needs:

Concrete paving needs to be repaired where damaged and then striped.

Replace damaged sidewalks or walkways on the accessible route that exceed 2% side slope as needed.

Provide an accessible route to all public areas.

Repair handicap parking in accordance with inspection sheets.

Architectural

The project is 24 apartment units originally constructed in 1983. There are 9 one-bedroom units and 15 two-bedroom units. This includes 1 handicap accessible unit. The subject property is a family project. The property has 4 two-story residential buildings. The wood framed buildings are on a concrete slab foundation with a combination brick veneer and wood siding exterior.

Based on experience with structures of similar size, configuration, and geographic location, it is assumed that the foundation consists of reinforced concrete slabs-on-grade with integral perimeter and intermediate grade beams. The foundations could not be directly

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

observed while on-site. Management should implement a regular inspection program. The program should consist of removing and replacing damaged, spalled, and missing sections of concrete as they occur over the evaluation period. This type of repair should become part of routine maintenance.

Ceiling/Roof assemblies consist of wood joists surfaced with OSB roof sheathing and composition shingle roofing. A 20-year composition shingle roofing system covers all of the buildings. All of the individual buildings for the project were shingled roofs on top of plywood decking nailed over wood trusses. The roofs were replaced in 2019. The wood roof fascias are mostly in fair condition but need repair. The brick veneer had some minor cracking in the mortar joints, and there was no evidence of major movement in the buildings due to soil or structural issues. The existing wood siding is in fair condition and needs paint and repair/replacement. Overall, the building structures are considered in good physical condition.

Walls, Windows and Exterior Doors

The wood framed buildings are on a concrete slab foundation with a combination brick veneer and wood siding exterior. The interior walls had no noticeable wall cracks. There were no open cracks in the concrete floors observed.

The windows are original construction, dual glazed windows in aluminum frames. They have reached the end of their useful life and should be replaced. Newer windows with higher U-factor and low-e glass would increase the energy efficiency of the units. Since these windows are original construction at the end of their expected useful life, they should be replaced soon.

Entry doors at the individual dwelling units consist of metal clad doors in wood frames. The doors are original, and the paint surface is damaged, and should be replaced or refinished soon. Entry doors to the individual dwelling units are equipped with cylindrical locksets and single cylinder dead-bolts with thumb-latch.

Painting in the common areas was inspected and is mostly in fair condition and maintenance appears to have a program for painting as scheduled maintenance.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Common Areas

The office, laundry and public restrooms, are in a separate. The restrooms need ADA upgrades to be fully compliant. See the inspection sheets.

Electrical fixtures in the common areas were ceiling surface-mounted fluorescent lights. Flooring is resilient tile/sheet vinyl. The walls and ceiling are textured, painted drywall. The office, restrooms and laundry are in fair condition.

Exterior Stairs

Stairways are wood framed with concrete steps and wood rails. The risers are open.

Fire Suppression and Life Safety

The subject property is not equipped with a fully automatic fire suppression (sprinkler) system. Smoke detectors are of various ages in fair to good condition and should be replaced to meet current code (i.e., hard wired with battery backup and installed in all bedrooms, and hallways). Each unit must have a tamper proof 10-year smoke alarm per floor of each unit. Handicap units must have smoke detectors with strobe light.

Immediate needs:

Repair or replace fascias as needed.

The windows are original construction, not energy efficient, at the end of their useful life, and should be replaced. Paint wood siding as needed. Replace siding as needed.

Entry doors should be replaced. Storage exterior doors should be replaced.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Mechanical and Electric

HVAC Systems

All units have electric forced air, split-system heating units with exterior condensers. There is interior ductwork to all the rooms. These systems are in fair condition, and most have reached the end of their useful life. Condensing units should be placed on level concrete pads. The OLM building has a window unit.

Plumbing Systems

The main water supply for the apartment buildings originates at water meters. According to management, the mains are equipped with shut-off valves. Visually accessible domestic water piping is constructed of copper piping, fittings, couplings and joints. Where visible, domestic water piping is not insulated; however, the majority of the system is concealed behind GWB walls and could not be visually inspected. Visually accessible plumbing piping was observed in good condition.

Sewer connections at the property are reported to consist of mains exiting each of the buildings. Visual access to the sewer mains could not be provided. Based upon reported site conditions, the sewer connections at the property are adequate.

Potable hot water to each living unit is supplied via a 40-gallon gas water heater. The recovery of the water heaters was reported to be OK. Almost all of the water heaters have reached the end of their useful life and should be replaced with energy efficient product.

Electrical Systems

The apartment buildings receive electrical power from the public electric utility company. Electrical service to each dwelling unit is reported to consist of 125 AMP 120/248V AC 3-wire, dual-phase for each panel. The electrical panels were observed with breakers and are located in each unit. It is reported by staff and from limited visual access, that the electrical wiring at the complex is copper. There is no reported history of fires or other problems associated with the wiring at this property.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Properly grounded, three-prong outlets were adequately located throughout each dwelling unit. Although most of the outlets located in the kitchens, bathrooms, and outside the units were observed to be Ground Fault Circuit Interrupter (GFCI) outlets, many did not have GFCI protection. These outlets should be changed to be GFCI type outlets.

Lighting Systems

Electric lighting fixtures are mostly original equipment and in good condition. There are some fixtures that still have incandescent bulbs. These bulbs should be replaced with fluorescent bulbs for energy efficiency. The light fixtures will reach the end of their useful life soon and should be replaced with energy efficient, low wattage fluorescent light fixtures.

Immediate needs:

The unit water heaters need replacement.

Light fixtures with incandescent bulbs should be changed to compact fluorescent bulbs or new fixtures installed.

Wiring needs repair and electrical panels should be replaced.

Dwellings

Interior Elements

Dwelling unit interior walls and ceilings consist of painted gypsum wallboard (GWB), observed in generally fair physical condition. Floor coverings are carpet and vinyl tile flooring and generally in fair condition and should be replaced as needed.

Kitchen cabinets are original construction wood cabinets. These cabinets have reached the end of their useful life and will need to be replaced soon. The Countertops are post-formed plastic laminate countertops in fair condition and should be replaced when the cabinets are replaced. Kitchen fixtures include double basin stainless steel sinks with lever handle faucets observed in good condition but should be replaced with new when the cabinets are refurbished. Kitchen appliances include four-top ranges in fair condition and frost-free refrigerators mostly in fair condition. Range hoods are mostly original construction and should be replaced soon.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Bathrooms vanities are mostly original construction wood cabinets. Although some may be refinished, some are water damaged and will need to be completely removed and replaced with new vanities. The vanity tops and lavatories are in fair condition and should be replaced as needed. Most faucets are older and should be replaced when vanities are replaced or refinished. Toilets are mostly original construction; however, some have been changed out to low flow 1.6 gallon per flush toilets. Any remaining old toilets should be replaced with low-flow toilets. Tubs and surrounds are mostly original construction and need to be replaced. Tubs possibly may be re-glazed to add years to their useful life. Bathroom ventilation is supplied via switch operated exhaust fans, which are mostly original equipment, have reached the end of their useful life, and should be replaced soon.

