



## KEYSER MARSTON ASSOCIATES

## MEMORANDUM

**ADVISORS IN:**

Real Estate  
Affordable Housing  
Economic Development

**BERKELEY**

Debbie M. Kern  
David Doezema

**LOS ANGELES**

Kathleen H. Head  
Kevin E. Engstrom  
Julie L. Romey  
Tim R. Bretz

**SAN DIEGO**

Paul C. Marra  
Linnie A. Gavino

**EMERITUS**

A. Jerry Keyser  
Timothy C. Kelly

**To:** Judson Brown, Housing Division Manager  
City of Santa Ana

**From:** Tim Bretz

**Date:** December 10, 2024

**Subject:** Habitat Alton Avenue – Preliminary Financial Gap Analysis

At your request, Keyser Marston Associates, Inc. (KMA) prepared a preliminary financial gap analysis for the project to be developed at 621 West Alton Avenue (Site) by Habitat for Humanity of Orange County (Habitat). Habitat is currently in discussions with the property owner to purchase the Site.

Habitat proposes to demolish the existing structures on the Site, and construct 40 for-sale units to be sold to low and moderate income households (Project). Habitat is requesting \$9.81 million in financial assistance from the City of Santa Ana (City). The purpose of the KMA analysis is to evaluate Habitat's financial assistance request.

**EXECUTIVE SUMMARY**

The results of the KMA financial gap analysis are compared to Habitat's financial proposal in the following table:

	KMA	Habitat	Difference
Total Development Costs	\$27,281,000	\$27,247,000	\$34,000
(Less) Total Available Revenue	(17,438,000)	(17,439,000)	(1,000)
Estimated Financial Gap	\$9,843,000	\$9,808,000	\$35,000

As shown in the preceding table, KMA estimates the Project's financial gap at \$9.84 million. Comparatively, Habitat is requesting \$9.81 million in financial assistance from the City. This equates to a \$35,000 or less than 1% differential. As such, it can be concluded that the proposed City's financial assistance is warranted by the Project's economics.

The City proposes to utilize HOME Program (HOME) funds that are allocated to the City by the United States Department of Housing and Urban Development (HUD). Based on a preliminary HOME unit subsidy estimate, the Project will need to designate at least 30 units as HOME units.

## PROJECT DESCRIPTION

The proposed scope of development can be described as follows:

1. The Site area totals approximately 87,110 square feet, or approximately 2.0 acres of land area.
2. The Site consists of multiple buildings that are used for religious entities. The buildings will be demolished in order to undertake the Project.
3. The Project's unit mix can be summarized as follows:
  - a. The Project will include 40 for-sale units, in 20 duplex buildings, which equates to a density of 20 units per acre.
  - b. Each of the units will include three bedrooms and one and a half bathrooms.
  - c. The units will consist of approximately 1,070 square feet of gross building area (GBA).
  - d. The Project's total GBA is estimated at 42,800 square feet.

4. The Project will include 96 parking spaces consisting of the following:
  - a. Each unit incorporates an attached garage consisting of one parking space plus an additional surface parking space adjacent to each unit.
  - b. Sixteen (16) additional surface parking spaces will be provided, including two accessible stalls.
5. The Project's affordability mix will consist of the following:
  - a. Thirty (30) units will be designated as HOME units and restricted to Low Income households; and
  - b. The remaining ten (10) units will be restricted to Moderate Income households.

