



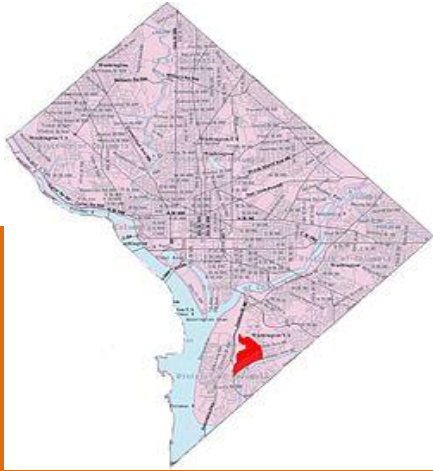
Congress Heights

*Driving Change in our
Communities*

Johns Hopkins University Carey Business School
St. Johns Real Estate Program - Spring 2019 Capstone

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Malcolm X Opportunity Center Development Proposal



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Executive Summary

Development Overview

Vision:

- Thoughtful and equitable development
- Fully integrate community and provide benefits that come from revitalizing a neighborhood

Location:

- 1351 Alabama Ave SE (400 ft. from Congress Heights Metro)

Proposed Project:

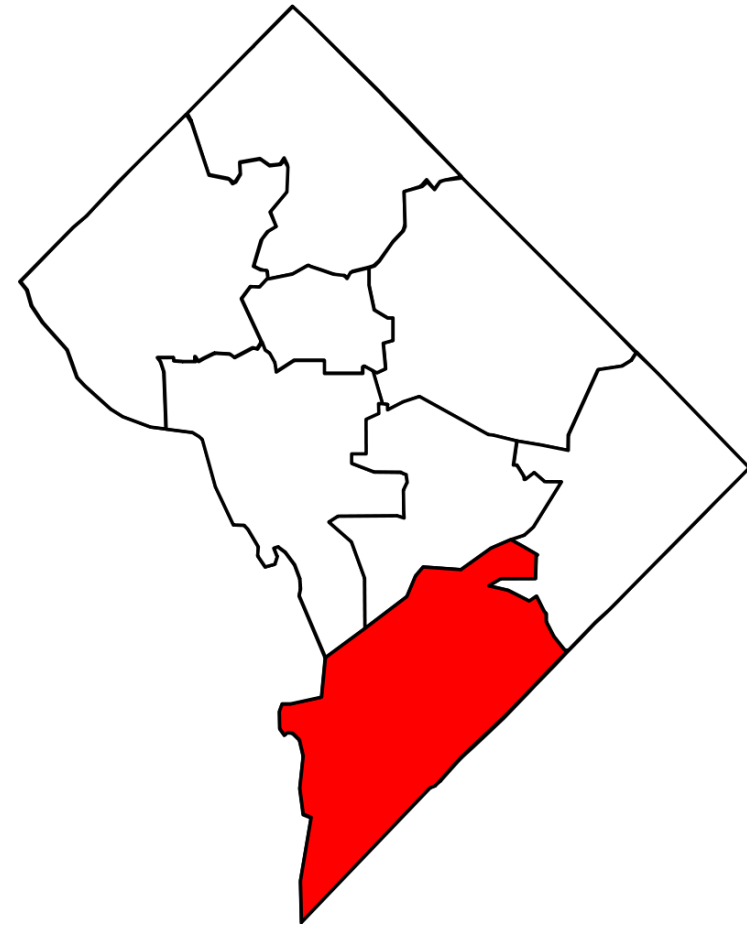
- 433 (75% affordable 25% market) unit multifamily with community focused ground floor retail space



Ward 8 Community

How does this Targets Ward 8 Community:

- Reinvests a portion of the project's profit into the project's community focused retail space
- Community focused retail space: bank, financial counseling, job training, and entrepreneurship
- Larger units to accommodate families
- Total capital costs are \$114M with a 4.8% yield.
- We anticipate a construction start in 2021 and believe it will take 19 months to complete.

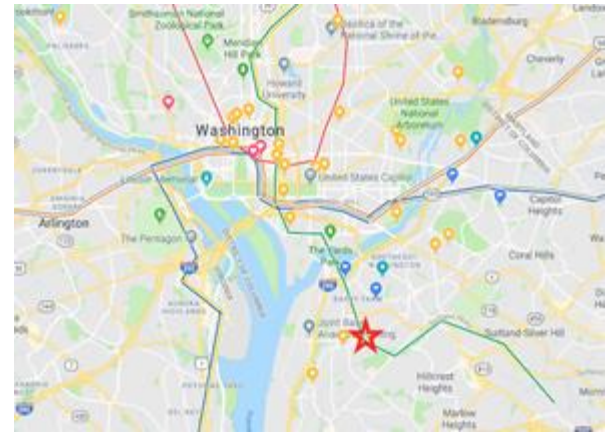




Site/Property Description

Site/Property Description

- 1351 Alabama Ave SE
- 5.66 acres
- Owned by DC Government
- Previously a 3-story elementary school, currently a pop-up opportunity center
- 400 ft. from Congress Heights Metro
- Across street from St. Elizabeth's redevelopment site

