

Assumptions: McFarland, Concept 2

General Inputs

Opportunity Site Name	McFarland
Development Concept	2

Development types	No. Units	Average Unit Size	Total Net SF	Parking Ratios	No. Parking Spaces
Residential: Apartments	37	751	27,803	1.24	46
Residential: Townhomes	43	1,334	57,361	1.63	70
Residential: Single Family Homes (for Sale)	20	2,022	40,440	1.85	37
Retail/Commercial (NNN)	0	0	3,417	2.34	8
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	100		129,021		161

Development types	Monthly Rent / SF	Monthly		Annual Rent / Unit	Potential Gross Rev	Op Expense (% Rent)	Op Expense			Total Op Expense
		Rent / Unit	Annual Rent / SF				per unit / mo	Op Expense per SF / mo	Op Expense per SF / yr	
Residential: Apartments	\$1.30	\$977	\$15.60	\$11,724.00	\$433,788	35%	-\$338	-\$0.45	-\$5.40	-\$150,157
Residential: Townhomes	\$1.15	\$1,534	\$13.80	\$18,408.00	\$368,160	39%	-\$600	-\$0.45	-\$5.40	-\$144,063
Residential: Single Family Homes (for Sale)										
Retail/Commercial (NNN)	\$1.17		\$14.00		\$47,838	15%		-\$0.18	-\$2.10	-\$7,176
Office (FS)	\$1.25		\$15.00		\$0	53%		-\$0.67	-\$8.00	\$0
Live/Work	\$1.30	\$0.00	\$15.60	\$0.00	\$0	35%	\$0	-\$0.45	-\$5.40	\$0
Flex Space (NNN)	\$0.71		\$8.50		\$0	14%		-\$0.10	-\$1.20	\$0
Total					\$849,786					-\$301,396

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	\$7,768,800

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	28	10,155	363
Surface	133	43,581	328
Total	161	53,736	

Uses of funds: McFarland, Concept 2

Costs	Total	Per SF	# GSF	Notes
<i>Hard Costs</i>				
Site Acquisition	\$876,000	\$0.00	176,000	SF of site
Construction - Apartments	\$3,925,200	\$120.00	32,710	gross SF of building
Construction - Townhomes	\$8,151,300	\$135.00	60,380	gross SF of building
Construction - Single Family	\$6,066,000	\$150.00	40,440	
Construction - Retail	\$422,100	\$105.00	4,020	
Building Skin	\$0	\$0.00	0	Façade SF
Landscaping	\$319,056	\$6.00	53,176	Landscaping
TI Allowance - Office	\$0	\$45.00	0	Net SF
TI Allowance - Retail	\$119,595	\$35.00	3,417	Net SF
Parking - Tuck Under	\$355,425	\$35.00	10,155	
Parking - Surface	\$392,229	\$9.00	43,581	
Frontage Improvements / PARs	\$825,000			City requirement for street enhancements
Local Streets	\$800,000	\$1,600.00	500	
Hard Cost Contingency	\$1,543,193	\$11.22	137,550	7.5% other hard costs
Subtotal	\$23,795,098	\$172.99	137,550	
<i>Soft Costs</i>				
Architecture & Engineering	\$1,665,657	\$12.11	137,550	7.0% of hard costs
General Soft Costs	\$951,804	\$6.92	137,550	4.0% - Legal fees, other consultants
Financing Fees	\$237,951	\$1.73	137,550	1.0% of hard costs
City Fees and Permits	\$255,529	\$1.86	137,550	Building Permit Fees based on hard cost valuation. Does not include any trade permits or deferred submittals.
SDCs	\$1,020,000	\$7.42	137,550	
Developer Fee	\$1,189,755	\$8.65	137,550	5.0% of hard costs
FF&E	\$0	\$0.00	137,550	
Soft Cost Contingency	\$399,052	\$2.90	137,550	7.5% of soft costs
Subtotal	\$5,719,748	\$41.58	137,550	24.0%
Total Cost	\$29,514,846	\$214.58	137,550	

Loan Details: McFarland, Concept 2

Source No.	Type	Loan						
		Amount	Amortization (Years)	Loan Term (Years)	Interest Rate (Annual)	Payment (Annual)	Payment (Monthly)	Payments (Total)
Source 1	Equity	\$8,854,454	0	0	0%	N/A	N/A	N/A
Source 2	Bank Loan	\$20,660,392	25	25	6%	\$1,597,380	\$133,115	\$39,934,500
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		\$29,514,846						
		\$0						
Total Equity		\$8,854,454						
Total Financing		\$20,660,392						
Loan to Value Ratio		70%						

