



April 19, 2024

**TO:** CADA Board of Directors

**SUBJECT:** **April 26, 2024, Board Meeting**  
**AGENDA ITEM 5**  
**CADA FINANCIAL FORECAST (FY 2024-2025 THROUGH FY 2033-2034)**

**CONTACT:** Noelle Mussen, Finance Director

**RECOMMENDED ACTION:** For information only. This report provides CADA's annual Ten-Year Financial Forecast for discussion as CADA plans its business priorities for Fiscal Year 24-25 through Fiscal Year 33-34.

## **BACKGROUND**

Each year, CADA updates its ongoing Ten-Year Financial Forecast that analyzes and reflects changes in financial and economic conditions that affect CADA's general operations and development projects. Development projects require advance funding, and the timing of the resulting tax increment is uncertain. The Forecast analyzes the impact of all development projects on CADA's overall operations, including General Operations and Major Construction, and conservatively estimates future funding needs for development projects and resulting tax increment. The Forecast is a tool that aids in the preparation of the annual CADA budget proposal made by staff for approval by the Board in June.

## **POLICY ISSUES**

CADA is charged with implementing the residential and commercial components of the State's Capitol Area Plan and the City of Sacramento's R Street Corridor Master Plan in a manner that is fiscally, socially, and environmentally sustainable, and that results in an attractive urban neighborhood that is affordable to a diverse population.

To accomplish its mandate, CADA must ensure that its property management activities are cost-effective and that its urban development activities are fiscally prudent. As a tool for ensuring that it is pursuing its mission in a fiscally responsible manner, CADA prepares a Ten-Year Financial Forecast each year. The Forecast enables CADA to consider the needs of its aging housing stock and the implications of development and neighborhood investments on its long-term fiscal stability. The Forecast also provides the basis for CADA's annual budget, which is presented to the CADA Board of Directors each June.

Because Capitol Area tax increment (TI) cannot be used in the R Street Area without prior approval from the Department of General Services (DGS) and the two areas have different restrictions with regard to the use of 20% affordable housing set-aside funds, separate Forecasts are provided for the Capitol Area (**Attachment 1**) and the R Street Area (**Attachment 3**). **Attachment 2** provides detailed assumptions regarding planned development projects in the Capitol Area.

## **CAPITOL AREA FORECAST (ATTACHMENT 1)**

This Forecast presents CADA operations and fiscal responsibilities in the Capitol Area in three segments: General Operations, Major Construction, and Development. With regard to Tax Allocation Bond activities, CADA's ongoing bond debt service is reported as an expense within General Operations. Bond proceeds are used to reduce project expenditures. These funds are not financial sources available for General Operations. Therefore, they are only reflected in the Development project section of this Forecast.

CADA has established a threshold for the Capitol Area below which its cash reserves should not fall. This threshold represents six months of expenses, or approximately \$5.5 million. This is an increase from the \$5 million threshold in the prior Forecast. That Forecast, which was prepared in 2023, projected a gradual decline in available funds from Year 1 through Year 10, with starting reserves at \$18.9 million, ending with a projected available cash balance of \$8.7 million.

This year's Forecast has a slightly sharper decline in available funds from Year 1 through Year 4, then the decline flattens out through Year 10, with starting reserves at \$20.9 million. Similar to the prior year Forecast, the current Forecast projects a continued decrease over the 10-year period, but with less of a decline in the last 6 years and a projected available cash balance of \$11.2 million. This is an increase of \$2.5 million over the prior year Forecast.

The differences from the prior year are due to net changes in assumptions in General Operations, Major Construction, Development, project completions, economic changes, and changes in development project requirements and funding needs.

Compared to the prior year, Year 1 in the current Forecast starts with a beginning balance of approximately \$4.3 million more in available reserves. This is mostly due to assumed expenses within Major Construction and Development which was included in the prior Forecast but did not occur, along with larger increases in revenue than were anticipated.

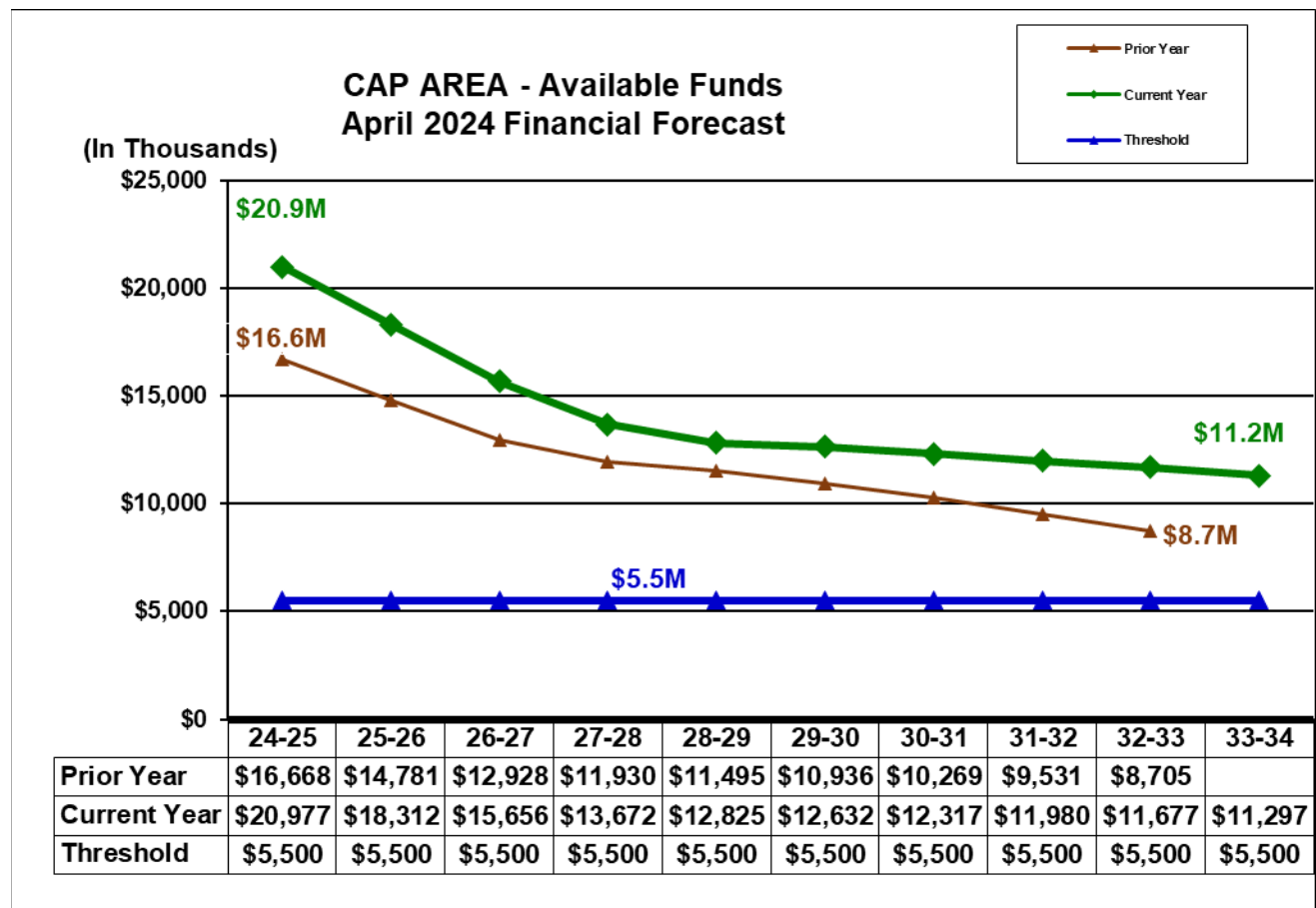
Changes in assumptions were made to General Operations in regards to revenue and expense growth. Rental Revenue has been kept to an increase of 2% per year similar to prior Forecast, but interest income has seen more growth. Interest rates have increased as compared to what was assumed in the prior year and the actual use of Bond proceeds was not as quick as assumed, so those proceeds accrued additional interest income over a longer period of time, and with the changes to development assumptions with the use of bond proceeds, the interest income in this Forecast has increased.

For Tax Increment (TI), collection has been steady, with higher growth in the past year, but in the current Forecast staff has assumed the usual 2% increase per year, which has increased the projected revenue growth over the whole ten-year period.