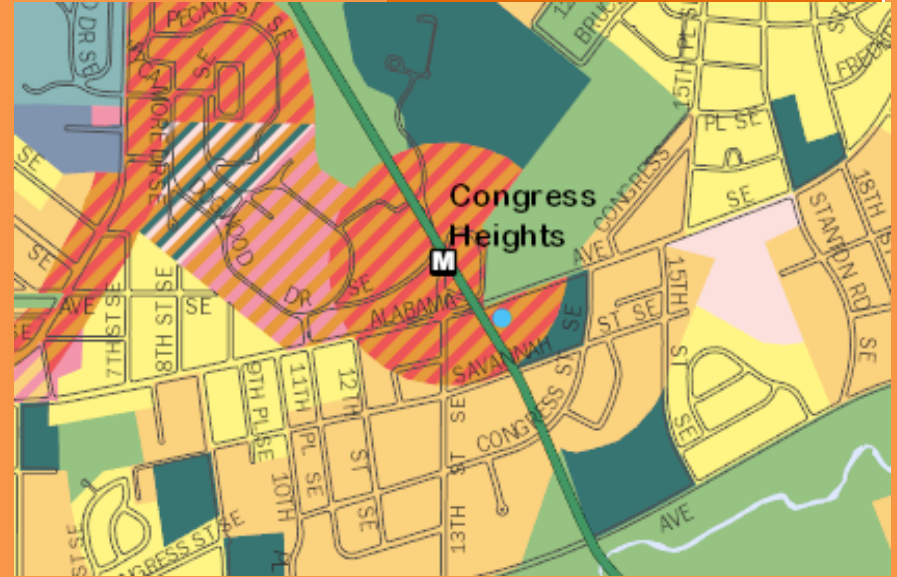
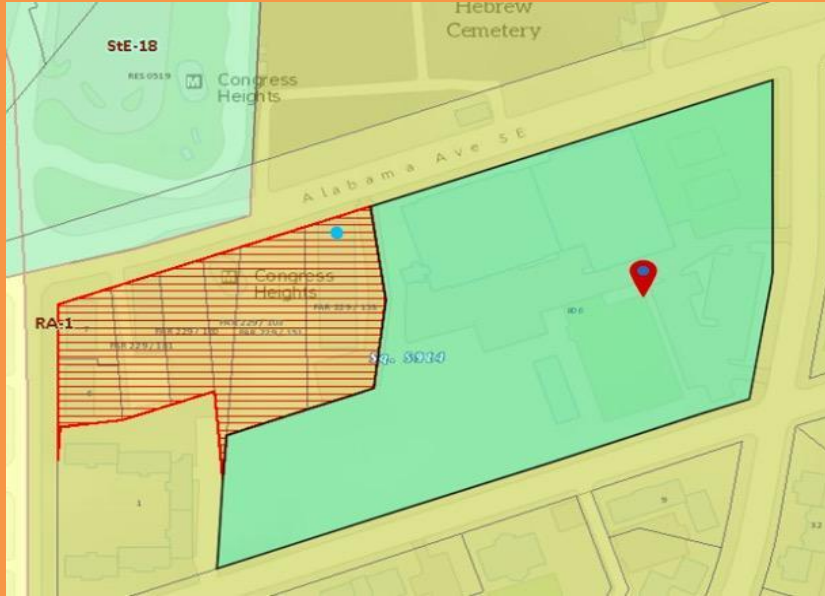




Regulatory/Legal Environment

Focus Property: Anacostia

1351 Alabama Avenue SE, Washington, DC 20032





Market Analysis

Major Employers

- Department of Homeland Security, which moved its headquarters to St. Elizabeth's West campus
- Mystics arena
- Local restaurants, Busboys and Poets recently opened in 2019
- Local and federal government

	<u>Ward 8</u>	<u>DC</u>
Population	80,085	710,893
Population by Race		
White	4.1%	41.5%
Black/African American	92.1%	45.2%
Asian	0.4%	4.2%
2+ races	2.3%	3.5%
Population by Age Group		
0-4	10.2%	6.2%
5-24	28.6%	22.6%
25-64	50.8%	58.9%
65+	10.4%	12.4%
Male	46.0%	47.5%
Female	54.1%	52.5%

	<u>Ward 8</u>	<u>DC</u>
Households	31,890	323,410
Avg. Household Size	2.43	2.07
HH w/kids	37.78%	20.32%
Median HH Income	34,824	83,044
Families below poverty	31.28%	13.88%
Housing Units	35,777	354,004
Education		
High School	38.85%	17.76%
Some College	24.80%	13.02%
Bachelors	9.55%	24.00%
Masters	5.78%	20.31%
Population +16 unemployed	18.54%	7.29%



Forecasted Demand

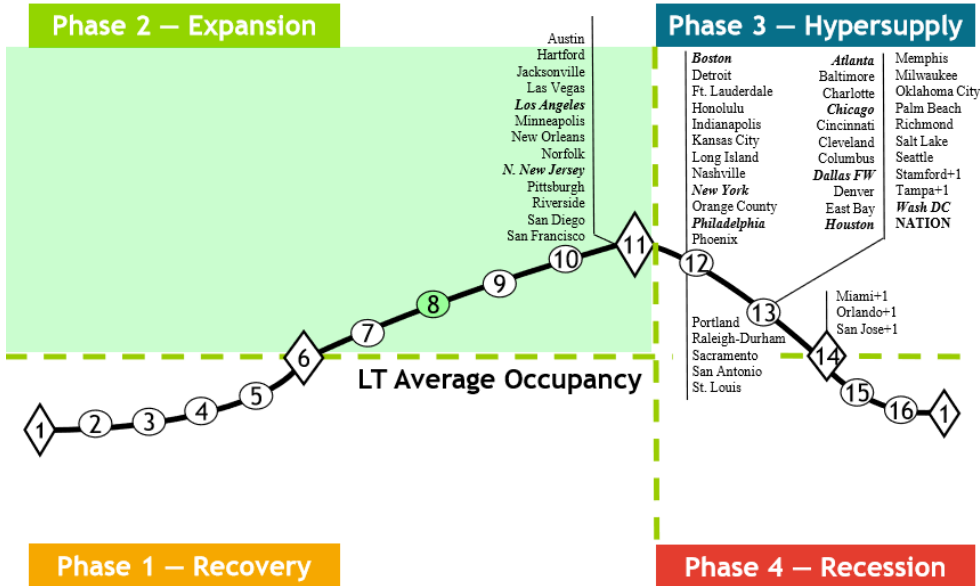
DC Population Growth - Ward 8 v. All Wards						
Geography	2012	2013	2014	2015	2016	2017
Washington, DC, Ward 8						
Total Population	75,010	76,445	78,686	81,133	83,108	85,160
Population Under 19	25,953	26,450	26,675	27,423	27,426	28,443
Under 5 years	10.2%	9.9%	10.0%	9.7%	9.7%	9.8%
5 to 9 years	7.4%	8.1%	8.4%	8.7%	8.9%	9.1%
10 to 14 years	7.3%	7.2%	7.2%	7.3%	7.0%	7.6%
15 to 19 years	9.7%	9.4%	8.3%	8.1%	7.4%	6.9%
Under 19 % of Population	34.6%	34.6%	33.9%	33.8%	33.0%	33.4%
				Total Population CAGR:		2.57%
				Under 19 Population CAGR:		1.85%
Washington, DC, All Wards						
Total Population	605,759	619,371	633,736	647,484	659,009	672,391
Population Under 18	128,752	129,365	130,965	134,103	137,160	139,675
Under 5 years	5.7%	5.9%	6.1%	6.2%	6.4%	6.5%
5 to 9 years	4.4%	4.5%	4.6%	4.7%	4.9%	5.0%
10 to 14 years	4.2%	3.9%	3.8%	3.8%	3.8%	3.8%
15 to 19 years	6.9%	6.5%	6.1%	5.9%	5.8%	5.5%
Under 19 % of Population	21.3%	20.9%	20.7%	20.7%	20.8%	20.8%
				Total Population CAGR:		2.11%
				Under 19 Population CAGR:		1.64%

Forecasted Demand - cont.