Light fixtures are mostly original construction. Fixtures with incandescent bulbs should be changed to compact fluorescent bulbs or new fixtures installed.

Interior doors consist of wood hollow-core doors in fair to poor condition. The closets doors are in fair to good condition, but many will need to be replaced soon. Some of the door hardware is original construction, is maintained as needed, but should be replaced with any new doors.

Heating and Air Conditioning are split systems (electric heating) in the units with exterior condensing units. This equipment has reached the end of its useful life.

Immediate needs:

Kitchen cabinets, countertops, and sinks are at the end of their useful lives and should be replaced soon.

Bathroom vanities, tops and lavatories are at the end of their useful lives and should be replaced soon.

Interior doors and closet doors in most units will need to be replaced soon.

Light fixtures with incandescent bulbs should be changed to compact fluorescent bulbs or new fixtures installed.

Bathroom exhaust fans are mostly original construction and should be replaced soon.

Unit flooring is in fair condition and most units need new flooring.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Accessibility

The site and all public areas were screened for compliance with the Architectural Barriers Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. The Fair Housing Amendments Act effective date is 3/13/91, and this property does not have to comply with FHA accessibility requirements. Section 515 properties built / first occupied after June 10, 1982, but prior to 3/13/91 must comply with the Section 504 requirement for 5% fully accessible units and accessible route to those fully accessible units, but there is no requirement for all ground floor units to be on an accessible route.

Borrowers may incorporate the concept of “visit ability” if they so choose, but Rural Development will not require such modifications in properties built before this date of 3/13/1991. We inspected for compliance using industry standard checklists.

Dwelling units, common areas, handicap parking, mailboxes, trash dumpsters, and playgrounds are subject to compliance with UFAS. Under UFAS 5 percent of the total units, or 1 unit, whichever is greater, must be fully accessible. The mix of accessible units is to be comparable to the total mix of units at a specific property. The locations of accessible units are to be dispersed throughout the project.

ADA Guidelines require that 1 van-accessible parking space shall be made available for every 8 accessible spaces (but not less than one). Van Accessible and handicap parking space signs are also required, with a sign post and aisle directly connected to the accessible route.

Accessible Units

This property has a total of 24 units. There is one unit designated as accessible at this property. All handicap accessible units have several issues which need to be installed to be fully compliant as shown on the inspection sheets.

Accessible Parking

All handicap parking spaces have several issues which need to be corrected, as shown in the inspection sheets.

Accessible Routes

The site was inspected for accessible routes to all common areas. See the attached inspection sheet for details. An accessible route to the proposed tot lot should be constructed.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Immediate Needs

Provide access to maintenance and water heater rooms, compliant threshold, and lever handle door latch sets.

Upgrade the handicap accessible units to be fully UFAS compliant.

Repair any walkways that exceed 2% side slope on the accessible route.

Repair any handicap parking areas that exceed 2% slope in any direction Construct an accessible route to the proposed tot-lot.

Environmental

No environmental issues were indicated, observed or suspected.

It is the developer's responsibility to assess the need to determine if asbestos, lead based paint or radon exists on this property. We make the following observations.

Lead Based Paint

The subject property was constructed in 1983 after the 1978 ban on lead-based paint; therefore, lead based paint is not suspected to be present at the subject property.

Asbestos Containing Material

The subject property was constructed in 1983. We did not perform an ACM survey; however, we did not note any friable ACM during our inspection.

Mold and Mildew

The subject property was visually inspected for the presence of moisture intrusion and mold growth. Mold and mildew was not observed. All unit and common area ceilings should be inspected periodically for any staining or wet areas which could be caused by a roof leak or damage above. These damaged or stained areas should be investigated to determine the source of the water intrusion and repaired to be sure the water intrusion source is mitigated. Any mold encountered should be removed or remediated.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

Pest Control

It is reported that the subject property is under contract with a professional exterminator and infestations were not observed or reported during the inspection.

Other Environmental Concerns

No other environmental concerns were identified at the subject property.

How Replacement Costs are Determined

Based on observations of readily apparent conditions, a scope of work and cost estimate was prepared and attached. It includes needs over a 20-year term, including those necessary immediately. These opinions of probable cost are based on estimates and documents provided to GIBCO, as well as our inspection. We used the R.S. Means Repair and Remodeling Cost Data, local data and GIBCO's experience with past cost for similar properties, contractor estimates and assumptions regarding future economic conditions. Based upon site observations, research and judgment, along with referencing Expected Useful Life (EUL) tables provided in the USDA-RD worksheet template, GIBCO indicates when a system or component will most probably require replacement. Accurate historical replacement records, if provided are typically the best sources of information. Exposure to the elements, initial quality and installation, extent of use, the quality and amount of preventive maintenance exercised, and other similar items are all factors that impact the effective remaining useful life of a system or component. The Remaining Useful Life (RUL) or effective remaining life of a component or system equals the EUL less it's age.

Where quantities could not be derived from actual takeoffs, lump sum or allowances are used. Estimated costs are based on professional judgment and probable or actual extent of the observed defect, inclusive of the cost to design, procure, construct and manage the corrections.

Recommendations

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

We recommend that the items in the H&S column of the spreadsheet (if any) be repaired or replaced as soon as possible. The items in the year one column should be repaired or replaced as soon as funds are available. The remaining columns show estimated needs in years 2-20. In order to extend the useful life of this development, the items in the CNA that are beyond or near the end of their useful life should be addressed.

The proposed ongoing maintenance funded from reserves should give the property a remaining useful life that meets the full term of affordability.

Other recommendations are: None

Needs Funded by Third Party

Management has indicated that needs will be funded by third parties. They will apply for low-income housing tax credits and conventional financing.

Acknowledgements

This assessment was conducted by individuals trained and experienced in building construction. The inspection included a review of pertinent available documentation (repair/replacement records, as-built drawings, etc.) and interviews with the property management staff and tenants. This assessment included a review of buildings, foundations, roofs, exterior/interior walls, mechanical systems, doors and windows, interior elements, landscaping, paved areas and utilities. Finally, this inspection included the preparation and submittal of a written report in a format consistent with USDA-Rural Development requirements. Some original or past rehabilitation construction documents were available for review.

GIBCO Environmental, LLC inspected the property, completed the field work, and completed the analysis and drafting of this report.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

The description of the property and its components is based upon visual observations, the inspector's knowledge of typical construction practices, as well as information obtained during personnel interviews. Site and management company staff were very helpful in providing documents and information. During our site visit Tara Alexander, the property manager provided information on the property and escorted us to all units inspected. Onsite personnel were very helpful and knowledgeable. They appeared to have a good understanding of the construction, operation and maintenance of the subject property.

To the best of our knowledge and belief, this report presents an accurate assessment of the condition of the subject property as of the date of this report and a reasonable forecast of the capital requirements necessary to operate the subject property for the next 20 years. While this analysis is based upon information obtained from sources believed to be reliable, no guarantee is made of its accuracy. GIBCO Environmental, LLC is an independent third-party CNA provider and certifies that there is no organizational conflict of interest or identity of interest with the owner, Management Company, or Rural Development regarding this Capital Needs Assessment work.

