

Assumptions: McFarland, Concept 1

General Inputs

Opportunity Site Name	McFarland
Development Concept	1

Development types	No. Units	Average		Parking Ratios	No. Parking Spaces
		Unit Size	Total Net SF		
Residential: Apartments	37	751	27,803	1.24	46
Residential: Townhomes	50	1,333	66,640	1.62	81
Residential: Single Family Homes (For Sale)	20	2,022	40,440	1.85	37
Residential: Senior Housing - Independent Care	0	0	0	0.00	0
Retail/Commercial (NNN)	0	0	0	0.00	0
Office (FS)	0	0	0	0.00	0
Live/Work	0	0	0	0.00	0
Flex Space (NNN)	0	0	0	0.00	0
Total	107		134,883		164

Development types	Monthly Rent / SF	Monthly Rent / Unit	Annual Rent / SF	Annual Rent / Unit	Potential Gross Rev	Op Expense (% Rent)	Op Expense			Total Op Expense
							per unit / mo	Op Expense per SF / mo	Op Expense per SF / yr	
Residential: Apartments	\$1.30	\$977	\$15.60	\$11,724	\$433,788	35%	-\$338	-\$0.45	-\$5.40	-\$150,157
Residential: Townhomes	\$1.15	\$1,533	\$13.80	\$18,396	\$919,800	39%	-\$600	-\$0.45	-\$5.40	-\$359,922
Residential: Single Family Homes (For Sale)										
Residential: Senior Housing - Independent Care	\$1.67	\$0	\$20.04	\$0	\$0	60%	\$0	-\$1.00	-\$7.60	\$0
Retail/Commercial (NNN)	\$1.17		\$14.00		\$0	15%		-\$0.18	-\$2.10	\$0
Office (FS)	\$1.25		\$15.00		\$0	53%		-\$0.67	-\$8.00	\$0
Live/Work	\$1.30	\$0	\$15.60	\$0	\$0	35%	\$0	-\$0.45	-\$5.40	\$0
Flex Space (NNN)	\$0.71		\$8.50		\$0	14%		-\$0.10	-\$5.40	\$0
Total					\$1,353,588					-\$510,079

Other Assumptions

Annual Increase in Potential Gross Rev	3%
Annual increase in operating expense	3%
Property Tax Rate	\$18.95
Changed Property Ratio	89.4%
Real Market Value	\$7,948,000

Changed Property Ratio

Use	CPR
Residential	89.4%
Com/Ind	90.4%
Multi-Family	80.7%

Parking Assumptions

	Spaces	SF	SF/Space
Structured	0	0	0
Tuck	29	10,643	367
Surface	135	44,103	327
Total	164	54,746	

Uses of funds: McFarland, Concept 1

Costs	Total	Per SF	# GSF	Notes
<i>Hard Costs</i>				
Site Acquisition	\$876,000	\$0.00	177,000	SF of site
Construction - Apartments	\$3,925,200	\$120.00	32,710	gross SF of building
Construction - Townhomes	\$8,996,400	\$135.00	66,640	gross SF of building
Construction - Single Family Homes	\$6,066,000	\$150.00	40,440	gross SF of building
Building Skin	\$0	\$0.00	0	Façade SF
Landscaping	\$314,256	\$6.00	52,376	Landscaping
TI Allowance - Office	\$0	\$45.00	0	Net SF
TI Allowance - Retail	\$0	\$35.00	0	Net SF
Parking - Tuck Under	\$372,505	\$35.00	10,643	
Parking - Surface	\$396,927	\$9.00	44,103	
Frontage Improvements / PARs	\$825,000			City requirement for street enhancements
Local Streets	\$800,000	\$1,600.00	500	Linear feet
Hard Cost Contingency	\$1,567,222	\$11.21	139,790	7.5% other hard costs
Subtotal	\$24,139,510	\$172.68	139,790	
<i>Soft Costs</i>				
Architecture & Engineering	\$1,689,766	\$12.09	139,790	7.0% of hard costs
Other Soft Costs	\$965,580	\$6.91	139,790	4.0% - Legal fees, other consultants
Financing Fees	\$241,395	\$1.73	139,790	1.0% of hard costs
City Fees and Permits	\$259,662	\$1.86	139,790	Building Permit Fees based on hard cost valuation. Does not include any trade permits or deferred submittals.
SDCs	\$1,020,000	\$7.30	139,790	
Developer Fee	\$1,206,975	\$8.63	139,790	5.0% of hard costs
FF&E	\$0	\$0.00	139,790	
Soft Cost Contingency	\$403,753	\$2.89	139,790	7.5% of soft costs
Subtotal	\$5,787,131	\$41.40	139,790	24.0%
Total Cost	\$29,926,641	\$214.08	139,790	