Congress Heights Market Analysis - Population Ratio Method Anacostia, Washington, DC				
Item	Current Year	5 Years	10 Years	Source / Comment
HH Population Forecast - Overall	85,160	96,683	109,766	U.S. Census Bureau - American Fact Finder
1 HH Population Forecast - Under 19 Population	28,443	31,172	34,163	U.S. Census Bureau - American Fact Finder
2 Average Increase		2,305	2,617	Applied historic 5-year growth of Ward 8 population to forecast 5 and 10-year population growth
3 Apartment Unit Inventory in Ward 8	7,593			CoStar Custom Market Report for Ward 8 (All apartments greater than 100 units in size)
4 Ratio of Occupied Units per Person	0.089			Line 3 / Line 1
Total Demand for Occupied Housing Units in Ward 8	7,593	8,620	9,787	Line 1 x Line 4
6 Plus Frictional Vacancy @ 5%	400	454	515	
Total Supportable (Adjusted) Demand for Rental Housing Units	7,993	9,074	10,302	
Additional Demand		1,082	1,228	
Total Additional 10-year Demand			2,309	
		CAGR:	2.57%	

Current Market

Apartment Market Cycle FORECAST 4th Quarter, 2019 Estimates



Source: Mueller, 2019

Market Cycle stage supports development:

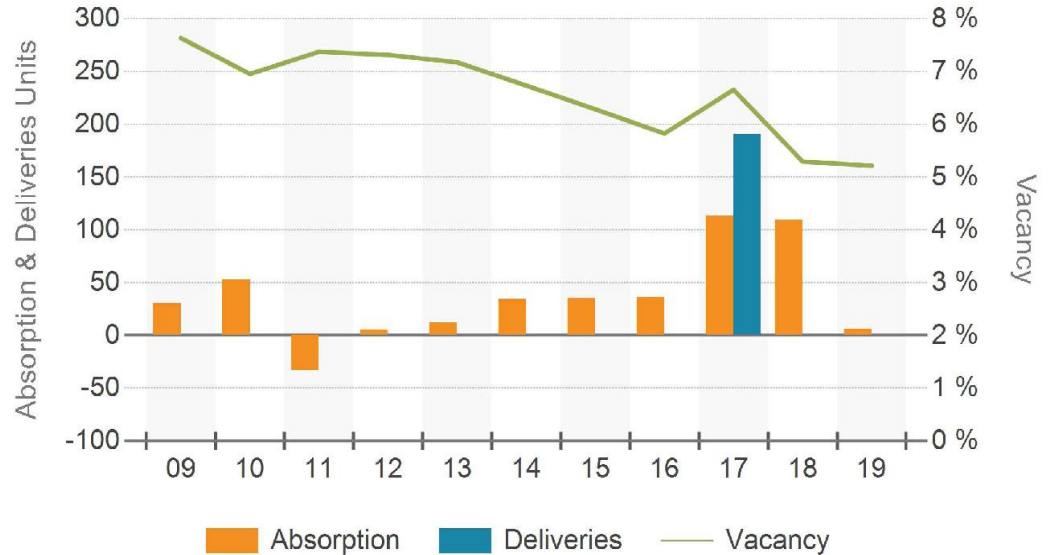
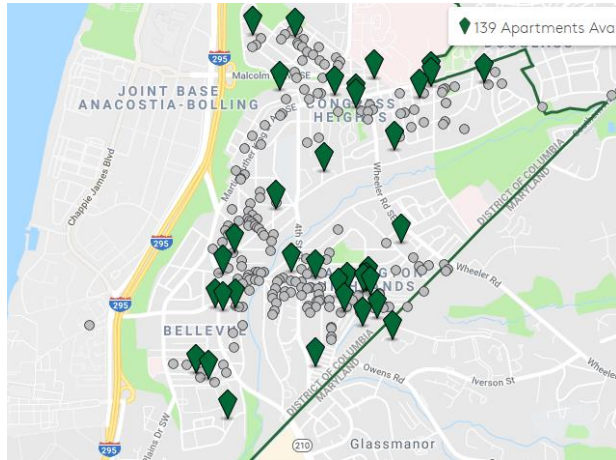
- DC at large is believed to be in the hypersupply phase 3
- However, through research and data from industry resources points that Ward 8 should be at Phase 2 Expansion
- Office and Retail for DC & Ward 8 should also be in Phase 2 stage



Competitive Supply & Comparables

Demand, Supply & Deliveries

Current apartment market in Anacostia



Source: Costar, Apartments.com

COMPARABLE I

Archer Park - 1200 Mississippi Ave SE, Washington, DC 20032



Source: Archer Park Website

COMPARABLE II

Maple View Flats - 2228 Martin Luther King Jr Ave SE, Washington, DC 20020



Apartment Types

1 Bedroom	485-738sqft	\$1241-\$1250
2 Bedroom	942-1071sqft	\$1484-1488
3 Bedroom	1163-1251sqft	\$1710-\$1717

Source: Maple View Flats website

Community Amenities

- Community room with rooftop terrace
- Exterior fire pit
- Rooftop fitness center with great views of the Capitol
- Large courtyard
- Amazon hub
- Onsite property management staff
- Conference room

Features

- Individual climate control
- Individual washer and dryer
- Granite countertops
- Stainless steel appliances
- One-, two-, and three-bedroom apartment homes
- Hard surface flooring in kitchen and living room

COMPARABLE III

Sheridan Station Apartments - 2516 Sheridan Rd SE, Washington, DC 20020



APARTMENT TYPES

Type	Square Feet	Rent
Studio	530	Starting at \$1094
One Bedroom	627	Starting at \$1168
One Bedroom	718	Starting at \$1168
One Bedroom	766	Starting at \$1210
Two Bedroom	1073	Starting at \$1393
Two Bedroom	1018	Starting at \$1393
Three Bedroom	1143	Starting at \$1393
Two Bedroom	970	Starting at \$1393

Source: Sheridan Station Apartments

FEATURES & AMENITIES

Apartment Amenities:

- Cable Ready
- Central A/C
- Dishwashers and Disposals
- Energy Efficient Appliances
- Hardwood Floors
- Large Closets
- Washer/Dryer
- Window Coverings

Community Amenities:

- 24-Hour Availability
- Business Center
- Concierge
- Controlled Access Building
- Elevator
- Fitness Center
- Free Weights
- Garage
- Group Exercise
- High-Speed Internet
- On-Site Maintenance
- On-Site Management
- Package Receiving
- Pay Your Rent Online