Changes in assumptions for expenditures for General Operations is part of the reason for the sharper decline in the first four years in the Forecast. A new debt was included for the purchase of a new Maintenance Warehouse. This debt includes a downpayment of \$750,000 and tenant improvements in Year 1, which were not in the prior Forecast. Another major change to General Operation was to the CalPERS assumptions. This change reflects the proposal presented to the Board in October which includes a large one-time payment to the pension trust but leveled out the annual expenditures into the future by removing the continual increases to the annual payments. While the Board has not officially approved this payment yet, staff included it in the projection as reference for the Board as they make a decision on this action in June with the budget consideration.

For Development, change in assumptions have led to an overall negative effect on cash flow, mostly seen in the first four years. The East End Gateway Site 5-6-7-8 project has had the largest impact to the Forecast due to major changes for additional expenditures and new gap financing that was not part of the prior Forecast. The O Street Streetscape project has also impacted the Forecast as in the prior year it was assumed expenditures would be funded by a combination of bond proceeds and grant funding. Unfortunately, grant funding was not available so assumptions to the project have removed the grant funding, reduced overall expenditures, and now include the use of some operational funding sources for the remaining expenses. Completing these projects are in keeping with CADA's mission and the Capitol Area Plan and are authorized uses of these funding sources.

While the Forecast projects a decline in available cash over the 10-year period, it still remains above the threshold throughout the Forecast period, with available funds in year 10. This is due to the previously mentioned changes within General Operations and Development, together with the \$300,000 Eviva Tax Increment (TI) pledge maturing in Year 3; the DGS East End Gateway projects' notes maturing in Year 5; fully funding the debt sinking reserve for the HCD regulatory agreement properties in Year 5; no new development projects in later years; projected additional TI from the Cypress project, and projected positive affordable housing impacts in the last half of the Forecast, offset by operational expenses increasing faster than revenue growth; and continued large expenditures for major construction in Year 1 through Year 5.



The Capitol Area Forecast covering the period of FY 24-25 (Year 1) through FY 33-34 (Year 10) is presented in **Attachment 1**. In keeping with past Forecast practices, this Forecast does not include the operation of CADA's Special Management properties. As reported in Attachment 1, the Forecast overall remains positive across the ten-year period.

Key assumptions, by segment, having a financial impact on Capitol Area cash reserves during the Forecast period of FY 24-25 through FY 33-34 are as follows:

## GENERAL OPERATIONS

General Operations consists of property management revenue and expenses (residential and commercial activity), tax increment revenue, and administrative and development support activities for the organization. General Operations can be impacted by major construction and development projects, increases or decreases in tax increment and property management revenue, and changes in the number of affordable housing units maintained within CADA-managed properties.

### Key Assumptions

- The Forecast assumes Rental Income will increase 2% per year, with the estimated rental income decreased in Year 5 reflecting the potential loss of revenue from the Terraces. This property is being considered part of the East End Gateway 5-6-7-8 project and the revenue loss reflects the time when construction commences and when demolition of the site would possibly occur. The revenue loss for the other businesses on the site have been recognized in current rental revenue.
- The Forecast assumes CADA's Low Income Subsidy Program will remain in place during the entire 10-year period, with the subsidy balance increasing 2% per year.
- Tax Increment (TI) revenue in the Capitol Area in Year 1 is increased to reflect FY 23-24 estimated levels and review of the current tax assessor's reports, followed by a 2% increase each year thereafter.

TI revenue generated by development projects that are in progress is not included in this segment of the Forecast, but is reported by project in the Development segment of the Forecast. The Eviva Midtown TI pledge payment, however, has been included in this section at \$300,000 annually until Year 2, which a small \$46,000 remaining payment in Year 3, after which the subsidy to develop with ends.

- Investment Earnings in prior Forecasts have been low, but in the current year we have seen a rise in interest rates and assume a 2.5% rate through the Forecast. Consequently, the Forecast still assumes a decrease in the anticipated annual investment earnings over the 10-year period due to the decline in projected cash reserves but is offset by an assumed higher interest rate per year. In addition to interest earned on operating reserves, the Forecast reflects investment earnings from the 2020 unspent bond proceeds to fund major construction and development needs. This also declines over the first six years with the anticipated uses of these funds.
- For Notes Receivable the \$1.5 million advance to Sonrisa from CADA has been added and is assumed to be paid off by Year 2, based on the anticipated cash flow of the remaining equity into the project. The Residual Receipt notes are not considered collectable for the purpose of the Forecast and were not included.
- The Forecast assumes Salaries will increase 4% in Year 1 and 3% per year thereafter. There is also an increase to salaries to reflect filling the Asset Management & Facility Maintenance Director position.
- Benefits forecast assumes an increase of 3% per year, with the exception of Retirement Benefits and Other Post Employment Benefit (OPEB) liabilities. Those have been adjusted

based on information from CalPERS, current actuarial reports, and CADA's consultants. The Asset Management & Facility Maintenance Director position is the only change in staffing assumed over the Forecast period.

- For retirement benefits, according to the latest CalPERS actuarial report, CalPERS is billing CADA for the normal cost, or "retirement cost", for active employees estimated to vest in a given year as a percentage of payroll, but any unfunded liability is being billed at the calculated annual dollar value, which currently is amortized over 25 years.

In this Forecast, staff has incorporated assumptions from CalPERS actuarial reports pertaining to the normal cost rates. As new staff members have come on board, the number of PEPRAs (Public Employees' Pension Reform Act) employees has increased over Classic employees, and now comprises approximately 65% of CADA staff. As a result, this Forecast considers both pools of employees. This is important because the employer normal cost rate and the unfunded accrued liabilities are different for the two classifications, with the PEPRAs employees being lower in both categories.

For Classic members, the normal cost rate assumed in the CalPERS actuarial report is 13.3% in Year 1, with an assumed increase of .5% each year thereafter. For PEPRAs members, the normal cost rate assumed in the CalPERS actuarial report is 8.2% in Year 1, with an assumed increase of .5% each year thereafter.

- For the Unfunded Liability in the prior Forecast, the amount was based on an adjusted 10-year amortization schedule from the CalPERS actuarial reports. For this Forecast staff has changed the assumption from the CalPERS reports for the Classic members to reflect a "Fresh Start" proposal as presented to the Board in October last year. This proposal will be brought to the Board for consideration and action with the budget in June. For the Unfunded liability for PEPRAs members the adjusted 10-year amortization schedule from the CalPERS actuarial report was used.

The Fresh Start proposal is to try to reduce the unfunded liability balance and to reduce and take control of the annual required payments into the future to further the goal of bringing CADA's pension trust to a fully-funded status. This would be accomplished by paying into the trust a large one-time additional discretionary payment and working with CalPERS to restructure the unfunded liability payment schedule. Action on this proposal will occur in June.

The Forecast assumes a one-time payment of \$500,000 in Year 1 and adjusting the annual payment to \$565,155 each year. This is a slightly higher payment than what CalPERS will require in the next two years but will be less than what will be required in the years thereafter.

- OPEB Liabilities are projected to continue to be fully funded in a trust fund established through CalPERS. CADA's current OPEB annual amount is calculated by using the FY 21-22 actuarial report estimated Annual Required Donation (ARD) for Year Ended 2025 and growing the liability 3% per year. The Forecast assumes CADA will continue to reimburse current retirement health benefits from the trust, starting at \$180,000 per year and increasing by 3% per year thereafter.
- The Forecast assumes all the expense categories in Year 1 will be increased by 4%, then 3% each year after. This reflects the continued decrease in inflation, which we see in the Consumer Price Index (CPI) from March 2023 to March 2024 starting at 5% and decreasing

to 3.5% in March 2024. The Forecast assumes this will continue to decrease to a 3% per year increase.

