



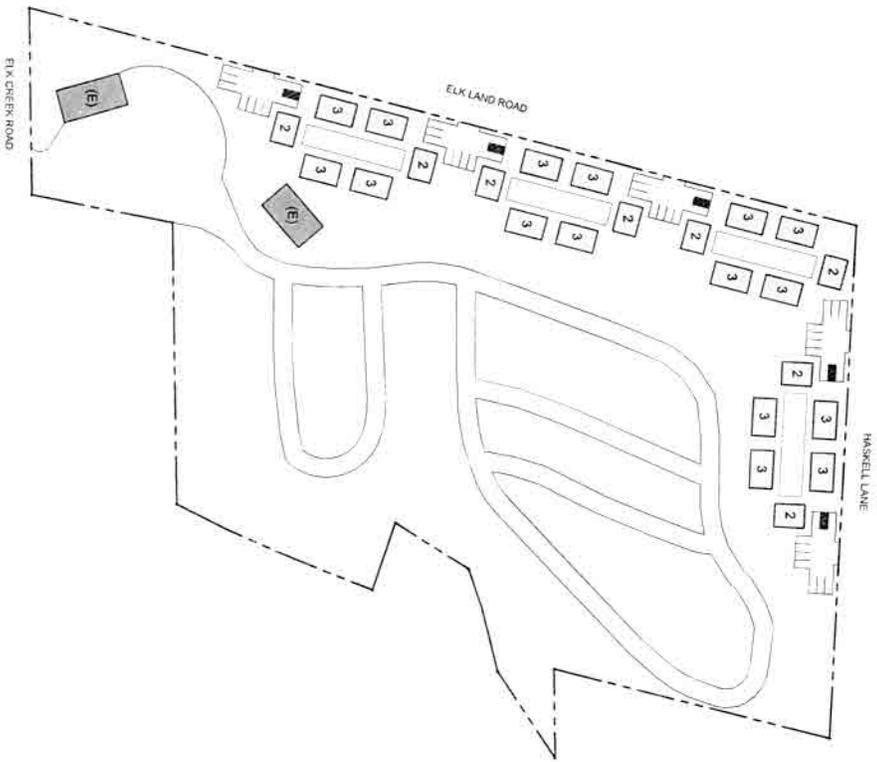
05.11.2014

NOT TO SCALE

**CANNON BEACH AFFORDABLE HOUSING**

ELK LAND ROAD & HASKELL LANE - LOT # 51029BD - 00102





OPTION 1 - 24 UNITS (8 2-BR + 16 3-BR) / 45 PARKING STALLS / 22,843 GSF



05.11.2016



Cascade  
Management Inc.

**CANNON BEACH AFFORDABLE HOUSING - OPTION 1**

ELK LAND ROAD & HASPELL LANE - LOT # 51029BD - 00102

CARLETON HARRIS  
ARCHITECTURE



1/32" = 1'-0"



05.11.2018

NOT TO SCALE



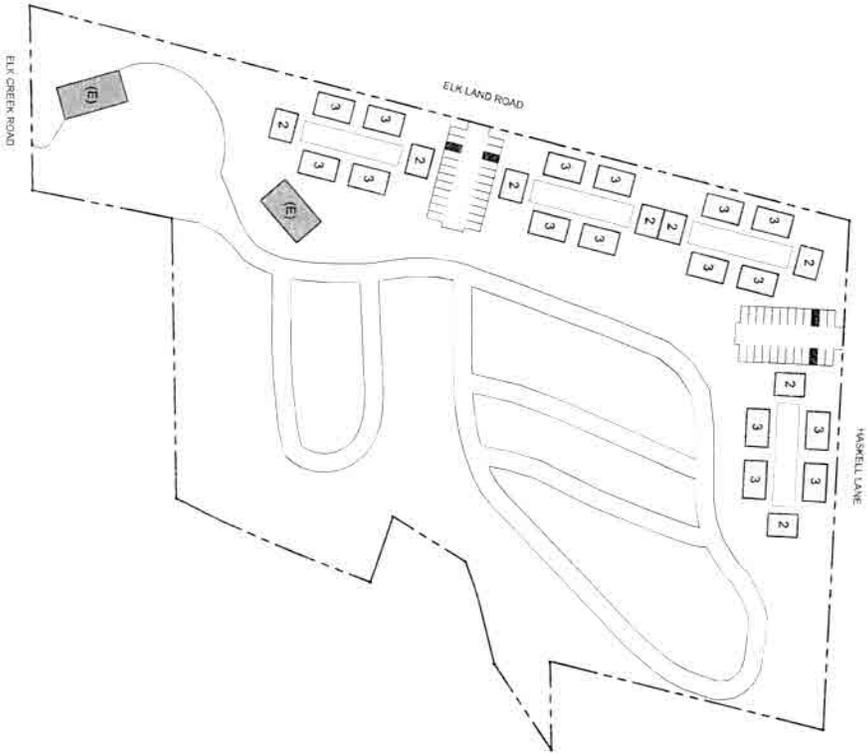
Cascade  
Management, Inc.