Highest and Best Use Determination

Highest and Best Use Determination

Legally Permissible



Physically Possible



Financially Feasible



Maximally Productive



Market Rent: \$16.8/sq

Feasibility Rent: \$16.6/sq

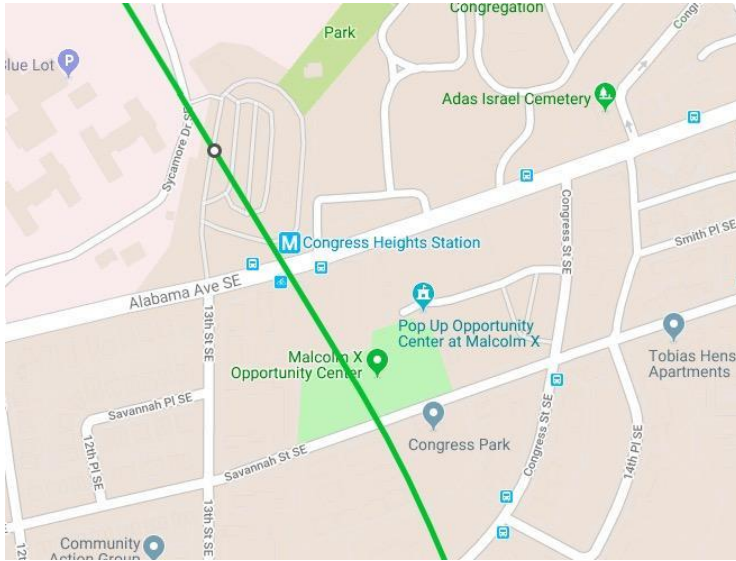
Market Rent > Feasibility Rent

Currently Financially Feasible



Development Risks

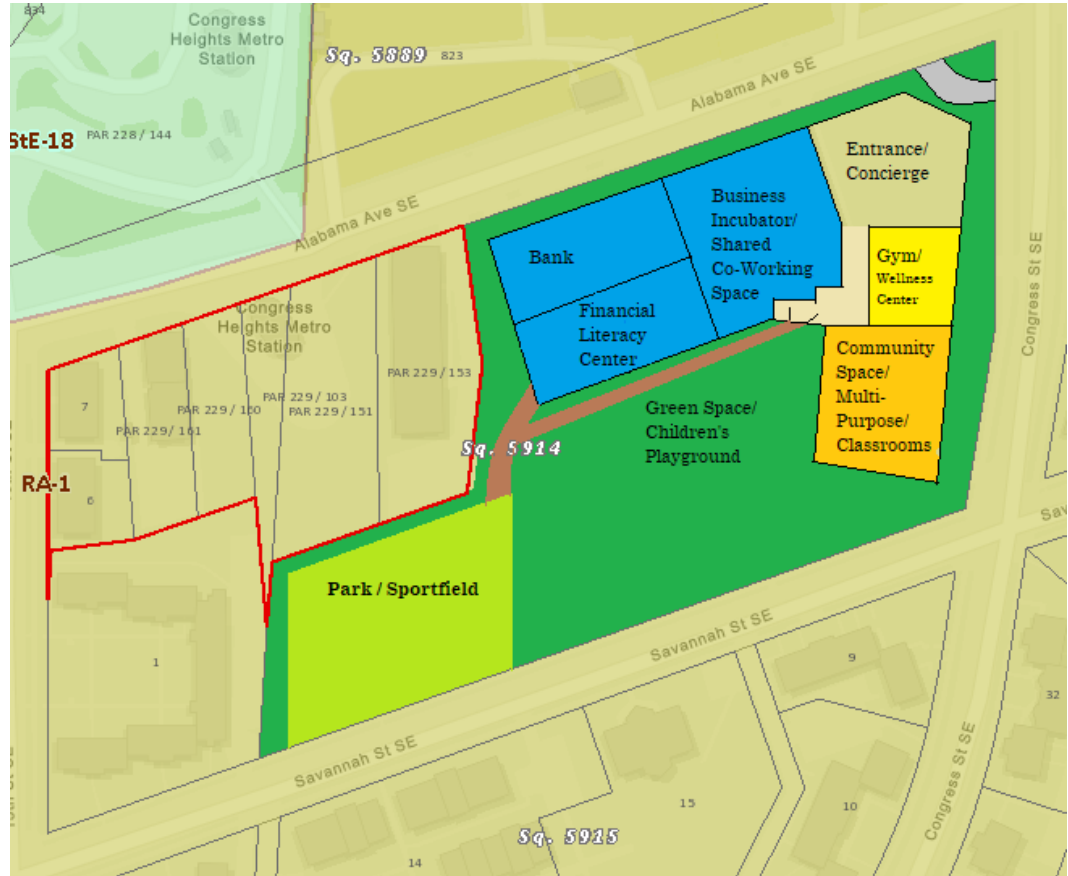
Development Risks



- **Metro Tunnel Easement**
- **Zoning Entitlement**
- **Cost Overrun**

Development Amenities

- Financial Literacy Center
- Bank
- Entrepreneurship Center
- Job training
- Kids play area
- Open Green Space
- Gym / Wellness Center





Construction

Construction Timeline

Phase I



Pre-Construction

Date Range: Sept 2019 - Sept 2021

- Due Diligence
- Line up capital stack
- Rezone from RA-1 to RA-3
- Necessary permit approvals
- Tax exempt bonds awarded
- Agreement with non-profit
- Apply and awarded 4% tax credits

Phase II



Construction

Date Range: Sept 2021 - Apr 2023

- Start construction in September 2021
- Months 1-6: Horizontal Development (Site Work, Demolition and Excavation)
- Months 7-19: Vertical Development

Phase III



Lease-Up

Date Range: Apr 2023 - Dec 2024 (21 months from construction completion)

- 21 month lease up
- Average of 22 leases per month
- Stabilization at 97% in December 2023

Phase I

Pre-Construction Phase Timeline

September 2019 - September 2021

	Sep-19	Oct-19	Nov-19	Dec-19	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Preconstruction											
Due Diligence	■										
Rezone from RA-1 to RA-3		■	■	■	■	■	■	■	■	■	■
Apply and Receive necessary permit approvals		■	■	■	■	■	■	■	■	■	■
Tax exempt bonds awarded					■	■	■	■	■	■	■
Agreement with non-profit					■	■	■	■	■	■	■
Apply and awarded 4% tax credits					■	■	■	■	■	■	■