- From Year 2 through Year 10, this Forecast assumes expenses will increase 3% per year. There is one exception within Overhead for CADA's Administrative Office lease. This lease was renegotiated in 2017 as part of the renovation of the space. DGS approved tenant improvements done by CADA and they are being reimbursed through a rent reduction over 10 years totaling \$200,000. This Forecast reflects the negotiated lease terms with rent at the negotiated term of \$87,340 from Year 1, then from Year 2 to Year 5 rent will increase to \$89,600, then the Forecast assumes a 3% annual increase from Year 6 to Year 10.
- CADA Debt will increase in Year 1 from the current fiscal year reflecting the assumption of a new debt for the purchase of 525 S Street for a new Maintenance Warehouse. The proposed debt is amortized over 20 years but will be paid down in 10 years if not earlier. There will be a \$750,000 down payment reflected in FY 23-24, as well as part of the debt CADA is required to pay a prepayment of \$1,250,000 in Year 2, which funding is anticipated to be from the sale of the current Maintenance Office property, which has been included in revenue. With that prepayment it is anticipated this debt would be paid in full by Year 8.
- Thereafter, CADA's continuing debt will consist of the new debt, I-Bank loan, the 2017 private placement bond, and the land loan debt paid by CADA to DGS for the East End Gateway Sites 1- 3 projects, until Year 5 when the DGS loans will be paid off.
- Tax Allocation Bond Debt Service includes the debt service payments from the 2020 taxable bond issued in December 2020. This will be a constant expense over the whole ten year Forecast period based on the Bond debit service schedules.
- Also included in the Forecast is the debt service reserve for two Special Management properties, Somerset Parkside and Biele Place. The existing annual reserves contributions are assumed to be \$212,000 and will be set aside to pay the deferred debt CADA will owe to HCD at the end of the revised regulatory periods for these projects. The Forecast assumes the debt reserve will be fully funded to pay the total debt due including interest and estimated accrued HCD fees by FY 28-29 or Year 5.

As reported in **Attachment 1**, the net cash flow of this segment of the Forecast has negative ending balances across the ten-year period.

### MAJOR CONSTRUCTION

For Major Construction, the CADA Maintenance Department continues to review and update its needs assessment documentation for CADA's whole portfolio. These assumptions have been incorporated into this Forecast along with the assumption that the currently-budgeted Major Construction projects will be completed in Years 1 and 2.

Typically, Special Management construction projects are funded through those properties' operations or Replacement Reserves. In this case, two of CADA's Special Management buildings (Somerset Parkside and Biele Place) will use Replacement Reserves to fund anticipated capital improvements projects over the ten-year period. For 17<sup>th</sup> Street Commons there is the potential of funds needed from CADA in Year 2 of \$60,000 as the replacement reserve may be depleted due to larger than expected expenses for the apartment rehabilitation project in Year 1.

Major Construction budgets remain active and open for three years and the cash flow for these expenditures is usually expensed over a three-year period. Therefore, from Years 3 to 10, to better

reflect the cash flow of CADA's major construction projects, total estimated project expenditures in each Forecast year are expended over a three-year period, generally with 25% expended in the first year, 50% in the following year, and 25% in the 3<sup>rd</sup> year.

Two additional items were included in this Forecast that were not in the prior Forecast. First, are tenant improvements for an estimated amount of \$500,000 for a new maintenance warehouse, to be expended in the current fiscal year. Second, an additional \$1.4 million per year from Year 1 to Year 5 for rehab and upgrades to units as they turn for flooring, countertops, and cabinetry. As discussed previously, this work is necessary to update CADA housing units to current market finishes and to advance sustainability goals by using longer-lasting products.

These assumptions yield a total Major Construction outlay of \$14.2 million over the ten-year period, with \$9.7 million of these expenditures occurring between Years 1 through 5.

## DEVELOPMENT

In this Forecast, Development projects are categorized as either "Current" or "Neighborhood and Infrastructure Improvements Projects." While the Forecast includes some of the same projects as in prior years, some projects have had modifications due to various issues including timing delays, project restructuring, and restructuring of financing.

For the current Forecast, assumptions for each development project are estimates based on information received from CADA project managers as of the end of March 2024. Therefore, changes to development project assumptions that have occurred since April may not be reflected in the Forecast.

Bond proceeds are not included in the general available cash but are used to fund expenses by project in the Development segment of the Forecast. This is because they are assumed to be funds available for development projects and not funding for general operations. This Forecast also assumes all available bond proceeds will have been spent by FY 29-30.

Key assumptions for development projects (timing, revenues, and expenditures) reflected in the current Forecast are shown below. Further detail for each development project is provided in **Attachment 2**.

### Current CADA Development Projects

Current CADA Projects consist of the Cypress - Site 21 (14<sup>th</sup> & N), East End Gateway Site 5-8, and Sonrisa (Courtyard) projects.

For these projects, the Forecast projects \$2.2 million in additional cash outflow needed from CADA in Years 1 through 4; this is a \$2 million increase in cash inflow from the prior Forecast. This is mainly due to a change in assumptions for the predevelopment and gap financing expenses for the East End Gateway projects 5-6-7-8.

This is increased by \$2.7 million in the potential Tax Increment to be generated from completed projects and the positive affordable housing impact from new low-income units not managed by CADA, with almost all of this being generated in Years 5 through 10.

#### Site 21 (the Cypress)

- This Forecast assumes completion of a rental condominium project consisting of 97 market rate units with a small retail component at the northeast corner of the building, at 14<sup>th</sup> and N Streets.

- Similar to the prior Forecast, tax increment is calculated using annual Net Operating Income (NOI) multiplied by a 5% cap rate. The estimated NOI is unchanged from the prior Forecast. The assumption for the sale of 6 units has been removed, thus reducing the estimated TI.
- The Forecast assumes that construction will be completed in the summer of 2025, the same timing as in the prior Forecast, and assumes the full annual amount of tax increment will begin in FY 26-27.
- The prior Forecast assumed the developer would purchase the land at closing and would pay CADA \$2.4 million. This occurred in the prior fiscal year and the funds are incorporated in the available cash balance.
- The negative affordable housing impact resulting from construction of an all-market rate project is assumed to be 26 units, yielding an annual impact of \$118,000 per year increasing at 2% per year starting in FY 24-25. The impact reflects the cost to CADA of having to subsidize 25 market rate units elsewhere in its portfolio down to a below-market rate rental level.
- The Forecast continues to assume a \$400,000 CADA offsite subsidy to be paid in FY 24-25 to the developer from CADA as part of this project. This may not occur but was kept in the Forecast until any final decision has been made.

#### East End Gateway Site 5-6-7-8

- The Forecast for this project has changed from the prior year. It still assumes this will be an affordable tax credit financed project but there are additional expenses and gap financing which were not part of the prior Forecast.
- It is assumed this project will be a two part or phased project now, including the Terraces (Site 8). It is assumed there will be a 100-unit project on Sites 5 & 6, with construction starting in Year 2 and a 150-unit project on sites 7 & 8 with construction starting in Year 5.
- For Site 5 & 6, the Forecast now includes predevelopment expenses of \$1 million expended over Year 1 and Year 2 with Gap financing of \$4 million in Year 3. For Sites 7 & 8 it is assumed another \$1 million in predevelopment expenses will be expended over Years 3 and Year 4 with another \$5 million in gap financing in Year 5 for a total project cost of \$11 million.
- This project is assumed to be funded from a combination of bond proceeds and TI, with approximately \$9 million in bond funds to be used for the gap financing.
- There is no assumption for land acquisition as it is assumed this property would fall under the Governor's executive order and will be leased to CADA for \$1.

#### Sonrisa

- This project is now complete and in the process of conversion to permanent mortgage financing. Sonrisa is a 100% affordable housing project using tax credit financing and bond funds from CADA through the CACDC. This project will meet its own affordable housing requirement and create an additional 42 affordable units in excess of this requirement. The Forecast assumes a positive impact which will phase into revenue over the ten-year period.



## Neighborhood and Infrastructure Improvement Projects

Neighborhood and Infrastructure projects currently consist of Roosevelt Park, O Street Streetscape, 16<sup>th</sup> Street and Fremont Park, the Dean, and the 10<sup>th</sup> Street Streetscape projects. For these projects, approximately \$582,000 in CADA net resources will be expended during the ten-year period, which is a similar estimate to the prior Forecast.