### CANNON BEACH AFFORDABLE HOUSING - OPTION 1

ELK LAND ROAD & HASKELL LANE - LOT # 510298D - 00102

CARLETON HART  
ARCHITECTURE

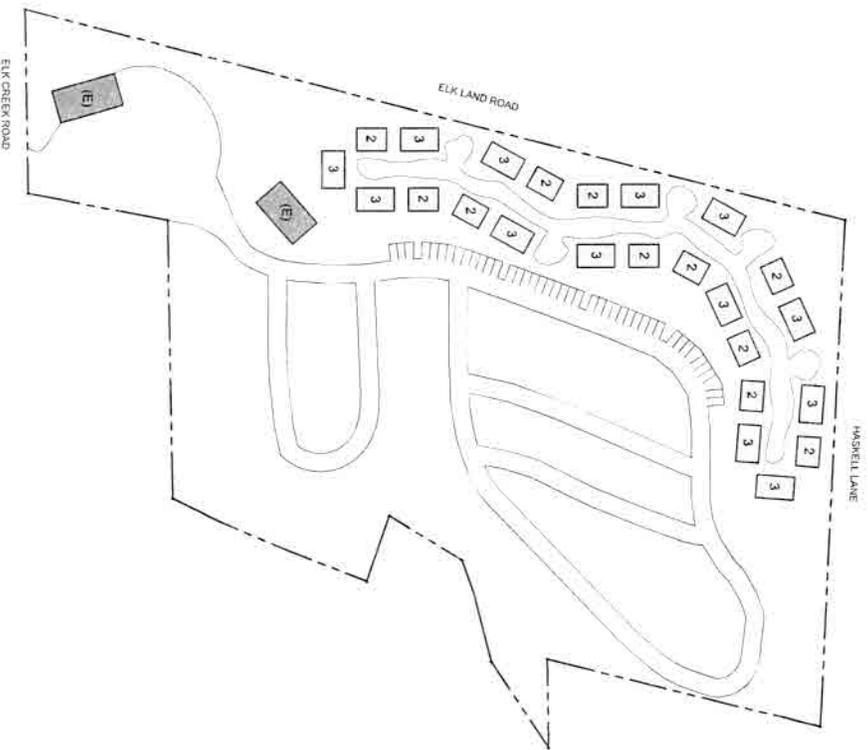




OPTION 2 - 24 UNITS (8 2-BR + 16 3-BR) / 44 PARKING STALLS / 22,843 GSF



OPTION 3 - 24 UNITS (11 2-BR + 13 3-BR) / 43 PARKING STALLS / 22,212 GSF



05.11.2016



Cascade  
Management, Inc.

**CANNON BEACH AFFORDABLE HOUSING - OPTIONS 2 & 3**

ELK LAND ROAD & HASKELL LANE - LOT # 51029BD - 00102



1/8" = 1'-0"

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

CAPITAL STACK	\$	%
Lender Funds	4,000,000	81%
Owner EQUITY	958,500	19%
<b>TOTAL</b>	<b>4,958,500</b>	<b>100%</b>

Loan sizing is presumed to be constrained by % of Total Cost and not DCR.

Number of Units:	24	Residential Summary:			
Residential Unit Square Footage:	23,200	Total Costs	Acquisition	Construction	Development
Parking (on site)		Cost / Unit	\$208	\$152,250	\$54,142
Total SF reflected in Construction Budget	23,200	Cost / Sq Ft	\$0.22	\$157.50	\$56.01
		% of Total Costs	100.0%	0.1%	73.7%
					26.2%

**RESIDENTIAL**

COSTS:

**Total Costs**

(A) Original Application	Cost per Unit	Notes – All costs presented in this proforma are high level estimates based on Consultant's general knowledge of costs within the multi-family housing industry.
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Acquisition Costs			
Purchase Price:			
Land (Lease with City of Cannon Beach)	\$0		- Assumes that City will lease land to developer/owner under a long term lease structure that will include provisions to protect status of workforce housing and possibly prioritize applicants based on community criteria/need -- such as employment within the City full time, first responder status (paid or volunteer) or other
Closing/Recording	\$2,500	\$2,500	\$104
Other (list below):			
Legal	\$2,500	\$2,500	\$104
<b>Acquisition Costs Subtotal:</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$208</b>

Construction Costs			
Off-site Work	\$0		- Presumes no off-site work will be required by City. Construction cost at \$150/sf (rough estimate), no prevailing wages required by loan or legal structure. 5% Owner's construction contingency. No Cost escalation or design contingencies included.
Construction	\$3,480,000	\$3,480,000	\$145,000
Contingency	\$174,000	\$174,000	\$7,250
Contractor Overhead	\$0	\$0	- Construction costs may be high or low on a SF basis depending on contractor selected, design and construction documents, amenities, inflation, and industry trends at the time of construction.
Sustainable Upgrades	\$0	\$0	-
Design Estimating Contingency	\$0	\$0	-
Cost Escalation Factor 5%	\$0	\$0	-
<b>Construction Costs Subtotal:</b>	<b>\$3,654,000</b>	<b>\$3,654,000</b>	<b>\$152,250</b>

Construction costs do not include any increase to account for potential Regulatory Costs (related to public partners or other public/quasi-public entity participation).

**USES OF FUNDS**

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**Project Name:**

**Development Costs**

Land Use & Public Works Fees	\$0	\$0	-	Development costs presume that City will waive all fees to facilitate development of
Building Permits, Intake Fees and SDCs	\$60,000	\$60,000	\$2,500	Workforce Housing in the City of Cannon Beach, in exchange the Developer/Owner will
Lender Market Study/Appraisal	\$6,500	\$6,500	\$271	agree to Regulatory restrictions that will ensure the housing will be leased up in some
Environmental Report	\$3,500	\$3,500	\$146	manner (prioritizing full time employees, first responders, etc.) and will market through
Soils Report (Geotechnical)	\$7,500	\$7,500	\$313	local employers. All other costs are estimates based on typical costs for similar
Survey	\$7,500	\$7,500	\$313	developments.
Marketing/Advertising/Lease Up	\$1,500	\$1,500	\$63	
Insurance (General Liability)	\$10,000	\$10,000	\$417	

**General Fees**

Architectural/Engineering	\$365,400	\$365,400	\$15,225	Architectural fees include engineering and are priced at 10% of construction costs.
Lender Architectural Review Fee	\$3,500	\$3,500	\$146	Developer Fee is set at 12% of costs. These are % estimates based on general trends.
Legal/Accounting	\$5,500	\$5,500	\$229	
Special Inspections/Testing	\$6,500	\$6,500	\$271	
Developer & Consulting Fees	\$438,480	\$438,480	\$18,270	

