

USES OF FUNDS

Project Name: Cannon Beach RV Lot Option #1 **Date:** 7/25/2016

Cannon Beach Arts Center Option

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

Loan amount constrained by DCR and % Total Cost.

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

RESIDENTIAL

COSTS:	Total Costs	(A)	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.
		Original Application		

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	
Acquisition Costs Subtotal:	\$5,000	\$5,000	\$556	

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	
Contingency	\$61,875	\$61,875	\$6,875	
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			
Design Estimating Contingency	\$0			
Cost Escalation Factor 5%	\$0			
Construction Costs Subtotal:	\$1,299,375	\$1,299,375	\$144,375	Construction costs do not include any increase to account for potential Regulatory Costs (related to public partners or other public/quasi-public entity participation).

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Date:

7/25/2016

Development Costs

Cannon Beach Arts Center Option

Land Use & Public Works Fees	\$0	\$0	\$0	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.
Building Permits, Intake Fees and SDCs	\$0	\$0	\$0	
Lender Market Study/Appraisal	\$4,500	\$4,500	\$500	
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. Developer Fee is set at 12% of costs. These are % estimates based on general trends.
Lender Architectural Review Fee	\$3,500	\$3,500	\$389	
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	

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Cannon Beach Arts Center Option

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	Presumes a 3% Soft Cost Development Contingency
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Reserves/Cash Accounts

Operating Reserve (3 months exp + debt)	\$28,887	\$28,887	\$3,210	Reserves would be established based on lender underwriting.
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).
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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
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GAP **\$1,265**

USES OF FUNDS

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

Cannon Beach Arts Center Option

HOUSING OPERATING BUDGET - INCOME

Project Name: **CB Parking Lot Option #1** 7/25/2016

Cannon Beach Arts Center Option 2.00%

YEARS

select from drop down

Unit Size	Unit Type (BDR /MGR)	# of Baths	Square Feet / Unit	Target Max Median Income %	Gross Monthly Program Rent Per Unit	Utility Allowance (N/A)	Net Monthly Rent Per Unit	# of Units	1	2	3	4	5	9	10	15	20	30
1	BDR	1.0	650	100%	\$1,000	- \$0	= 1,000 X 12	3	\$36,000	\$36,720	\$37,454	\$38,203	\$38,968	\$42,180	\$43,023	\$47,501	\$52,445	\$63,930
2	BDR	2.0	850	100%	\$1,200	- \$0	= 1,200 X 12	6	\$86,400	\$88,128	\$89,891	\$91,688	\$93,522	\$101,231	\$103,256	\$114,003	\$125,868	\$153,433

Total Residential Square Feet	8,250
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SUB-TOTALS	9	\$122,400	\$124,848	\$127,345	\$129,892	\$132,490	\$143,411	\$146,279	\$161,504	\$178,314	\$217,363
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Total Annual Income

Other Revenue:										
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	\$796	\$812	\$879	\$896	\$990	\$1,093	\$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	\$7,867	\$9,590

SUB-TOTAL OTHER REVI	\$10,430	\$10,639	\$10,851	\$11,068	\$11,290	\$12,220	\$12,465	\$13,762	\$15,195	\$18,522
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Gross Income:	\$132,830	\$135,487	\$138,196	\$140,960	\$143,779	\$155,632	\$158,744	\$175,266	\$193,508	\$235,885
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Less Vacancy Rate 3%	(\$3,985)	(\$4,065)	(\$4,146)	(\$4,229)	(\$4,313)	(\$4,669)	(\$4,762)	(\$5,258)	(\$5,805)	(\$7,077)
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Effective Gross Income:	\$128,845	\$131,422	\$134,050	\$136,731	\$139,466	\$150,963	\$153,982	\$170,008	\$187,703	\$228,809
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HOUSING OPERATING BUDGET - EXPENSES

Project Name: **Cannon Beach RV Lot Option #1** Date: **7/25/2016**
 Expense Inflation Rate: **Cannon Beach Arts Center Option** Forma Type: **Initial Analysis**