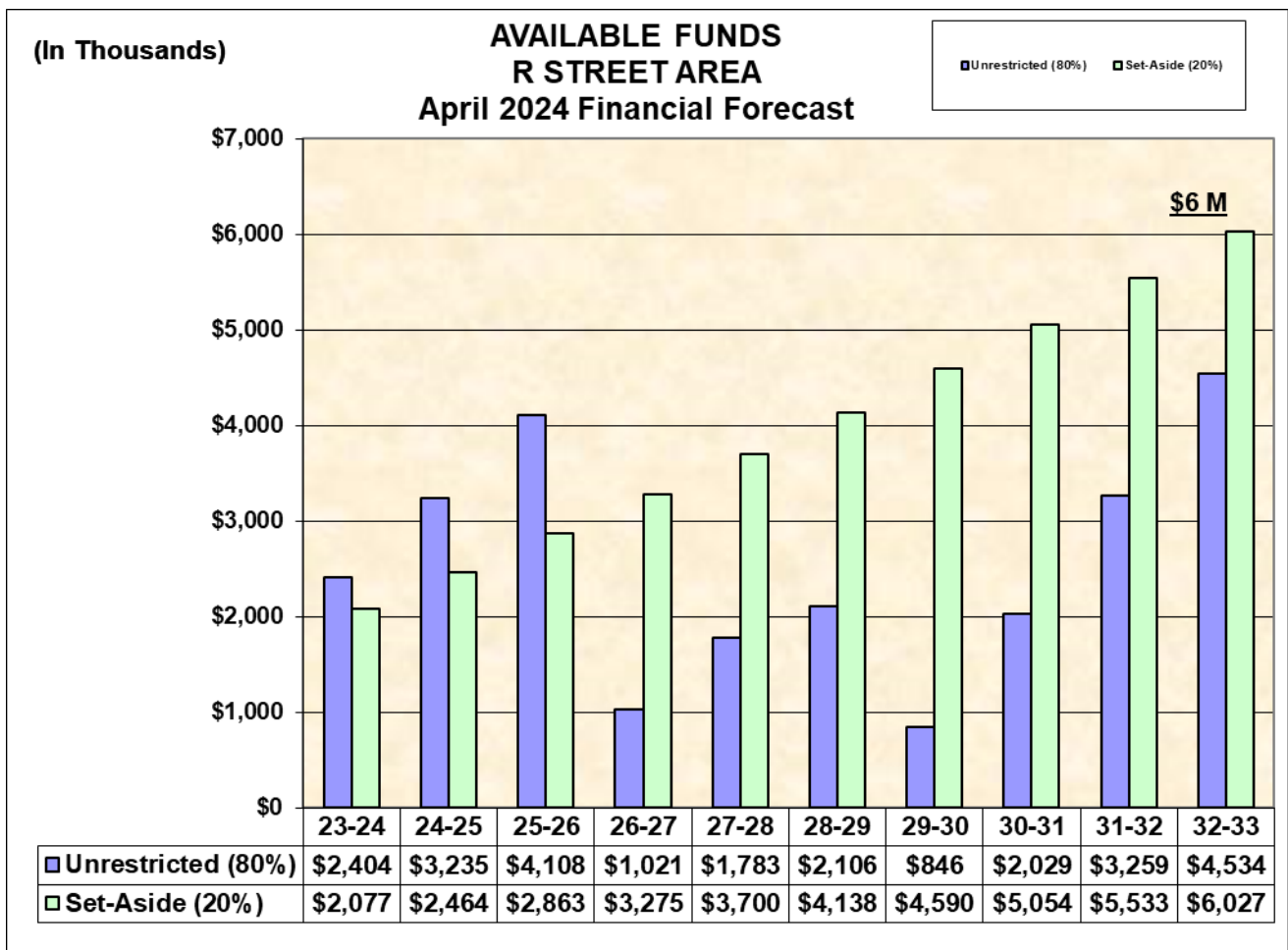
- The infrastructure improvement projects in the Capitol Area – Roosevelt Park, 16<sup>th</sup> Street and Fremont Park, and 10<sup>th</sup> Street improvement – are collectively projected to require a \$1.5 million investment for potential infrastructure and site improvement costs, expended in Year 1 through Year 4.
- The prior Forecast assumed the O Street project's total estimated cost would be \$4.4 million, with \$2 million funded with the bond proceeds, and \$2.4 million in possible grant funding. CADA was unable to secure grand funds so the project has been reduced to \$2.6 million with \$1.8 million funded with the bond proceeds and \$830,000 remaining funds through TI.
- The project at the Dean is assumed to draw on the current budget in Year 1 for upgrades to the building's HVAC systems.
- The 10<sup>th</sup> Street Streetscape project reflects small site improvements recently-installed landscaping on 10<sup>th</sup> Street, on the corner of 11<sup>th</sup> and P Street, to complement improvements planned within and around Roosevelt Park. This project is expected to be completed in Year 1.
- The 16<sup>th</sup> Street and Fremont Park project reflects a new restroom and site improvements along 16<sup>th</sup> street of \$200,000. This is expected to be completed in Year 1.

## **R STREET FORECAST (ATTACHMENT 4)**

Due to restrictions on CADA's utilization of Tax Increment generated within the R Street Area, the R Street Area Forecast is presented separately from the Capitol Area Forecast. The R Street Forecast includes two segments -- Unrestricted Funds (80% of TI) and Set-Aside Funds (20% of TI).

As illustrated in the table below, the net result of the activities planned on R Street in this year's Forecast is a positive cumulative fund balances in both the Unrestricted and the Affordable Housing Set-Aside segments throughout the ten-year period.

The R Street Forecast, presented in **Attachment 3**, provides the revenue and expenses projected for this ten-year period. Project-specific details for R Street Area Development Projects are provided in **Attachment 4**.



#### UNRESTRICTED SEGMENT ASSUMPTIONS

- For Tax Increment (TI), revenue in Year 1 is increased to reflect FY 23-24 estimated levels, followed by 2% increase each year thereafter.
- Similar to the prior Forecast, R Street Unrestricted Funds have been incorporated for streetscape improvements at the 900 Block for \$523,000 expended in Year 1.
- Tax Allocation Bond Debt Service reflects the continuing debt service payments from the 2020 taxable bond issued in December 2020 allocated to R Street’s unrestricted funds. This will be a constant expense over the whole ten year Forecast period based on the 2020 Debt Service schedules.
- In this Forecast, two pre-development projects were included in this segment. With both projects in pre-planning, it is assumed they will be funded through Bond proceeds and unrestricted TI. Because they are affordable housing projects, set-aside funds can become possible funding sources if additional funding is needed for the project.
  - With the purchase of property at 16<sup>th</sup> and T Street for the 16T project, the Forecast assumes \$900,000 in predevelopment expenses, along with a gap financing of \$4 million in Year 1. This is a change from the prior Forecast which assumed these expenditures would occur over the next two years with the gap financing needed in

FY 25-26. With the \$4 million gap financing now needed in Year 1, the assumption for funding has changed from unrestricted TI to bond proceeds for the whole project, with the exception of \$93,000 currently funded with R street TI. This \$93,000 is budgeted for the maintenance and sale of the property at the time of construction. No project revenue has been incorporated into the Forecast.

- Pending the 16T project receiving the applied for ASHC funding, there will be a new S Street Streetscape improvement project. Part of the ASHC funding requires CADA to assist the City with improvements to S Street. CADA's portion would be \$450,000 and it is assumed to be expended in Year 1.
- The 805 R Street project, in partnership with Mutual Housing, assumes \$900,000 in predevelopment expenditures will be expended during Year 1, with gap financing of \$8 million expended at the beginning of Year 2. This project continues to assume funding will be through Bond proceeds.
- The new affordable housing project proposed in the prior Forecast has change from just the purchase of a large parcel of property for a total cost of \$16.3 million, to the purchase of one property with an estimate for a possible affordable housing project. For this project it is assumed property would be purchased for \$5 million in Year 4, then over the next three years there would be a total of \$1 million of predevelopment expenditures with gap financing of \$5 million expended in Year 7. This project would use a combination of the remaining bond proceeds and R Street unrestricted TI to fund the project. This project would contribute to CADA meeting its R Street Area mandatory affordable housing requirements.
- Included in the Forecast are possible expenditures totaling \$450,000 for the middle-income housing project support funded through R Street TI over the next four years.

#### AFFORDABLE HOUSING SET-ASIDE SEGMENT ASSUMPTIONS

- Tax Increment (TI) revenue in Year 1 is increased to reflect FY 23-24 estimated levels, followed by 2% increases each year thereafter.
- Tax Allocation Bond Debt Service reflects the continuing debt service payments from the 2020 taxable bond issued in December 2020 and allocated to R Street's set-aside funds. This will be a constant expense over the whole ten-year Forecast period based on the 2020 Debt Service schedules.
- For the 1717 S Street project, the Forecast assumes no additional predevelopment or gap financing for this affordable housing project.
- Aside from the Development expenses and assumptions previously mentioned above, the Forecast assumes no other major CADA projects will be funded through the set-aside for the next ten-year period. As a result, remaining funds in the reserve should be approximately \$6 million by Year 10 and can be available to use for the other proposed projects above.