**Loan Costs/Fees (will vary with loan product)**

Lender Fees	\$7,500	\$7,500	\$313	Estimates only; would be finalized based on lender underwriting.
Lender Title Insurance	\$3,500	\$3,500	\$146	
Lender Legal Fees	\$5,000	\$5,000	\$208	
Loan Fees 1%	\$40,000	\$40,000	\$1,667	
Loan Closing Fees	\$4,500	\$4,500	\$188	
Property Taxes (Constr Period)	\$10,080	\$10,080	\$420	

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

Interest and Other Fees			
Construction Period	\$54,810	\$54,810	\$2,284
Predevelopment Loan Interest	\$80,000	\$80,000	\$3,333

Development Contingency			
Development Contingency	\$24,000	\$24,000	\$1,000

<b>Reserves/Cash Accounts</b>			
Operating Reserve (3 months exp + debt)	\$84,318	\$84,318	\$3,513
Deposit to Replacement Reserves	\$12,500	\$12,500	\$521
Lease up Reserve	\$49,320	\$49,320	\$2,055

Development Costs Subtotal: \$1,299,408 \$1,299,408 \$54,142 Development Costs are defined as Soft Costs (e.g., everything except Construction).

<b>TOTAL PROJECT COST</b>	<b>\$4,958,408</b>	<b>\$4,958,408</b>	<b>\$206,600</b>
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GAP \$92

Total Cost are based on traditional stick built approach to development with a commerci

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

Project Name:

Cannon Beach RV Lot Option #1

**HOUSING OPERATING BUDGET - INCOME**

7/29/2016

Inflation Factor 2.00%

YEARS

Unit Type	# of Units	Targeted Max Median Income %	Gross Monthly Program Rent Per Unit	Utility Allowance (N/A)	Net Monthly Rent Per Unit	# of Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 9	Year 10	Year 15	Year 20	Year 30
2 BDR	1.0	850	100%	\$1,200	-	1,200	\$115,200	\$117,504	\$119,854	\$122,251	\$124,698	\$134,975	\$137,675	\$152,004	\$167,825	\$204,577
3 BDR	2.0	950	100%	\$1,400	-	1,400	\$298,800	\$274,176	\$279,660	\$285,253	\$290,958	\$314,942	\$321,241	\$354,678	\$391,591	\$477,347
<b>Total Residential Square Feet</b>		<b>23,200</b>				<b>24</b>	<b>\$384,000</b>	<b>\$381,680</b>	<b>\$399,514</b>	<b>\$407,504</b>	<b>\$415,654</b>	<b>\$449,917</b>	<b>\$458,916</b>	<b>\$506,680</b>	<b>\$559,415</b>	<b>\$681,924</b>

Total Residential Square Feet  
23,200

Other Revenue:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 9	Year 10	Year 15	Year 20	Year 30
Laundry	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage/Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposits on Turnover	\$1,250	\$1,275	\$1,301	\$1,327	\$1,353	\$1,465	\$1,484	\$1,649	\$1,821	\$2,220
Cable TV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
Application Fees	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
W/D rental	\$10,080	\$10,282	\$10,487	\$10,697	\$10,911	\$11,810	\$12,047	\$13,300	\$14,685	\$17,901
Other: Water	\$14,400	\$14,688	\$14,982	\$15,281	\$15,587	\$16,872	\$17,209	\$19,000	\$20,878	\$25,572
<b>SUB-TOTAL OTHER REV</b>	<b>\$26,230</b>	<b>\$26,755</b>	<b>\$27,290</b>	<b>\$27,835</b>	<b>\$28,392</b>	<b>\$30,733</b>	<b>\$31,347</b>	<b>\$34,610</b>	<b>\$36,212</b>	<b>\$46,580</b>
<b>Gross Income</b>	<b>\$410,230</b>	<b>\$418,435</b>	<b>\$426,803</b>	<b>\$435,339</b>	<b>\$444,046</b>	<b>\$480,650</b>	<b>\$490,263</b>	<b>\$541,290</b>	<b>\$597,628</b>	<b>\$728,505</b>
<b>Less Vacancy Rate 3%</b>	<b>(\$12,307)</b>	<b>(\$12,563)</b>	<b>(\$12,804)</b>	<b>(\$13,060)</b>	<b>(\$13,321)</b>	<b>(\$14,419)</b>	<b>(\$14,709)</b>	<b>(\$16,239)</b>	<b>(\$17,629)</b>	<b>(\$21,855)</b>
<b>Effective Gross Income:</b>	<b>\$397,923</b>	<b>\$405,882</b>	<b>\$413,999</b>	<b>\$422,279</b>	<b>\$430,725</b>	<b>\$466,230</b>	<b>\$475,555</b>	<b>\$525,051</b>	<b>\$579,699</b>	<b>\$706,650</b>

Total Annual Income

Annual Operating Expenses	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Insurance	\$250	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,829	\$8,063	\$8,076	\$10,521	\$12,187	\$14,139
Utilities:(common areas)												
Electric:(Common lights, etc)	\$104	\$ 2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,360	\$3,781	\$4,384	\$5,082	\$5,891
Water & Sewer	\$938	\$ 22,500	\$23,175	\$23,870	\$24,588	\$25,324	\$29,357	\$30,238	\$34,033	\$39,454	\$45,738	\$53,023
Garbage Removal	\$500	\$ 12,000	\$12,240	\$12,480	\$12,731	\$13,113	\$15,697	\$16,127	\$18,151	\$21,042	\$24,394	\$28,279
Repairs & Maintenance	\$250	\$ 6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,829	\$8,063	\$8,076	\$10,521	\$12,187	\$14,139
Landscape Maintenance	\$150	\$ 3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,897	\$4,938	\$5,445	\$6,313	\$7,318	\$8,484
Replacement Reserve	\$313	\$ 7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$9,786	\$10,079	\$11,344	\$13,151	\$15,246	\$17,674
Property Management:												
On-site	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contracted (Off-Site)	\$1,000	\$24,000	\$24,720	\$25,462	\$26,225	\$27,012	\$27,831	\$28,254	\$29,302	\$42,084	\$48,787	\$56,598