## FINANCIAL GAP ANALYSIS

KMA prepared a pro forma analysis to estimate the Project's financial gap. The analysis is located at the end of this memorandum, and is organized as follows:

Table 1:	Estimated Development Costs
Table 2:	Estimated Available Revenue
Table 3:	Estimated Financial Gap
Table 4:	Silent Second Mortgage Revenue Calculations
Table 5:	Preliminary HOME Cost Allocation
Table 6:	Affordable Sales Price Calculation (HOME Units)

## ESTIMATED DEVELOPMENT COSTS (TABLE 1)

KMA reviewed Habitat's December 2024 pro forma, and then independently prepared a pro forma analysis for the Project. The resulting development costs are estimated as follows:

### Property Assemblage Costs

The property assemblage costs are estimated at \$4.93 million as follows:

### PROPERTY ACQUISITION COSTS

Based on information provided by Habitat, Habitat is proposing to purchase the Site for \$4.25 million, or \$49 per square foot of land area. Habitat did not provide an appraisal and/or purchase and sale agreement to confirm the purchase price.

### RELOCATION COSTS

The property consists of multiple buildings that are leased to three tenants. Per Habitat, Federal relocation requirements stipulate that the maximum relocation assistance for businesses is \$53,200 plus three months of rent payments, if required. As such, Habitat estimates the total relocation assistance at \$213,000. However, Habitat did not provide a relocation plan for review. The City should review the relocation plan prior to disbursement of any financial assistance.

### LOST RENT TO SELLER

The Seller has agreed to hold the property during the development period and complete the purchase transaction upon completion of construction. As such, the Seller will be holding the property for the estimated development period of approximately 24 months prior to receiving the agreed-upon purchase price.

To account for this holding period, Habitat is proposing to compensate the Seller for the loss of rent payments during the 24-month development period. Habitat estimates the lost rent payments to be made to the Seller at \$386,000.

### CLOSING COSTS

Habitat estimates the closing costs at 2% of the purchase price, or \$85,000.

### Direct Costs

The direct costs assume that the Project will be subject to Federal Davis Bacon prevailing wage requirements. In addition, the Project is subject to the provisions of the Build America Buy America Act (BABA). The direct costs can be summarized as follows:

1. Habitat estimates the site improvement costs at \$4.0 million, or \$46 per square foot of land area. The site improvement budget includes costs for demolition, grading, sewer

system, utility connections, paving, landscaping, open space areas and street improvements.

2. The building costs are estimated at \$10.70 million, or approximately \$267,500 per unit.
3. The general conditions are estimated at 2.5% of construction costs, or \$367,000.
4. Habitat will charge for the costs to supervise the construction of the Project. Habitat set the supervision costs at \$320,000, which is based on \$12,800 per month for 25 months.
5. A direct cost contingency allowance equal to 10% of other direct costs is provided.

KMA estimates the total direct costs at \$16.89 million, which equates to approximately \$422,200 per unit.

### Indirect Costs

KMA utilized the following assumptions in estimating the indirect costs:

1. The architecture, engineering and consulting costs are estimated at 6% of direct costs, or \$1.01 million.
2. Habitat estimates the public permits and fees costs at \$45,700 per unit, or \$1.83 million. City staff should verify the accuracy of this estimate.
3. The taxes, insurance, legal and accounting costs are estimated at 3% of direct costs, or \$507,000.
4. The Developer Fee is set at \$844,000 which is based on the following:
  - a. Management and Overhead costs are set at \$444,000 based on:
    - i. Project Management: \$3,500 per month for 24 months; and
    - ii. Administration: \$10,000 per month for 36 months.
  - b. Habitat will charge the Project to provide homeownership services to potential affordable homebuyers. Habitat set this fee at \$10,000 per unit.
5. An indirect cost contingency allowance equal to 10% of other indirect costs is provided.

KMA estimates the total indirect costs at \$4.61 million.

