

Assumptions: McFarland, Concept 3

General Inputs

Opportunity Site Name	McFarland
Development Concept	3

Development types	No. Units	Average Unit Size	Total Net SF	Parking Ratios	No. Parking Spaces
Residential: Apartments	0	0	0	0.00	0
Residential: Townhomes	0	0	0	0.00	0
Residential: Single Family Homes (for sale)	0	0	0	0.00	0
Residential: Senior Housing - Independent Care	250	600	150,000	0.75	188
Retail/Commercial (NNN)	0	0	0	0.00	0
Office (FS)	0	0	6,345	3.15	20
Live/Work	0	0	0	0.00	0
Flex Space (NNN)	0	0	0	0.00	0
Total	250		156,345		208

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	\$0	\$15.60	\$0.00	\$0	35%	\$0	-\$0.45	-\$5.40	\$0
Residential: Townhomes	\$1.15	\$0	\$13.80	\$0.00	\$0	39%	\$0	-\$0.45	-\$5.40	\$0
Residential: Single Family Homes (for sale)										
Residential: Senior Housing - Independent Care	\$1.67	\$1,000	\$20.04	\$12,000	\$3,000,000	38%	\$378	\$0.63	\$7.50	-\$1,131,737
Retail/Commercial (NNN)	\$1.17		\$14.00		\$0	15%		-\$0.18	-\$2.10	\$0
Office (FS)	\$1.25		\$15.00		\$95,175	53%		-\$0.67	-\$8.00	-\$50,760
Live/Work	\$1.30	\$0	\$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					\$3,095,175					-\$1,182,497

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	#####

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	0	0	0
Surface	283	89,094	315
Total	283	89,094	315

Uses of funds: McFarland, Concept 3

Costs	Total	Per SF	# GSF	Notes
<i>Hard Costs</i>				
Site Acquisition	\$876,000	\$0.00	318,286 SF of site	
Construction - Senior Housing	\$22,500,000	\$120.00	187,500 gross SF of building	
Construction - Office	\$895,800	\$120.00	7,465 gross SF of building	
Building Skin	\$0	\$0.00	0 Façade SF	
Landscaping	\$240,000	\$6.00	40,000 Landscaping	
TI Allowance - Office	\$285,525	\$45.00	6,345 Net SF	
TI Allowance - Retail	\$0	\$35.00	0 Net SF	
Parking - Surface	\$801,846	\$9.00	89,094	
Frontage Improvements / PARs	\$825,000			City requirement for street enhancements
Local Streets	\$1,000,000	\$1,600.00	500	Linear feet
Hard Cost Contingency	\$1,916,113	\$9.83	194,965	7.5% other hard costs
Subtotal	\$29,340,284	\$150.49	194,965	
<i>Soft Costs</i>				
Total Soft Costs	\$2,053,820	\$10.53	194,965	7.0% of hard costs
General Soft Costs	\$1,173,611	\$6.02	194,965	4.0% - Legal fees, other consultants
Financing Fees	\$293,403	\$1.50	194,965	1.0% of hard costs
City Fees and Permits	\$319,671	\$1.64	194,965	Building Permit Fees based on hard cost valuation. Does not include any trade permits or deferred submittals.
SDCs	\$1,530,000	\$7.85	194,965	CoM has not calculated SDCs for senior housing
Developer Fee	\$1,467,014	\$7.52	194,965	5.0% of hard costs
FF&E	\$0	\$0.00	194,965	
Soft Cost Contingency	\$512,814	\$2.63	194,965	7.5% of soft costs
Subtotal	\$7,350,333	\$37.70	194,965	25.1%
Total Cost	\$36,690,617	\$188.19	194,965	

Loan Details: McFarland, Concept 3

Source No.	Type	Loan						
		Amount	Amortization (Years)	Loan Term (Years)	Interest Rate (Annual)	Payment (Annual)	Payment (Monthly)	Payments (Total)
Source 1	Equity	\$11,007,185	0	0	0%	N/A	N/A	N/A
Source 2	Bank Loan	\$25,683,432	25	25	6%	\$1,985,748	\$165,479	\$49,643,700
Source 3	EB-5	\$0	1	1	5%	\$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		\$36,690,617						
								\$0
Total Equity	\$11,007,185							
Total Financing	\$25,683,432							
Loan to Value Ratio	70%							