Professional Services:	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Legal	\$50	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,566	\$1,613	\$1,815	\$2,104	\$2,439	\$2,828
Accounting/Auditing	\$146	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,567	\$4,704	\$5,294	\$6,137	\$7,115	\$8,248
Compliance Monitoring Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office & Administration	\$35	\$850	\$878	\$902	\$929	\$957	\$1,108	\$1,142	\$1,286	\$1,490	\$1,728	\$2,003
Advertising/Marketing & Promotion	\$35	\$850	\$878	\$902	\$929	\$957	\$1,108	\$1,142	\$1,286	\$1,490	\$1,728	\$2,003
Unit Turnover	\$167	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$5,219	\$5,376	\$6,050	\$7,014	\$8,131	\$9,428
Real Estate Taxes - Estimated	\$1,200	\$28,800	\$29,664	\$30,594	\$31,471	\$32,215	\$37,977	\$38,705	\$43,983	\$50,501	\$58,544	\$67,869
<b>Total Annual Operating Expenses:</b>	<b>\$5,138</b>	<b>\$123,300</b>	<b>\$126,999</b>	<b>\$130,809</b>	<b>\$134,733</b>	<b>\$138,775</b>	<b>\$160,878</b>	<b>\$165,705</b>	<b>\$186,502</b>	<b>\$216,207</b>	<b>\$250,644</b>	<b>\$290,565</b>

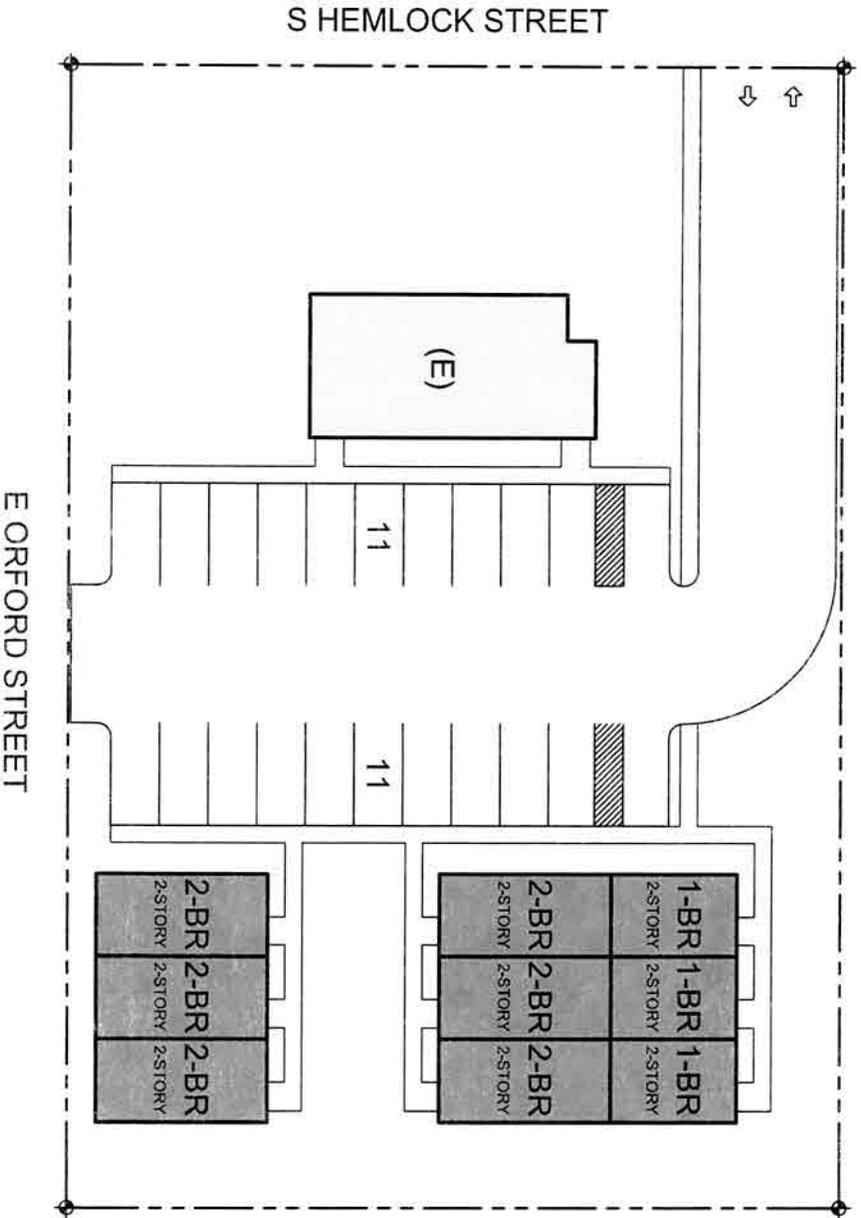
**Less Debt Service:**

Term Loan (likely with 10, 15 or 20 year call)	Rate	Amortization (Years)	Loan Amount	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
	4.05%	35	\$4,000,000	\$8,916	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974

Rate and Amortization based on current quote from Community Based Lender. amortization and rate are aggressive but current. No interest rate risk is included in analysis.

