







EXHIBIT B

PROJECTED DEVELOPER RETURNS AND ESTIMATED VALUE OF LEASED FEE  
 MARINERS COVE  
 SAN DIEGO HOUSING COMMISSION

	A	B	C	D	E	F
	EXISTING	AIMCO PROPOSAL	SDHC COUNTERPROPOSAL	AIMCO COUNTERPROPOSAL	LMA Updated Analysis	KMA Sensitivity Tests
	Second Amended Ground Lease effective July 1, 2015	Developer e-mail April 13, 2020	SDHC Counterproposal November 2020	Developer Counterproposal April 2022	LMA Updated Analysis: May 2022	KMA Sensitivity Tests May 2022
	500 Units	772 Units	772 Units	777 Units	772 Units	772 Units
	75 Year Lease Term	99 Year Lease Term	75 Year Lease Term	75 Year Lease Term	75 Year Lease Term	75 Year Lease Term
<b>Key Assumptions:</b>						
Annual Ground Rent Escalator Lease Yrs 7-11	2.5%	2.5%	10.0%	0.0%	2.5%	2.5%
Annual Ground Rent Escalator Lease Yrs 12-16	2.5%	2.5%	10.0%	2.5%	2.5%	2.5%
Annual Ground Rent Escalator Lease Yrs 17+	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Land Value Escalator	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Re-Appraisal Years	2041, 2071	2041, 2071, 2093	2032, 2042, 2052 2062, 2072, 2082	2041, 2071	2041, 2071	2041, 2071
Prevailing Wages	---	Yes	Yes	Yes	Yes	Yes
Cost Reduction	---	---	---	---	---	-10.00%
Cost Escalation	---	---	---	---	7.5%/year	5.0%/year
Income Escalation	2.5%	3.50%	3.50%	3.50%	3.00%	3.50%
Total Development Cost w/o Acquisition	\$25.0 M	\$360.9 M	\$360.9 M	\$360.9 M	\$507.1 M	\$439.0 M
Acquisition Costs	\$135.0 M	\$135.0 M	\$135.0 M	\$135.0 M	\$151.0 M	\$151.0 M
Total Development Costs	\$160.0 M	\$495.9 M	\$495.9 M	\$495.9 M	\$658.1 M	\$590.0 M
<b>I. Projected Developer Returns</b>						
A. Developer Unleveraged IRR	6.6%	8.1%	7.8%	Developer did not provide updated cash flow projection	6.7%	7.7%
B. Developer Leveraged IRR	7.9%	9.3%	9.2%		7.6%	---
B. Off-Site Inclusionary Financing Gap	---	\$3.1 M <sup>(6)</sup>	\$3.1 M <sup>(6)</sup>		---	---
<b>II Estimated Value of Leased Fee</b>						
A. Ground Lease Payments	\$33.2 M	\$43.9 M	\$58.8 M	\$38.2 M	\$42.4 M	\$42.4 M
B. Reversion	\$3.8 M	\$1.1 M	\$3.8 M	\$3.5 M	\$3.8 M	\$3.8 M
C. Total <sup>(8)</sup>	\$37.0 M	\$44.9 M	\$62.5 M	\$41.7 M	\$46.1 M	\$46.1 M

(1) All projections based on AIMCO original pro forma submitted June 24, 2020 and August 28, 2020.  
 (2) Per Second Amended and Restated Ground Lease effective July 1, 2015, reflects 55 year ground lease to include one 20-year option for a total of 75 years.  
 (3) Per Developer proposal, assumes ground lease term extended to include two 22-year options, for a total of 99 years.  
 (4) Assumes KMA estimates of reappraisal and ground rent adjustments at future milestone years.  
 (5) Excludes financing costs.  
 (6) KMA estimate. Assumes 27 affordable units with an affordability gap of \$115,000 per affordable unit. Cost obligation reflected in Developer proposal.  
 (7) Reflects present value of annual ground lease payments and future reversion to Housing Authority. Assumes a discount rate of 8.0%.  
 (8) Allow for rounding error.