Phase III: Lease Up to Stabilization

Updated Leasing Projection - 1351 Alabama					
CHART DATA					
433	MO%	25%			
Month	Projected Move-Ins	Net Absorption	Projected Move-Outs	Projected Ending Occupancy	%
Apr-23	20	20	0	20	5%
May-23	23	23	0	43	10%
Jun-23	28	28	0	71	16%
Jul-23	28	28	0	99	23%
Aug-23	28	28	0	127	29%
Sep-23	26	26	0	153	35%
Oct-23	22	22	0	175	40%
Nov-23	18	18	0	193	45%
Dec-23	17	17	0	210	48%
Jan-24	17	17	0	227	52%
Feb-24	17	17	0	244	56%
Mar-24	18	18	0	262	61%
Apr-24	20	15	5	277	64%
May-24	23	17	6	294	68%
Jun-24	28	21	7	315	73%
Jul-24	28	21	7	336	78%
Aug-24	28	21	7	357	83%
Sep-24	26	20	7	377	87%
Oct-24	22	17	6	393	91%
Nov-24	18	14	5	407	94%
Dec-24	17	13	4	420	97%

- 21 month lease up (Apr 2023 - Dec 2024)
- Average of 22 leases per month (adjusted for seasonality)
- Full stabilization of 97% in December 2024
- 25% resident retention at first lease roll

Sources & Uses

1351 Alabama Ave - Sources & Uses

Sources	Total	% Total	Total PSF
Tax Exempt Bond Issuance	\$ 75,644,620	66.1%	\$ 202.18
4% Tax Credit Equity	\$ 31,143,136	27.2%	\$ 83.24
Non-Profit Contribution	\$ 6,000,000	5.2%	\$ 16.04
Deferred Developer Fee	\$ 1,579,904	1.4%	\$ 4.22
Total Sources	\$ 114,367,659	100.0%	\$ 305.67

Uses	Total	% Total	Total PSF
Land Purchase Price	\$ 1	0.0%	\$ 0.00
Site Costs including Demolition	\$ 99,527,351	87.0%	\$ 266.01
Subtotal Hard Costs and Land	\$ 99,527,352	87.0%	\$ 266.01

Architecture and Civil Engineering (design fees)	\$ 4,074,530	3.6%	\$ 10.89
Site and Building Permits	\$ 1,358,177	1.2%	\$ 3.63
Marketing	\$ 410,000	0.4%	\$ 1.10
Legal / Accounting	\$ 205,000	0.2%	\$ 0.55
Utilities (during construction)	\$ 25,000	0.0%	\$ 0.07
Third Party Consulting / Reports	\$ 400,000	0.3%	\$ 1.07
Taxes During Construction	\$ 150,000	0.1%	\$ 0.40
Project Overhead / Admin	\$ 50,000	0.0%	\$ 0.13
Construction Management	\$ 995,274	0.9%	\$ 2.66
Soft Cost Contingency	\$ 536,759	0.5%	\$ 1.43
Subtotal Soft Costs	\$ 8,204,739	7.2%	\$ 21.93

Loan Interest Carry	\$ 3,298,508	2.9%	\$ 8.82
Legal	\$ 200,000	0.2%	\$ 0.53
LIHTC Syndication Free	\$ 1,557,157	1.4%	\$ 4.16
Subtotal Financing/Carry	\$ 5,055,665	4.4%	\$ 13.51

Developers Fee	\$ 1,579,904	1.4%	\$ 4.22
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Total Uses	\$ 114,367,659	100%	\$ 305.67
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St Elizabeths East

Construction Budget

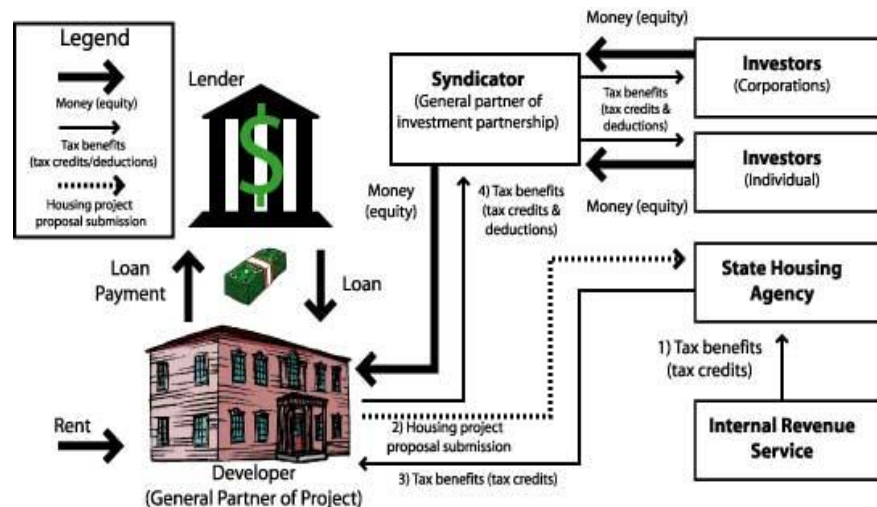
Construction Budget			
Category	Project Costs	Project Cost PSF	Project Cost Per Unit
Category			
Land Purchase Price	\$ 1.00	\$ 0.00	\$ 0.00
Site Costs including Demolition	\$ 99,527,351.00	\$ 266.01	\$ 229,855.31
Subtotal Hard Costs	\$ 99,527,352.00	\$ 266.01	\$ 229,855.32
Architecture and Civil Engineering (design fees)	\$ 4,074,529.85	\$ 10.89	\$ 9,410.00
Site and Building Permits	\$ 1,358,176.62	\$ 3.63	\$ 3,136.67
Marketing	\$ 410,000.00	\$ 1.10	\$ 946.88
Legal / Accounting	\$ 205,000.00	\$ 0.55	\$ 473.44
Utilities (during construction)	\$ 25,000.00	\$ 0.07	\$ 57.74
Third Party Consulting / Reports	\$ 400,000.00	\$ 1.07	\$ 923.79
Taxes During Construction	\$ 150,000.00	\$ 0.40	\$ 346.42
Project Overhead / Admin	\$ 50,000.00	\$ 0.13	\$ 115.47
Construction Management	\$ 995,273.52	\$ 2.66	\$ 2,298.55
Soft Cost Contingency	\$ 536,758.60	\$ 1.43	\$ 1,239.63
Subtotal Soft Costs	\$ 8,204,738.59	\$ 21.93	\$ 18,948.59
Loan Interest Carry	\$ 3,298,508.24	\$ 8.82	\$ 7,617.80
Legal	\$ 200,000.00	\$ 0.53	\$ 461.89
LHTC Syndication Fee	\$ 1,557,156.78	\$ 4.16	\$ 3,596.21
Subtotal Financing	\$ 5,055,665.05	\$ 13.51	\$ 11,675.90
Developers Fee	\$ 1,579,903.58	\$ 4.22	\$ 3,648.74
TOTALS	\$ 114,367,659.22	\$ 305.67	\$ 264,128.54