Effective Gross Income:	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Total Annual Operating Expenses:	\$16,580	\$397,923	\$405,882	\$413,999	\$422,279	\$430,725	\$475,555	\$485,066	\$525,051	\$579,699	\$640,334	\$706,650
Net Operating Income:	\$5,138	\$123,300	\$126,999	\$130,809	\$134,733	\$138,775	\$160,878	\$165,705	\$186,502	\$216,207	\$250,644	\$290,565
Primary Debt Service	\$17,443	\$274,623	\$278,883	\$283,190	\$287,546	\$291,950	\$314,676	\$319,361	\$338,549	\$363,492	\$398,997	\$436,085
Total Debt Service	\$8,916	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974
Cash Flow Per Year Primary:	\$2,827	\$60,649	\$64,909	\$69,216	\$73,572	\$77,876	\$100,703	\$105,387	\$124,575	\$149,518	\$175,417	\$202,111
Primary Debt Coverage Ratio	1.28	1.28	1.30	1.32	1.34	1.36	1.47	1.49	1.58	1.70	1.82	1.94
Total Debt Coverage Ratio	1.28	1.28	1.30	1.32	1.34	1.36	1.47	1.49	1.58	1.70	1.82	1.94

Return to Owners	Annual return on investment	\$60,649	\$64,909	\$69,216	\$73,572	\$77,876	\$100,703	\$105,387	\$124,575	\$149,518	\$175,417	\$202,111
		9%	7%	7%	8%	8%	11%	11%	13%	16%	18%	21%



9 UNITS (3 1-BR + 6 2-BR) / 13 PARKING STALLS / 7,134 GSF / 14.5 UNITS/ACRE

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CANNON BEACH AFFORDABLE HOUSING  
 CITY OF CANNON BEACH  
 S HEMLOCK STREET & E ORFORD STREET

SCALE - 1/32" = 1'-0"



05.24.2016

01



Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

CAPITAL STACK	\$	%
Lender Funds	1,225,000	72%
Owner EQUITY	475,000	28%
<b>TOTAL</b>	<b>1,700,000</b>	<b>100%</b>

Loan amount constrained by DCR and % Total Cost.

Number of Units:	9	Residential Summary:			
		Total Costs	Acquisition	Construction	Development
Residential Unit Square Footage:	8,250	\$1,698,735	\$5,000	\$1,299,375	\$394,360
Parking (on site)		Cost / Unit \$188,748	\$556	\$144,375	\$43,818
Total SF reflected in Construction Budget	8,250	Cost / Sq Ft \$205.91	\$0.61	\$157.50	\$47.80
		% of Total Costs 100.0%	0.3%	76.5%	23.2%

**RESIDENTIAL**

COSTS:

**Total Costs** (A) Original Application Cost per Unit Notes -- All costs presented in this proforma are high level estimates based on Consultant's general knowledge of costs within the multi-family housing industry.

Acquisition Costs				
Purchase Price:				
Land (Lease with City of Cannon Beach)	\$0			- Assumes that City will lease land to developer/owner under a long term lease structure that will include provisions to protect status of workforce housing and possibly prioritize applicants based on community criteria/need -- such as employment within the City full time, first responder status (paid or volunteer) or other
Closing/Recording	\$2,500	\$2,500	\$278	
Other (list below):				
Legal	\$2,500	\$2,500	\$278	
<b>Acquisition Costs Subtotal:</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$556</b>	

Construction Costs				
Off-site Work	\$0			- Presumes no off-site work will be required by City. Construction cost at \$150/sf (rough estimate), no prevailing wages required by loan or legal structure. 5% Owner's construction contingency. No Cost escalation or design contingencies included.
Construction	\$1,237,500	\$1,237,500	\$137,500	Construction costs may be high or low on a SF basis depending on contractor selected, design and construction documents, amenities, inflation, and industry trends at the time of construction.
Contingency	\$61,875	\$61,875	\$6,875	
Contractor Overhead	\$0	\$0	-	
Sustainable Upgrades	\$0	\$0	-	
Design Estimating Contingency	\$0	\$0	-	
Cost Escalation Factor 5%	\$0	\$0	-	
<b>Construction Costs Subtotal:</b>	<b>\$1,299,375</b>	<b>\$1,299,375</b>	<b>\$144,375</b>	Construction costs do not include any increase to account for potential Regulatory Costs (related to public partners or other public/quasi-public entity participation).

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

Development Costs				
Land Use & Public Works Fees	\$0	\$0		
Building Permits, Intake Fees and SDCs	\$0	\$0		
Lender Market Study/Appraisal	\$4,500	\$4,500	\$500	- Development costs presume that City will waive all fees to facilitate development of Workforce Housing in the City of Cannon Beach; in exchange the Developer/Owner will agree to Regulatory restrictions that will ensure the housing will be leased up in some manner (prioritizing full time employees, first responders, etc); and will market through local employers. All other costs are estimates based on typical costs for similar developments.
Environmental Report	\$3,500	\$3,500	\$389	
Soils Report (Geotechnical)	\$4,500	\$4,500	\$500	
Survey	\$7,500	\$7,500	\$833	
Marketing/Advertising/Lease Up	\$1,500	\$1,500	\$167	
Insurance (General Liability)	\$6,000	\$6,000	\$667	

**General Fees**

Architectural/Engineering	\$103,950	\$103,950	\$11,550	Architectural fees include engineering and are priced at 8% of construction costs.
Lender Architectural Review Fee	\$3,500	\$3,500	\$389	Developer Fee is set at 12% of costs. These are % estimates based on general trends.
Legal/Accounting	\$5,500	\$5,500	\$611	
Special Inspections/Testing	\$6,500	\$6,500	\$722	
Developer & Consulting Fees	\$126,000	\$126,000	\$14,000	

**Loan Costs/Fees (will vary with loan product)**

Lender Fees	\$3,500	\$3,500	\$389	Estimates only; would be finalized based on lender underwriting.
Lender Title Insurance	\$1,500	\$1,500	\$167	
Lender Legal Fees	\$2,500	\$2,500	\$278	
Loan Fees 1%	\$12,250	\$12,250	\$1,361	
Loan Closing Fees	\$2,500	\$2,500	\$278	
Property Taxes (Constr Period)	\$3,780	\$3,780	\$420	

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

Interest and Other Fees			
Construction Period	\$19,491	\$19,491	\$2,166
Predevelopment Loan Interest	\$5,000	\$5,000	\$556

Development Contingency			
Development Contingency	\$20,000	\$20,000	\$2,222

Reserves/Cash Accounts			
Operating Reserve (3 months exp + debt)	\$28,887	\$28,887	\$3,210
Deposit to Replacement Reserves	\$9,000	\$9,000	\$1,000
Lease up Reserve	\$5,002	\$5,002	\$556

**Development Costs Subtotal:** \$394,360    \$394,360    \$43,818    Development Costs are defined as Soft Costs (e.g., everything except Construction).