#### CONCLUSIONS

The Capitol Area Forecast indicates there will be sufficient funds to meet the projected needs of CADA's General Operations and Development Projects during the ten-year Forecast period. It is

important to note that, with the decrease in available funding over the Forecast period, available resources for larger expenditures in the near future is reduced for any new projects or additional project subsidies funded through operational sources.

However, with the current assumptions for Operations, Development, and infrastructure projects, continued major construction improvement needs for CADA's aging buildings, and no new development or infrastructure projects planned to occur during the last five years of the Forecast period, it appears that expenses are still growing faster than revenue, but at a lower rate and does appear to be leveling some in the last years of the Forecast. Even with the overall decline the available funds still remain above our required minimum reserve balance at Year 10. This is similar to what CADA has seen in prior years.

With the continued and anticipated fund balance decline throughout the Forecast period, CADA still needs to remain fiscally viable, so it is imperative that CADA continue to carefully consider its current and future commitments in both the Capitol and R Street Areas, that it secures infrastructure grants and outside development funding whenever possible, and that it undertakes actions to continue to keep revenue and expenses aligned to maintain a positive reserve balance into the future.

The R Street Area Forecast indicates the affordable housing set-aside funds will be available for additional funding to current or new projects beyond those that are assumed in this Forecast. Unrestricted funds are available, but will be reduced in Year 4 and Year 7 due to assumptions for a new affordable housing project.

With much of the current R Street Area project expenses funded through the bond proceeds, there are still funds available to assist new and current projects alike, so it is crucial that careful consideration and discussions occur regarding how the R Street Area resources should be utilized in the future.

## **STRATEGIC PLAN**

The Strategic Plan value that is most directly pertinent to this action is Objective I: Ensure Fiscal Strength and Operational Excellence. Completing and reviewing a financial Forecast gives CADA the ability to make informed decisions on operations and development projects, while continuing to maintain a strong financial position so CADA continues to have the ability to meet its goals and mission objectives in the future.

## **FINANCIAL IMPACT**

The purpose of the Financial Forecast is to provide the Board and staff with a broad understanding of the overall impact of currently envisioned projects and programs on CADA's financial well-being. As with any Forecast, the impacts will be subject to refinement as projects are finalized and conditions change. Accordingly, while this document serves as a valuable reference, the specific financial impacts of proceeding on any project or program will be analyzed at the time decisions are made.

## **ENVIRONMENTAL REVIEW**

Not applicable. The action before the Board is an administrative matter and is not a project subject to the guidelines of the California Environmental Quality Act.

## **CONTRACT AWARD CONSIDERATIONS**

Not applicable. The action before the board does not involve contract awards.

Attachments:

1. Capitol Area Forecast
2. General Fund Development Detail
3. R Street Area Forecast
4. R Street Development Projects

**Capitol Area Forecast  
2024 Financial Forecast**

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CAPITOL AREA (exclusive of Special Management Operations)	1 to 5 Year Forecast					6 to 10 Year Forecast				
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>GENERAL OPERATIONS</b>										
Operation Revenue	\$ 8,485,754	\$ 8,655,124	\$ 8,827,876	\$ 9,004,078	\$ 9,130,531	\$ 9,312,776	\$ 9,498,659	\$ 9,688,255	\$ 9,881,637	\$ 10,078,881
Low Income Subsidy (General Fund Only)	(346,800)	(353,736)	(360,811)	(368,027)	(375,388)	(382,896)	(390,554)	(398,365)	(406,332)	(414,459)
Tax Increment Revenue	5,004,000	5,110,080	5,472,355	5,628,647	5,741,220	5,856,045	5,973,165	6,092,629	6,214,481	6,338,771
Interest Income (from operations & unspent bond proceeds)	980,034	676,280	533,916	437,742	257,150	239,587	164,182	152,837	142,452	130,137
Notes Receivable Repayment	791,985	108,354	-	-	-	-	-	-	-	-
Sale of 701 S street	-	1,250,000	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>14,914,973</b>	<b>15,446,102</b>	<b>14,473,336</b>	<b>14,702,440</b>	<b>14,753,513</b>	<b>15,025,512</b>	<b>15,245,452</b>	<b>15,535,356</b>	<b>15,832,238</b>	<b>16,133,330</b>
Operation Expense	(11,985,541)	(11,896,994)	(12,241,024)	(12,595,285)	(12,960,083)	(13,335,403)	(13,721,985)	(14,120,161)	(14,530,284)	(14,952,711)
Continuing Debt Service	(353,228)	(1,603,126)	(353,022)	(352,914)	(352,804)	(220,091)	(219,974)	(144,958)	(39,186)	(39,060)
2016 & 2017 TAB Debt Service	(784,365)	(766,532)	(758,512)	(764,855)	(765,373)	(760,246)	(774,874)	(773,051)	(731,759)	(688,977)
2020 Bond Debt Service	(458,279)	(457,050)	(458,040)	(457,105)	(456,887)	(456,069)	(456,084)	(455,744)	(456,346)	(455,178)
Special management debt reserve	(212,000)	(212,000)	(212,000)	(212,000)	(206,100)	-	-	-	-	-
<b>Total Expenses</b>	<b>(13,793,414)</b>	<b>(14,935,702)</b>	<b>(14,022,598)</b>	<b>(14,382,159)</b>	<b>(14,741,247)</b>	<b>(14,771,809)</b>	<b>(15,172,917)</b>	<b>(15,493,914)</b>	<b>(15,757,575)</b>	<b>(16,135,926)</b>
<b>Annual Net Cash Flow - General Operations</b>	<b>\$ 1,121,559</b>	<b>\$ 510,400</b>	<b>\$ 450,737</b>	<b>\$ 320,282</b>	<b>\$ 12,266</b>	<b>\$ 253,702</b>	<b>\$ 72,535</b>	<b>\$ 41,442</b>	<b>\$ 74,663</b>	<b>\$ (2,596)</b>
<b>MAJOR CONSTRUCTION</b>										
<b>Annual Net Cash Flow - Major Construction</b>	<b>\$ (2,422,097)</b>	<b>\$ (2,280,719)</b>	<b>\$ (1,918,958)</b>	<b>\$ (1,828,419)</b>	<b>\$ (1,295,122)</b>	<b>\$ (900,793)</b>	<b>\$ (858,617)</b>	<b>\$ (867,928)</b>	<b>\$ (885,479)</b>	<b>\$ (903,286)</b>
<b>Annual Net Cash Flow after Major Construction</b>	<b>\$ (1,300,538)</b>	<b>\$ (1,770,319)</b>	<b>\$ (1,468,220)</b>	<b>\$ (1,508,137)</b>	<b>\$ (1,282,855)</b>	<b>\$ (647,091)</b>	<b>\$ (786,082)</b>	<b>\$ (826,486)</b>	<b>\$ (810,816)</b>	<b>\$ (905,882)</b>
<b>DEVELOPMENT (FN 1 - includes revenue loss and/or new debt service)</b>										
<b>CADA Projects</b>										
Site 21 (14th & N)	(400,000)	(118,560)	(120,931)	376,650	384,183	391,867	399,704	407,698	415,852	424,169
East End Gateway - Site 5/6/7, Hand in Hand, Enterprise Site & Simor	(305,000)	(715,000)	(305,000)	(715,000)	-	-	-	-	-	-
Courtyard Site 16A	-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
	<b>(705,000)</b>	<b>(824,440)</b>	<b>(407,326)</b>	<b>(310,443)</b>	<b>421,393</b>	<b>438,379</b>	<b>455,519</b>	<b>472,815</b>	<b>490,271</b>	<b>507,891</b>
<b>Neighborhood and Infrastructure Improvement Projects</b>										
Roosevelt Park	-	(40,000)	(60,000)	-	-	-	-	-	-	-
O Street Streetscape	-	-	(680,590)	(149,000)	-	-	-	-	-	-
16th Street Streetscape	-	-	-	-	-	-	-	-	-	-
10th Street Commerical	(5,000)	-	-	-	-	-	-	-	-	-
Infrastructure improvements	(200,000)	-	-	-	-	-	-	-	-	-
The Dean Improvement	(236,000)	-	-	-	-	-	-	-	-	-
	<b>(441,000)</b>	<b>(40,000)</b>	<b>(740,590)</b>	<b>(149,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest Expense - Opportunity Cost</b>	<b>(40,110)</b>	<b>(30,255)</b>	<b>(40,177)</b>	<b>(16,080)</b>	<b>14,749</b>	<b>15,343</b>	<b>15,943</b>	<b>16,549</b>	<b>17,160</b>	<b>17,776</b>
	<b>(40,110)</b>	<b>(30,255)</b>	<b>(40,177)</b>	<b>(16,080)</b>	<b>14,749</b>	<b>15,343</b>	<b>15,943</b>	<b>16,549</b>	<b>17,160</b>	<b>17,776</b>
<b>Annual Net Cash Flow - Development</b>	<b>\$ (1,186,110)</b>	<b>\$ (894,695)</b>	<b>\$ (1,188,093)</b>	<b>\$ (475,523)</b>	<b>\$ 436,142</b>	<b>\$ 453,722</b>	<b>\$ 471,462</b>	<b>\$ 489,364</b>	<b>\$ 507,431</b>	<b>\$ 525,667</b>
<b>ANNUAL NET CASH FLOW</b>	<b>(2,486,648)</b>	<b>(2,665,014)</b>	<b>(2,656,314)</b>	<b>(1,983,660)</b>	<b>(846,713)</b>	<b>(193,369)</b>	<b>(314,620)</b>	<b>(337,122)</b>	<b>(303,384)</b>	<b>(380,215)</b>

