

HOUSING AND TRANSIT REINVESTMENT ZONE (HTRZ)

Proposal to Consider Creation of HTRZ and Related Gap Analysis

SANDY CITY

SANDY CENTENNIAL HTRZ



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Proposal for Creation of the Sandy Centennial Housing and Transit Reinvestment Zone

Section 1: Introduction 63N-3-604 (1)(a)(i)

In 2021, the state legislature created Housing and Transit Reinvestment Zones (“HTRZ”) as a new tool to help address Utah’s housing crisis by facilitating mixed-use multi-family affordable housing developments within 1/3 mile of a FrontRunner station. Sandy City (the “City” or “Sandy City”) is the sixth (6th) largest city in Utah, vitally located between Salt Lake City and the booming tech corridor of northern Utah County. The City contains strong employment opportunities, four major ski resorts within a 20-minute drive, sporting stadiums, upscale shopping centers, and strong public transit service, all of which offers a balanced lifestyle within a live-work-play environment. The City has a unique opportunity to continue to attract talented residents, however, that is threatened by astronomically high home prices, a housing shortage, and rising rents. This has presented a serious impediment that intimidates first time homebuyers and potential residents. Additionally, the City’s competitiveness is also threatened by housing constraints. The City realizes that in order to retain this attractive balance, an increase in affordable housing units is required.

The City is proposing to encourage and support, through a partnership with MAC Development, the managing partner of RedSky Sandy, LLC (the “Developer” or “RedSky”), a transformative mixed-use development near the South Jordan FrontRunner station (the “Project”). The Project will include residential and commercial space. MAC Development manages four other real estate companies as well as holding ownership of the Traverse Mountain Companies. The Developer has experience building mixed-use commercial projects such as the Thanksgiving Point master planned community with 7,982 residential units and 3,700,000 million square feet of commercial space, and successfully developed the Silicone Slopes Tech Park and associated campuses for Adobe, WeWork, Ancestry, and Harmons. The Developer also has extensive history with homebuilders including Richmond American, DR Horton, and Perry Homes.

The Developer envisions a total of 164 multi-family units with 17 reserved as affordable housing units, equaling an average of 108 units per acre. The Project applies Low Impact Development (“LID”) architectural principles, reducing traditional impacts associated with large facilities. The vertical nature of the structures would also limit the amount of water needed to maintain greenery, in effect removing large amounts of single-family housing style parking strips. The Project also borders a five-acre park, providing residents with existing greenspace, reducing the need for water intensive landscaping. Additionally, 2,000 square feet of commercial space is designed into the HTRZ to further reduce the need for vehicle trips for groceries and items of convenience.

The proximity of the South Jordan FrontRunner station also provides residents easy access to public transit. The Institute of Transportation Engineers estimates that residential sites less than one mile, but greater than one-quarter (1/4) of a mile away from a rail station can expect 2% of trips to be made via transit¹. The Project is projected to generate 742 trips per day, so a 2% reduction would eliminate 15 vehicle trips a day, or 5,416 trips annually. The reduction in number of trips will increase as more residents opt for public transportation, boosting FrontRunner ridership, thus decreasing the amount of carbon monoxide, hydrocarbons, and other harmful emissions. According to Sandy City Data, over 75% of households have two to three cars. RedSky allots 1.25 parking stalls per unit, well below the City’s rate, further reducing the number of vehicle trips. Additionally, RedSky will also add commercial bike storage on the main level and smaller bike storage within each unit.

The Project also aims to provide easy access to jobs and educational opportunities. With the creation of the HTRZ, RedSky anticipates access to over 6,000 jobs, 20 million square feet of office and commercial development, and is less than one-quarter (1/4) mile away from the University of Utah Sandy Campus and within close proximity to the Sandy Salt Lake Community College Campus, increasing access to strategic employment,

¹ Red Sky indicated 2% reduction in trips per their ITE estimates.



educational opportunities. Additionally, through UTA’s free student passes, students attending the University of Utah, Brigham Young University, Weber State, Westminster College, Utah Valley University, Salt Lake Community College’s other campuses, Davis Tech College, LDS Business College, and Mountainland Technical College can utilize FrontRunner and other UTA services to easily get to campus.

Sandy City, following thorough consideration of the needs and desires of its residents, as well as understanding the City’s capacity for new development, has carefully crafted this HTRZ Proposal (the “Proposal”) for the SANDY CITY HOUSING AND TRANSIT REINVESTMENT ZONE (the “HTRZ”). The Proposal is the result of a comprehensive evaluation of the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area. The Plan is envisioned to define the method and means of development for the Project Area from its current state to assist in the following HTRZ goals:

- Increase public transit utilization;
- Reduce vehicle trips, fuel consumption, and emissions;
- Increase housing supply and provide affordable housing;
- Increase access to employment and education opportunities, and;
- Encourage mixed use development and investment in public transit infrastructure.

The City has determined it is in the best interest of its citizens to assist in the development of the HTRZ Project Area. This Proposal and gap analysis is predicated upon certain elements, objectives and conditions outlined in the Proposal and intended to be used as a financing tool to assist the City in meeting HTRZ objectives discussed herein and more specifically referenced and identified in the Proposal.

The creation of the HTRZ is being undertaken as a project pursuant to certain provisions of Title 63N, Chapter 3, Part 6 of the Utah Code Annotated (“UCA”), the Housing and Transit Reinvestment Zone Act. The requirements of the Act shall be observed throughout the establishment of the HTRZ.