Accessibility Inspection:

The site and all public areas were screened for compliance with the Architectural Barriers Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. The Fair Housing Amendments Act effective date is 3/13/91, and this property does not have to comply with FHA accessibility requirements. Section 515 properties built / first occupied after June 10, 1982, but prior to 3/13/91 must comply with the Section 504 requirement for 5% fully accessible units and accessible route to those fully accessible units, but there is no requirement for all ground floor units to be on an accessible route.

Borrowers may incorporate the concept of "visit ability" if they so choose, but Rural Development will not require such modifications in properties built before this date of 3/13/1991. We inspected for compliance using industry standard checklists.

Dwelling units, common areas, handicap parking, mailboxes, trash dumpsters, and playgrounds are subject to compliance with UFAS. Under UFAS 5 percent of the total units, or 1 unit, whichever is greater, must be fully accessible. The mix of accessible units is to be comparable to the total mix of units at a specific property. The locations of accessible units are to be dispersed throughout the project.

Capital Needs Assessment



Project: [REDACTED] AS-IS

Date: March 20, 2023

ADA Guidelines require that 1 van-accessible parking space shall be made available for every 8 accessible spaces (but not less than one). Van Accessible and handicap parking space signs are also required, with a sign post and aisle directly connected to the accessible route.

Accessible Units

This property has a total of 24 units. There is one unit designated as accessible at this property. All handicap accessible units have several issues which need to be installed to be fully compliant as shown on the inspection checklist included. Insulation should be installed on all kitchen and bathroom hot water supply and waste drainpipes. Grab bars should be configured per ADA standards. Thermostats and electric switches should be no more than 4' above the floor. All doors on the accessible route should have lever handles.

Accessible Parking

All handicap parking spaces have several issues which need to be corrected. See the inspection sheets.

Accessible Routes

The site was inspected for accessible routes to all common areas. See the inspection sheets for details.

Capital Needs Assessment



Project: [REDACTED]

AS-IS

Date: March 20, 2023

Property Name: Surgate Pkts. Date: 4/21/2022

Unit Number	Parking Spaces							Ramps/Routes/Stairs										Ramp to Office/Unit (Width/Slope)	Comments
	Parking No. of Spaces	Parking Space Width (8' min or 11' Universal)	Access Aisle Adjacent for 8' space at 5' for 11' Universal	Slope of Accessible Parking/ Access Aisle (2%)	Visible Designation Sign	Van Accessible Sign	Shortest Distance to Office/HC Unit	Curb Cuts w/ Flared Sides	Sidewalk Adj to Parking (Min 36" wide - 8% slope)	Accessible Route Linking all elements on site	Changes in level of route greater than 1/2" beveled or ramped	Route slopes exceeding 5% are ramped	Ramps max 8.33% slope	Ramps min. 36" wide	Ramps greater than 6" rise or 72" long leave handrails	Stair Protection up to 27" max	Open Risers on Stairs		
Office	0								N			N	Y	Y	N		48/1.21	L C R	
103	1	151	80	1.04	67%	N	Y	Y	78"	N	N	N	Y	Y	N	N	Y	49/1.82	106" L 9.55 C 11.20 R 6.81
Laundry									N	N	N	N	Y	Y			59.5/11.91	L C R	
																		L C R	

Unit Number	Common Areas						Common Restrooms/Kitchen						Comments			
	Entrance threshold (1/2" Max)	32" Min Doorway	Lever Hardware on doors	Stable Flooring	Switch Height (15" - 48")	Outlets Height (15" - 48")	Thermosafe Height (15" - 48")	18" clearance on pull side of floor	Maneuvering roo. (5' circle or T shape)	Correct Grab Bars	Bottom of Mirror (40" Max from floor)	Lavatory/ Sink (34" Max from floor)		Lavatory/Sink Open Beneath	Lever Faucets	Pipes Covered
Office	1/2	35	N	Y	45%	11	35									
Laundry	1/2	35	N	Y	45%											
Comm. Room																
Kitchen																
Restroom(s)																
Lobby																
Business Center																
Halls																

Unit Number	Laundry Room						Playground/Mailboxes/Dumpsters		Comments
	Min of 1 front loading washer & dryer within reach	Washer/dryer controls within reach	30" X 48" Clear space at door	30" X 48" Clear space at washer	30" X 48" Clear space at dryer	30" X 48" Clear space at sink	Accessible Route	30" X 48" Clear Space	
Playground							N	N	
Pavilion/Gazebo							Y	Y	
Laundry							Y	Y	
Mailboxes							Y	Y	31"
Dumpsters							Y	Y	46 3/4" 2 ND - 50"

Capital Needs Assessment



Project: [REDACTED]

AS-IS

Date: March 20, 2023

Property Name: Sungate Apts Date: 4/21/2022

Handicap Accessibility													Comments
Unit Number	Min. 5% of Units	Meets Unit Mix	Entrance threshold (1/2" Max)	32" Min Doorway	36" wide Accessible Routs	Lever Hardware on doors	Switch Height (15" - 48")	Outlet Height (15" - 48")	Thermostat Height (15" - 48")	Closest Rod (Max 54")	Storage Shelving (9" - 54" above floor)	Floor covering is stable	
103			1 1/2	34	40 1/8	N	46 1/8	21 3/4	49 3/4	51	53 3/4	N	* Pad under carpet

Kitchen													Comments
Unit Number	Clearance between opposing side (40")	Clearance between opposing side (60" in U-shape)	Work Surface (30" wide min)	Work Surface (34" max above floor)	Wall Cabinet above Work Surface (48" max)	Sink Space (34" max above floor)	Sink Space (30" wide min)	Accessible Sink Controls	Sink pipes covered	Cabinet Hardware Accessible	Front Mounted Range Controls	Separate switch for Rangehood/Light	
103	41 1/2		34 1/8	35	53	35 1/2	36 1/8	Y	N	Y	Y	N	54

Bathroom													Comments
Unit Number	30" x 48" Clear floor space at door	Sink Space (34" max above floor)	Sink pipes covered	Bottom of Mirror (40" Max from floor)	30" x 48" Clear floor space at toilet	Correct Grab Bars	30" x 48" Clear floor space at tub	Tub Controls located properly	Secure Tub Seat Provided	Handheld Shower Nozzle 60" long	Lever Faucets		
103	Y	35 1/8	N	48	87"	N	Y	Y	Y	Y	N		

Capital Needs Assessment Project Summary



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Provider

Name: GIBCO Environmental, LLC
Addr1: 1651 E. 70th ST.
Addr2: PMB 403
City: Shreveport
State: LA **Zip Code:** 71105
Phone: (318) 524-0177
Email: gibson.gibco@fgibsonconsulting.c

Owner

Name: _____
Addr1: _____
Addr2: _____
City: _____
State: _____
Phone: _____
Email: _____