### Financing Costs

1. The interest costs to be incurred during the construction period are estimated at \$489,000. This cost estimate is based on the following:
  - a. KMA assumes that Habitat will obtain a construction loan from a third party lender for the Project. KMA estimates the construction loan amount at \$7.52 million, which is calculated based on the total development costs less the purchase price, Habitat fundraising assistance, Developer Fee, homebuyer closing costs, HOA reserves and warranty costs.
  - b. Habitat assumes the construction loan will carry the following terms:
    - i. A 6.5% interest rate;
    - ii. A 24-month construction period; and
    - iii. A 50% average outstanding balance.
2. The financing fees for the construction loan are estimated at 1.0 point, or \$75,000.
3. The closing costs related to the sale of each affordable unit are set at \$3,000 per unit, or \$120,000.
4. Habitat proposes to fund a \$24,000 reserve for the Homeowners Association.
5. The warranty costs are estimated at \$140,000, which equates to \$3,500 per unit.

KMA estimates the total financing costs at \$848,000.

### TOTAL DEVELOPMENT COSTS

As shown in Table 1, KMA estimates the total development costs at \$27.28 million. In comparison, Habitat estimates the total development costs at \$27.25 million. This represents a \$34,000 differential, which equates to less than 1% of the total development costs.

It is important to note that the site plan and development scope have not been finalized. Given the preliminary nature of Habitat's proposal, this analysis will need to be revised if the scope of development changes materially.

## Estimated Available Revenue

KMA estimates the revenue available to the Project as follows:

### LOW INCOME SALES PRICES – HOME UNITS

The Project is required to designate at least 30 units as HOME units. The HOME Program does not define a methodology for setting the affordable sales prices. As such, KMA estimated the Low Income sales prices for the HOME units as follows:

1. The household income used in the calculations is based on the Low Income limits published by HUD. KMA assumes the household size is estimated at one plus the number of bedrooms (four persons for a three-bedroom unit).
2. Since the Project consists of more than four units, the Project is required to have an HOA. Habitat estimates the annual HOA dues at \$400 per unit per month.
3. Habitat estimates the homeowner's insurance cost at 0.75% of the affordable sales price, or approximately \$2,250 per year.
4. The annual utilities are based on the utility allowances published by the Santa Ana Housing Authority (SAHA) as of October 1, 2024. KMA assumes the homeowners will pay for: electric cooking, electric heating, electric water heating, basic electricity, air conditioning, water, sewer and trash.
5. Habitat estimates the property tax cost based on 1.25% of the estimated affordable sales price.
6. The mortgage interest rate is set at 7.0%. The mortgage is assumed to be fully amortizing over 30 years and provided by a conventional lender.
7. The homebuyer downpayment is set at 5% of the affordable sales price.

Based on the assumptions outlined above, KMA estimates the Low Income Affordable Sales Prices for the HOME units at \$300,200.

### MODERATE INCOME SALES PRICES

The City is only providing HOME funds to the Project. The \$9.81 million in proposed HOME assistance requires at least 30 Low Income units. Habitat proposes to restrict the remaining ten units to moderate income households. The City is amenable to Habitat establishing the affordable sales prices for the Moderate Income units. Habitat is currently estimating the moderate income sales prices at \$389,500.

### AFFORDABLE SALES PRICE REVENUE

KMA estimates that the 30 Low Income units will generate \$9.01 million in affordable sales revenue. Based on Habitat's proposed moderate income sales prices, the 10 Moderate Income units will generate \$3.90 million in affordable sales revenue. As such, the total affordable sales revenue is estimated at \$12.90 million.

However, it is important to note that the affordable sales prices will ultimately be determined immediately prior to the sale of each unit. This analysis may need to be revised if the affordable sales prices differ from the sales prices utilized in this analysis.

### ADDITIONAL REVENUE

Habitat proposes to utilize fundraising contributions to off-set a portion of the construction costs. As such, Habitat estimates the financial assistance that they can provide to the Project at \$4.54 million, or \$113,400 per unit.