Annual Debt Service: McFarland, Concept 2

	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	\$ 8,854,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 20,660,392	\$ 20,283,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payment	\$ (1,616,195)	\$ (20,283,821)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	\$ (376,571)	\$ (20,283,821)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ (1,239,624)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 20,283,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ -	\$ 15,283,821	\$ 14,088,218	\$ 12,892,615	\$ 11,697,012	#####	\$ 9,305,806	\$ 8,110,203	\$ 6,914,600	\$ 5,718,997
Total Payment	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)
Principal	\$ (278,574)	\$ (350,310)	\$ (422,046)	\$ (493,782)	\$ (565,518)	\$ (637,255)	\$ (708,991)	\$ (780,727)	\$ (852,463)	\$ (924,200)
Interest	\$ (917,029)	\$ (845,293)	\$ (773,557)	\$ (701,821)	\$ (630,085)	\$ (558,348)	\$ (486,612)	\$ (414,876)	\$ (343,140)	\$ (271,900)
Ending Balance	\$ 14,088,218	\$ 12,892,615	\$ 11,697,012	\$ 10,501,409	\$ 9,305,806	\$ 8,110,203	\$ 6,914,600	\$ 5,718,997	\$ 4,523,394	\$ 3,328,794
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	\$ 29,514,846	\$ 35,567,642	\$ 14,088,218	\$ 12,892,615	\$ 11,697,012	#####	\$ 9,305,806	\$ 8,110,203	\$ 6,914,600	\$ 5,718,997
Total Payment	\$ (1,616,195)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)
Principal	\$ (376,571)	\$ (278,574)	\$ (350,310)	\$ (422,046)	\$ (493,782)	\$ (565,518)	\$ (637,255)	\$ (708,991)	\$ (780,727)	\$ (852,463)
Interest	\$ (1,239,624)	\$ (917,029)	\$ (845,293)	\$ (773,557)	\$ (701,821)	\$ (630,085)	\$ (558,348)	\$ (486,612)	\$ (414,876)	\$ (343,140)
Ending Balance	\$ 20,283,821	\$ 14,088,218	\$ 12,892,615	\$ 11,697,012	\$ 10,501,409	\$ 9,305,806	\$ 8,110,203	\$ 6,914,600	\$ 5,718,997	\$ 4,523,394
Net Operating Income	\$ 204,314	\$ 297,972	\$ 397,065	\$ 408,977	\$ 421,247	\$ 433,884	\$ 446,901	\$ 460,308	\$ 474,118	\$ 488,342
Debt Service Coverage Ratio	0.13	0.25	0.33	0.34	0.35	0.36	0.37	0.39	0.40	0.41

Financial Projections: McFarland, Concept 2

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Potential Gross Revenue	\$ 849,786	\$ 875,280	\$ 901,538	\$ 928,584	\$ 956,442	\$ 985,135	\$ 1,014,689	\$ 1,045,130	\$ 1,076,484	\$ 1,108,779
Vacancy Rate	25%	15%	5%	5%	5%	5%	5%	5%	5%	5%
Vacancy Loss	\$ (212,447)	\$ (131,292)	\$ (45,077)	\$ (46,429)	\$ (47,822)	\$ (49,257)	\$ (50,734)	\$ (52,257)	\$ (53,824)	\$ (55,439)
Effective Gross Revenue	\$ 637,339	\$ 743,988	\$ 856,461	\$ 882,155	\$ 908,620	\$ 935,878	\$ 963,955	\$ 992,873	\$ 1,022,660	\$ 1,053,340
Property Tax	\$ (131,629)	\$ (135,578)	\$ (139,645)	\$ (143,834)	\$ (148,149)	\$ (152,593)	\$ (157,171)	\$ (161,886)	\$ (166,743)	\$ (171,745)
Other Operating Expenses	\$ (301,396)	\$ (310,438)	\$ (319,751)	\$ (329,344)	\$ (339,224)	\$ (349,401)	\$ (359,883)	\$ (370,679)	\$ (381,799)	\$ (393,253)
Total Operating Expenses	\$ (433,025)	\$ (446,016)	\$ (459,396)	\$ (473,178)	\$ (487,373)	\$ (501,994)	\$ (517,054)	\$ (532,565)	\$ (548,542)	\$ (564,998)
Net Operating Income	\$ 204,314	\$ 297,972	\$ 397,065	\$ 408,977	\$ 421,247	\$ 433,884	\$ 446,901	\$ 460,308	\$ 474,118	\$ 488,342
<i>Resale Value @ Cap Rate:</i>										
6.50%	\$ 3,143,297	\$ 4,584,185	\$ 6,108,692	\$ 6,291,954	\$ 6,480,723	\$ 6,675,138	\$ 6,875,400	\$ 7,081,662	\$ 7,294,123	\$ 7,512,954
7.50%	\$ 2,724,191	\$ 3,972,960	\$ 5,294,200	\$ 5,453,027	\$ 5,616,627	\$ 5,785,120	\$ 5,958,680	\$ 6,137,440	\$ 6,321,573	\$ 6,511,227
8.50%	\$ 2,403,698	\$ 3,505,553	\$ 4,671,353	\$ 4,811,494	\$ 4,955,847	\$ 5,104,518	\$ 5,257,659	\$ 5,415,388	\$ 5,577,859	\$ 5,745,200
Debt Service	\$ (1,616,195)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)	\$ (1,195,603)
EBITDA	\$ (1,411,881)	\$ (897,631)	\$ (798,538)	\$ (786,626)	\$ (774,356)	\$ (761,719)	\$ (748,702)	\$ (735,295)	\$ (721,485)	\$ (707,261)
Cash on Cash Return	-15.95%	-10.14%	-9.02%	-8.88%	-8.75%	-8.60%	-8.46%	-8.30%	-8.15%	-7.99%
Cash on Cost Return	-4.78%	-3.04%	-2.71%	-2.67%	-2.62%	-2.58%	-2.54%	-2.49%	-2.44%	-2.40%

Developer Score Card

	Actual	Desired
Cash on Cash Return	-9.42%	6-10%
Cash on Cost Return	-2.83%	6-9%
Unleveraged IRR		
5-Year	-26.83%	15%
10-Year	-11.56%	12%
Leveraged IRR		
5-Year	-18.35%	20%
10-Year	-12.26%	15%