**TOTAL PROJECT COST**    \$1,698,735    \$1,698,735    \$188,748    Total Cost are based on traditional stick built approach to development with a commercial

**GAP**    \$1,265

Project Name:

CB Parking Lot Option #1

HOUSING OPERATING BUDGET - INCOME

7/25/2016

Inflation Factor

2.00%

YEARS

Unit Type (see Note)	# of Units	Targeted Median Income %	Gross Monthly Program Rent per Unit	Utility Allowance (N/A)	Net Monthly Rent Per Unit	# of Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 9	Year 10	Year 15	Year 20	Year 30
1 BDR	1.0	100%	\$1,000	\$0	1,000	3	\$36,000	\$36,720	\$37,454	\$38,203	\$38,968	\$42,160	\$43,023	\$47,501	\$52,445	\$63,930
2 BDR	2.0	100%	\$1,200	\$0	1,200	6	\$86,400	\$88,128	\$89,891	\$91,688	\$93,522	\$101,231	\$103,256	\$114,003	\$125,888	\$153,433
<b>SUB-TOTALS</b>						<b>9</b>	<b>\$122,400</b>	<b>\$124,848</b>	<b>\$127,345</b>	<b>\$129,892</b>	<b>\$132,490</b>	<b>\$143,411</b>	<b>\$146,279</b>	<b>\$161,504</b>	<b>\$178,314</b>	<b>\$217,363</b>

Total Residential Square Feet: 8,250

Total Annual Income

Other Revenue:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 9	Year 10	Year 15	Year 20	Year 30
Laundry	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage/Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposits on Turnover	\$750	\$765	\$780	\$795	\$812	\$879	\$896	\$960	\$993	\$1,332
Cable TV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
Application Fees	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
W/D rental	\$3,780	\$3,856	\$3,933	\$4,011	\$4,092	\$4,429	\$4,517	\$4,988	\$5,507	\$6,713
Other Water	\$5,400	\$5,508	\$5,618	\$5,731	\$5,845	\$6,327	\$6,453	\$7,125	\$7,607	\$9,980

SUB-TOTAL OTHER REVI	Year 1	Year 2	Year 3	Year 4	Year 5	Year 9	Year 10	Year 15	Year 20	Year 30
Gross Income	\$132,830	\$135,487	\$138,196	\$140,960	\$143,779	\$155,632	\$158,744	\$175,298	\$193,508	\$235,885
Loss/Vacancy Rate 3%	(\$3,989)	(\$4,065)	(\$4,149)	(\$4,229)	(\$4,313)	(\$4,909)	(\$4,762)	(\$5,259)	(\$5,605)	(\$7,077)
<b>Effective Gross Income:</b>	<b>\$128,845</b>	<b>\$131,422</b>	<b>\$134,050</b>	<b>\$136,731</b>	<b>\$139,466</b>	<b>\$150,963</b>	<b>\$153,982</b>	<b>\$170,008</b>	<b>\$187,703</b>	<b>\$228,809</b>



05.11.2016

NOT TO SCALE



Cascade  
Management, Inc.

### CANNON BEACH AFFORDABLE HOUSING - OPTION 1

E. 1ST STREET & N. SPRUCE STREET - LOT # 51019DD - 07100

CARLETON HART  
ARCHITECTURE





05.11.2016



**Cascade**  
Management, Inc.

**CANNON BEACH AFFORDABLE HOUSING - OPTION 1**

E. 1ST STREET & N. SPRUCE STREET - LOT # 51019DD - 07100

NOT TO SCALE

CARLETON HARRIS  
ARCHITECTURE





Project Name:

**USES OF FUNDS**  
CB Parking Lot Option #1

Date:

7/25/2016

CAPITAL STACK		\$	%
Lender Funds		3,500,000	78%
Owner EQUITY		979,957	22%
<b>TOTAL</b>		<b>4,479,957</b>	<b>100%</b>

	Number of Units:	Residential Unit Square Footage:	Residential Summary:			
			Total	Acquisition	Construction	Development
Parking	25	21,450	\$4,479,957	\$5,000	\$3,378,375	\$1,096,582
(City Parking adjacent to site -- 60 units)	0	0	\$179,198	\$200	\$135,135	\$43,863
<b>Total SF reflected in Construction Budget</b>	<b>21,450</b>	<b>21,450</b>	<b>\$208,86</b>	<b>\$0.23</b>	<b>\$157,50</b>	<b>\$51,12</b>
			100.0%	0.1%	75.4%	24.5%

COSTS:	Total Costs (Includes only cost to build housing; not parking which would remain as public parking)	(A) Original Application	Cost per Unit	RESIDENTIAL			
				Notes -- All costs presented in this proforma are high level estimates based on Consultant's general knowledge of costs within the multi-family housing industry.			

