



MEMORANDUM

TO: Kasey Dunlavy, Sandy City Economic Development Director
FROM: Jason Burningham, Lewis Young Robertson & Burningham, Inc.
DATE: August 23, 2022
RE: Response to Zions Public Finance, Inc RedSky HTRZ Analysis

The Sandy City Redevelopment Agency (the “Agency”) has requested that Lewis Young Robertson & Burningham, Inc. (“LYRB”) respond to the Zions Public Finance, Inc (“ZPFI”) analysis regarding the RedSky HTRZ development application (the “Application”), which is proposed to be located within the Agency boundaries. LYRB, acting as financial advisor and consultant to the Agency, has been asked to draft a summary memorandum to address the questions posed by ZPFI.

RedSky HTRZ Proposal and Gap Analysis (Application)

On July 1, 2022, the Agency submitted the RedSky HTRZ Proposal and Gap Analysis (the “HTRZ Proposal and Gap Analysis”, which in essence is the application for the creation of a Housing and Transit Reinvestment Zone) to the Governor’s Office of Economic Opportunity. The HTRZ Proposal and Gap Analysis will be considered by a HTRZ Committee in an effort to determine the appropriate utilization of the HTRZ and the magnitude of participation deemed necessary for tax increment financing. The RedSky project development (the “Project”) is a mixed-use development containing 164 residential units within 1/3 mile of the South Jordan FrontRunner station.

As part of the vetting process, ZPFI was hired to act as the third-party reviewer for HTRZ applications submitted to the HTRZ committee. ZPFI returned with a determination that the Project could be financed without significant contribution of the HTRZ tax increment financing. The following three observations were the primary reasons that ZPFI determined the developer’s pro forma model could support the project financing at a significantly reduced level of HTRZ participation in comparison to the HTRZ Proposal and Gap Analysis.

1. Construction costs shown in Table 4 of the HTRZ Proposal and Gap Analysis sum to nearly \$3.3 million less than shown in the Table;
2. Rental vacancy rates used in the HTRZ Proposal and Gap Analysis were too high and not reflective of current vacancy rates in the residential marketplace; and
3. CAP rate used in the HTRZ Proposal and Gap Analysis is somewhat high given current market conditions.

Construction Cost Differences in Table 4

The aggregated construction amounts that sum to \$49.1 million, as provided are accurate. The table inadvertently excluded the construction contingency amount of \$3,279,139.80, which when included, provides accurate construction costs of \$49.1 million. The HTRZ Proposal and Gap Analysis conducted by LYRB accounted for a construction cost of \$49.1 million, which was not affected by the omission of the construction contingency in Table 4 of the application. Thus, for the purposes of addressing the “gap” and evaluating the appropriateness of a reasonable internal rate of return (IRR), the construction cost estimate of \$49.1 million was accurate and valid.

Moreover, continued supply chain difficulties and material price increases have contributed to even higher construction costs since the last estimate was provided by the developer. The Agency believes that in order to proceed with the Project and gain the desired benefits, public participation is required to help offset increased construction costs. **Exhibit A** contains updated hard construction site cost estimates from the developer’s construction contractor, which indicates that an increase of \$3,968,354¹ has occurred since receiving the original cost estimates, as detailed in **Exhibit B – Total Construction Cost**. The increased cost of steel and framing materials has impacted the Project significantly, with steel representing 18.6% of the total cost estimate and framing material representing 19.35% of the total cost estimate. **Exhibit C – Total Construction Cost** details the original cost estimate and can be compared to **Exhibit B** to understand the cost differential. The total project cost increase is estimated to be closer to be \$4,191,982², once administration fees, architectural fees, and other soft costs are considered.

Lastly, increasing interest rates combined with increasing costs strain the ability of the developer to achieve the desired density of the Project. Public participation via tax increment financing in the amount of \$4.68 million would greatly increase the feasibility of achieving the desired density and associated benefits like increased housing supply in Sandy City and reduced road traffic. **Exhibit D** details a recent rate letter the developer received for a similar project in Provo, Utah, that in effect, lays out an 8.7% interest rate. For purposes of the HTRZ Proposal and Gap Analysis, LYRB is still showing the long-term financing using an interest rate of 4.75%, which is extremely conservative given current market conditions.