### ESTIMATED AVAILABLE REVENUE

The Project's estimated total available revenue is equal to the sum of the Affordable Sales Price revenue and the Project's additional revenue. KMA estimates the total available revenue as follows:

Affordable Sales Price Revenue	\$12,901,000
Habitat Financial Assistance	\$4,537,000
Estimated Available Revenue	\$17,438,000



### Financial Gap Calculation

The financial gap is estimated by deducting the Project’s available revenue from the Project’s total development costs. Based on the preceding analysis, KMA estimates the Project’s financial gap as follows:

	KMA
Total Development Costs	\$27,281,000
(Less) Total Available Revenue	(17,438,000)
Estimated Financial Gap	\$9,843,000
Per Unit	\$246,100

As shown in the preceding table, KMA estimates the Project’s financial gap at \$9.84 million. Comparatively, Habitat is requesting \$9.81 million in financial assistance from the City. Since this amount is less than the financial gap identified by KMA, it can be concluded that the proposed City financial assistance is warranted by the project economics.

The City will need to confirm that Habitat has secured all necessary funding sources before formally committing HOME funds to the Project.

### SILENT SECOND MORTGAGE REVENUE CALCULATION (TABLE 4)

As a basic premise it must be assumed that the total of the liens accepted by a homebuyer cannot exceed the unrestricted market value of the home. Furthermore, based on previous City homeownership projects, the City will record a second trust deed equal to the difference between the Affordable Sales Price and the estimated market value of the home.

KMA assumes that the City’s second trust deed will be structured as a deferred payment loan which are commonly known as silent second mortgages. These loans typically become due and payable when the home is resold to a non-affordable homebuyer. KMA assumes that the City’s silent second trust deed will fall second in the lien hierarchy behind the conventional first trust deed mortgage.

The calculations used to estimate the supportable silent mortgages are presented in the following sections of this analysis.

### Market Rate Sales Prices

Habitat provided sales comparables for the Project’s nearby market area for the purpose of estimating the current silent second mortgage amount. Based on these comparables, KMA estimates the market rate sales price for an attached three-bedroom unit at \$750,000.

In addition, the HOME Program establishes a maximum sales price for the HOME units. Ultimately, the market rate sales price will be set at the lesser of the appraised fair market value of the unit or the maximum HOME sales price in effect at the time of sale.

### Available Silent Second Mortgage Revenue

Based on the estimated market rate sales prices, the available silent second mortgage revenue is estimated at as follows:

	Three-Bedroom Units	
	Low Income Units	Moderate Income Units
Market Rate Sales Price	\$750,000	\$750,000
(Less) Affordable Sales Price	(300,200)	(389,500)
Silent Second Mortgage Amounts (Per Unit)	\$449,800	\$360,500

It is important to note that this calculation will need to be revisited once sales of the units commence. At that point, the appraised market values of the homes, maximum HOME sales prices, and the defined Affordable Sales Prices will be utilized to determine the silent second mortgage amounts.

### PRELIMINARY HOME COST ALLOCATION (TABLE 5)

KMA completed a preliminary HOME cost allocation for the Project. The HOME cost allocation analysis is based in part on the 2024 maximum HOME subsidy limits of \$327,293 for three-bedroom units. The provision of \$9.81 million in HOME funds to the Project requires that at least 30 units be designated as HOME units. All of the HOME units will be restricted to Low Income households.

## CONCLUSIONS / RECOMMENDATIONS

The following summarizes the conclusions of the KMA analysis:

1. Based on currently available information, KMA estimates the Project's financial gap at \$9.84 million. In comparison, the Developer is requesting \$9.81 million in financial assistance from the City. As such, the Developer's request is supported by the Project economics.
2. Based on the preliminary HOME Cost Allocation Analysis, the City must designate at least 30 units in the Project as HOME units.
3. It is important to note that the City cannot formally commit HOME funds to the Project until after all of the other financing sources have received formal commitments. At that time, the City must prepare a HOME Subsidy Layering Review in order to formally commit HOME funds to the Project.
4. Given the preliminary nature of the proposal, if the scope of development or financing assumptions change, the KMA analysis may need to be updated accordingly.
5. The affordable sales prices cannot be finalized until the Project commences sales activities. It is likely that the actual affordable sales prices will differ from the amounts estimated in this analysis.
6. KMA recommends that the City retain 10% of the City's financial assistance amount (or \$981,800) until after the completion of construction. If the assumptions utilized in this analysis change materially, the financial gap analysis should be re-evaluated prior to the release of that amount to ensure that the \$981,800 is still warranted by the Project.
7. The City's HOME funds have various expenditure deadlines. KMA recommends that the City include a schedule of performance in the preliminary commitment documentation to ensure that the Project moves forward in time to meet the HOME fund expenditure deadlines.