Site Information / Unit Mix

Type: Family
Year Built: 1983
Last Renovated: _____
1 Bedroom Apts: 9
2 Bedroom Apts: 15
3 Bedroom Apts: _____
4 Bedroom Apts: _____
Fully Acc. Apts: 1 in above
Total Dwelling Units: 24

Project

Name: [REDACTED] AS-IS
Addr1: _____
Addr2: _____
City: _____
State: _____
County: _____
Phone: _____
Email: _____

Inspection Report

Date: 4/21/2022
Inspector: Debbie Amox-GIBCO

Capital Needs Assessment
Narrative

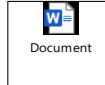


Project: [REDACTED]

AS-IS

Date: 6/27/2023

DOUBLE CLICK HERE TO INSERT THE NARRATIVE->



Instruction - Double click on the Microsoft Word Document link (above) to insert the narrative section in accordance with the categories listed below:

Capital Needs Summary - Include a general description of the property and purpose of the assessment. Summarize the total budget for capital needs, including funds needed in the reserve account and funds from any third party source. Explain which property components will absorb a majority of the needed funds.

Health and Safety - Include specific items that must be remedied immediately. Such items as an inoperable central fire alarm system, missing / unsecured railings, blocked / inadequate fire egress, or property wide rodent infestation would be entered here

Site - Include specific site amenities, such as walks and fencing, that need to be specially maintained, repaired, replaced, or improved immediately or during the 20-year long term schedule. Describe the condition of the items and when the appropriate actions are needed

Architectural - Include specific architectural elements, such as roofing and interior common areas, that need to be specially maintained, repaired, replaced, or improved immediately or during the 20-year long term schedule. Describe the condition of the items and when the appropriate actions are needed.

Mechanical and Electrical - Include specific mechanical and electrical materials, such as furnaces and meters, that need to be specially maintained, repaired, replaced, or improved immediately or during the 20-year long term schedule. Describe the condition of the items and when the appropriate actions are needed.

Dwellings - Include specific dwelling unit items, such as appliances and flooring, that need to be specially maintained, repaired, replaced, or improved immediately or during the 20-year long term schedule. Describe the condition of the items and when the appropriate actions is needed

Accessibility - Include items such as:

- How the property meets applicable local, state, and federal laws and standards for accessibility.
- Description of any actions and their estimated costs to correct any deficiencies noted during the inspection.
- An opinion on the adequacy of any existing property Transition Plan to achieve compliance.

Environmental - Include items such as:

- An assessment of observed or potential on-site environmental hazards.
- Results of any existing tests for the presence of radon, lead in water or paint, mold, and other environmental concerns.
- An opinion on the adequacy of any existing lead based paint risk assessment for properties constructed before 1978.

Recommendations - Include recommendations for any additional professional reports as deemed necessary, such as additional investigations on potential structural defects or environmental hazards

Needs Funded by Third Party - Identify any needs being or to be funded from a third party, such as tax credits. Include a description of the work, the source of funds, the year's) the work is planned to be completed, and the total estimated costs in current dollars

Acknowledgements - Include the names and addresses of persons who: were interviewed during or as part of the inspection; provided information for the assessment; and performed any portion of the assessment on behalf of the provider.

Capital Needs Assessment
Inspected Units



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Unit Number	Size	Fully Accessible unit?	Comments
1	401	2	No
2	406	1	No
3	405	2	No
4	101	1	No
5	102	2	No
6	103	1	Yes
7	105	2	No
8	106	1	No
9	201	2	No
10	202	2	No
11	203	1	No
12	301	2	No
13	302	2	No
14			
15			
16			
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**Capital Needs Assessment
Materials and Conditions - Site**



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	EUL	AGE	RUL	Cond	Action	DUR	QTY	Unit	Unit Cost	Total Cost	Comments
Accessibility Compliance	50	40	1	Fair	Construct	1	1	lump sum	21745	21745	accessibility routes
Landscaping	40	40	1	poor	Construct	1	1	lump sum	45000	45000	additional landscaping for curb appeal
Storm Water: earthwork, swales, drainways, erosion controls	50	40	1	Fair	Repair	1	4	ea	2500	10000	erosion control around all buildings
Paving pedestrian: concrete	50	40	1	Fair	Replace	1	2600	sf	12.9	33540	repair, replace sidewalks as needed
Paving vehicular: concrete pavement	50	40	1	Fair	Replace	1	13000	sf	10.88	141440	replace concrete streets
Sanitary: sewer lines	50	40	10	Good	Repair	1	4	ea	1400	5600	replace at EUL
Water Mains/Valves	50	40	10	Good	Repair	1	4	ea	1400	5600	replace at EUL
Paving vehicular: Striping and Marking	15	40	1	Poor	Repair	1	1	lump sum	1600	1600	
Curbing: concrete	50	40	1	Fair	replace	1	1	lump sum	7500	7500	
Mail Kiosk	15	19	1	Fair	replace	1	32	ea	125	4000	
Tot Lot: playground equipment	20	20	1	poor	replace	1	4	ea	1300	5200	
Lighting: building mounted lighting	10	19	1	Fair	Replace	1	4	bldgs	600	2400	
Fencing: wood board (=>1"x6")	15	14	1	Fair	Replace	1	80	lf	26	2080	screening for dumpsters

**Capital Needs Assessment
Capital Needs Over the Term - Site**



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	H & S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Accessibility Compliance	0	21745	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21745
Landscaping	0	45000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45000
Storm Water: earthwork, swales, drainways, erosion controls	0	10000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10000
Paving pedestrian: concrete	0	33540	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33540
Paving vehicular: concrete pavement	0	141440	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	141440
Sanitary: sewer lines	0	0	0	0	0	0	0	0	0	0	5600	0	0	0	0	0	0	0	0	0	0	5600
Water Mains/Valves	0	0	0	0	0	0	0	0	0	0	5600	0	0	0	0	0	0	0	0	0	0	5600
Paving vehicular: Striping and Marking	0	1600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1600	0	0	0	0	3200
Curbing: concrete	0	7500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7500
Mail Kiosk	0	4000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4000	0	0	0	0	8000
Tot Lot: playground equipment	0	5200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5200
Lighting: building mounted lighting	0	2400	0	0	0	0	0	0	0	0	0	2400	0	0	0	0	0	0	0	0	0	4800
Fencing: wood board (=>1"x 6")	0	2080	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2080	0	0	0	0	4160
Uninflated Totals	0	274505	0	0	0	0	0	0	0	0	11200	2400	0	0	0	0	7680	0	0	0	0	295785
Inflation Factor (3%)	1.0000	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535	
Inflated Totals	0	274505	0	0	0	0	0	0	0	0	14613	3225	0	0	0	0	11965	0	0	0	0	304309