Capitol Area Forecast  
2024 Financial Forecast

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CAPITOL AREA (exclusive of Special Management Operations)	1 to 5 Year Forecast					6 to 10 Year Forecast				
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ANNUAL NET CASH FLOW	-\$2,487	-\$2,665	-\$2,656	-\$1,984	-\$847	-\$193	-\$315	-\$337	-\$303	-\$380
CUMULATIVE IMPACT ON AVAILABLE OPERATING RESERVES										
Available Operating Reserves -Beginning of Forecast	\$23,464									
Available Bond Funds	\$0	\$0								
Available Operating Reserves - End of Year	\$20,977	\$18,312	\$15,656	\$13,672	\$12,825	\$12,632	\$12,317	\$11,980	\$11,677	\$11,297
Less: Operating Reserve Threshold	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Target Operating Reserve Excess <Shortfall>	\$15,477	\$12,812	\$10,156	\$8,172	\$7,325	\$7,132	\$6,817	\$6,480	\$6,177	\$5,797

(IN THOUSANDS)

Capitol Area Development Authority  
2024 Financial Forecast  
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.	24-25					25-26				
		23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
<b>CADA Projects</b>												
<b>D223-01 - Site 21 (14th &amp; N) (D08 Project)</b>												
<b>FUNDING SOURCES</b>												
	Option Fee, \$4,500/month (debt service \$4,100/month)			-		-		-		-		
2.00%	Affordable Hsg Negative Impact Adj -26 units @ \$380/mo.		(118,560)	(120,931)	(123,350)	(125,817)	(128,333)	(130,900)	(133,518)	(136,188)	(138,912)	
	Tax Increment				500,000	510,000	520,200	530,604	541,216	552,040	563,081	
	<b>TOTAL FUNDING SOURCES</b>	-	-	(118,560)	(120,931)	376,650	384,183	391,867	399,704	407,698	415,852	424,169
<b>USES OF FUNDS</b>												
	Developer Subsidy - offsite subsidy		(400,000)	-								
	<b>TOTAL USES OF FUNDS</b>	-	(400,000)	-	-	-	-	-	-	-	-	-
	<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>	-	(400,000)	(118,560)	(120,931)	376,650	384,183	391,867	399,704	407,698	415,852	424,169
<ul style="list-style-type: none"> <li>- Assuming the requirements in the Capitol Area Plan, this would be a condo project with 97 unit and 6 condominiums units market rate units with no commercial income</li> <li>- Old project closed with Cerilsih, new neogated agreement with D&amp;S</li> <li>- CADA has purchased the Site and D&amp;S paid \$2.4M at closing 2023 will be</li> <li>- Construction beginning FY 12.25.22 FY 22-23, 24 month construction completed 100% in FY 12.25.2024.</li> </ul>												
				<b>FY</b>								
			<b>Const starts</b>	12/25/22	22-23							
			<b>Const Fin</b>	12/25/24	24-25	<b>24 months</b>						
			<b>TI</b>	6/25/26	26-27	<b>full year in FY 26-27</b>						



Capitol Area Development Authority  
2024 Financial Forecast  
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.										
		23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
<b>D233-02 - EEG Site 5, 6 &amp; 7 (D07 Project)</b>												
<b>FUNDING SOURCES</b>												
	Bond funds		-	-	4,000,000	-	5,000,000					
	<b>TOTAL FUNDING SOURCES</b>		-	-	4,000,000	-	5,000,000	-	-	-	-	-
<b>USES OF FUNDS</b>												
4709	Funding Research & Application Cost	-	-	(75,000)	-	(75,000)						
4710	Engineering/Architecture		(150,000)	(500,000)	(150,000)	(500,000)						
4720	Environment Assessment - Soil Mgmt. Plan; Asbestos Testing & Abatement		(10,000)	(25,000)	(10,000)	(25,000)						
4751	Legal Fees		(10,000)	(25,000)	(10,000)	(25,000)	-	-	-	-		
4752	Financial Analysis (CADA Cost)		(20,000)	(25,000)	(20,000)	(25,000)	-					
4758	Other Professional Svcs-Other		(100,000)	(50,000)	(100,000)	(50,000)						
4775	Miscellaneous		(15,000)	(15,000)	(15,000)	(15,000)						
	5-6 Gap Financing - \$5M (poss \$1M reimburse				(4,000,000)			-				
	7-8 Gap Financing - \$6M (\$1M reimburse		-	-	-	(5,000,000)						
	<b>TOTAL USES OF FUNDS</b>		-	(305,000)	(715,000)	(4,305,000)	(715,000)	(5,000,000)	-	-	-	-
	<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>		-	(305,000)	(715,000)	(305,000)	(715,000)	-	-	-	-	-
<ul style="list-style-type: none"> <li>- A potential 100% Affordable Tax Credit project, including Site 5 (hand-in-hand), Site 6 (Enterprise/Simons) and phased in Site 7 (Mercury Cleaners site) and Site 8 (Terraces).</li> <li>- Possible tax credit project; with 100 units at 5/6 and 150 at 7/8. Do not have a project layed out, so no TI or afford housing offset.</li> <li>- Estimated timing would be 5/6 const with start in FY 26/27; 7/8 const would start FY 28/29 with estimated gap fund of \$9 million assume to be funded by the bond proceeds, predevelopment expenses paid with TI</li> <li>- Enterprise, Simons, Mercury Cleaners and Hand in Hand revenue has been removed. The Terraces revenue is estimated to be removed in FY 28/29 when const starts</li> <li>- This project assume to be a 4% tax credit may be deveopment fees and on going rental revenue, Since the project is still preliminary these revenue items are to uncertain</li> <li>- Land acq follows the excutive order there the land will be leased to CADA and not sold.</li> </ul>		<p>5/6</p> <p>Const starts</p> <p>Const Fin</p> <p>TI</p>	<p>FY</p> <p>7/1/26 26/27</p> <p>1/1/28 27-28</p> <p>7/1/29 29/30</p>	<p>7/8</p> <p>Const starts</p> <p>Const Fin</p> <p>TI</p>	<p>FY</p> <p>7/1/28 28/29</p> <p>1/1/30 29-30</p> <p>7/1/31 31-32</p>							