Annual Operating Expenses	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Insurance	\$278	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,360	\$3,781	\$4,384	\$5,082	\$5,891
Utilities:(common areas)												
Electric (Common lights, etc)	\$94	\$ 850	\$876	\$902	\$929	\$957	\$1,109	\$1,142	\$1,286	\$1,490	\$1,728	\$2,003
Water & Sewer	\$900	\$ 8,100	\$8,343	\$8,593	\$8,851	\$9,117	\$10,569	\$10,886	\$12,252	\$14,203	\$16,466	\$19,088
Garbage Removal	\$480	\$ 4,320	\$4,450	\$4,583	\$4,721	\$4,862	\$5,637	\$5,806	\$6,534	\$7,575	\$8,782	\$10,180
Repairs & Maintenance	\$389	\$ 3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,567	\$4,704	\$5,294	\$6,137	\$7,115	\$8,248
Landscape Maintenance	\$400	\$ 3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,697	\$4,838	\$5,445	\$6,313	\$7,318	\$8,484
Replacement Reserve	\$300	\$ 2,700	\$2,781	\$2,864	\$2,950	\$3,039	\$3,523	\$3,629	\$4,084	\$4,734	\$5,489	\$6,363
Property Management:												
On-site	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contracted (Off-Site)	\$1,067	\$9,600	\$9,888	\$10,185	\$10,490	\$10,805	\$12,526	\$12,902	\$14,521	\$16,834	\$19,515	\$22,623
Professional Services:												
Legal	\$50	\$450	\$464	\$477	\$492	\$506	\$587	\$605	\$681	\$789	\$915	\$1,060
Accounting/Auditing	\$167	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,957	\$2,016	\$2,269	\$2,630	\$3,049	\$3,535
Compliance Monitoring Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office & Administration	\$50	\$450	\$464	\$477	\$492	\$506	\$587	\$605	\$681	\$789	\$915	\$1,060
Advertising/Marketing & Promotion	\$50	\$450	\$464	\$477	\$492	\$506	\$587	\$605	\$681	\$789	\$915	\$1,060
Unit Turnover	\$133	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,566	\$1,613	\$1,815	\$2,104	\$2,439	\$2,828
Real Estate Taxes	\$1,200	\$10,800	\$11,124	\$11,458	\$11,801	\$12,155	\$14,092	\$14,514	\$16,336	\$18,938	\$21,954	\$25,451
Total Annual Operating Expenses:	\$5,558	\$50,020	\$51,521	\$53,066	\$54,658	\$56,298	\$65,265	\$67,223	\$75,660	\$87,710	\$101,680	\$117,875

Less Debt Service:

Term Loan (likely with 10, 15 or 20 year call)												
Amortization												
Rate	(Years)	Loan Amount										
4.05%	35	\$1,225,000	\$7,281	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529

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.

	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
<i>Effective Gross Income:</i>	\$14,316	\$128,845	\$131,422	\$134,050	\$136,731	\$139,466	\$153,982	\$157,061	\$170,008	\$187,703	\$207,239	\$228,809
<i>Total Annual Operating Expenses:</i>	\$5,558	\$50,020	\$51,521	\$53,066	\$54,658	\$56,298	\$65,265	\$67,223	\$75,660	\$87,710	\$101,680	\$117,875
<i>Net Operating Income:</i>	\$8,758	\$78,825	\$79,901	\$80,984	\$82,073	\$83,168	\$88,717	\$89,839	\$94,349	\$99,993	\$105,559	\$110,933
<i>Primary Debt Service</i>	\$7,281	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529
<i>Total Debt Service</i>	\$7,281	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529	\$65,529
Cash Flow Per Year Primary:	\$1,477	\$13,296	\$14,372	\$15,455	\$16,544	\$17,639	\$23,188	\$24,309	\$28,819	\$34,463	\$40,029	\$45,404
Cash Flow Per Year Total:	\$1,477	\$13,296	\$14,372	\$15,455	\$16,544	\$17,639	\$23,188	\$24,309	\$28,819	\$34,463	\$40,029	\$45,404
<i>Primary Debt Coverage Ratio</i>	1.20	1.20	1.22	1.24	1.25	1.27	1.35	1.37	1.44	1.53	1.61	1.69
<i>Total Debt Coverage Ratio</i>	1.20	1.20	1.22	1.24	1.25	1.27	1.35	1.37	1.44	1.53	1.61	1.69

Return to Owners	Annual return on investment											
\$ 475,000	\$13,296	\$14,372	\$15,455	\$16,544	\$17,639	\$23,188	\$24,309	\$28,819	\$34,463	\$40,029	\$45,404	
	3%	3%	3%	3%	4%	5%	5%	6%	7%	8%	10%	