**Capital Needs Assessment
Materials and Conditions - Architectural**



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	EUL	AGE	RUL	Cond	Action	DUR	QTY	Unit	Unit Cost	Total Cost	Comments
Exterior wall: brick/block veneer	60	40	20	Good	No Action	0	0	0	0	0	
Exterior wall: plywood/laminated panels	20	40	1	poor	replace	1	7800	sf	7	54600	Replace all with cement Board
Insulation: loose fill, fiberglass, cellulose, mineral wool	50	40	1	poor	replace	1	72000	sf	0.55	39600	r38 attic, r30 walls
Roofing: asphalt dimensional shingle 30 yr+	30	4	26	Good	replace	1	200	squares	290	58000	
Doors: unit entry, door solid wood/metal clad	25	40	1	poor	replace	1	25	ea	450	11250	Entry doors and hardware
Doors: common exterior door, solid wood /metal clad	25	40	1	poor	replace	1	24	ea	585	14040	outside storage doors
Windows: aluminum	35	40	1	fair	replace	1	92	ea	845	77740	replace with low-e vinyl
Foundation: slab, reinforced concrete or post-tensioned	100	40	60	Good	No Action	0	0	0	0	0	
Building structure: wood, timbers, dimensioned lumber, laminated beams, trusses	100	40	60	Good	No Action	0	0	0	0	0	
Doors: passage & lock sets	12	11	1	fair	replace	1	24	units	125	3000	
Soffits: wood, vinyl or metal	20	40	1	fair	replace	1	4	BLDG	12500	50000	Replace all with cement Board
Fascia: wood or vinyl	20	40	1	fair	Replace	1	4	BLDG	4500	18000	Replace all with cement Board
Roof System: wood frame and board or plywood sheathing	75	40	35	Good	No Action	0	0	0	0	0	
Gutters/Downspouts: aluminum/vinyl	20	19	1	Poor	Construct	1	1200	lf	7.5	9000	add gutters and downspouts
Stair, Exterior: wood frame/stringer	30	40	1	fair	replace	1	4	bldgs	18000	72000	replace with steel, closed risers
Railings: wood	20	40	1	Good	replace	1	4	bldgs	4500	18000	replace with steel

Capital Needs Assessment Capital Needs Over the Term - Architectural



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	H & S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Exterior wall: brick/block veneer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exterior wall: plywood/laminated panels	0	54600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	54600
Insulation: loose fill, fiberglass, cellulose, mineral wool	0	39600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	39600
Roofing: asphalt dimensional shingle 30 yr+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Doors: unit entry, door solid wood/metal clad	0	11250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11250
Doors: common exterior door, solid wood /metal clad	0	14040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14040
Windows: aluminum	0	77740	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	77740
Foundation: slab, reinforced concrete or post-tensioned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Building structure: wood, timbers, dimensioned lumber, laminated beams, trusses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Doors: passage & lock sets	0	3000	0	0	0	0	0	0	0	0	0	0	0	3000	0	0	0	0	0	0	0	6000
Soffits: wood, vinyl or metal	0	50000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50000
Fascia: wood or vinyl	0	18000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18000
Roof System: wood frame and board or plywood sheathing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gutters/Downspouts: aluminum/vinyl	0	9000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9000
Stair, Exterior: wood frame/stringer	0	72000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	72000
Railings: wood	0	18000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18000
Uninflated Totals	0	367230	0	0	0	0	0	0	0	0	0	0	0	3000	0	0	0	0	0	0	0	370230
Inflation Factor (3%)	1.0000	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535	
Inflated Totals	0	367230	0	0	0	0	0	0	0	0	0	0	0	4277	0	0	0	0	0	0	0	371507

Capital Needs Assessment
Materials and Conditions - Mechanical & Electrical



Capital Needs Assessment
Capital Needs Over the Term - Mechanical & Electrical



Project: [REDACTED] AS-IS Date: 6/27/2023											Project: [REDACTED] AS-IS Date: 6/27/2023																																				
Item	EUL	AGE	RUL	Cond	Action	DUR	QTY	Unit	Unit Cost	Total Cost	Comments	H & S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total														
DHW: gas or electric, residential unit	12	17	1	fair	replace	1	25	ea	800	20000	average age 17	0	20000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40000													
HVAC: AC condenser, pad or rooftop, electric	15	25	1	fair	replace	1	24	ea	2800	67200	replace all for energy efficiency	0	67200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	134400												
HVAC: furnace/air handler, electric	20	25	1	fair	maintain	1	24	ea	1400	33600	replace all for energy efficiency	0	33600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33600												
Electric: electric panel, dwelling unit	50	40	10	Good	replace	1	24	ea	2600	62400		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62400													
Electric: switches & outlets	35	40	1	fair	replace	1	24	units	1800	43200		0	43200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	43200												
Electric: wiring, building/unit	50	40	1	Good	replace	1	24	units	8000	192000		0	192000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	192000												
Plumbing: faucets & valves	15	20	1	fair	replace	1	24	units	200	4800		0	4800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9600												
Plumbing: toilets/bidets/urinals	40	40	1	fair	replace	1	24	ea	305	7320		0	7320	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7320												
Plumbing: tub/shower units or integrated assemblies	30	40	1	fair	replace	1	24	ea	2600	62400		0	62400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62400												
Lighting: interior common space	25	20	1	fair	replace	1	16	ea	125	2000	fluorescent	0	2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2000												
Lighting: tenant spaces	20	20	1	fair	replace	1	24	units	375	9000		0	9000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9000												
Lighting: exterior entrn	15	20	1	fair	replace	1	24	units	100	2400		0	2400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4800												
Uninflated Totals												0	443920	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600720			
Inflation Factor (3%)												1.0000	1.0000	1.0300	1.0609	1.0927	1.1255	1.1592	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4686	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535															
Inflated Totals												0	443920	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	669766

**Capital Needs Assessment
Materials and Conditions - Dwelling Units**



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	EUL	AGE	RUL	Cond	Action	DUR	QTY	Unit	Unit Cost	Total Cost	Comments
Accessibility Compliance	50	40	1	poor	construct	1	2	ea	6900	13800	retrofit 2 units, see checklist in narrative
Appliances: range, cooktop, wall oven	15	20	1	fair	replace	1	24	ea	875	21000	
Appliances: range hood	15	20	1	fair	replace	1	24	ea	200	4800	
Appliances: refrigerator/freezer	12	18	1	fair	replace	1	24	ea	975	23400	
Bath: accessories (towel bars, grab bars, etc)	7	15	1	fair	replace	1	24	ea	200	4800	
Cabinets & vanities	20	40	1	fair	Replace	1	24	units	3050	73200	includes bath vanities
Ceiling: drywall	35	40	1	fair	Repair	1	24	units	2800	67200	
Countertops: plastic laminates, wood	15	40	1	fair	replace	1	24	units	450	10800	
Doors: interior, hollow core doors	20	40	1	fair	replace	1	122	ea	125	15250	
Floors: carpet	7	18	1	fair	replace	1	14000	sf	3.1	43400	replace with LVT
Floors: resilient tile or sheet floor (vinyl, linoleum)	15	18	1	fair	replace	1	16000	sf	3.1	49600	replace with LVT
Walls: drywall	35	40	1	fair	repair	1	1	lump sum	215000	215000	
Window treatments: drapery rods, shades, blinds, etc	10	18	1	fair	Replace	1	24	units	250	6000	
Appliances: disposal (food waste)	7	6	1	fair	construct	1	24	ea	350	8400	add garbage disposal