Hard Cost Breakdown					
Item Description	Quantity	Unit	Unit Cost	TOTAL	Total PSF
Residential Component	455,188	SF	\$ 150	\$68,278,125	\$182.49
Retail Component	10,000	SF	\$ 150	1,500,000	\$4.01
Parking	200	Space	\$ 30,000	6,000,000	\$16.04
Sitework / Infras. / Demo	455,188	SF	\$ 11	5,007,063	\$13.38
General Condition and Fees	12%	of GMP Costs		9,694,223	\$25.91
GL Insurance	1%			904,794	\$2.42
Time	3%			2,714,382	\$7.25
Hard Cost Contingency	6%			5,428,765	\$14.51
Hard Cost Sub-Total				\$99,527,351	\$266.01



LIHTC Overview

- Created under the Tax Reform Act of 1986
 - Promote private sector investment in affordable housing
- Alignment of incentives between developer and investor: the stronger the performance of asset, the greater the amount of equity allotted to project and tax credits provided to investor
- Key Facts
 - Approx. 100k units of affordable housing are financed each year through the LIHTC program (Cohn Reznick)
 - Supports 96k jobs and \$3.5B in annual tax revenue (Cohn Reznick)
 - Cumulative foreclosure rate 0.7% (Cohn Reznick)



Tax Credit Basis Calculation

Tax Credit Basis Calculation		
Step 1 - Eligible Basis		
	Cost	Eligible Cost
Hard Costs	\$ 99,527,351	\$ 92,027,351
Soft Costs	\$ 8,204,739	\$ 8,204,739
Financing/Carry	\$ 3,498,508	\$ 3,498,508
	<u>Total Eligible Costs: \$ 103,730,598</u>	
Step 2 - Applicable Fraction		
	Total Units	433
	Total Units Set Aside at 60% AMI	<u>325</u>
	Applicable Fraction	75%
	Qualified Basis	<u>\$ 77,857,839</u>
Step 3 - Tax Credit Calculation		
	4% Allocation	<u>\$ 3,114,314</u> per year
	Total Tax Credit Equity	<u>\$ 31,143,136</u>
	% of Total Costs	27.2%

- Tax credits allocated to specific projects based on state's Qualified Allocation Plan (QAP)
- Developer's application must meet certain Threshold Eligibility Requirements (40% / 60%)
 - Higher priority given to projects that exceed QAP minimum requirements
- 9% v. 4% credits
 - 9% credits - limited amount, competitive process, ~70% of construction costs, paired with conventional construction loan
 - 4% credits - unlimited (still must apply), ~30% of construction costs, paired with issuance of tax-exempt bonds, usually requires bridge financing



Finance & Pro Forma

Operating Assumptions

Unit Description	# Units	Avg. Sq. Ft.	\$/Unit	\$/NSF
Studio - Aff	50	600	1,225	2.04
1BR - Aff	75	750	1,325	1.77
2 BR - Aff	150	950	1,550	1.63
3 BR - Aff	50	1,250	1,800	1.44
Studio - Market	54	600	1,600	2.67
1BR - Market	54	750	1,900	2.53
Total/Wtd. Avg	433	841	1,552	1.85
Affordable	325	896	1,487	1.66
Market	108	675	1,750	2.59

	Charts	60.00%	140.00%
1 Person		49,260	68,964
2 Person		56,280	78,792
3 Person		63,300	88,620
4 Person		70,320	98,448
5 Person		75,960	106,344
6 Person		81,600	114,240
7 Person		87,240	122,136
8 Person		92,880	130,032
9 Person		98,460	137,844
10 Person		104,100	145,740
11 Person		109,680	153,552
12 Person		115,320	161,448

mits for 2018
8 MTSP/VLI Income Limits)

Bedrooms (People)	Charts	60.00%	FMR
Efficiency (1.0)		1,231	1,504
1 Bedroom (1.5)		1,319	1,561
2 Bedrooms (3.0)		1,582	1,793
3 Bedrooms (4.5)		1,828	2,353

Operating Assumptions

Operating Expenses

	<u>Total</u>	<u>\$ / Unit</u>
Admin/Office	\$129,900	\$300
Advertising	\$86,600	\$200
Payroll	\$509,688	1,177
R&M	\$389,700	\$900
Turnover	\$108,250	\$250
Mgmt Fees	\$429,198	\$991
Utilities/Fuel (net)	\$303,100	\$700
Insurance	\$108,250	\$250
RE Taxes	\$999,269	2,308

TOTAL EXPENSES	\$3,063,954	\$7,076
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NOI	\$5,520,011	\$12,748
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- Parking Revenues @ \$100 per month per space @ 46% occupancy
- Retail Revenues @ \$30 per sq. ft.
- NOI is \$5.5M or \$12.7k per unit
- 64% margin
- This higher than industry average NOI margin is appropriate given our 50% tax assumption.