Capitol Area Development Authority  
2024 Financial Forecast  
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.	24-25					25-26				
		23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-24
<b>D224-25 - Courtyard Site 16A (D19)</b>												
<b>FUNDING SOURCES</b>												
2.0%	Offset for Affordable Hsg Positive Impact Adj - 17 units @ \$380/mo. Covers it's ownen requirement with no extra		-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
<b>TOTAL FUNDING SOURCES</b>		-	-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
<b>USES OF FUNDS</b>												
<b>TOTAL USES OF FUNDS</b>		-	-	-	-	-	-	-	-	-	-	-
<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>		-	-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
<p><b>- Assume CACDC would develop this project with contributions from CADA.</b></p> <p style="text-align: center;"><b>FY</b></p> <p><b>- Assume this would be 100% affordable with funding from tax credits with 57 units - one manager</b></p> <p><b>- Affordable units for the building is 15 (57*25%) will create 42 additional affordable units - phase in 26 units for the affordable unites need for the Cypress project. Then will phase the remaining over mul year - 2 per year for attrition</b></p> <p><b>- The \$1.6 mil net (predev reimbursement and 1.5 mill sof loan). This is assumed to be equity or gap funding for the project - non collectable</b></p> <p><b>- There is no acq - under excutive order these will be ground leases to CADA for a \$1</b></p>												
<b>10th Street Commerical (D19 Proposed Project)</b>												
<b>FUNDING SOURCES</b>												
<b>TOTAL FUNDING SOURCES</b>		-	-	-	-	-	-	-	-	-	-	-
<b>USES OF FUNDS</b>												
4703	Site Improvements - new awnings	-	(5,000)	-	-	-	-	-	-	-	-	-
<b>TOTAL USES OF FUNDS</b>		-	(5,000)	-	-	-	-	-	-	-	-	-
<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>		-	(5,000)	-	-	-	-	-	-	-	-	-
<p><b>- For improvements to CADA's commerical units along 10ths street with proposed new metal awnings and signage; and other streetscape improvments</b></p>												

		Current Yr.										
		23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-24
<b>Neighborhood and Infrastructure Improvement Projects</b>												
<b>D807-00 - Roosevelt Park (D15 Project)</b>												
FUNDING SOURCES												
TOTAL FUNDING SOURCES												
USES OF FUNDS												
4758	Site Improvements - Other		-	(20,000)	(60,000)	-						
4758	Other Professional Services	-	-	(20,000)								
TOTAL USES OF FUNDS												
DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses												
<ul style="list-style-type: none"> <li>- In partnership with the City assume CADA will completed baseball field improvements in FY 19-20 and additional improvements of planitngs strip on the SE edge (\$50k) and Q st (\$50k) and a new entry on the south Side (\$75)</li> <li>- Assume the City will improve the ball field lighting, sidewalks on 9th and P Stree, and new fencing along the park</li> <li>- Project improvements to the pedestrian spaces, athletic field and other improvements for signage; landscaping; and walkways</li> </ul>												
<b>D801-00 - O Street Streetscape (D09 Project)</b>												
FUNDING SOURCES												
Bond Funds												
3872	D&A Grant Proceeds - infrastructure grant		-	932,200	857,910	-	-					
TOTAL FUNDING SOURCES												
USES OF FUNDS												
4703	Site Improvements - grant funded			(712,200)	(1,387,500)	(132,000)						
4709	Fundraising	-	-	-	-	(5,000)						
4751	Legal ( Review of RT agreements	-	-	-	-	(5,000)						
4758	Other Prof. Svcs - CADA funded - Const concept and drawings	-	-	(220,000)	(24,000)	(7,000)	-					
5343	Permit & fees				(127,000)							
TOTAL USES OF FUNDS												
DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses												
<ul style="list-style-type: none"> <li>- Funded through \$2 mil in bond funds</li> <li>- Project improvements to the pedestrian spaces and other improvements for signage; landscaping; Murals, and walkways.</li> </ul>												
<b>D804-00 - 16th Street Streetscape (D10 Project)</b>												
FUNDING SOURCES												
TOTAL FUNDING SOURCES												
USES OF FUNDS												
4703	Site Improvements - other 16th street items - restroom fremont park		(180,000)		-							
4758	Other Prof Svcs	-	(20,000)	-	-							
TOTAL USES OF FUNDS												
DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses												

Capitol Area Development Authority  
 2024 Financial Forecast  
 GENERAL FUND DEVELOPMENT DETAIL

	Current Yr.										
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
- Funds for improvements to Fremont Park \$10k for fencing;\$50k replanting;\$150k for restroom improvements											

Capitol Area Development Authority (CADA)  
2024 Long-Range Forecast  
**R STREET AREA FORECAST**

	22-23	1 to 5 Year Forecast					6 to 10 Year Forecast				
		23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection
<b>R STREET AREA (80% Unrestricted Portion)</b>											
<b>Unrestricted (80%)</b>											
<b>Revenue</b>											
Tax Increment Revenue (2% annual increase)	2,234,000	2,278,680	2,324,254	2,370,739	2,418,153	2,466,517	2,515,847	2,566,164	2,617,487	2,669,837	2,723,234
<b>Expenses</b>											
2016 Bond Debt Service	(35,238)	(34,904)	(34,012)	(33,611)	(33,928)	(33,954)	(33,698)	(34,429)	(34,338)	(34,430)	(34,449)
2020 Bond Debt Service	(1,018,399)	(1,015,668)	(1,017,867)	(1,015,789)	(1,015,305)	(1,013,487)	(1,013,521)	(1,012,765)	(1,014,103)	(1,011,507)	(1,010,597)
1% Assistance to General Fund (Staffing Salaries & Benefits)	(216,000)	(224,640)	(231,379)	(238,321)	(245,470)	(252,834)	(260,419)	(268,232)	(276,279)	(284,567)	(293,104)
General R Street Projects	-	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
R Street Improvement - 900 Block	-	(523,000)	-	-	-	-	-	-	-	-	-
16th & T Street Possible Housing Project	-	(93,000)	-	-	-	-	-	-	-	-	-
16T - S Street Improvement Project	-	(450,000)	-	-	-	-	-	-	-	-	-
Middle Income Housing Project Support	-	(150,000)	(100,000)	(100,000)	(100,000)	-	-	-	-	-	-
Catalyst Affordable Housing Project	-	-	-	-	(4,000,000)	(295,000)	(775,000)	(2,400,000)	-	-	-
	(1,269,637)	(2,601,212)	(1,493,258)	(1,497,720)	(5,504,703)	(1,705,276)	(2,192,638)	(3,825,426)	(1,434,719)	(1,440,504)	(1,448,150)
<b>Cash Flow</b>	<b>964,363</b>	<b>(322,532)</b>	<b>830,995</b>	<b>873,018</b>	<b>(3,086,549)</b>	<b>761,241</b>	<b>323,208</b>	<b>(1,259,262)</b>	<b>1,182,768</b>	<b>1,229,333</b>	<b>1,275,084</b>
<b>Cash Reserves Available - July 1, 2017</b>	<b>1,761,977</b>										
<b>CUMULATIVE YEAR END FUNDS AVAILABLE</b>	<b>2,726,340</b>	<b>\$ 2,403,809</b>	<b>\$ 3,234,804</b>	<b>\$ 4,107,822</b>	<b>\$ 1,021,273</b>	<b>\$ 1,782,514</b>	<b>\$ 2,105,722</b>	<b>\$ 846,460</b>	<b>\$ 2,029,228</b>	<b>\$ 3,258,560</b>	<b>\$ 4,533,644</b>
<b>R STREET SET-ASIDE (20% Portion)</b>											
<b>Affordable Housing Related</b>											
<b>Revenue</b>											
Tax Increment Revenue (2% annual increase)	590,000	601,800	613,836	626,113	638,635	651,408	664,436	677,725	691,279	705,105	719,207
<b>Expenses</b>											
2016 Bond Debt Service	(7,047)	(6,981)	(6,803)	(6,723)	(6,786)	(6,791)	(6,740)	(6,886)	(6,868)	(6,887)	(6,890)
2020 Bond Debt Service	(220,653)	(220,061)	(220,538)	(220,088)	(219,983)	(219,589)	(219,596)	(219,432)	(219,722)	(219,160)	(218,963)
	(227,700)	(227,042)	(227,341)	(226,811)	(226,769)	(226,380)	(226,336)	(226,318)	(226,590)	(226,047)	(225,853)
<b>Cash Flow</b>	<b>362,300</b>	<b>374,758</b>	<b>386,495</b>	<b>399,302</b>	<b>411,866</b>	<b>425,028</b>	<b>438,100</b>	<b>451,406</b>	<b>464,689</b>	<b>479,058</b>	<b>493,354</b>
<b>Cash Reserves Available - July 1, 2017</b>	<b>1,340,278</b>	<b>-</b>									
<b>CUMULATIVE YEAR END FUNDS AVAILABLE</b>	<b>1,702,578</b>	<b>\$ 2,077,336</b>	<b>\$ 2,463,831</b>	<b>\$ 2,863,133</b>	<b>\$ 3,274,999</b>	<b>\$ 3,700,027</b>	<b>\$ 4,138,127</b>	<b>\$ 4,589,533</b>	<b>\$ 5,054,222</b>	<b>\$ 5,533,279</b>	<b>\$ 6,026,633</b>