Rental Vacancy Rates

In speaking with the developer and other multifamily residential owners and operators, the issue of vacancy rate has been significantly debated. Underwriting metrics used by most, if not all, lending institutions in the multifamily residential market has moved vacancy forecasts higher than what is currently being seen in the market. Due to general increases in interest rates, the underwriting perspective of lending institutions has become much more conservative and are now using higher vacancy metrics to underwrite loans in anticipation of rising interest rates. Rising interest rates will have an impact on residential tenant’s ability to afford and maintain leases at current levels. Thus, we maintain that a 6.00% to 8.50% vacancy rate (including credit loss) is not uncommon or too pessimistic in the current interest

¹ The construction cost difference is calculated by subtracting the Exhibit C Total Construction Costs from the Exhibit B Total Construction Costs.

² Cost Estimate differential is calculated by subtracting Exhibit C Total Costs from Exhibit B Total Costs. Certain line items such as Architectural Fees are influenced by the Total Construction Cost amount.



rate environment. **Exhibit E** contains an appraisal document regarding a similar development the developer is working on that estimates a 6.0% vacancy rate. **Exhibit F** details the IRR if no HTRZ funds are approved with the previously used cap rate of 4.50%, 6.0% vacancy rate, and \$3.9 million of increased hard construction costs, results in an IRR of 9.48%, which is not sufficient for the developer to finish the Project, thus refuting ZPFI's assertion that a lower vacancy rate should be used in the pro forma and thus, would support a lower threshold of HTRZ tax increment financing. The cap rate is another important metric to analyze and address when trying to understand the "gap" criteria for the Project.

Cap Rate

Due to current economic conditions and market trends, cap rates are rising across the board as interest rates rise. Due to the increased cost of borrowing, returns also must reflect higher expectations in order to maintain the same level of profitability and return. Additionally, future economic uncertainty such as inflation affect the cap rate, and as inflation rates continue to rise, it also forces an increase in cap rates. **Exhibit E** demonstrates that professional appraisal estimates substantiate a 4.50% cap rate on a similar development to the Project, of which the developer is also constructing.

The ZPFI analysis suggested that a 4.00% or 4.20% cap rate was adequate when considering the current HTRZ Proposal and Gap Analysis. In discussions with several lending institutions, LYRB found that none of the underwriting standards currently being used for these types of loans were evaluated at anything below 4.50% cap rates. As cap rates increase so do the perceived risks of the Project, which reduces the overall IRR to the developer. The reality is that the developer is subject to the lender's criteria and underwriting metrics used to underwrite the loan. In the case of the Project, the cap rate currently being contemplated is 4.50% but could easily be increased as interest rates rise, and overall economic risks are anticipated. The HTRZ Proposal and Gap Analysis thoughtfully contemplate the underwriting standards being applied to the general marketplace, as well as the specific application to the Project. These findings further demonstrate the critical need for the full \$4.68 million in public participation via tax increment and counter the ZPFI assertion that a lower cap rate lower than the 4.50% provided in the HTRZ Proposal and Gap Analysis should be sufficient.

Conclusions & Findings Related to the RedSky HTRZ Application

Based on our comprehensive review of the current market conditions for multifamily housing projects and our in-depth discussions with the developer, underwriters and lending institutions, the Project is in need of maximum HTRZ tax increment participation. ZPFI has raised questions and concerns, which we believe are addressed sufficiently in the underwriting standards being applied to this type of project development. Using the appropriate assumptions based on the current marketplace measurements (vacancy rates and cap rates), understanding the sensitivity to increasing construction and material costs and interest rates; and recognizing the limitations on rental revenues achievable in the market, LYRB reaffirms that without the maximum HTRZ tax increment participation this project is not currently financially viable.

The HTRZ Proposal and Gap Analysis conducted by LYRB correctly uses these assumptions to assess public participation and validation of the needed \$4.68 million of tax increment. The ZPFI assertions that a lower vacancy rate and cap rate are not substantiated through additional research and analysis by LYRB.