<b>Acquisition Costs</b>							
Purchase Price:							
Land (Lease with City of Cannon Beach)	\$0						- Assumes that City will lease land to developer/owner under a long term lease structure that will include provisions to protect status of workforce housing and possibly prioritize applicants based on community criteria/need -- such as employment within the City full time, first responder status (paid or volunteer) or other
Closing/Recording	\$2,500	\$2,500	\$100				
Other (list below):							
Legal	\$2,500	\$2,500	\$100				
<b>Acquisition Costs Subtotal:</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$200</b>				

Construction Costs					
Off-site Work	\$0				- Presumes no off-site work will be required by City. Construction cost at \$150/sf (rough estimate), no prevailing wages required by loan or legal structure; 5% Owner's construction contingency. No Cost escalation or design contingencies included.
Construction	\$3,217,500	\$3,217,500	\$128,700		Construction costs may be high or low on a SF basis depending on contractor selected, design and construction documents, amenities, inflation, and industry trends at the time of construction.
Contingency	\$160,875	\$160,875	\$6,435		
Contractor Overhead	\$0	\$0			
Sustainable Upgrades	\$0				
Design Estimating Contingency	\$0				
Cost Escalation Factor 5%	\$0				
<b>Construction Costs Subtotal:</b>	<b>\$3,378,375</b>	<b>\$3,378,375</b>	<b>\$135,135</b>		Construction costs do not include any increase to account for potential Regulatory Costs (related to public partners or other public/quasi-public entity participation).

Project Name:

CB Parking Lot Option #1

Date:

7/25/2016

**USES OF FUNDS**

Development Costs				
Land Use & Public Works Fees	\$0	\$0		- Development costs presume that City will waive all fees to facilitate development of
Building Permits, Intake Fees and SDCs	\$0	\$0		- Workforce Housing in the City of Cannon Beach; in exchange the Developer/Owner will
Lender Market Study/Appraisal	\$6,500	\$6,500	\$260	agree to Regulatory restrictions that will ensure the housing will be leased up in some
Environmental Report	\$3,500	\$3,500	\$140	manner (prioritizing full time employees, first responders, etc.) and will market through
Soils Report (Geotechnical)	\$7,500	\$7,500	\$300	local employers. All other costs are estimates based on typical costs for similar
Survey	\$7,500	\$7,500	\$300	developments.
Marketing/Advertising/Lease Up	\$1,500	\$1,500	\$60	
Insurance (General Liability)	\$10,000	\$10,000	\$400	

**General Fees**

Architectural/Engineering	\$270,270	\$270,270	\$10,811	Architectural fees include engineering and are priced at 8% of construction costs.
Lender Architectural Review Fee	\$3,500	\$3,500	\$140	Developer Fee is set at 12% of costs. These are % estimates based on general trends.
Legal/Accounting	\$5,500	\$5,500	\$220	
Special Inspections/Testing	\$6,500	\$6,500	\$260	
Developer & Consulting Fees	\$405,405	\$405,405	\$16,216	

**Loan Costs/Fees (will vary with loan product)**

Lender Fees	\$7,500	\$7,500	\$300	Estimates only; would be finalized based on lender underwriting.
Lender Title Insurance	\$3,500	\$3,500	\$140	
Lender Legal Fees	\$5,000	\$5,000	\$200	
Loan Fees 1%	\$35,000	\$35,000	\$1,400	
Loan Closing Fees	\$4,500	\$4,500	\$180	
Property Taxes (Constr Period)	\$10,500	\$10,500	\$420	

Project Name:

**USES OF FUNDS**  
**CB Parking Lot Option #1**

Date:

7/25/2016

<b>Interest and Other Fees</b>			
Construction Period	\$50,676	\$50,676	\$2,027
Predevelopment Loan Interest	\$80,000	\$80,000	\$3,200

<b>Development Contingency</b>			
Development Contingency	\$24,000	\$24,000	\$960

<b>Reserves/Cash Accounts</b>			
Operating Reserve (3 months exp + debt)	\$77,932	\$77,932	\$3,117
Deposit to Replacement Reserves	\$12,500	\$12,500	\$500
Lease up Reserve	\$49,800	\$49,800	\$1,992

**Development Costs Subtotal:** \$1,096,582    \$1,096,582    \$43,863    Development Costs are defined as Soft Costs (e.g., everything except Construction).

**TOTAL PROJECT COST**    \$4,479,957    \$4,479,957    \$179,198    Total Cost are based on traditional stick built approach to development with a commercial

**GAP**    \$0

Project Name: CB Parking Lot Option #1

HOUSING OPERATING BUDGET - INCOME

7/25/2016

Unit Type	# of Units	Square Feet / Unit	Target/Median Income %	Gross Monthly Program Rent per Unit	Utility Allowance (N/A)	Net Monthly Rent Per Unit	YEARS										
							1	2	3	4	5	9	10	15	20	30	
1 BDR	1.0	650	100%	\$900	\$0	\$900	\$48,000	\$48,939	\$50,938	\$51,957	\$56,240	\$57,364	\$63,335	\$69,927	\$85,241		
2 BDR	2.0	850	100%	\$1,200	\$0	\$1,200	\$288,000	\$293,760	\$299,635	\$305,628	\$311,740	\$337,438	\$344,187	\$380,010	\$419,562	\$511,443	
<b>Total Residential Square Feet</b>							<b>251</b>	<b>\$336,000</b>	<b>\$342,720</b>	<b>\$349,674</b>	<b>\$356,666</b>	<b>\$363,697</b>	<b>\$393,678</b>	<b>\$401,651</b>	<b>\$443,345</b>	<b>\$489,489</b>	<b>\$596,684</b>