Capital Needs Assessment Capital Needs Over the Term - Dwelling Units



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	H & S	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038	16 2039	17 2040	18 2041	19 2042	20 2043	Total
Accessibility Compliance	0	13800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13800
Appliances: range, cooktop, wall oven	0	21000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21000	0	0	0	0	42000
Appliances: range hood	0	4800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4800	0	0	0	0	9600
Appliances: refrigerator/freezer	0	23400	0	0	0	0	0	0	0	0	0	0	0	23400	0	0	0	0	0	0	0	46800
Bath: accessories (towel bars, grab bars, etc)	0	4800	0	0	0	0	0	0	4800	0	0	0	0	0	0	4800	0	0	0	0	0	14400
Cabinets & vanities	0	73200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	73200
Ceiling: drywall	0	67200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	67200
Countertops: plastic laminates, wood	0	10800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10800	0	0	0	0	21600
Doors: interior, hollow core doors	0	15250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15250
Floors: carpet	0	43400	0	0	0	0	0	0	43400	0	0	0	0	0	0	43400	0	0	0	0	0	130200
Floors: resilient tile or sheet floor (vinyl, linoleum)	0	49600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	49600	0	0	0	0	99200
Walls: drywall	0	215000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	215000
Window treatments: drapery rods, shades, blinds, etc	0	6000	0	0	0	0	0	0	0	0	6000	0	0	0	0	0	0	0	0	0	0	12000
Appliances: disposal (food waste)	0	8400	0	0	0	0	0	0	8400	0	0	0	0	0	0	8400	0	0	0	0	0	25200
Uninflated Totals	0	556650	0	0	0	0	0	0	56600	0	0	6000	0	23400	0	56600	86200	0	0	0	0	785450
Inflation Factor (3%)	1.0000	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535	
Inflated Totals	0	556650	0	0	0	0	0	0	69611	0	0	8063	0	33363	0	85613	134297	0	0	0	0	887597

Capital Needs Assessment Executive Summary



Project: [REDACTED]

AS-IS

Date: 6/27/2023

Item	H & S	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038	16 2039	17 2040	18 2041	19 2042	20 2043	Total	
Site	0	274505		0	0	0	0	0	0	0	11200	2400	0	0	0	0	7680	0	0	0	0	\$295,785	
Architecture	0	367230		0	0	0	0	0	0	0	0	0	0	3000	0	0	0	0	0	0	0	\$370,230	
Mech & Electric	0	443920		0	0	0	0	0	0	0	62400	0	0	20000	0	0	74400	0	0	0	0	\$600,720	
Dwelling Units	0	556650		0	0	0	0	0	56600	0	0	6000	0	23400	0	56600	86200	0	0	0	0	\$785,450	
Uninflated Totals	0	1,642,305		0	0	0	0	0	56,600	0	73,600	8,400	0	46,400	0	56,600	168,280	0	0	0	0	\$2,052,185	
Inflation Factor (3%)	1.0000	1.0000		1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535	
Inflated Totals	0	1,642,305		0	0	0	0	0	69,611	0	96,031	11,289	0	66,155	0	85,613	262,175	0	0	0	0	\$2,233,179	

		Non-Inflated	Inflated
Immediate Capital Needs:		\$0	\$0
Total Capital Needs Over the Term:		\$2,052,185	\$2,233,179
Grand Total Capital Needs:		\$2,052,185	\$2,233,179
Units: 24	Capital Needs Per Unit	\$85,508	\$93,049

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



Project Sign



Sidewalk



Street



Mail Kiosk, typical

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



Street



Dumpster



Dumpster screen



Street and parking

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



HC parking



Curb



Sports Court



Swing set

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



BLDG 1



Stairs



Siding



BLDG 2

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



AC unit



roof



Soffit and Fascia



Storage doors

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



BLDG 3



Entry Door



Window



Siding

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



BLDG 4



Stairs



Office



Office window unit

Capital Needs Assessment
Photos

Project: [REDACTED]

AS-IS

Date: 6/27/2023



Laundry



Office



Unit 101



Unit 101

Capital Needs Assessment
Photos

Project: [REDACTED]

AS-IS

Date: 6/27/2023



Unit 102



Unit 102



Unit 103 HC



Unit 103 HC

Capital Needs Assessment
Photos



Project: [REDACTED] AS-IS

Date: 6/27/2023



Unit 105



Unit 105



Unit 106



Unit 106

Capital Needs Assessment
Photos

Project: [REDACTED]

AS-IS

Date: 6/27/2023



Unit 201



unit 201



Unit 202



Unit 202

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



Unit 203



Unit 203



Unit 301



Unit301

Capital Needs Assessment
Photos



Project: [REDACTED]

AS-IS

Date: 6/27/2023



Unit 302



Unit 302



Unit 401



Unit 401

Capital Needs Assessment
Photos



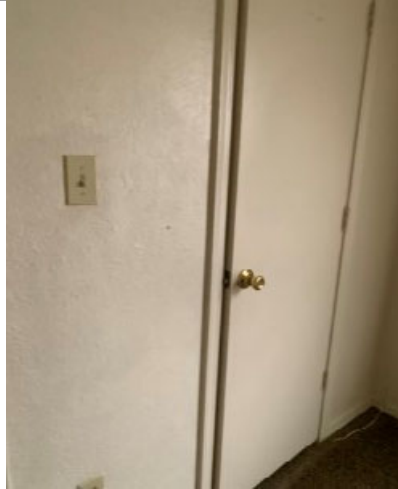
Project: [REDACTED]

AS-IS

Date: 6/27/2023



Unit 405



Unit 405



Unit 406



Unit 406



USDA RD Transfer Application

Proposed Post Construction
Operating Budget

The Proposed Project Budget

Item 17 – CFR 7 3560; 7-B-1 Checklist

Proposed Project Budget

- a. Form 3560-7
- b. Budget Narrative

Proposed Project Budget

Purchaser's proposed POST CONSTRUCTION budget for first year of operations

When reviewing the budget for post construction operations, please refer to the MFIS reports that were initially requested at the concept call.

- | | | |
|----|---------------|---|
| 1. | PRJS 4200 | OCCUPANCY TREND REPORT LAST 3 YEARS (PDF) |
| 2. | MFIS FIN 1200 | BALANCE SHEET (EXCEL) |
| 3. | MFIS FIN 1700 | BUDGET HISTORY (EXCEL) |
| 4. | MFIS FIN 2000 | RESERVE BALANCE (EXCEL) |

Items 2, 3, 4 will be uploaded to the PAT (Preliminary Assessment Tool) to provide you the information that was reported from the management company and what USDA will use to determine the variances.

Important Points to Note:

- USDA will use the 100% fee possible to be earned by the management company.
- USDA will also use the 3-year vacancy rate PLUS 2% in their proposed budget review.

