

USES OF FUNDS

Project Name:

CB Parking Lot Option #1

Date:

7/25/2016

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

Number of Units:	25	Residential Summary:				
		Total	Acquisition	Construction	Development	
Residential Unit Square Footage:	21,450	Total Costs	\$4,479,957	\$5,000	\$3,378,375	\$1,096,582
Parking		Cost / Unit	\$179,198	\$200	\$135,135	\$43,863
(City Parking adjacent to site -- 60 units)	0	Cost / Sq Ft	\$208.86	\$0.23	\$157.50	\$51.12
Total SF reflected in Construction Budget	21,450	% of Total Costs	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)	RESIDENTIAL				
		(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	\$100		
Other (list below):					
Legal	\$2,500	\$2,500	\$100		
Acquisition Costs Subtotal:	\$5,000	\$5,000	\$200		

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		
Contingency	\$160,875	\$160,875	\$6,435		
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:	\$3,378,375	\$3,378,375	\$135,135		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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Development Costs

Land Use & Public Works Fees	\$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	-	
Lender Market Study/Appraisal	\$6,500	\$6,500	\$260	
Environmental Report	\$3,500	\$3,500	\$140	
Soils Report (Geotechnical)	\$7,500	\$7,500	\$300	
Survey	\$7,500	\$7,500	\$300	
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. Developer Fee is set at 12% of costs. These are % estimates based on general trends.
Lender Architectural Review Fee	\$3,500	\$3,500	\$140	
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	

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Interest and Other Fees

Construction Period	\$50,676	\$50,676	\$2,027
Predevelopment Loan Interest	\$80,000	\$80,000	\$3,200

Development Contingency

Development Contingency	\$24,000	\$24,000	\$960	Presumes a 3% Soft Cost Development Contingency
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Reserves/Cash Accounts

Operating Reserve (3 months exp + debt)	\$77,932	\$77,932	\$3,117	Reserves would be established based on lender underwriting.
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).
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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
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GAP **\$0**

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HOUSING OPERATING BUDGET - INCOME

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

Inflation Factor **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	YEARS										
									1	2	3	4	5	9	10	15	20	30	
1	BDR	1.0	650	100%	\$900	-	\$0	= 800 X 12	5	\$48,000	\$48,960	\$49,939	\$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 X 12	20	\$288,000	\$293,760	\$299,635	\$305,628	\$311,740	\$337,438	\$344,187	\$380,010	\$419,562	\$511,443

Total Residential Square Feet
21,450

SUB-TOTALS	25	\$336,000	\$342,720	\$349,574	\$356,566	\$363,697	\$393,678	\$401,551	\$443,345	\$489,489	\$596,684
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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	\$1,250	\$1,275	\$1,301	\$1,327	\$1,353	\$1,465	\$1,494	\$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	\$11,875	\$13,111	\$15,983
Other: Water	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$17,575	\$17,926	\$19,792	\$21,852	\$26,638

SUB-TOTAL OTHER REVI	\$25,750	\$26,265	\$26,790	\$27,326	\$27,873	\$30,170	\$30,774	\$33,977	\$37,513	\$45,728
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Gross Income:	\$361,750	\$368,985	\$376,365	\$383,892	\$391,570	\$423,848	\$432,325	\$477,321	\$527,001	\$642,412
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Less Vacancy Rate 3%	(\$10,853)	(\$11,070)	(\$11,291)	(\$11,517)	(\$11,747)	(\$12,715)	(\$12,970)	(\$14,320)	(\$15,810)	(\$19,272)
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Effective Gross Income:	\$350,898	\$357,915	\$365,074	\$372,375	\$379,823	\$411,132	\$419,355	\$463,002	\$511,191	\$623,139
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HOUSING OPERATING BUDGET - EXPENSES

Project Name: **CB Parking Lot Option #1** Date: **7/25/2016**
 Pro Forma Type: **Initial Analysis**

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	\$7,829	\$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	\$900	\$ 22,500	\$23,175	\$23,870	\$24,586	\$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	\$13,506	\$15,657	\$16,127	\$18,151	\$21,042	\$24,394	\$28,279
Repairs & Maintenance	\$240	\$ 6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,829	\$8,063	\$9,076	\$10,521	\$12,197	\$14,139
Landscape Maintenance	\$144	\$ 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	\$ 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)	\$960	\$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	\$1,566	\$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	\$876	\$902	\$929	\$957	\$1,109	\$1,142	\$1,286	\$1,490	\$1,728	\$2,003
Advertising/Marketing & Promotion	\$34	\$850	\$876	\$902	\$929	\$957	\$1,109	\$1,142	\$1,286	\$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	\$9,426
Real Estate Taxes	\$1,200	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$39,143	\$75,000	\$84,413	\$97,858	\$113,444	\$131,513
Total Annual Operating Expenses:	\$4,980	\$124,500	\$128,235	\$132,082	\$136,045	\$140,126	\$162,444	\$202,000	\$227,353	\$263,564	\$305,543	\$354,208

Less Debt Service:

Term Loan (likely with 10, 15 or 20 year call)

Amortization												
Rate	(Years)	Loan Amount										
4.05%	35	\$3,500,000	\$7,489	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227

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>	\$14,036	\$350,898	\$357,915	\$365,074	\$372,375	\$379,823	\$419,355	\$427,742	\$463,002	\$511,191	\$564,397	\$623,139
<i>Total Annual Operating Expenses:</i>	\$4,980	\$124,500	\$128,235	\$132,082	\$136,045	\$140,126	\$162,444	\$202,000	\$227,353	\$263,564	\$305,543	\$354,208
<i>Net Operating Income:</i>	\$9,056	\$226,398	\$229,680	\$232,992	\$236,331	\$239,697	\$256,911	\$225,742	\$235,649	\$247,627	\$258,853	\$268,931
<i>Primary Debt Service</i>	\$7,489	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227	\$187,227
<i>Total Debt Service</i>	\$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:	\$1,567	\$39,170	\$42,453	\$45,765	\$49,104	\$52,470	\$69,684	\$38,515	\$48,422	\$60,400	\$71,626	\$81,704
Cash Flow Per Year Total:	\$1,567	\$39,170	\$42,453	\$45,765	\$49,104	\$52,470	\$69,684	\$38,515	\$48,422	\$60,400	\$71,626	\$81,704
<i>Primary Debt Coverage Ratio</i>	1.21	1.21	1.23	1.24	1.26	1.28	1.37	1.21	1.26	1.32	1.38	1.44
<i>Total Debt Coverage Ratio</i>	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											
\$ 979,957	\$39,170	\$42,453	\$45,765	\$49,104	\$52,470	\$69,684	\$38,515	\$48,422	\$60,400	\$71,626	\$81,704	
	4%	4%	5%	5%	5%	7%	4%	5%	6%	7%	8%	