Even if the 8.50% vacancy rate in the HTRZ Proposal and Gap Analysis is unsubstantiated, a lower vacancy rate of 6% still negatively impacts the IRR to an unsuitable level. Without the HTRZ and related tax increment collected at 80% public participation for 25 years it will nearly be impossible to finance the project as currently contemplated due to a low IRR, and the substantial housing and environmental benefits would be lost.



Exhibit A

Updated Construction Costs Part I



ROM COST ESTIMATE

PROJECT:	RED SKY APARTMENT
LOCATION:	SANDY, UT
BUDGET DATE:	7/19/2022
BLDG TYPE:	MULTI-FAMILY - APARTMENTS -- TWO LEVELS OF PODIUM WITH 4 LEVELS TYPE 5 CONSTRUCTION
OWNER:	
ARCHITECT:	THINK ARCHITECTURE
NOTES:	ROM BUDGET BASE ON DRAWINGS DATED 4/14/2021

GENERAL SUMMARY

TOTALS COST SUMMARY

BUILDING TOTAL ▶	\$	35,459,481.00
SITE TOTAL (DIV 2) ▶	\$	1,300,272.00
BID TOTAL ▶▶▶	\$	36,759,752.00

1- SQUARE FOOTAGE SUMMARY

GROSS BUILDING SQUARE FOOTAGE:	257,000.00	SF	137.97	\$ PER SF - BLDG ONLY
SITE SQUARE FOOTAGE:	78,850.00	SF	5.06	\$ PER SF - SITE ONLY
TOTAL COST PER SQUARE FOOT ▶			143.03	\$ PER SF - TOTAL

2- UNIT SUMMARY

TOTAL NUMBER OF UNITS:	164.00	UNITS	216,216.35	\$ PER UNIT W/O SITE
			224,144.83	\$ PER UNIT W/ SITE
UNIT DENSITY	90.60	UNITS PER ACRE		

3- DURATION

TOTAL DURATION:	19.00	MO	580.00	CALENDAR DAYS
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4- PARKING RATIO

SURFACE PARKING STALLS:	36	STRUCT./ COVERED PARKING STALLS:	219	TOTAL STALLS:	255	PARKING RATIO:	1.555	STALLS PER DWELLING UNIT
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CSI DIVISION BREAKDOWN

	TOTAL	% TOTAL	\$/ SF	\$/UNIT	\$/MO
1 ▶ GENERAL CONDITIONS	947,854	2.58%	5.37	5,780	49,887
2 ▶ SITEWORK	1,300,271	3.54%	7.36	7,928	-
3 ▶ CONCRETE	6,838,376	18.60%	38.71	41,697	-
4 ▶ MASONRY	757,552	2.06%	4.29	4,619	-
5 ▶ STEEL	776,659	2.11%	4.40	4,736	-
6 ▶ FRAMING	7,114,026	19.35%	40.27	43,378	-
7 ▶ INSULATION/ WP	2,176,823	5.92%	12.32	13,273	-
8 ▶ DOORS & WINDOWS	1,771,356	4.82%	10.03	10,801	-
9 ▶ FINISHES	2,909,997	7.92%	16.47	17,744	-
10 ▶ SPECIALTIES	93,903	0.26%	0.53	573	-
11 ▶ EQUIPMENT	528,482	1.44%	2.99	3,222	-
12 ▶ FURNISHINGS	68,671	0.19%	0.38	419	-
13 ▶ SPECIAL CONSTRUCTION	251,658	0.68%	1.42	1,535	-
14 ▶ CONVEYING SYSTEMS	325,314	0.88%	1.84	1,984	-
15 ▶ MECHANICAL	5,663,815	15.41%	32.06	34,535	-
16 ▶ ELECTRICAL	2,512,050	6.83%	14.22	15,317	-
HARD COST TOTAL ▶	34,036,807				
▶ GENERAL LIABILITY INSURANCE	340,368	1.00%	1.93	2,075	-
▶ BUILDER'S RISK INSURANCE	0	0.00%	-	-	-
▶ OVERHEAD	340,368	1.00%	1.93	2,075	-
▶ BUIDER'S FEE	1,361,472	4.00%	7.71	8,302	-
▶ CONTINGENCY	680,736	2.00%	3.85	4,151	-
SOFT COST TOTAL ▶	2,722,945				
BREAKDOWN TOTAL ▶	36,759,752				