Section 2: General Overview and Description of HTRZ Area 604(1)(a)(ii)

The HTRZ focuses on the area within 1/3 of a mile near and surrounding the current South Jordan FrontRunner station located at 10351 South Jordan Gateway. The Project Area is serviced by I-15, Jordan Gateway, Monroe Street, 10600 South, and Segoe Lily Drive/10000 South. The current land use in the proposed HTRZ is vacant land. The Project Area is comprised of two parcels equaling 1.52 acres. This is detailed in **Table 1** below.

TABLE 1: PROPERTY OWNERS AND ACREAGE

Parcel ID	Owner	Acres
27124760350000	Centennial Park Partners LLC	1.45
27124760410000	RedSky Sandy, LLC	.07
Total Acres		1.52

The image to the right displays a small version of the proposed HTRZ, with the yellow line denoting area within the 1/3-mile limit. **Exhibit A** shows a full-size version of the proposed Project boundaries.

The Project is envisioned to contain 164 completed residential units at the end of construction. 17 studio units will be set aside as affordable housing units, to be rented to those who have 80% of the Area Median Income (“AMI”) or less, based on Salt Lake City Metropolitan Statistical Area (“SLC MSA”) data. A one person family income at 80% AMI would equal **\$51,650** while a four person family income at 80% AMI would equal **\$73,750**. Incomes between the above mentioned values would be eligible for the affordable housing units.



Section 3: General Development Overview 604(1)(a)(iv,vii,viii,ix)

The proposed HTRZ seeks to alleviate pressures on some of Utah’s most pressing concerns: air quality, affordable housing availability, and efficient use of land and water resources.

HTRZ Boundaries

A legal description of the HTRZ is attached as **Exhibit B**. Further description of the HTRZ can be referenced above in Section 2.

Base Year Value

The City has determined that the base year property tax value for the HTRZ will be the total taxable value for the 2021 tax year, which is estimated to be **\$648,700**.

Property Tax

The City has determined that the base year property tax value for the HTRZ will be the total taxable value for the for 2021 tax year, which is estimated to be **\$648,700**. Over 25 years, if no development were to occur, then the HTRZ area would net **\$185,966** in property taxes, or **\$116,207** at net present value². Accordingly, this amount will continue to flow through to each taxing entity proportional to the amount of their respective tax rates being levied. **Exhibit C** shows a detailed description of the property tax distribution through the life of the HTRZ if no development were to occur.

If the proposed residential and commercial development does occur, then the total assessed property value is projected to increase to **\$28,747,068**. The total property tax increment collected over 25 years will substantially increase to **\$7,613,373** or **\$4,955,697** at a net present value, with each taxing entity receiving their proportional amount through their respective levied tax rates. **Exhibit D** details the incremental property tax values if development were to occur.

Sales Tax

The City has determined that the Development will lead to 328 new residents. Total gross taxable sales are estimated at **\$52,914,055**, or at a net present value of **\$31,766,401** during the 25-year analysis period, or an annual average of **\$2,116,562**. Sales tax revenues will be generated through a combination of point of sale and

² Net Present Value of future cash flows assumes a 4% discount rate. The same 4% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of tax increment to the respective taxing entities.



online purchases. Net sales tax is estimated to be **\$2,566,332** or **\$1,540,670** at net present value. For purposes of incremental sales taxes, the Base Year value is \$0 due to the land being undeveloped, thus generating no sales tax. Fifteen percent (15%) of the net sales tax will then be contributed to the Transit Transportation Investment Fund (“TTIF”), resulting in TTIF gaining **\$384,950** or **\$231,101** at net present value. **Exhibit E** details the sales tax calculations.

Sales and Use Tax Boundaries

The Sales and Use Tax boundaries will mirror the HTRZ overall boundaries. The legal description of the boundaries will be attached as **Exhibit E**.

Rental Rates

The Developer proposes the following rental rates for the studio, one bedroom, two bedroom, and loft units, as detailed in **Table 2**. The current market rents versus the Developer proposed rental rates will result in a cost differential, which will be outlined in **Table 6**, **Table 7**, and **Table 8** below in the gap analysis.

TABLE 2: RENTAL RATES

UNIT TYPE	RENT SIZE (SQ. FT.)	RENT RATE (\$)
Studio	503	1,170.00
1 Bed A	746	1,316.00
1 Bed B	755	1,316.00
2 Bed A	992	1,524.00
2 Bed B	875	1,455.00
2 Bed C	935	1,513.00
Loft Suite A	826	1,455.00
Loft Suite B	1,209	1,628.00

According to the federal income guideline data listed on the Salt Lake County Housing & Community Development website, the annual median household income for the SLC MSA is \$92,900. According to slc.gov, “Housing is considered affordable when a household is paying no more than 30% of their total gross income towards housing expenses (rent or mortgage and utilities). The 30% standard is a widely used and accepted measure of housing affordability across the country and applies to households of any income level.”

Based on an average median income of **\$92,900** and the Salt Lake County Housing & Community Development income guidelines³, affordable housing for a family of one constitutes any housing with maximum annual payments of \$15,492, or maximum monthly payments of **\$1,291**. Affordable housing for a family of four constitutes any housing with maximum annual payments of **\$22,128**, or maximum monthly payments of **\$1,844**. The average rental payment in RedSky range between approximately \$1,200-\$1,700 per month, meeting the standard for affordable housing. **Table 3** details the maximum rent pre-utilities and the maximum monthly housing payment including utilities, to show that RedSky’s proposed rents qualify as affordable housing. Utility data was collected from a recent study conducted within the City’s boundaries.