Loan Details: McFarland, Concept 1

Source No.	Type	Loan						
		Amount	Amortization (Years)	Loan Term (Years)	Interest Rate (Annual)	Payment (Annual)	Payment (Monthly)	Payments (Total)
Source 1	Equity	\$8,977,992	0	0	0%	N/A	N/A	N/A
Source 2	Bank Loan	\$20,948,649	25	25	6%	\$1,619,664	\$134,972	\$40,491,600
Source 3	Refinance	\$0	25	25	6%	\$0	\$0	\$0
Source 4	Other 1	\$0	1	1	5%	\$0	\$0	\$0
Source 5	Other 2	\$0	1.5	1.5	5%	\$0	\$0	\$0
Total		\$29,926,641						
		\$0						
Total Equity		\$8,977,992						
Total Financing		\$20,948,649						
Loan to Value Ratio		70%						

Annual Debt Service: McFarland, Concept 1

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Source 1 Equity										
Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Beginning Balance	\$ 8,977,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Source 2 Bank Loan										
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Beginning Balance	\$ 20,948,649	\$ 20,566,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payment	\$ (1,638,744)	\$ (20,566,824)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	\$ (381,825)	\$ (20,566,824)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ (1,256,919)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 20,566,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Source 3 Refinance										
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Beginning Balance	\$ -	\$ 15,566,824	\$ 15,283,091	\$ 14,982,334	\$ 14,663,532	#####	#####	#####	#####	#####
Total Payment	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)
Principal	\$ (283,733)	\$ (300,757)	\$ (318,802)	\$ (337,930)	\$ (358,206)	\$ (379,698)	\$ (402,480)	\$ (426,629)	\$ (452,227)	\$ (480,000)
Interest	\$ (934,009)	\$ (916,985)	\$ (898,940)	\$ (879,812)	\$ (859,536)	\$ (838,044)	\$ (815,262)	\$ (791,113)	\$ (765,515)	\$ (740,000)
Ending Balance	\$ 15,283,091	\$ 14,982,334	\$ 14,663,532	\$ 14,325,602	#####	#####	#####	#####	#####	#####
Source 4 Other 1										
Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Beginning Balance	\$ -									
Total Payment										
Principal										
Interest										
Ending Balance										
Source 5 Other 2										
Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Beginning Balance	\$ -									
Total Payment										
Principal										
Interest										
Ending Balance										
Total All Sources										
Interest Rate	4.20%	2.58%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Beginning Balance	\$ 29,926,641	\$ 36,133,647	\$ 15,283,091	\$ 14,982,334	\$ 14,663,532	#####	#####	#####	#####	#####
Total Payment	\$ (1,638,744)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)
Principal	\$ (381,825)	\$ (283,733)	\$ (300,757)	\$ (318,802)	\$ (337,930)	\$ (358,206)	\$ (379,698)	\$ (402,480)	\$ (426,629)	\$ (452,227)
Interest	\$ (1,256,919)	\$ (934,009)	\$ (916,985)	\$ (898,940)	\$ (879,812)	\$ (859,536)	\$ (838,044)	\$ (815,262)	\$ (791,113)	\$ (765,515)
Ending Balance	\$ 20,566,824	\$ 15,283,091	\$ 14,982,334	\$ 14,663,532	\$ 14,325,602	#####	#####	#####	#####	#####
Net Operating Income	\$ 5,370,447	\$ 520,981	\$ 680,213	\$ 700,620	\$ 721,638	\$ 743,287	\$ 765,585	\$ 788,553	\$ 812,209	\$ 836,575
Debt Service Coverage Ratio	3.28	0.43	0.56	0.58	0.59	0.61	0.63	0.65	0.67	0.69