TABLE 1

**ESTIMATED DEVELOPMENT COSTS**  
**FOR-SALE: 30 LOW INCOME UNITS & 10 MODERATE INCOME UNITS**  
**HABITAT FOR HUMANITY - ALTON**  
**SANTA ANA, CALIFORNIA**

<b>I. <u>Property Assemblage Costs</u></b>				
Property Acquisition Costs	<sup>1</sup>	87,110 Sf Land	\$49 /Sf Land	\$4,250,000
Relocation Costs				213,000
Lost Rent Paid to Seller				386,000
Closing Costs		2.0% Property Acquisition Costs		85,000
<b>Total Property Assemblage Costs</b>				<b>\$4,934,000</b>
<b>II. <u>Direct Costs</u></b>				
On-Site Improvements	<sup>2</sup>	87,110 Sf Land	\$46 /Sf Land	\$3,995,000
Building Costs		40 Units	\$267,500 /Unit	10,700,000
General Conditions	<sup>3</sup>	2.5% Construction Costs		367,000
Habitat Supervision	<sup>3</sup>			320,000
Contingency Allowance		10% Other Direct Costs		1,506,000
<b>Total Direct Costs</b>				<b>\$16,888,000</b>
<b>III. <u>Indirect Costs</u></b>				
Architecture, Engineering & Consulting		6% Direct Costs		\$1,013,000
Public Permits & Fees	<sup>4</sup>	40 Units	\$45,700 /Unit	1,828,000
Taxes, Ins., Legal & Accounting		3% Direct Costs		507,000
Developer Fee	<sup>3</sup>	3% Net Development Cost (Excl. Dev Fee)		844,000
Contingency Allowance		10% Other Indirect Costs		419,000
<b>Total Indirect Costs</b>				<b>\$4,611,000</b>
<b>IV. <u>Financing Costs</u></b>				
Interest During Construction	<sup>5</sup>	\$7,523,000 Loan	6.50% Interest	\$489,000
Loan Origination Fee		\$7,523,000 Loan	1.0 Point	75,000
Closing Costs		40 Units	\$3,000 /Unit	120,000
HOA Reserves		40 Units	\$600 /Unit	24,000
Warranties		40 Units	\$3,500 /Unit	140,000
<b>Total Financing Costs</b>				<b>\$848,000</b>
<b>V. <u>Total Development Costs</u></b>				
		<b>40 Units</b>	<b>\$682,000 /Unit</b>	<b>\$27,281,000</b>

<sup>1</sup> Based on Habitat estimate. An appraisal was not provided for review.

<sup>2</sup> Based on Habitat estimates. Assumes that Federal Davis Badon wage requirements will be imposed on the Project. The Project will also be subject to the provisions of the Build America Buy America Act.

<sup>3</sup> Based on estimate provided by Habitat.

<sup>4</sup> Based on Habitat estimates. City staff should verify the accuracy of this estimate.

<sup>5</sup> The loan interest is based on an 24-month loan term and a 50% average outstanding balance.