TABLE 3: MAXIMUM MONTHLY HOUSING PAYMENTS TO BE CONSIDERED AFFORDABLE HOUSING

Unit	Person/Unit	FY 2021 80% AMI	Maximum Affordable Rent	Utilities	Maximum Rent Pre Utilities
Studio	1	51,650	1,291	\$115.00	1,176
1 Bedroom	2	59,000	1,475	\$115.00	1,360
2 Bedroom	3	66,400	1,660	\$145.00	1,515

³80% AMI limits per family size drawn from <https://slco.org/housing-community-development/applicant-and-provider-portal/income-guidelines/>



Rent prices have also faced upward pressure due to the same market conditions that have raised home prices. The lower rents of these studios and apartments removes some barriers for those seeking affordable housing. By establishing all rents at an affordable rate comparable to surrounding options, RedSky is committed to increasing the supply of affordable housing.

Tax Increment Collection Payment Period and Trigger Date

As the proposer of the HTRZ, the City will be entitled to receive the HTRZ funds should the HTRZ be approved. To the extent the HTRZ is approved, the City will enter into an interlocal agreement with the Redevelopment Agency of Sandy City (the "Agency") to administer the HTRZ, pursuant to Utah Code 63N, Chapter 3, Part 6, which governs HTRZs. The interlocal agreement will outline what was approved by the HTRZ Committee. The HTRZ will have an estimated 25-year duration from the date of the first tax increment received by the Agency. The collection of tax increment will be triggered at the discretion of the Agency prior to March 1 of the tax year in which they intend to begin the collection of increment. The following year in which this increment will be remitted to the Agency will be Year 1, e.g., if requested prior to March 1, 2022, Year 1 of increment will be 2023. The Agency anticipates it will trigger tax increment by January 2024, but in no case will the Agency trigger the first year of tax increment collection after January 1, 2026.

Projected Tax Increment Revenue – Total Generation

The City anticipates that new development will begin in the Project Area in 2022-2023. The expected development will generate significant additional property tax revenue as well as incremental sales and use tax above what is currently generated within the Project Area.

Property Tax Increment will begin to be generated in the tax year (ending Dec 1st) following construction completion and Tax Increment will be paid to the City, and then redirected to the Agency in March or April after collection, per the agreed upon interlocal agreement. It is projected that property tax increment generation within the Project Area could begin as early as 2022 or as late as 2025. It is currently estimated that during the 25-year life of the HTRZ, total tax increment could be generated within the Project Area in the approximate amount of **\$7,613,373** or at a net present value (NPV)⁴ of **\$4,955,697**. The City currently estimates that the Agency will use 80% of the total tax increment generated to fund redevelopment activities through the Agency budget. It is estimated that the 80% portion will approximate **\$6,090,699** or **\$3,964,558** at net present value, as detailed in **Exhibit D**.

Section 4: Detailed Development Overview 63N-3-603(2)(a) (iii, v,vi,xii)

Infrastructure Needs

The proposed HTRZ is currently serviced by existing transportation infrastructure and public transit. However, in order to achieve the proposed density, a parking structure will be required, leading to increased project costs. The parking structure is estimated to cost **\$6,450,000**.

Additionally, RedSky plans to improve Centennial Parkway with 37 additional parking stalls cut at a 45-degree angle. This requires that sidewalk and curb be modified to accommodate the parking stalls, leading to an additional **\$150,000** in parking costs.

Impediments

Current impediments to the proposed Development are detailed below.

Urban Infill Development: the narrow site poses additional factors that increase costs. Due to the narrowness, cranes must be used instead of forklifts to move material and a parking structure must be built

⁴ Net Present Value of future cash flows assumes a 4% discount rate. The same 4% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of tax increment to the respective taxing entities.



due to the inability to have surface parking. The narrow construction of the building means that elevators are also utilized.

Boundary Restrictions: The Target behind the site holds a “unlimited building type” classification which imposes a 60-foot building exclusion zone. This exclusion zone has limited the number of units resulting in a loss of 24 units.

Market Conditions: During the past 18 months construction costs have risen due to a congested supply chain. The resulting delays and inability to source material has made holding costs steady challenging. Additionally, rental rates are unable to match rising construction costs and interest rates are projected to rise over the next two years. When rental rates are not commensurate with construction cost increases, the Debt Service Coverage Ratio and the Debt Yield are lower, thus requiring more capital to close from construction lenders. Additionally, the higher interest rates also exert a similar effect as a lower Debt Yield, requiring more capital to close. The market conditions present an obstacle to successfully implement this housing development.

Section 5: Financial Overview and Schedule 63N-3-603(2)(a) (x, xi)

No-HTRZ Financial Model

A finance schedule without HTRZ funding is attached as **Exhibit F** and details the proposed loan and mortgage terms. Under the “No HTRZ” scenario, the Development is expected to borrow 75% of the total costs, or **\$36.8 million**. The assumed interest rate of 4.75% over 30 years will result in a monthly mortgage of **\$145,640**, or **\$1.75 million** annually. **Exhibit H** details the 10-Year Cash Flow without the HTRZ and the associated tax increment. The calculated IRR of 9% in the current market, is not sufficient to attract the necessary capital or equity required to move forward with the Project.

Financial Model Assuming Support of HTRZ

A finance schedule with HTRZ funding is attached under **Exhibit G** and details the proposed loan and mortgage terms. The Development is expected to borrow 75% of the costs, or **\$32.9 million**. The assumed interest rate of 4.75% over 30 years will result in a monthly mortgage of **\$130,057**, or **\$1.56 million** annually. Additionally, **Exhibit I** details the expected cash flows, return on investment calculation of 13%, and other expenses expected during the 10-year ownership period. The calculated 13% IRR in this current market increases the feasibility of attracting the requisite capital or equity required to begin construction.