Exhibit A

Updated Construction Costs Part 2

TRADE & PARKING COST DETAIL OUTLINE						
TRADE BREAKDOWN						
FOLLOWING IS BASED ON SITE AREA*		TOTAL	% TOTAL	\$/SF	\$/UNIT	NOTES
2A-S	*EARTHWORK/ UTILITIES	967,963	2.63%	12.28	N/A	No geo report, temp and final de-water excluded
2B-S	*ASPHALT PAVING	28,232	0.08%	0.35	N/A	Patch Only
2C-S	*SITE CONCRETE	161,327	0.44%	2.05	N/A	
2D-S	*LANDSCAPING	110,484	0.30%	1.40	N/A	Includes pavers
2D-S	*FENCING	0	0.00%	0.00	N/A	
2E-S	*OTHER	32,265	0.09%	0.41	N/A	Grates and Amenities at ground level
		1,300,271	3.54%	16.49044214		
3A	CAST IN PLACE CONCRETE	6,506,843	17.70%	36.83	0.00	2 ea PT Slabs
3B	GYPCRETE	295,391	0.80%	1.67	0.00	1 inch gypcrete over sound matt
3C	OTHER	36,142	0.10%	0.20	0.00	Anchor bolts
		6,838,376	18.60%	38.71	41,697	
4A	MASONRY	757,552	2.06%	0.00	4,619.22	Exterior as shown
4B	OTHER - CMU	0	0.00%	0.00	0.00	
		757,552	2.06%	4.29	4,619	
5A	STRUCTURAL STEEL	67,109	0.18%	0.00	409.20	At Retail
5B	METAL FABRICATIONS	687,865	1.87%	0.00	4,194.30	Railings & stairs
5C	OTHER	21,685	0.06%	0.12	0.00	Misc. metals
		776,659	2.11%	4.40	4,736	
6A	R. CARPENTRY - SUBCONTRACT	5,602,070	15.24%	31.71	0.00	Conventional Framing, TJI floor joist
6D	FINISH CARPENTRY - LABOR	361,424	0.98%	2.05	0.00	
6E	FINISH CARPENTRY - MATERIAL	192,938	0.52%	0.00	1,175.45	Standard base and case
6F	CABINERY	612,368	1.67%	0.00	3,733.95	Imported Full Overlay Cabinets
6G	COUNTERTOPS	327,155	0.89%	0.00	1,982.85	2 inch Quartz Countertops
6G	OTHER	18,071	0.05%	0.10	0.00	
		7,114,026	19.35%	40.27	43,378	
7A	WATERPROOFING	251,147	0.68%	1.42	0.00	Decks & plaza
7B	INSULATION	433,709	1.18%	2.46	0.00	Per Building and energy code
7C	STUCCO/ E.I.F.S.	909,062	2.47%	0.00	5,543.06	Exterior finish as shown
7D	SIDING/SOFFIT/FASCIA/G&D	67,109	0.18%	0.00	409.20	Wall Cap and Rain Gutters
7E	ROOFING & MEZZ - WP	465,465	1.24%	2.63	0.00	TPO
7F	OTHER	50,332	0.14%	0.28	0.00	Fire & general caulking
		2,176,823	5.92%	12.32	13,273	
8A	WOOD/STEEL DOORS/HW	1,006,632	2.74%	0.00	6,138.00	Standard door and hardware package
8B	WINDOWS	394,264	1.07%	0.00	2,404.05	Vinyl
8C	STOREFRONT	271,068	0.74%	1.53	0.00	Retail, townhomes & clubhouse
8D	OTHER	99,392	0.27%	0.56	0.00	Mirrors & traffic door
		1,771,356	4.82%	10.03	10,801	
9A	GYPSUM BOARD	1,897,475	5.16%	10.74	0.00	
9B	FLOOR COVERINGS	419,430	1.14%	0.00	2,557.50	LVT in units, carpet in bedrooms
9C	TILE	159,383	0.43%	0.00	971.85	Back Splash
9D	PAINTING	406,602	1.11%	1.30	0.00	2 Tone
9E	OTHER	27,107	0.07%	0.15	0.00	
		2,909,997	7.92%	16.47	17,744	
10A	SPECIALTIES	18,071	0.05%	0.10	0.00	
10B	POSTAL SPECIALTIES	12,583	0.03%	0.00	76.73	
10C	SIGNAGE	12,650	0.03%	0.07	0.00	Allowance
10D	TOILET & BATH ACC.	50,599	0.14%	0.29	0.00	
		93,903	0.26%	0.53	373	
11A	APPLIANCES	528,482	1.44%	0.00	3,222.45	Stainless package
11B	OTHER	0	0.00%	0.00	0.00	
		528,482	1.44%	2.89	3,222	
12A	WINDOW COVERINGS	68,671	0.19%	0.39	0.00	1/2 inch faux wood
13A	SPECIAL CONSTRUCTION	251,658	0.68%	0.00	1,534.50	Pool and plaza amenities
13C	STRUCTURED PARKING	0	0.00%	0.00	0.00	
13B	OTHER	0	0.00%	0.00	0.00	
		251,658	0.68%	1.42	1,535	
14A	CONVEYING SYSTEMS	325,314	0.88%	0.00	1,983.62	Elevator
14B	OTHER	0	0.00%	0.00	0.00	
		325,314	0.88%	1.81	1,983	
15A	FIRE SPRINKLING	748,095	2.04%	0.00	4,561.56	NFPA System per Code
15B	PLUMBING	2,600,466	7.07%	0.00	15,856.50	Standard fixture package
15C	H.V.A.C.	2,315,254	6.30%	0.00	14,117.40	Fan coils
15D	OTHER	0	0.00%	0.00	0.00	
		5,663,815	15.41%	32.06	34,535	
16A	ELECTRICAL	2,512,050	6.83%	0.00	15,317.38	Standard fixture package
16B	OTHER	0	0.00%	0.00	0.00	
		2,512,050	6.83%	14.22	15,317	