Annual Debt Service: McFarland, Concept 3

	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	\$ 11,007,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 25,683,432	\$ 25,215,307	\$ 24,719,094	\$ 24,193,109	\$ 23,635,565	#####	#####	#####	#####	#####
Total Payment	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)
Principal	\$ (468,125)	\$ (496,213)	\$ (525,985)	\$ (557,544)	\$ (590,997)	\$ (626,457)	\$ (664,044)	\$ (703,887)	\$ (746,120)	\$ (790,887)
Interest	\$ (1,541,006)	\$ (1,512,918)	\$ (1,483,146)	\$ (1,451,587)	\$ (1,418,134)	\$ (1,382,674)	\$ (1,345,087)	\$ (1,305,244)	\$ (1,263,011)	\$ (1,218,244)
Ending Balance	\$ 25,215,307	\$ 24,719,094	\$ 24,193,109	\$ 23,635,565	\$ 23,044,568	#####	#####	#####	#####	#####
Source 3 EB-5										
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 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%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Beginning Balance	\$ 36,690,617	\$ 25,215,307	\$ 24,719,094	\$ 24,193,109	\$ 23,635,565	#####	#####	#####	#####	#####
Total Payment	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)
Principal	\$ (468,125)	\$ (496,213)	\$ (525,985)	\$ (557,544)	\$ (590,997)	\$ (626,457)	\$ (664,044)	\$ (703,887)	\$ (746,120)	\$ (790,887)
Interest	\$ (1,541,006)	\$ (1,512,918)	\$ (1,483,146)	\$ (1,451,587)	\$ (1,418,134)	\$ (1,382,674)	\$ (1,345,087)	\$ (1,305,244)	\$ (1,263,011)	\$ (1,218,244)
Ending Balance	\$ 25,215,307	\$ 24,719,094	\$ 24,193,109	\$ 23,635,565	\$ 23,044,568	#####	#####	#####	#####	#####
Net Operating Income	\$ 874,616	\$ 1,219,658	\$ 1,584,615	\$ 1,632,154	\$ 1,681,119	\$ 1,731,552	\$ 1,783,499	\$ 1,837,003	\$ 1,892,112	\$ 1,948,875
Debt Service Coverage Ratio	0.44	0.61	0.79	0.81	0.84	0.86	0.89	0.91	0.94	0.97

Financial Projections: McFarland, Concept 3

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Gross Revenue	\$ 3,095,175	\$3,188,030	\$3,283,671	\$3,382,181	\$3,483,646	\$3,588,155	\$3,695,800	\$3,806,674	\$3,920,874	\$4,038,500
Vacancy Rate	25%	15%	5%	5%	5%	5%	5%	5%	5%	5%
Vacancy Loss	\$ (773,794)	\$ (478,205)	\$ (164,184)	\$ (169,109)	\$ (174,182)	\$ (179,408)	\$ (184,790)	\$ (190,334)	\$ (196,044)	\$ (201,925)
Effective Gross Revenue	\$ 2,321,381	\$ 2,709,825	\$ 3,119,487	\$ 3,213,072	\$ 3,309,464	\$ 3,408,747	\$ 3,511,010	\$ 3,616,340	\$ 3,724,830	\$ 3,836,575
Property Tax	\$ (264,268)	\$ (272,196)	\$ (280,362)	\$ (288,773)	\$ (297,436)	\$ (306,359)	\$ (315,550)	\$ (325,017)	\$ (334,768)	\$ (344,811)
Other Operating Expenses	\$ (1,182,497)	\$ (1,217,971)	\$ (1,254,510)	\$ (1,292,145)	\$ (1,330,909)	\$ (1,370,836)	\$ (1,411,961)	\$ (1,454,320)	\$ (1,497,950)	\$ (1,542,889)
Total Operating Expenses	\$ (1,446,765)	\$ (1,490,167)	\$ (1,534,872)	\$ (1,580,918)	\$ (1,628,345)	\$ (1,677,195)	\$ (1,727,511)	\$ (1,779,337)	\$ (1,832,718)	\$ (1,887,700)
Net Operating Income	\$ 874,616	\$ 1,219,658	\$ 1,584,615	\$ 1,632,154	\$ 1,681,119	\$ 1,731,552	\$ 1,783,499	\$ 1,837,003	\$ 1,892,112	\$ 1,948,875
<i>Resale Value @ Cap Rate:</i>										
6.50%	\$ 13,455,638	\$ 18,763,969	\$ 24,378,692	\$ 25,110,062	\$ 25,863,369	\$ 26,639,262	\$ 27,438,446	\$ 28,261,585	\$ 29,109,415	\$ 29,982,692
7.50%	\$ 11,661,553	\$ 16,262,107	\$ 21,128,200	\$ 21,762,053	\$ 22,414,920	\$ 23,087,360	\$ 23,779,987	\$ 24,493,373	\$ 25,228,160	\$ 25,985,000
8.50%	\$ 10,289,606	\$ 14,348,918	\$ 18,642,529	\$ 19,201,812	\$ 19,777,871	\$ 20,371,200	\$ 20,982,341	\$ 21,611,800	\$ 22,260,141	\$ 22,927,941
Debt Service	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)	\$ (2,009,131)
EBITDA	\$ (1,134,515)	\$ (789,473)	\$ (424,516)	\$ (376,977)	\$ (328,012)	\$ (277,579)	\$ (225,632)	\$ (172,128)	\$ (117,019)	\$ (60,256)
Cash on Cash Return	-10.31%	-7.17%	-3.86%	-3.42%	-2.98%	-2.52%	-2.05%	-1.56%	-1.06%	-0.55%
Cash on Cost Return	-3.09%	-2.15%	-1.16%	-1.03%	-0.89%	-0.76%	-0.61%	-0.47%	-0.32%	-0.16%

Developer Score Card

	Actual	Desired
Cash on Cash Return	-3.55%	6-10%
Cash on Cost Return	-1.06%	6-9%
Unleveraged IRR		
5-Year	-6.25%	15%
10-Year	1.11%	12%
Leveraged IRR		
5-Year	N/A	20%
10-Year	-11.22%	15%