Sandy Centennial HTRZ Gap Analysis

In its capacity as financial advisor to Sandy City (the “City”) and the Redevelopment Agency of Sandy City (the “Agency”), Lewis Young Robertson & Burningham, Inc. (“LYRB”) has been asked to conduct an analysis related to the financial viability and necessity of Agency and City participation on the proposed Housing and Transit Reinvestment Zone mixed use development (the “Development”) put forth by the Developer.

The Developer seeks to develop a mixed-use housing and commercial development, with the anticipation to ask for public assistance, thus, a feasibility and gap analysis is required to verify that the need for public assistance is necessary and justified.

The Developer has informed the City and Agency that public assistance will still be essential to the realization of the Development and without public participation, the Development is not economically viable. This is mainly due to three factors:

- ▣ Attracting capital market participation in the form of debt and equity on suburban parking structures, which is required to capture the desired density of the building, and
- ▣ Utah state code requiring that a percentage of residential units be deed restricted for 80% and below Area Median Income (AMI) persons leading to less rental income, and
- ▣ Additional construction costs due to physical limitations of the site boundaries.

The primary purpose of this analysis is to update and validate the assumptions of the Developer, identify and analyze the gap and need for public assistance, and discuss the viability of utilizing tax increment to finance the public participation request.

Sandy HTRZ Development

The Development is a mixed-use development that will include 164 apartment units, 2000 square feet of commercial space, and a 216-stall parking structure. The Development is estimated to cost **\$49.1M** to construct and develop the site without public assistance. The construction costs include: (i) land costs, (ii) vertical costs and (iii) soft costs, which are detailed below in **Table 4**.

Part of the total **\$49.1M** of estimated costs is the required parking structure, which is estimated to cost **\$6.5M**, or approximately 13.1% of the total Development construction cost.

Table 4: RedSky Mixed-Use Development

COST DESCRIPTION	AMOUNT
Land Cost	\$5,059,393.55
Vertical Cost (including Parking Structure)	\$32,791,398
Soft Cost	\$7,927,694.76
Total	\$49,057,626.11

Using a tax increment budget model and development plans, the Development is estimated to create **\$28,747,068** in new taxable assessed value. The Development is estimated to generate **\$7,613,373** of total tax increment during the 25-year lifespan of the HTRZ, as outlined in **Table 5** below, far exceeding the current tax revenue being currently generated.

Table 5: Assessed Value and Total Tax Increment Generation

ASSUMPTION	NO DEVELOPMENT	HIGH-DENSITY DEVELOPMENT	DIFFERENCE
Assessed Value	\$648,700	\$28,747,068	(\$28,098,368)
Average Annual Total Tax Increment	\$0	\$317,224	(\$317,224)
Total Tax Increment	\$0	\$7,613,373	(\$7,613,373)

Sandy HTRZ Development

As discussed above, there are three main factors impacting the need for the creation of an HTRZ as compared to other comparable project developments absent an HTRZ. They are:

- ☞ Parking structure costs;
- ☞ AMI deed restricted residential units, and;
- ☞ Increased construction costs

Parking Structure

In order to construct the high density, mixed-use development, a 216-stall parking structure is required, at a cost of \$29,861 per stall for a total structure cost of **\$6.4M**. The cost differential between the parking structure and surface parking is estimated to cost **\$4.3M**, as outlined in **Table 6**. The Developer's lending is functionally capped by the debt yield for both a surface parked and structured parking development, however the cost of the parking structure drives the equity requirement much higher, thus making it difficult to receive a return on the investment that would justify the cost of the parking structure. The Developer has requested **\$4.68 million** in public assistance to offset a portion of the parking structure gap and other impediments required to successfully develop the HTRZ.

Table 6: Parking Structure Cost Differential

CONSTRUCTION COST	AMOUNT
Parking Structure	\$6,449,976
Surface Parking	\$2,149,976
Cost Differential	\$4,300,000

AMI Deed Restricted Housing

To receive public assistance and support the need for affordable housing within the community, HTRZ law requires that HTRZs deed restrict 10% of the residential units for 80% and below Area Median Income ("AMI") persons. Using recent market rent data, the following 80% AMI rents and the cost differential have been calculated in **Table 7**.

Table 7: 80% AMI Calculations and Rental Rate Comparative Analysis

UNIT TYPE	NO. OF UNITS	MARKET RENT	80% AMI	COST DIFFERENCE
Studio	44	\$1,299	\$1,176	\$123
1 Bed/1 Bath	63	\$1,449	\$1,360	\$89
2 Bed/2 Bath	39	\$1,699	\$1,515	\$184

The Development is currently estimating 17 studio units will be AMI deed restricted (the "AMI Units"). The AMI Units will generate (\$2,091) less in monthly rates than the market rate equivalent units, as detailed in **Table 8** below.

Table 8: AMI Deed Restricted Monthly Rent Difference

UNIT TYPE	NO. OF UNITS	MARKET RENT (MONTHLY)	TAX CREDIT RENT (MONTHLY)	DIFFERENCE
Studio	17	\$22,083	\$19,992	(\$2,091)
Total/Average	17	\$22,083	\$19,992	(\$2,091)

As depicted in **Table 9** below, this equates to an average annual difference of \$25,092 and a difference of \$627,300 during the lifespan of the HTRZ.