**R STREET DEVELOPMENT PROJECTS**

		23-24	24-25	25-26	25-26	27-28	28-29	29-30	30-31	31-32	32-33	33-34
<b>D901-00 - R Street (D05 Project)</b>												
<b>FUNDING SOURCES</b>												
<b>TOTAL FUNDING SOURCES</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Budgeted USES OF FUNDS</b>												
4211	Marketing & Media	-	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
4703	Site Improvements	-	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
4711	Public space improvement/ Sie Maintenance	-	-	-	-	-	-	-	-	-	-	-
4751	Legal - Dev Project Related	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
4752	D&A Project Financial Analysis	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
4758	D&A Other Professional Services - Other (Proj Dev; Envio Ass)	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
4758	D&A Other Professional Services - Grant Writing	-	-	-	-	-	-	-	-	-	-	-
4775	D&A Miscellaneous Expense	-	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
<b>TOTAL USES OF FUNDS</b>		-	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>		-	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
<b>R Street Public Space Improvement - 900 Block</b>												
<b>FUNDING SOURCES</b>												
<b>TOTAL FUNDING SOURCES</b>		-	-	-	-	-	-	-	-	-	-	-
<b>USES OF FUNDS</b>												
4703	Site Improvments	-	(450,000)	-	-	-	-	-	-	-	-	-
4758	Other profess	-	(73,000)	-	-	-	-	-	-	-	-	-
<b>TOTAL USES OF FUNDS</b>		-	(523,000)	-	-	-	-	-	-	-	-	-
<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>		-	(523,000)	-	-	-	-	-	-	-	-	-
<b>805 R Street - Possible partnership</b>												
<b>FUNDING SOURCES</b>												
2020 bond F20 - CACDC through partnership		-	900,000	8,000,000	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>		-	900,000	8,000,000	-	-	-	-	-	-	-	-
<b>USES OF FUNDS</b>												
4703	D&A - Site Improvements	-	-	-	-	-	-	-	-	-	-	-
4710	D&A Engin/Architectural	-	(315,000)	-	-	-	-	-	-	-	-	-
4720	D&A Environmental Assessments	-	(300,000)	-	-	-	-	-	-	-	-	-

Capitol Area Development Authority (CADA)  
2024 Long-Range Forecast

**R STREET DEVELOPMENT PROJECTS**

		23-24	24-25	25-26	25-26	27-28	28-29	29-30	30-31	31-32	32-33	33-34
4751	Legal - Dev Project Related	-	(10,000)									
4752	D&A Project Financial Analysis	-	(50,000)									
4758	D&A Other Professional Services	-	(50,000)									
4775	D&A Miscellaneous Expense	-	(25,000)									
5343	Permits and Fees	-	(150,000)									
	Joint Venture Investment			(8,000,000)	-	-						
	<b>TOTAL USES OF FUNDS</b>	-	<b>(900,000)</b>	<b>(8,000,000)</b>	-	-	-	-	-	-	-	-
	<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>	-	-	-	-	-	-	-	-	-	-	-
	<b>Partnership with Mutual Housing assume predevelopment expenses in FY 24-25 with Const starting in FY 25-26 and possible completion Early Spring 2027</b>											
	<b>This contplated to be a tax credit proeject with 241 units planned with aprocx \$4k SF of commercial space</b>											
	<b>This is not in the CADA or R St TI area</b>											
	<b>16T - 2000 16th Street - Possible Housing Project</b>											
	<b>FUNDING SOURCES</b>											
	F60 for the project - prob to partnership		4,850,000									
	<b>TOTAL FUNDING SOURCES</b>	-	<b>4,850,000</b>	-	-	-	-	-	-	-	-	-
	<b>USES OF FUNDS</b>											
4601	Build/Land Acquisition	-	(93,000)									
4710	D&A Engin/Architectural	-	(400,000)									
4720	D&A Environmental Assessments	-	(50,000)									
4751	Legal - Dev Project Related	-	(70,000)									
4752	D&A Project Financial Analysis	-	(50,000)									
4758	D&A Other Professional Services	-	(3,000)									
4775	D&A Miscellaneous Expense	-	(50,000)									
5343	Permits and Fees	-	(227,000)									
	Project funding	-	(4,000,000)	-		-						
	<b>TOTAL USES OF FUNDS</b>	-	<b>(4,943,000)</b>	-	-	-	-	-	-	-	-	-
	<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>	-	<b>(93,000)</b>	-	-	-	-	-	-	-	-	-
	<b>Assume project receives the AHSC funding and predevelopment of a project with current budgeted in the next fiscal year - FY 24-25</b>											
	<b>Const on an affordable project in FY 24-25 - use remaining \$93,000 budget funds in F10 for disposition of the property</b>											
	<b>Assume project may need \$4 mil in Financing with this funded by the 2020 bond</b>											

**R STREET DEVELOPMENT PROJECTS**

		23-24	24-25	25-26	25-26	27-28	28-29	29-30	30-31	31-32	32-33	33-34
assume completed Sumer of 2027, with 134 units and possible \$25000 SF of commercial space - this is outside of CADA & R St Area - no TI and maybe 2 for 1?												
<b>16T- S Street Project - required as part of 16T funding</b>												
<b>FUNDING SOURCES</b>												
TOTAL FUNDING SOURCES		-	-	-	-	-	-	-	-	-	-	-
<b>USES OF FUNDS</b>												
4710	D&A Engin/Architectural		(325,000)									
4758	D&A Other Professional Services		(125,000)									
TOTAL USES OF FUNDS		-	(450,000)	-	-	-	-	-	-	-	-	-
DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses		-	(450,000)	-	-	-	-	-	-	-	-	-
<b>Middle Income Housing Project Support</b>												
<b>FUNDING SOURCES</b>												
TOTAL FUNDING SOURCES		-	-	-	-	-	-	-	-	-	-	-
<b>USES OF FUNDS</b>												
	Development Loan Funding		(150,000)	(100,000)	(100,000)	(100,000)						
4775	Miscellaneous Expense											
TOTAL USES OF FUNDS		-	(150,000)	(100,000)	(100,000)	(100,000)	-	-	-	-	-	-
DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses		-	(150,000)	(100,000)	(100,000)	(100,000)	-	-	-	-	-	-
<b>Loan funding for other development projects in the Sacramento area could poss cover three loans.</b>												
<b>New/Catalyst Affordable Housing Project</b>												
<b>FUNDING SOURCES</b>												
7560	Bond funds		-	-	-	1,000,000			2600000			
TOTAL FUNDING SOURCES		-	-	-	-	1,000,000	-	-	2,600,000	-	-	-
<b>USES OF FUNDS</b>												
4601	Build/Land Acquisition	-	-	-	-	(5,000,000)						
4709	Funding esearch & App Cost	-						(100,000)				
4710	D&A Engin/Architectural	-	-	-			(150,000)	(500,000)				
4720	D&A Environmental Assessments	-	-	-			(50,000)	(25,000)				
4751	Legal - Dev Project Related	-	-	-			(10,000)	(25,000)				
4752	D&A Project Financial Analysis	-	-				(25,000)	(25,000)				



Capitol Area Development Authority (CADA)  
2024 Long-Range Forecast

**R STREET DEVELOPMENT PROJECTS**

		23-24	24-25	25-26	25-26	27-28	28-29	29-30	30-31	31-32	32-33	33-34
4758	D&A Other Professional Services	-	-	-			(10,000)	(50,000)				
4775	D&A Miscellaneous Expense	-	-	-			(50,000)	(50,000)				
	<b>Gap Financing</b>	-	-						(5,000,000)			
	<b>TOTAL USES OF FUNDS</b>	-	-	-	-	(5,000,000)	(295,000)	(775,000)	(5,000,000)	-	-	-
	<b>DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses</b>	-	-	-	-	(4,000,000)	(295,000)	(775,000)	(2,400,000)	-	-	-
	Reviewing the possibility of a site purchase, predevelopment, and subsidy in and around the R Street Area for an Affordable Housing Project. Site is assumed to be 38,400 SF at \$130 SF Assume predevelopment funds will be reimbursed at closing											