Total Residential Square Feet  
21,450

Other Revenue:	1	2	3	4	5	9	10	15	20	30
Laundry	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage/Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposits on Turnover	\$1,250	\$1,275	\$1,301	\$1,327	\$1,353	\$1,485	\$1,484	\$1,649	\$1,821	\$2,220
Cable TV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
Application Fees	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
W/D rental	\$9,000	\$9,180	\$9,364	\$9,551	\$9,742	\$10,545	\$10,756	\$11,675	\$13,111	\$15,983
Other Water	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$17,575	\$17,926	\$19,792	\$21,952	\$26,638
<b>SUB-TOTAL OTHER REVI</b>	<b>\$26,750</b>	<b>\$26,265</b>	<b>\$26,790</b>	<b>\$27,326</b>	<b>\$27,873</b>	<b>\$30,170</b>	<b>\$30,774</b>	<b>\$33,977</b>	<b>\$37,613</b>	<b>\$45,728</b>
<b>Gross Income</b>	<b>\$361,750</b>	<b>\$368,985</b>	<b>\$376,395</b>	<b>\$383,892</b>	<b>\$391,570</b>	<b>\$423,848</b>	<b>\$432,325</b>	<b>\$477,321</b>	<b>\$527,001</b>	<b>\$642,412</b>
<b>Less Vacancy Rate 3%</b>	<b>(\$10,853)</b>	<b>(\$11,070)</b>	<b>(\$11,291)</b>	<b>(\$11,517)</b>	<b>(\$11,747)</b>	<b>(\$12,715)</b>	<b>(\$12,910)</b>	<b>(\$14,320)</b>	<b>(\$15,610)</b>	<b>(\$18,272)</b>
<b>Effective Gross Income:</b>	<b>\$350,898</b>	<b>\$357,915</b>	<b>\$365,074</b>	<b>\$372,375</b>	<b>\$379,823</b>	<b>\$411,132</b>	<b>\$419,355</b>	<b>\$463,002</b>	<b>\$511,191</b>	<b>\$623,139</b>

Total Annual Income

**HOUSING OPERATING BUDGET - EXPENSES**  
 Date: 7/25/2016  
 Pro Forma Type: Initial Analysis

Project Name: CB Parking Lot Option #1  
 Expense Inflation Rate: 3.00%

Annual Operating Expenses	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Insurance	\$240	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,828	\$8,063	\$9,076	\$10,521	\$12,197	\$14,139
Utilities:(Common areas)												
Electric (Common lights, etc)	\$100	\$ 2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,360	\$3,781	\$4,384	\$5,082	\$5,891
Water & Sewer	\$800	\$ 22,500	\$23,175	\$23,870	\$24,588	\$25,324	\$29,357	\$30,238	\$34,033	\$39,454	\$45,738	\$53,023
Garbage Removal	\$480	\$ 12,000	\$12,360	\$12,731	\$13,113	\$13,508	\$15,057	\$15,517	\$18,127	\$21,042	\$24,394	\$28,279
Repairs & Maintenance	\$240	\$ 6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,828	\$8,063	\$9,076	\$10,521	\$12,197	\$14,139
Landscaping Maintenance	\$144	\$ 3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,687	\$4,838	\$5,445	\$6,313	\$7,318	\$8,464
Replacement Reserve	\$300	\$ 7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$9,786	\$10,078	\$11,344	\$13,151	\$15,246	\$17,674
Property Management:												
On-site	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contracted (Off-Site)	\$980	\$24,000	\$24,720	\$25,462	\$26,225	\$27,012	\$31,315	\$32,254	\$36,302	\$42,084	\$48,787	\$56,558
Professional Services:												
Legal	\$48	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,568	\$1,613	\$1,815	\$2,104	\$2,439	\$2,828
Accounting/Auditing	\$140	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,567	\$4,704	\$5,294	\$6,137	\$7,115	\$8,248
Compliance Monitoring Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office & Administration	\$34	\$850	\$878	\$902	\$929	\$957	\$1,109	\$1,142	\$1,288	\$1,490	\$1,728	\$2,003
Advertising/Marketing & Promotion	\$34	\$850	\$878	\$902	\$929	\$957	\$1,109	\$1,142	\$1,288	\$1,490	\$1,728	\$2,003
Unit Turnover	\$160	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$5,219	\$5,376	\$6,050	\$7,014	\$8,131	\$9,428
Real Estate Taxes	\$1,200	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$39,143	\$40,143	\$45,413	\$52,598	\$60,759	\$70,913
<b>Total Annual Operating Expenses:</b>	<b>\$4,980</b>	<b>\$124,500</b>	<b>\$128,235</b>	<b>\$132,082</b>	<b>\$136,045</b>	<b>\$140,126</b>	<b>\$162,444</b>	<b>\$202,000</b>	<b>\$227,353</b>	<b>\$263,564</b>	<b>\$305,543</b>	<b>\$354,208</b>

**Less Debt Service:**

Term Loan (likely with 10, 15 or 20 year call)	Rate	Amortization (Years)	Loan Amount
	4.05%	35	\$3,500,000
<b>Rate and Amortization based on current quote from Community Based Lender; amortization and rate are aggressive but current. No interest rate risk is included in analysis.</b>			
	\$7,489	\$187,227	\$187,227

Effective Gross Income:	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Total Annual Operating Expenses:	\$14,036	\$350,898	\$357,915	\$365,074	\$372,375	\$379,823	\$419,355	\$427,742	\$463,002	\$511,791	\$564,397	\$623,139
Net Operating Income:	\$4,980	\$124,500	\$128,235	\$132,082	\$136,045	\$140,126	\$162,444	\$202,000	\$227,353	\$263,564	\$305,543	\$354,208
Primary Debt Service:	\$9,056	\$226,398	\$229,680	\$232,992	\$236,331	\$239,697	\$256,911	\$225,742	\$235,649	\$247,627	\$258,653	\$266,931
Total Debt Service:	\$7,489	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227
Cash Flow Per Year Primary:	\$1,667	\$36,170	\$42,453	\$45,765	\$49,104	\$52,470	\$89,684	\$38,515	\$48,422	\$60,400	\$71,626	\$87,704
Primary Debt Coverage Ratio	1.21	1.21	1.23	1.24	1.26	1.28	1.37	1.21	1.26	1.32	1.38	1.44
Total Debt Coverage Ratio	1.21	1.21	1.23	1.24	1.26	1.28	1.37	1.21	1.26	1.32	1.38	1.44

Return to Owners	Annual return on investment	4%	4%	5%	5%	5%	7%	4%	5%	6%	7%	8%
\$ 579,957	\$39,170	\$42,453	\$45,765	\$49,104	\$52,470	\$59,684	\$38,515	\$48,422	\$60,400	\$71,626	\$87,704	