Table 9: AMI Deed Restricted Annual Rent Difference

UNIT TYPE	NO. OF UNITS	DIFFERENCE (MONTHLY)	DIFFERENCE (ANNUALLY)	DIFFERENCE (25-YEAR TIF PERIOD)
Studio	17	(\$2,091)	(\$25,092)	(\$627,300)
Total	17	(\$2,091)	(\$25,092)	(\$627,300)

Additional Construction Costs

As discussed in the Impediments Section of the study, the urban infill, boundary restrictions and current market conditions have created additional construction costs and impediments when compared to other similar developments. Refer to **Table 10** for additional costs incurred due to increased material prices resulting from a congested supply chain, city code requiring certain build materials or designs, or city zoning requiring additional improvements.

Table 10: RedSky Mixed-Use Development Gap

Description	Cost
Structured parking in lieu of surface parking	\$3,600,000
Increased construction cost from 2021	2,460,000
Townhomes at front of building	450,000
Additional masonry and siding required by City	400,000
Elevators in lieu of walk up	324,000
Crane in lieu of forklifts due to narrow site	175,000
Additional surface parking required by zoning	150,000
Pool at podium rather than at grade (pool not in the ground)	150,000
Extra stair towers	80,000
	\$7,789,000

While the actual gap may be closer to the \$8.00M figure outlined above, the Developer has informed the Agency that approximately **\$4.68M** in public assistance is sufficient to begin the Development. It will also secure the desired density of the HTRZ and guarantee a percentage of AMI units in the Development are reserved for those making less than 80% AMI.

Conclusion

Based off the completed feasibility analysis, LYRB believes that the mixed-use Development still justifies the use of public assistance in the form of tax increment. The rental income gap due to lower rents from the affordable housing units and the rise in the equity requirement for a parking structure has a substantial impact on the needed return on investment, and the Developer would be unable to realize the desired density of the area without the parking structure. The Developer has suggested a subsidy of **\$4.68M**, which would be sufficient for them to cover the decreased rental income and construct a parking structure.

Exhibit A: Map of Proposed Project Area Boundaries





Exhibit B: Legal Description of Parcels

- 27124760350000: BEG N 89°50'56" E 41.33 FT & N 0°07'35" W 847.85 FT & N 89°59'01" W 280.57 FT & S 86°50'50" W 266.48 FT & N 89°57'20" W 519.88 FT & S 0°00'36" W 90.98 FT FR SE COR SEC 12, T 3S, R 1W, SLM; S 0°00'36" W 558.44 FT; SE'LY ALG A 45 FT RADIUS CURVE TO L 15.9 FT; S 89°50'14" E 72.06 FT; NE'LY ALG A 33 FT RADIUS CURVE TO L 25.07 FT; N 585.21 FT; S 65°32'54"W 58.01 FT; SW'LY ALG A 70 FT RADIUS CURVE TO R 30.93 FT; N 89°08'21" W 11.58 FT; W'LY ALG A 45 FT RADIUS CURVE TO L 16.18 FT TO BEG.
- 27124760410000: BEG N 89°50'56" E 41.33 FT & N 0°07'35" 847.85 FT & N 89°59'01" W 280.57 FT & S 86°50'50" W 266.48 FT & N 89°57'20" W 519.88 FT & S 0°00'36" W 53.33 FT FR SE COR SEC 12, T3S, R1W, SLM ; N 89°55' E 110.278 FT; S 5.064 FT; S 65°32'54" W 58.01 FT; SW'LY ALG 70 FT RADIUS CURVE TO R, 30.925 FT (CHD S 78°12'16" W); N 89°08'21" W 11.58 FT; SW'LYALG 45 FT RADIUS CURVE TO L, 16.177 FT (CHD S 80°33'44" W); N 0°00'36" E 37.65 FT TO BEG.



Exhibit C: Base Year Value and Property Tax

Assumptions		Value																									
Discount Rate	4.0%																										
Inflation Rate	0.0%																										
Sales Tax Base Year	\$ -																										
RedSky Parcel 1	\$ 623,700																										
RedSky Parcel 2	\$ 25,000																										
Summit Parcel	\$ -																										
Total Property Base Year	\$ 648,700																										

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049			
INCREMENTAL PROPERTY TAX ANALYSIS:		Tax Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048		
Cumulative Taxable Value			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25		
TOTAL INCREMENTAL VALUE:			648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700	648,700			
CDA PROJECT AREA BUDGET		Payment Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049		
Sources of Funds:		Tax Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048		
INCREMENTAL TAX RATE & ANALYSIS		2021																											
																												TOTALS	NPV
Salt Lake County	0.001817		1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	29,467	18,414
Salt Lake County Library	0.000515		334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	334	8,352	5,219
Canyons School District	0.006894		4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	111,803	69,864
Sandy City	0.001279		830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	830	20,742	12,961
South Salt Lake Valley Mosquito Abatement District	0.000013		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	211	132
South Valley Sewer District	0.000271		176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	4,395	2,746
Crescent Cemetery District	0.000031		20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	503	314
Central Utah Water Conservancy District	0.000382		248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	6,195	3,871
Salt Lake City Metropolitan Water District - Sandy Only	0.000265		172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	4,298	2,686
Totals:	0.011467		7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	185,966	116,207



Exhibit D: Incremental Value and Condensed Property Tax Budget Part 1

REDEVELOPMENT AGENCY OF SANDY CITY

HTRZ Project Area

Multi-year Tax Increment and Cash Flow Analysis (HTRZ Mixed-Use Development)