Proforma Cash Flows

1351 Alabama Ave											
	Stabilization					Disposition					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31
INCOME - APARTMENT RENT											
	1	2	3	4	5	26	27	28	29	30	31
	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Beginning Occupancy	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
New Leases (Two Leaseup Rates)											
Vacate											
Ending Occupancy	210	420	420	420	420	420	420	420	420	420	420
Occupancy	48%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
Gross Rent Revenue	\$ 6,049,125	\$ 8,065,500	\$ 8,186,483	\$ 8,350,212	\$ 8,517,216	\$ 12,872,650	\$ 13,127,773	\$ 13,387,952	\$ 13,653,287	\$ 13,923,881	\$ 14,199,838
Vacancy	\$ (4,355,618)	\$ (1,997,360)	\$ (255,237)	\$ (260,341)	\$ (265,548)	\$ (401,341)	\$ (409,295)	\$ (417,407)	\$ (425,680)	\$ (434,116)	\$ (442,720)
Model: 1BR	\$ (11,925)	\$ (15,900)	\$ (16,139)	\$ (16,218)	\$ (16,542)	\$ (25,002)	\$ (25,497)	\$ (26,002)	\$ (26,518)	\$ (27,043)	\$ (27,579)
Employee & Security Concessions	\$ (5,588)	\$ (7,451)	\$ (7,563)	\$ (7,600)	\$ (7,752)	\$ (11,716)	\$ (11,948)	\$ (12,185)	\$ (12,426)	\$ (12,673)	\$ (12,924)
Bad Debt	\$ -	\$ -	\$ (20,466)	\$ (20,876)	\$ (21,293)	\$ (32,182)	\$ (32,819)	\$ (33,470)	\$ (34,133)	\$ (34,810)	\$ (35,500)
Net Rental Income	\$ 1,675,994	\$ 6,044,789	\$ 7,887,078	\$ 8,045,177	\$ 8,206,081	\$ 12,402,410	\$ 12,648,213	\$ 12,898,887	\$ 13,154,530	\$ 13,415,239	\$ 13,681,116
Other Income	\$ 215,959	\$ 287,945	\$ 292,264	\$ 298,109	\$ 304,072	\$ 460,871	\$ 470,089	\$ 479,490	\$ 489,080	\$ 498,862	\$ 508,839
Parking Income	\$ 45,353	\$ 162,509	\$ 219,240	\$ 223,625	\$ 228,097	\$ 344,739	\$ 351,571	\$ 358,539	\$ 365,645	\$ 372,892	\$ 380,282
Retail Income	\$ 225,000	\$ 307,800	\$ 315,803	\$ 324,014	\$ 332,438	\$ 509,909	\$ 584,726	\$ 599,929	\$ 615,527	\$ 631,531	\$ 647,951
TOTAL MONTHLY REVENUE	\$ 2,162,306	\$ 6,803,044	\$ 8,714,385	\$ 8,890,925	\$ 9,070,688	\$ 13,777,928	\$ 14,054,599	\$ 14,336,846	\$ 14,624,782	\$ 14,918,524	\$ 15,218,187
Expenses											
Admin/Office	\$ 97,425	\$ 129,900	\$ 133,148	\$ 136,476	\$ 139,888	\$ 234,954	\$ 240,827	\$ 246,848	\$ 253,019	\$ 259,345	\$ 265,828
Advertising	\$ 64,950	\$ 86,600	\$ 88,765	\$ 90,884	\$ 93,259	\$ 156,636	\$ 160,552	\$ 164,565	\$ 168,679	\$ 172,896	\$ 177,219
Payroll	\$ 382,266	\$ 509,688	\$ 522,430	\$ 535,490	\$ 548,878	\$ 921,885	\$ 944,932	\$ 968,555	\$ 992,769	\$ 1,017,589	\$ 1,043,028
R&M	\$ 292,275	\$ 389,700	\$ 399,443	\$ 409,429	\$ 419,664	\$ 704,861	\$ 722,482	\$ 740,544	\$ 759,058	\$ 778,034	\$ 797,485
Turnover	\$ 81,188	\$ 108,250	\$ 110,956	\$ 113,730	\$ 116,573	\$ 195,795	\$ 200,689	\$ 205,707	\$ 210,849	\$ 216,121	\$ 221,524
Mgmt Fees	\$ 32,189	\$ 429,198	\$ 435,719	\$ 444,546	\$ 453,534	\$ 688,896	\$ 702,730	\$ 716,842	\$ 731,239	\$ 745,926	\$ 760,909
Utilities/Fuel (net)	\$ 227,325	\$ 303,100	\$ 310,678	\$ 318,444	\$ 326,406	\$ 548,225	\$ 561,930	\$ 575,979	\$ 590,378	\$ 605,138	\$ 620,266
Insurance	\$ 81,188	\$ 108,250	\$ 110,956	\$ 113,730	\$ 116,573	\$ 195,795	\$ 200,689	\$ 205,707	\$ 210,849	\$ 216,121	\$ 221,524
RE Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,982,541	\$ 2,032,105	\$ 2,082,907	\$ 2,134,980	\$ 2,188,355	\$ 2,243,064
TOTAL EXPENSES	\$ 1,548,514	\$ 2,064,686	\$ 2,112,094	\$ 2,162,830	\$ 2,214,776	\$ 5,629,586	\$ 5,766,937	\$ 5,907,655	\$ 6,051,822	\$ 6,199,524	\$ 6,350,847
NET OPERATING INCOME (NOI)	\$ 613,791	\$ 4,738,358	\$ 6,602,291	\$ 6,728,095	\$ 6,855,912	\$ 8,148,342	\$ 8,287,662	\$ 8,429,191	\$ 8,572,961	\$ 8,719,000	\$ 8,867,341
Recurring Replacements				1.91%	1.90%	1.71%	1.71%	1.71%	1.71%	1.70%	1.70%
\$	250	0	0	108,250	108,250	108,250	108,250	108,250	108,250	108,250	108,250
NET OPERATING INCOME (NOI) - After Recurring Replacement	613,791	4,738,358	6,494,041	6,619,845	6,747,662	8,040,092	8,179,412	8,320,941	8,464,711	8,610,750	8,759,091
Unlevered Cash on Cash Return	0.54%	4.14%	5.88%	5.79%	5.90%	7.03%	7.15%	7.28%	7.40%	7.53%	7.66%

Returns - Unlevered

Cost Basis (refer to budget)	\$114,367,659																
Building Size:	374,150 sf																
Terminal Cap Rate for Reversion	5.00%		5.05%	5.10%	5.15%	5.20%	5.25%	6.45%	6.50%	6.55%							
Selling Costs for Reversion	1.50%																
		Development	Development	1	2	3	4	5	29	30	31						
Net Operating Income	\$0.00	\$	613,791	\$	4,738,358	\$	6,602,291	\$	6,728,095	\$	6,855,912	\$	8,572,961	\$	8,719,000	\$	8,867,341
% Growth					671.98%		39.34%		1.91%		1.90%		1.71%		1.70%		1.70%
Property Cash Flow Before Debt	\$0.00	\$	613,791	\$	4,738,358	\$	6,494,041	\$	6,619,845	\$	6,747,662	\$	8,464,711	\$	8,610,750	\$	8,759,091
SCF / SF		\$	1.64	\$	12.66	\$	17.36	\$	17.69	\$	18.03	\$	22.62	\$	23.01	\$	23.41
% Growth									1.94%		1.93%		1.73%		1.73%		1.72%
UNLEVERAGED ANALYSIS																	
Unleveraged NOI Return on Investment			0.54%		4.14%		5.77%		5.88%		5.99%		7.50%		7.62%		7.75%
Cash on Cash Return on Investment			0.54%		4.14%		5.68%		5.79%		5.90%		7.40%		7.53%		7.66%
UNLEVERAGED IRR			Can't Sell This Yr.		Can't Sell This Yr.		4.24%		4.53%		3.58%		5.10%		5.12%		
Holding Period	Investment	Development	Development	1	2	3	4	5	29	30							
1 YEAR	(\$114,367,659)	\$0.00	\$0.00	\$	93,035,224												
2 YEARS	(\$114,367,659)	\$0.00	\$0.00	\$	613,791	\$	132,253,203										
3 YEARS	(\$114,367,659)	\$0.00	\$0.00	\$	613,791	\$	4,738,358	\$	135,177,022								
4 YEARS	(\$114,367,659)	\$0.00	\$0.00	\$	613,791	\$	4,738,358	\$	6,494,041	\$	136,486,645						
5 YEARS	(\$114,367,659)	\$0.00	\$0.00	\$	613,791	\$	4,738,358	\$	6,494,041	\$	6,619,845	\$	126,470,670				
29 YEARS	(\$114,367,659)	\$0.00	\$0.00	\$	613,791	\$	4,738,358	\$	6,494,041	\$	6,619,845	\$	6,747,662	\$	141,615,335		
30 YEARS	(\$114,367,659)	\$0.00	\$0.00	\$	613,791	\$	4,738,358	\$	6,494,041	\$	6,619,845	\$	6,747,662	\$	8,464,711	\$	142,985,069