TABLE 2

ESTIMATED AVAILABLE REVENUE  
 FOR-SALE: 30 LOW INCOME UNITS & 10 MODERATE INCOME UNITS  
 HABITAT FOR HUMANITY - ALTON  
 SANTA ANA, CALIFORNIA

---

<b>I. <u>Affordable Sales Revenue</u></b>				
HOME Low Income - Three-Bedroom Units	<sup>1</sup>	30 Units	\$300,200 /Unit	\$9,006,000
Moderate Income - Three-Bedroom Units	<sup>2</sup>	10 Units	\$389,500 /Unit	3,895,000
<b>Total Affordable Sales Revenue</b>				<b>\$12,901,000</b>
<b>II. Habitat Financial Assistance</b>		<b>40 Units</b>	<b>\$113,400 /Unit</b>	<b>\$4,537,000</b>
<b>III. Estimated Available Revenue</b>		<b>40 Units</b>	<b>\$435,950 /Unit</b>	<b>\$17,438,000</b>

---

<sup>1</sup> See TABLE 6 for the KMA affordable sales price calculations.

<sup>2</sup> Per Habitat.

TABLE 3

ESTIMATED FINANCIAL GAP  
FOR-SALE: 30 LOW INCOME UNITS & 10 MODERATE INCOME UNITS  
HABITAT FOR HUMANITY - ALTON  
SANTA ANA, CALIFORNIA

I.	Total Development Costs	See TABLE 1	\$27,281,000	
II.	(Less) Estimated Available Revenue	See TABLE 2	(\$17,438,000)	
III.	Estimated Financial Gap	40 Units	\$246,100 /Unit	\$9,843,000

TABLE 4

**SILENT MORTGAGE REVENUE SAMPLE CALCULATIONS**  
**FOR-SALE: 30 LOW INCOME UNITS & 10 MODERATE INCOME UNITS**  
**HABITAT FOR HUMANITY - ALTON**  
**SANTA ANA, CALIFORNIA**

---

**Silent Mortgage Capacity After City Downpayment Assistance**

**I. HOME Low Income: Three-Bedroom Units**

Estimated Market Rate Sales Price	<sup>1</sup>	\$750,000
(Less) HOME Low Income Affordable Sales Price	<sup>2</sup>	(300,200)
		<hr/>
<b>Available Silent Mortgage Capacity Per Low Income Unit</b>		<b>\$449,800</b>

**II. Moderate Income: Three Bedroom Units**

Estimated Market Rate Sales Price	<sup>1</sup>	\$750,000
(Less) Moderate Income Affordable Sales Price	<sup>2</sup>	(389,500)
		<hr/>
<b>Available Silent Mortgage Capacity Per Moderate Income Unit</b>		<b>\$360,500</b>

---

<sup>1</sup> Based on sales comparables provided by Habitat. The 2024 HOME sales limit is \$789,000. At the time of sale for each unit, the prevailing market rate sale price will be determined based on the lesser of: (1) the fair market appraised value that assumes no income restrictions or the maximum HOME sales price limits.

<sup>2</sup> The final Affordable Sales Prices will be set prior to the sale of each unit.

TABLE 5

**PRELIMINARY HOME COST ALLOCATION WORKSHEET - STANDARD MODEL**  
**HABITAT FOR HUMANITY - ALTON**  
**SANTA ANA, CALIFORNIA**