Rate	Participation
4%	80%

INCREMENTAL PROPERTY TAX ANALYSIS:	Payment Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
	Tax Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Cumulative Taxable Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	
RedSky Retail		573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	
RedSky Apartments		28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	
(Less Base Year Value)		(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	
TOTAL INCREMENTAL VALUE:		28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	
CDA PROJECT AREA BUDGET	Payment Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
Sources of Funds:	Tax Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
INCREMENTAL TAX RATE & ANALYSIS		2021																
Salt Lake County	0.001777	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	
Salt Lake County Library	0.000474	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	
Canyons School District	0.006643	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	
Sandy City	0.001174	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	
South Salt Lake Valley Mosquito Abatement District	0.000012	345	345	345	345	345	345	345	345	345	345	345	345	345	345	345	345	
South Valley Sewer District	0.000250	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	
Crescent Cemetery District	0.000030	862	862	862	862	862	862	862	862	862	862	862	862	862	862	862	862	
Central Utah Water Conservancy District	0.000400	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	
Salt Lake City Metropolitan Water District - Sandy Only	0.000275	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	
Totals:	0.011035	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	
<i>Property Tax Participation Rate for Budget</i>																		
Salt Lake County		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Salt Lake County Library		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Canyons School District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Sandy City		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
South Salt Lake Valley Mosquito Abatement District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
South Valley Sewer District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Crescent Cemetery District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Central Utah Water Conservancy District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Salt Lake City Metropolitan Water District - Sandy Only		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
<i>Property Tax Increment for Budget</i>																		
Salt Lake County		40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	
Salt Lake County Library		10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	
Canyons School District		152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	
Sandy City		26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	
South Salt Lake Valley Mosquito Abatement District		276	276	276	276	276	276	276	276	276	276	276	276	276	276	276	276	
South Valley Sewer District		5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	
Crescent Cemetery District		690	690	690	690	690	690	690	690	690	690	690	690	690	690	690	690	
Central Utah Water Conservancy District		9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	
Salt Lake City Metropolitan Water District - Sandy Only		6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	
Total Property Tax Increment for Budget:		253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	
<i>Uses of Tax Increment Funds</i>																		
HTRZ Allowable Costs		253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	
Total:		253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	



Exhibit D: Incremental Value and Condensed Property Tax Budget Part 2

REDEVELOPMENT AGENCY OF SANDY CITY

HTRZ Project Area

Multi-year Tax Increment and Cash Flow Analysis (HTRZ Mixed-Use Development)

Rate	Participation
4%	80%

INCREMENTAL PROPERTY TAX ANALYSIS:		2041	2042	2043	2044	2045	2046	2047	2048	2049			
Cumulative Taxable Value	Year	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	TOTALS	NPV	
RedSky Retail		573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666	573,666			
RedSky Apartments		28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102	28,822,102			
(Less Base Year Value)		(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)	(648,700)			
TOTAL INCREMENTAL VALUE:		28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068	28,747,068			
CDA PROJECT AREA BUDGET		2041	2042	2043	2044	2045	2046	2047	2048	2049			
Sources of Funds:	Tax Year	2040	2041	2042	2043	2044	2045	2046	2047	2048			
INCREMENTAL TAX RATE & ANALYSIS												TOTALS	NPV
Salt Lake County	0.001777	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	51,084	1,226,005	798,031	
Salt Lake County Library	0.000474	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	13,626	327,027	212,868	
Canyons School District	0.006643	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	190,967	4,583,203	2,983,298	
Sandy City	0.001174	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	33,749	809,977	527,230	
South Salt Lake Valley Mosquito Abatement District	0.000012	345	345	345	345	345	345	345	345	345	8,279	5,389	
South Valley Sewer District	0.000250	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	7,187	172,482	112,272	
Crescent Cemetery District	0.000030	862	862	862	862	862	862	862	862	862	20,698	13,473	
Central Utah Water Conservancy District	0.000400	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	11,499	275,972	179,636	
Salt Lake City Metropolitan Water District - Sandy Only	0.000275	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	7,905	189,731	123,499	
Totals:	0.011035	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	317,224	7,613,373	4,955,697	
<i>Property Tax Participation Rate for Budget</i>													
Salt Lake County		80%	80%	80%	80%	80%	80%	80%	80%	80%			
Salt Lake County Library		80%	80%	80%	80%	80%	80%	80%	80%	80%			
Canyons School District		80%	80%	80%	80%	80%	80%	80%	80%	80%			
Sandy City		80%	80%	80%	80%	80%	80%	80%	80%	80%			
South Salt Lake Valley Mosquito Abatement District		80%	80%	80%	80%	80%	80%	80%	80%	80%			
South Valley Sewer District		80%	80%	80%	80%	80%	80%	80%	80%	80%			
Crescent Cemetery District		80%	80%	80%	80%	80%	80%	80%	80%	80%			
Central Utah Water Conservancy District		80%	80%	80%	80%	80%	80%	80%	80%	80%			
Salt Lake City Metropolitan Water District - Sandy Only		80%	80%	80%	80%	80%	80%	80%	80%	80%			
<i>Property Tax Increment for Budget</i>												TOTALS	NPV
Salt Lake County		40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	40,867	980,804	638,425	
Salt Lake County Library		10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	10,901	261,621	170,295	
Canyons School District		152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	152,773	3,666,562	2,386,639	
Sandy City		26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	26,999	647,982	421,784	
South Salt Lake Valley Mosquito Abatement District		276	276	276	276	276	276	276	276	276	6,623	4,311	
South Valley Sewer District		5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	5,749	137,986	89,818	
Crescent Cemetery District		690	690	690	690	690	690	690	690	690	16,558	10,778	
Central Utah Water Conservancy District		9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	9,199	220,777	143,708	
Salt Lake City Metropolitan Water District - Sandy Only		6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	6,324	151,785	98,800	
Total Property Tax Increment for Budget:		253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	6,090,699	3,964,558	
<i>Uses of Tax Increment Funds</i>												TOTALS	NPV
HTRZ Allowable Costs		253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	6,090,699	3,964,558	
Total:		253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	253,779	6,090,699	3,964,558	