Returns - Levered

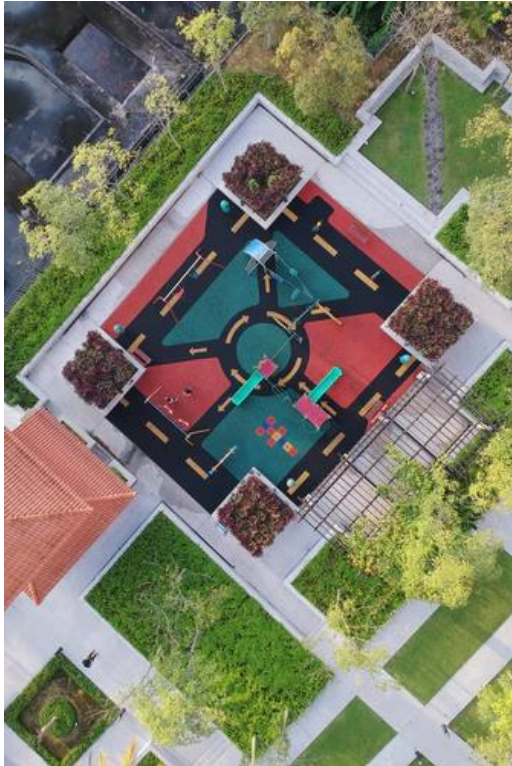
Cost Basis (refer to budget)	\$114,367,659											
Building Size:	374,150 sf											
Terminal Cap Rate for Reversion	5.00%		5.05%	5.10%	5.15%	5.20%	5.25%	6.45%	6.50%	6.55%		
Selling Costs for Reversion	1.50%											
		Development	Development	1	2	3	4	5	29	30	31	
Net Operating Income	\$0.00	\$	\$	\$ 613,791	\$ 4,738,358	\$ 6,602,291	\$ 6,728,095	\$ 6,855,912	\$ 8,572,961	\$ 8,719,000	\$ 8,867,341	
% Growth					671.98%	39.34%	1.91%	1.90%	1.71%	1.70%	1.70%	
Property Cash Flow Before Debt	\$0.00	\$	\$	\$ 613,791	\$ 4,738,358	\$ 6,494,041	\$ 6,619,845	\$ 6,747,662	\$ 8,464,711	\$ 8,610,750	\$ 8,759,091	
SCF / SF		\$	\$	1.64	12.66	17.36	17.69	18.03	22.62	23.01	23.41	
% Growth							1.94%	1.93%	1.73%	1.73%	1.72%	
LEVERAGED ANALYSIS												
Property Cash Flow Before Debt		\$	\$	613,791	4,738,358	6,494,041	6,619,845	6,747,662	8,464,711	8,610,750		
Annual Payment						\$4,236,193	\$4,236,193	\$4,236,193	\$4,236,193	\$4,236,193		
Cash Flow After Debt					\$	2,257,849	2,383,652	2,511,469	4,228,518	4,374,558		
Cash on Cash Return on Investment						6.08%	6.42%	6.76%	11.38%	11.78%		
LEVERAGED IRR						Can't Sell This Yr.	Can't Sell This Yr.	13.90%	13.02%	9.90%	8.04%	8.03%
Holding Period	Investment	Development	Development	1	2	3	4	5	29	30		
1 YEAR	(\$37,143,137)	\$0.00	\$0.00	\$24,064,906								
2 YEARS	(\$37,143,137)	\$0.00	\$0.00	\$ 2,193,695	\$62,965,188							
3 YEARS	(\$37,143,137)	\$0.00	\$0.00	\$ 2,193,695	\$ 4,738,358	\$62,969,722						
4 YEARS	(\$37,143,137)	\$0.00	\$0.00	\$ 2,193,695	\$ 4,738,358	\$ 2,257,849	\$65,653,324					
5 YEARS	(\$37,143,137)	\$0.00	\$0.00	\$ 2,193,695	\$ 4,738,358	\$ 2,257,849	\$ 2,383,652	\$57,070,874				
29 YEARS	(\$37,143,137)	\$0.00	\$0.00	\$ 2,193,695	\$ 4,738,358	\$ 2,257,849	\$ 2,383,652	\$ 2,511,469	\$133,238,880			
30 YEARS	(\$37,143,137)	\$0.00	\$0.00	\$ 2,193,695	\$ 4,738,358	\$ 2,257,849	\$ 2,383,652	\$ 2,511,469	\$ 4,228,518	\$138,748,877		



Renderings

Greenspace

Place for family, kids and the community to play and enjoy



- Kid's playground and green space will be worked out with the developer to enable public access
- The developer will be required to maintain security and upkeep of park and green space (similar to Zuccotti Park in NYC)



Zuccotti Park, located in New York City

Financial Literacy / Business Center

Financial literacy and small business incubator space to help residents with finance, business skills and community development



- Multi-purpose business, financial literacy and small business incubator space to help residents with finance, business skills and community development
- Partner with local and national non-profits, companies and industry to provide various services for the community residents



Community Gym

Gym open to residents to stay healthy, workout and wellness center



- Gym for residents to work out and stay healthy
- Wellness Center to host various health activities, experts aim to ensure the community is healthy in both physical and mindness

Multi-Purpose Use Classroom Space

Multi-use classroom space for residents educational needs



- Open multi-use educational space for residents to use for various skills programs such as coding/computer classes, lectures, GED evening classes
- Educational room space has floor to ceiling windows overlooking green space and park



THE END