Unfortunately, this is a double hit on the budget since it is highly unlikely that a property is always 100% occupied and the management will earn 100% of the fee for the same reason. Rationale for management fee is the full amount is listed in case it can be fully earned. Otherwise, management is limited to the amount approved.

Proposed Project Budget

When reviewing the budgets, I recommend requesting the 3-year property audits WITH actuals (3560-10) and the YTD Budget Comparison to extrapolate from the current management team.

Pro Tips:

- If any line item is more or less than 10% than the previous approved budget; an explanation is required.
- Please consider adding 3% inflation to current year actuals.
- RD will request a personnel breakdown with regards to FTE/PTE hours, wages, insurance, and workers comp.
- RD will request an insurance quote issued from a provider.
- RD will also request the real estate bill(s) and proof if any property qualifies for a tax abatement.
- Please make sure that you understand what is an allowable expense vs. ineligible expenses. Sometimes it is just understanding the proper phase/term. Review Chapter 4: Financial Management; Attachment 4-C and Section 4.14 Budget Requirements.

PART I - CASH FLOW STATEMENT

Project(s) Below Example

	CURRENT BUDGET 2022	AVERAGE ACTUAL Avg Last 3 Yrs	RECENT ACTUALS 2021	PROPOSED BUDGET Underwritten	COMMENTS or YTD (- -) (- -)
OPERATIONAL CASH SOURCES	(12 Month Budget)				
1 RENTAL INCOME	386,220	178,072	158,541	684,804	COMMENTS
2 RHS RENTAL ASSISTANCE RECEIVED . .		190,762	185,471		
3 APPLICATION FEES RECEIVED	-	-	-		
4 LAUNDRY AND VENDING	1,900	1,751	1,696	1,900	2022 budget
5 INTEREST INCOME	10	10	10		
6 TENANT CHARGES	990	1,606	2,475		
7 OTHER - PROJECT SOURCES	-	25,001	41,792		
8 LESS (Vacancy and Contingency Allowance, 4%	(15,989)			(34,240)	5.00% Vacancy
9 LESS (Agency Approved Incentive Allowances)	-				
10 SUB-TOTAL [(1 thru 7) - (8 & 9)]	373,131	397,203	389,985	652,464	
NON-OPERATIONAL CASH SOURCES					
11 CASH - NON PROJECT	-	-	-		
12 AUTHORIZED LOAN (Non-RHS)	-	-	-		
13 TRANSFER FROM RESERVE	-	324	493		
14 SUB-TOTAL (11 thru 13)	-	324	493	-	
15 TOTAL CASH SOURCES (10 + 14)	373,131	397,527	390,478	652,464	
OPERATIONAL CASH USES					
16 TOTAL O&M EXPENSES (From Part II) . .	304,987	263,430	279,233	330,684	
17 RHS DEBT PAYMENT	20,788	20,604	20,788	18,652	
18 RHS PAYMENT (Overage)		-	-		
19 RHS PAYMENT (Late Fee)		-	-		
20 REDUCTION IN PRIOR YEAR PAYABLES . .		-	-		
21 TENANT UTILITY PAYMENTS		-	-		
22 TRANSFER TO RESERVE	23,808	23,808	23,808	20,400	
23 RETURN TO OWNER	-	-	-	38,188	38188
24 SUB-TOTAL (16 thru 23)	349,583	307,843	323,829	407,924	
NON-OPERATIONAL CASH USES					
25 AUTHORIZED DEBT PAYMENT (Non-RHS)	-	-	-	243,410	
26 LONG-TERM IMPROVEMENTS	-	324	493		
27 MISCELLANEOUS	-	-	-		
28 SUB-TOTAL (25 thru 27)	-	324	493	243,410	
29 TOTAL CASH USES (24 + 28)	349,583	308,167	324,322	651,334	
30 NET CASH (DEFICIT) (15 - 29)	23,548	89,360	66,156	1,130	0%
CASH BALANCE					
31 BEGINNING CASH BALANCE	936172.80	945,812	1,027,945	61,806	
32 ACCRUAL TO CASH ADJUSTMENT					
33 ENDING CASH BALANCE (30+31+32) . . .	959,721	1,035,172	1,094,101	62,936	

PART II - OPERATING AND MAINTNANCE EXPENSE SCHEDULE									
Project(s) Below VILLAGE GREEN II	2022 BUDGET	Avg Last 3 yrs Actual	2021 ACTUAL	Underwritten PROPOSED	Comments Required if Subtotals Highlighted	MFIS 1700 will load State Averages for 2018			
					COMMENTS	Project Actuals 2021	Project Underwritten	CALIFORNIA State Avg	
1. MAINTENANCE & REPAIRS PAYROLL	37,750	29,079	33,027	34,821	\$23/hr @25 HPW + janitor \$21/hr@4 hpw + 3% inflation	1,001	1,055	630	
2. MAINTENANCE & REPAIRS SUPPLY	8,000	12,129	14,319	8,000	Reduced due to rehab	434	242	166	
3. MAINTENANCE & REPAIRS CONTRACT	15,000	14,583	10,340	15,000	Reduced due to rehab-offset by inflation	313	455	187	
4. PAINTING AND DECORATING	1,000	1,417	1,775	1,000	reduced due to rehab	54	30	40	
5. SNOW REMOVAL	-	-	-	-		0	0	5	
6. ELEVATOR MAINT/CONTRACT.....	-	-	-	-		0	0	8	
7. GROUNDS	20,020	21,617	24,330	20,620	2022 + 3%	737	625	217	
8. SERVICES	2,100	2,078	3,437	2,600	Pest, fire	104	79	83	
9. CAPITAL BUDGET (Part V operating)	15,300	9,528	8,178	1,000	post rehab	248	30	198	
10. OTHER OPERATING EXPENSES (Itemize)	775	1,566	1,436			44	0	11	
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) ..	99,945	91,998	96,842	83,041		2,935	2,516	1,546	
12. ELECTRICITY	3,650	3,376	4,028	3,000	reduced due to common area solar	122	91	182	
13. WATER	12,600	13,423	14,301	14,730	3% increase from actuals	433	446	347	
14. SEWER	26,330	28,714	29,757	30,790	2022 billing from Sonoma County	902	933	404	
15. FUEL (Oil/Coal/Gas)	1,200	1,188	1,310	1,500	3% increase from actual	40	45	68	
16. GARBAGE & TRASH REMOVAL .	13,800	14,225	14,096	15,845	3% increase from actual	427	480	250	
17. OTHER UTILITIES	500	640	761	900	Cable	23	27	5	
18. SUB-TOTAL UTILITIES (12 thru 17) ..	58,080	61,567	64,253	66,765		1,947	2,023	1,256	
19. SITE MANAGEMENT PAYROLL .	26,075	37,965	42,689	30,766	\$18.59 per hour x 30 hpw plus 3% inflation	1,294	932	627	
20. MANAGEMENT FEE	26,928	26,400	26,928	31,284	\$79.00 PUPM	\$72.00	816	948	718
21. PROJECT AUDITING EXPENSE	7,500	-	-	7,500	per quote	0	227	153	
22. PROJECT BOOKKEEPING/ACCOUNTING	-	-	-	-		0	0	0	
23. LEGAL EXPENSES	1,500	106	177	1,500	1 eviction	5	45	41	
24. ADVERTISING	500	-	-	500		0	15	8	
25. TELEPHONE & ANSWERING SERVICE	4,908	5,470	5,008	5,100	3 year average	152	155	78	
26. OFFICE SUPPLIES ...	2,520	1,647	1,836	1,600	3 year average	56	48	65	
27. OFFICE FURNITURE & EQUIPMENT	-	-	-	-		0	0	5	
28. TRAINING EXPENSE ...	600	303	207	2,000	Increased training due to LIHTC	6	61	14	
29. HEALTH INS & OTHER EMP. BENEFITS	24,096	12,401	11,818	20,714	based off current rates + 3% inflation	358	628	141	
30. PAYROLL TAXES ...	5,801	5,038	5,105	4,735	based off current rates plus 3% inflation	155	143	109	
31. WORKER'S COMPENSATION ...	6,848	4,536	4,893	3,360	based off current rates + 3% inflation	148	102	125	
32. OTHER ADMIN EXPENSES (Itemize)	5,175	1,787	3,575	50,163	comp monitoring \$2200, credit/criminal/key \$2590, Tenant	108	1,520	122	
33. SUB-TOTAL ADMNSTRATIVE (19 thru 32) ..	112,451	95,651	102,236	159,222	include 538 Fee In Other Admin \$10873.00 (.25% 538 L	3,098	4,825	2,205	
34. REAL ESTATE TAXES ...	26,767	-	-	-	property is currently tax exempt and will remain tax exempt	0	0	191	
35. SPECIAL ASSESSMENTS	-	-	-	-		0	0	11	
36. OTHER TAXES, LICENSES & PERMITS	1,612	1,733	2,756	800	CA mandated fee required by TCAC	84	24	31	
37. PROPERTY & LIABILITY INSURANCE	6,132	10,276	10,596	18,229	per quote 3/30/2022	321	552	268	
38. FIDELITY COVERAGE INSURANCE	-	-	-	-		0	0	2	
39. OTHER INSURANCE	-	2,206	2,550	2,627	Director & Officer Insurance (property portion) 3% increase f	77	80	11	
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	34,511	14,215	15,902	21,656		482	656	514	
41. TOTAL O & M EXPENSES (11+18+33+40)	304,987	263,430	279,233	330,684		8,462	10,021	5,521	