Exhibit E: Sales Tax and TTIF Contribution

Sandy HTRZ																											
Public Benefits Analysis																											
Sales Tax Analysis																											
Assumptions		Sales Tax Rates (Net Rate)																									
Commercial Sales per SF	\$ 375.00	State 4.850%																									
Commercial Square Feet	2,000																										
Online Sales per Resident	\$2,750	Sales Tax Base \$ -																									
New Residents	328																										
Additional Assumptions																											
Annual Inflation	2.00%																										
Discount Rate	4.00%																										
Time Indexed Sales (\$)/SF																											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	Total	NPV Total
Commercial	375	383	390	398	406	414	422	431	439	448	457	466	476	485	495	505	515	525	536	546	557	568	580	591	603		
Online Sales	2,750	2,805	2,861	2,918	2,977	3,036	3,097	3,159	3,222	3,287	3,352	3,419	3,488	3,557	3,629	3,701	3,775	3,851	3,928	4,006	4,086	4,168	4,251	4,336	4,423		
Commercial Gross Taxable Sales	750,000	765,000	780,300	795,306	811,824	828,061	844,622	861,514	878,745	896,319	914,246	932,531	951,181	970,205	989,609	1,009,401	1,029,589	1,050,181	1,071,185	1,092,608	1,114,461	1,136,750	1,159,485	1,182,674	1,206,328	24,022,725	14,421,792
Online Gross Taxable Sales	902,000	920,040	938,441	957,210	976,354	995,881	1,015,799	1,036,114	1,056,837	1,077,973	1,099,533	1,121,524	1,143,954	1,166,833	1,190,170	1,213,973	1,238,253	1,263,018	1,288,278	1,314,044	1,340,325	1,367,131	1,394,474	1,422,363	1,450,810	28,891,330	17,344,609
Less Sales Tax Base Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Gross Taxable Sales	1,652,000	1,685,040	1,718,741	1,753,116	1,788,178	1,823,941	1,860,420	1,897,629	1,935,581	1,974,293	2,013,779	2,054,054	2,095,135	2,137,038	2,179,779	2,223,374	2,267,842	2,313,199	2,359,463	2,406,652	2,454,785	2,503,881	2,553,958	2,605,038	2,657,138	52,914,055	31,766,401
Sales Tax Summary																											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	Total	NPV 4%
State Sales Tax Generation	80,122	81,724	83,353	85,026	86,727	88,461	90,230	92,035	93,876	95,753	97,668	99,622	101,614	103,646	105,719	107,834	109,990	112,190	114,434	116,723	119,057	121,438	123,867	126,344	128,871	2,566,332	1,540,670
Percentage to TTIF	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Total Sales Tax to TTIF	12,018	12,259	12,504	12,754	13,009	13,269	13,535	13,805	14,081	14,363	14,650	14,943	15,242	15,547	15,858	16,175	16,499	16,829	17,165	17,508	17,859	18,216	18,580	18,952	19,331	384,950	231,101



Exhibit F: Finance Schedule without HTRZ Funds

Financing

Projected Financing & Cash Requirements

Total Value		\$48,153,817
Total Costs		\$ 49,057,626
Loan	75.00%	\$ 36,793,220
Equity Required By Lender		\$ (12,264,407)

Projected Interest Only Payments

Loan Amount		\$ 36,793,220
Interest Rate		4.75%
Amortization Period (Years)		30.0
Payment Per Year		\$ 1,747,678
Payment Per Month		\$ 145,639.83



Exhibit G: Finance Schedule with HTRZ Funds

Financing

Projected Financing & Cash Requirements

Total Value		\$48,153,817
Total Costs		\$ 43,808,672
Loan	75.00%	\$ 32,856,504
Equity Required By Lender		\$ (10,952,168)

Projected Interest Only Payments

Loan Amount	\$	32,856,504
Interest Rate		4.75%
Amortization Period (Years)		30.0
Payment Per Year	\$	1,560,684
Payment Per Month	\$	130,056.99