<b>Step 1: Determine Comparability, Select Method of Cost Allocation</b>				Net Residential SF	<b>42,800</b>
<b>Step 2: Proposed HOME Investment</b>				<sup>1</sup>	<b>\$9,807,571</b>
<b>Step 3: Calculate Actual Cost of HOME Units</b>					
Total Development Costs				<sup>1</sup>	\$27,246,338
Ineligible Development Costs				<sup>2</sup>	(24,000)
Unit-Specific Upgrades					0
Relocation Costs					0
Assign Relocation Exclusively to HOME Units?					NA
<b>Base Project Cost</b>				<b>\$636 /Sf Gross Residential SF</b>	<b>\$27,222,338</b>
<u>Number of Units</u>	<u># of Bdrms</u>	<u>Unit Size</u>	<u>Cost/Unit</u>	<u>Total Cost</u>	
30	3	1,070	\$680,558	\$20,416,754	
Subtotal HOME Unit Costs					<b>\$20,416,754</b>
Add: Relocation Costs Allocated Exclusively to HOME Units (if applicable)					<b>\$0</b>
<b>Actual Cost of HOME Units</b>					<b>\$20,416,754</b>
<b>Step 4: Calculate Maximum Project Subsidy</b>					
<u>Unit Size</u>	<u># of Units</u>	<u>2024 Max Subsidy/Unit</u>	<u>Maximum Subsidy</u>		
0 Bedroom	0	\$181,488	\$0		
1 Bedroom	0	\$208,049	0		
2 Bedroom	0	\$252,994	0		
3 Bedroom	30	\$327,293	9,818,790		
4 Bedroom	0	\$359,263	0		
<b>Maximum Project Subsidy</b>	<b>30</b>		<b>\$9,818,790</b>		
<b>Step 5: Maximum HOME Investment, Lesser of</b>					
Proposed Investment (Step 2)					\$9,807,571
Actual Cost of HOME Units (Step 3)					\$20,416,754
Maximum Project Subsidy (Step 4)					\$9,818,790
<b>Maximum HOME Investment</b>				<b>30 HOME Units</b>	<b>\$9,807,571</b>

<sup>1</sup> Includes \$0 in Santa Ana Project Delivery costs.

<sup>2</sup> The ineligible costs include: capitalized reserves.



TABLE 6

HOME LOW INCOME SALES PRICES  
HABITAT FOR HUMANITY - ALTON  
SANTA ANA, CALIFORNIA

I. HOME Program	Low Income 80% HUD Median			
	One-Bedroom Unit	Two-Bedroom Unit	Three-Bedroom Unit	Four-Bedroom Unit
1 Person				
2 Person				
3 Person				
4 Person				
5 Person				
6 Person				
7 Person				
8 Person				
II. Affordable Sales Price Calculation	Low Income Sales Price			
	One-Bedroom Unit	Two-Bedroom Unit	Three-Bedroom Unit	Four-Bedroom Unit
A. Income Available for Housing Expenses				
Benchmark Household Size	2	3	4	5
Household Income Limit	\$101,000	\$113,650	\$126,250	\$136,350
% Income Allotted to Housing Costs	30%	30%	30%	30%
Total Income Available for Housing Expenses	\$30,300	\$34,095	\$37,875	\$40,905
B. Ongoing Expenses				
HOA Fees (\$400/Unit/Month)	\$4,800	\$4,800	\$4,800	\$4,800
Insurance @ 0.75% of Affordable Sales Price	1,793	2,027	2,252	2,414
Annual Utilities Allowance <sup>2</sup>	2,592	3,396	4,296	5,268
Property Taxes @ 1.25% of Affordable Sales Price	2,989	3,378	3,754	4,023
Total Ongoing Expenses	\$12,174	\$13,601	\$15,102	\$16,505
C. Income Available for Mortgage Debt Service	\$18,126	\$20,494	\$22,773	\$24,400
D. Affordable Sales Prices				
Supportable Mortgage @ 7.00% Interest Rate <sup>3</sup>	\$227,000	\$256,700	\$285,200	\$305,600
Home Buyer Down Payment @ 5% of Affordable Sales Price	12,000	13,500	15,000	16,100
III. Affordable Sales Prices	\$239,000	\$270,200	\$300,200	\$321,700

<sup>1</sup> Based on 80% HUD Median. The affordable sales prices will ultimately be determined immediately prior to the sale of the units.

<sup>2</sup> Based on the utility allowances published by the Santa Ana Housing Authority on October 1, 2024.

<sup>3</sup> Based on Habitat estimate which is approximately equal to the Freddie Mac monthly average between November 2023 and October 2024, for a fixed-interest rate loan with a 30-year amortization period.