Post Construction Proposed 3560-7 - Narrative

1	Maintenance & Repairs Salaries	\$34,821	Maintenance Tech is shared with another property. Salary is based on Maintenance Tech at \$23/hour. Three-year average with 2022 extrapolated is \$29,439. Using a 3% inflation concluded to \$30,322. Janitor at \$21/hour for 4 hours a week (\$4,368). Added an additional 3% inflation for \$4,499. Total is \$34,821.
2	Maintenance & Repairs Supply	\$8,000	Reduced due to rehab improvements
3	Maintenance & Repairs Contract	\$15,000	Reduced due to rehab improvements
4	Painting	\$1,000	Reduced due to rehab improvements
5	Snow Removal		n/a
6	Elevator Maintenance/Contract		n/a
7	Grounds	\$20,620	Based on 2022 budget plus 3% inflation
8	Services	\$2,600	Pest, Fire Inspection, Security Camera, etc.
9	CAPITAL BUDGET (n/a for loan sizing)	\$1,000	Per USDA entry - Misc. needs
10	Other Operating Expenses		-
11	Sub-Total Maint & Operating		
12	Electricity	\$3,000	Reduced due to common area solar
13	Water	\$14,730	3% inflation from actual
14	Sewer	\$30,790	2022 billing from Sonoma County
15	Fuel	\$1,500	3% inflation from actual
16	Trash Removal	\$15,845	3% inflation from actual
17	Other Utilities	\$900	Cable
18	Sub-Total Utilities		-
19	Site Management Payroll ("SMP")	\$30,766	Based on \$18.59/hour at 30 hours per week. Three-year average is \$29,189. Added an additional 3% inflation based on current.
20	Management Fee	\$31,284	Based on \$74 per occupied unit plus \$5 for multiple properties assuming 100% occupancy
21	Project Auditing Expense	\$7,500	Quote from CPA
22	Project Bookkeeping	\$0.00	Bookkeeping included in Management Fee
23	Legal Expenses	\$1,500	Based on one eviction per year average
24	Marketing/Advertising	\$500	Matched current approved budget
25	Telephone	\$5,100	Based on 3-year average
26	Office Supplies	\$1,600	Based on 3-year average
27	Office Furniture		-
28	Training Expense	\$2,000	Increased to include training, mileage, lodging
29	Health & Other Employee Benefits	\$20,714	Manager \$11,172; Maintenance \$7,272; Janitor \$1,667 (w/ 3% inflation)
30	Payroll Taxes	\$4,735	Manager \$2,522; Maintenance \$1,739; Janitor \$336 (w/ 3% inflation)
31	Workers Compensation	\$3,360	Manager \$1,643; Maintenance \$1,317; Janitor \$302 (w/ 3% inflation)
32	Other Admin plus RD G. Fee	\$50,163	Monitoring Fee \$2,200; Criminal/credit/key \$1,590; Tenant Services Coordinator \$30,000; Software \$3,500; G. Fee \$10,873 (25 bps); \$2,000 Tenant Files
33	Sub-Total Administrative		
34	Real Estate Taxes		Exempt per RCW
35	Special Assessments		-
36	Other Taxes, Licenses, Permits	\$800	CA mandated fee required by TCAC
37	Property Insurance	\$8,398	Based on 3/30/2022 quote
38	Fidelity Coverage Insurance		-
39	Other Insurance	\$2,627	Directors and Officer Insurance; only property portion. \$2,550 last year plus 3% inflation.

Post-rehab operating budget – Reminders

1. Projected post-rehab rents will not exceed the lesser of CRCU or, if applicable, the LIHTC rents required by the tax credit application, or any other restricted rents as approved during RD underwriting.
2. Proposed rents must be sufficient to meet all projected expenses including a reasonable allowance for operations and incidentals and are typically included in the estimated individual operating expense line items.
3. No more than a 10 percent change or variance in total project post-transfer closing operating expenses based on historical actual averages will be accepted for underwriting without an adequate justification acceptable to RD.
4. Net operating income (NOI) must also be sufficient to meet the general industry minimum standard of 1.15 Debt Service Coverage Ratio (DSCR) for all amortizing debt being placed on the property in the initial underwriting review and authorization determination based on the first year of typical operations (rents, O&M, etc.).

Initial DSCR of 1.15 through year 3 and may project subsequent DSCRs of 1.1 in years 4 and 5, and 1.0 for the remaining years solely for the purposes of the RD initial transfer analysis. Third-party lenders may require higher DSCR for their individual underwriting approval requirements.