Exhibit H: 10 Year Cash Flow Projection without HTRZ Funds

Cash Flow Analysis - 10 Year

	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Residential GSR	\$	-	\$ 3,329,304	\$ 3,429,183	\$ 3,532,059	\$ 3,638,020	\$ 3,747,161	\$ 3,859,576	\$ 3,975,363	\$ 4,094,624	\$ 4,217,463
Residential Vacancy	\$	-	-\$ 2,164,048	-\$ 291,481	-\$ 300,225	-\$ 309,232	-\$ 318,509	-\$ 328,064	-\$ 337,906	-\$ 348,043	-\$ 358,484
Commercial GSR	\$	-	\$ 56,000	\$ 57,680	\$ 59,410	\$ 61,193	\$ 63,028	\$ 64,919	\$ 66,867	\$ 68,873	\$ 70,939
Commercial Vacancy	\$	-	-\$ 36,400	-\$ 3,461	-\$ 3,565	-\$ 3,672	-\$ 3,782	-\$ 3,895	-\$ 4,012	-\$ 4,132	-\$ 4,256
EGI	\$	-	\$ 1,184,856	\$ 3,191,922	\$ 3,287,679	\$ 3,386,310	\$ 3,487,899	\$ 3,592,536	\$ 3,700,312	\$ 3,811,322	\$ 3,925,661
Expenses	\$	-	-\$ 487,769	-\$ 1,025,000	-\$ 1,055,750	-\$ 1,087,423	-\$ 1,120,045	-\$ 1,153,647	-\$ 1,188,256	-\$ 1,223,904	-\$ 1,260,621
NOI	\$	-	\$ 697,088	\$ 2,166,922	\$ 2,231,929	\$ 2,298,887	\$ 2,367,854	\$ 2,438,890	\$ 2,512,056	\$ 2,587,418	\$ 2,665,040
Capex Reserve	\$	-	-\$ 10,456	-\$ 10,770	-\$ 11,093	-\$ 11,426	-\$ 11,769	-\$ 12,122	-\$ 12,485	-\$ 12,860	-\$ 13,246
Net Rent	\$	-	\$ 686,631	\$ 2,156,152	\$ 2,220,836	\$ 2,287,461	\$ 2,356,085	\$ 2,426,768	\$ 2,499,571	\$ 2,574,558	\$ 2,651,795
Debt Service	\$	-	\$ -	-\$ 1,747,678	-\$ 1,747,678	-\$ 1,747,678	-\$ 1,747,678	-\$ 1,747,678	-\$ 1,747,678	-\$ 1,747,678	-\$ 1,747,678
Net Cash From Sale	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,653,208
Before Tax Return	(\$12,264,407)	\$0	\$ 686,631	\$408,474	\$473,158	\$539,783	\$608,407	\$679,090	\$751,893	\$826,880	\$21,557,324
IRR	9%		6%	3%	4%	4%	5%	6%	6%	7%	
Stabilized DSCR	1.24										

Year 10 NOI	\$2,665,040
Cap Rate Year 10	4.50%
Terminal Sales Price	\$59,223,121
Selling Expenses	(\$1,776,694)
Net Sales Price	\$57,446,427
Remaining Loan	(\$36,793,220)
Cash From Sale - Before Tax	\$20,653,208



Exhibit I: 10 Year Cash Flow Projection with HTRZ Funds

Cash Flow Analysis - 10 Year

	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Residential GSR	\$ -	\$ 3,329,304	\$ 3,429,183	\$ 3,532,059	\$ 3,638,020	\$ 3,747,161	\$ 3,859,576	\$ 3,975,363	\$ 4,094,624	\$ 4,217,463	\$ 4,217,463
Residential Vacancy	\$ -	-\$ 2,164,048	-\$ 291,481	-\$ 300,225	-\$ 309,232	-\$ 318,509	-\$ 328,064	-\$ 337,906	-\$ 348,043	-\$ 358,484	-\$ 358,484
Commercial GSR	\$ -	\$ 56,000	\$ 57,680	\$ 59,410	\$ 61,193	\$ 63,028	\$ 64,919	\$ 66,867	\$ 68,873	\$ 70,939	\$ 70,939
Commercial Vacancy	\$ -	-\$ 36,400	-\$ 3,461	-\$ 3,565	-\$ 3,672	-\$ 3,782	-\$ 3,895	-\$ 4,012	-\$ 4,132	-\$ 4,256	-\$ 4,256
EGI	\$ -	\$ 1,184,856	\$ 3,191,922	\$ 3,287,679	\$ 3,386,310	\$ 3,487,899	\$ 3,592,536	\$ 3,700,312	\$ 3,811,322	\$ 3,925,661	\$ 3,925,661
Expenses	\$ -	-\$ 487,769	-\$ 1,025,000	-\$ 1,055,750	-\$ 1,087,423	-\$ 1,120,045	-\$ 1,153,647	-\$ 1,188,256	-\$ 1,223,904	-\$ 1,260,621	-\$ 1,260,621
NOI	\$ -	\$ 697,088	\$ 2,166,922	\$ 2,231,929	\$ 2,298,887	\$ 2,367,854	\$ 2,438,890	\$ 2,512,056	\$ 2,587,418	\$ 2,665,040	\$ 2,665,040
Capex Reserve	\$ -	-\$ 10,456	-\$ 10,770	-\$ 11,093	-\$ 11,426	-\$ 11,769	-\$ 12,122	-\$ 12,485	-\$ 12,860	-\$ 13,246	-\$ 13,246
Net Rent	\$ -	\$ 686,631	\$ 2,156,152	\$ 2,220,836	\$ 2,287,461	\$ 2,356,085	\$ 2,426,768	\$ 2,499,571	\$ 2,574,558	\$ 2,651,795	\$ 2,651,795
Debt Service	\$ -	\$ -	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684	-\$ 1,560,684
Net Cash From Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,589,923
Before Tax Return	(\$10,952,168)	\$0	\$ 686,631	\$595,468	\$660,152	\$726,777	\$795,401	\$866,084	\$938,887	\$1,013,874	\$25,681,034
IRR	13%		6%	5%	6%	7%	7%	8%	9%	9%	
Stabilized DSCR	1.39										

Year 10 NOI	\$2,665,040
Cap Rate Year 10	4.50%
Terminal Sales Price	\$59,223,121
Selling Expenses	(\$1,776,694)
Net Sales Price	\$57,446,427
Remaining Loan	(\$32,856,504)
Cash From Sale - Before Tax	\$24,589,923