Financial Projections: McFarland, Concept 1

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Home Sales	\$ 5,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Potential Gross Revenue	\$ 1,353,588	\$1,394,196	\$1,436,022	\$1,479,103	\$1,523,476	\$1,569,180	\$1,616,255	\$1,664,743	\$1,714,685	\$1,766,126
Vacancy Rate	25%	15%	5%	5%	5%	5%	5%	5%	5%	5%
Vacancy Loss	\$ (338,397)	\$ (209,129)	\$ (71,801)	\$ (73,955)	\$ (76,174)	\$ (78,459)	\$ (80,813)	\$ (83,237)	\$ (85,734)	\$ (88,306)
Effective Gross Revenue	\$ 6,015,191	\$ 1,185,067	\$ 1,364,221	\$ 1,405,148	\$ 1,447,302	\$ 1,490,721	\$ 1,535,442	\$ 1,581,506	\$ 1,628,951	\$ 1,677,820
Property Tax	\$ (134,665)	\$ (138,705)	\$ (142,866)	\$ (147,152)	\$ (151,567)	\$ (156,114)	\$ (160,797)	\$ (165,621)	\$ (170,590)	\$ (175,708)
Other Operating Expenses	\$ (510,079)	\$ (525,381)	\$ (541,142)	\$ (557,376)	\$ (574,097)	\$ (591,320)	\$ (609,060)	\$ (627,332)	\$ (646,152)	\$ (665,537)
Total Operating Expenses	\$ (644,744)	\$ (664,086)	\$ (684,008)	\$ (704,528)	\$ (725,664)	\$ (747,434)	\$ (769,857)	\$ (792,953)	\$ (816,742)	\$ (841,245)
Net Operating Income	\$ 5,370,447	\$ 520,981	\$ 680,213	\$ 700,620	\$ 721,638	\$ 743,287	\$ 765,585	\$ 788,553	\$ 812,209	\$ 836,575
<i>Resale Value @ Cap Rate:</i>										
6.50%	\$ 82,622,260	\$ 8,015,092	\$ 10,464,815	\$ 10,778,769	\$ 11,102,123	\$ 11,435,185	\$ 11,778,231	\$ 12,131,585	\$ 12,495,523	\$ 12,870,385
7.50%	\$ 71,605,958	\$ 6,946,413	\$ 9,069,507	\$ 9,341,600	\$ 9,621,840	\$ 9,910,493	\$ 10,207,800	\$ 10,514,040	\$ 10,829,453	\$ 11,154,333
8.50%	\$ 63,181,728	\$ 6,129,188	\$ 8,002,506	\$ 8,242,588	\$ 8,489,859	\$ 8,744,553	\$ 9,006,882	\$ 9,277,094	\$ 9,555,400	\$ 9,842,059
Debt Service	\$ (1,638,744)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)	\$ (1,217,742)
EBITDA	\$ 3,731,703	\$ (696,761)	\$ (537,529)	\$ (517,122)	\$ (496,104)	\$ (474,455)	\$ (452,157)	\$ (429,189)	\$ (405,533)	\$ (381,167)
Cash on Cash Return	41.57%	-7.76%	-5.99%	-5.76%	-5.53%	-5.28%	-5.04%	-4.78%	-4.52%	-4.25%
Cash on Cost Return	12.47%	-2.33%	-1.80%	-1.73%	-1.66%	-1.59%	-1.51%	-1.43%	-1.36%	-1.27%

Developer Score Card

	Actual	Desired
Cash on Cash Return	-0.73%	6-10%
Cash on Cost Return	-0.22%	6-9%
Unleveraged IRR		
5-Year	-14.43%	15%
10-Year	-4.12%	12%
Leveraged IRR		
5-Year	6.33%	20%
10-Year	2.03%	15%