Exhibit B

New Construction Cost Estimate Without HTRZ Support

Costs			
LAND			\$ 5,059,349.00
CONSTRUCTION COSTS			
Construction (Incl Amenities)		\$ -	\$ 30,309,752.00
Structured Parking		\$ -	\$ 6,450,000.00
HTRZ FUNDS			
Amenities	Included	\$ -	
FFE	included	\$ -	
TOTAL CONSTRUCTION COSTS			\$ 36,759,752.00
CONSTRUCTION CONTINGENCY			\$ 3,675,975.20
	10%		
SOFT COSTS			
Architectural/Engineering Fees	1.0%	\$	367,597.52
Structural	0.20%	\$	73,519.50
Mechanical	0.20%	\$	73,519.50
Electrical	0.15%	\$	55,139.63
Civil	0.10%	\$	36,759.75
Soils/Environmental/Survey's	2.5%	\$	25,000.00
Borrower Legal		\$	75,000.00
Taxes	1%	\$	50,593.49
Insurance		\$	25,000.00
Title & Recording		\$	20,000.00
Impact Fees	4,000	\$	656,000.00
Building Permits	0.35%	\$	128,659.13
Plan Check	0.25%	\$	91,899.38
Subpermits and Surcharge		\$	2,140.00
Appraisal/Market Study		\$	10,000.00
Marketing/Website		\$	20,000.00
Working Capital	6.00	\$	918,000.00
Administrative		\$	300,000.00
Developer Fee	5.0%	\$	2,073,627.45
Origination	1.0%	\$	334,076.97
Construction Interest	4.75%	\$	2,418,000.00
TOTAL SOFT COSTS			\$ 7,754,532.33
TOTAL COSTS			\$ 53,249,608.53



Exhibit C

Original Cost Estimate without HTRZ Support

Costs			
LAND			\$ 5,059,393.55
CONSTRUCTION COSTS			
Construction (Incl Amenities)	\$ -	\$	26,341,398.00
Structured Parking	\$ -	\$	6,450,000.00
HTRZ FUNDS		\$	-
Amenities	Included	\$	-
FFE	included	\$	-
TOTAL CONSTRUCTION COSTS		\$	32,791,398.00
CONSTRUCTION CONTINGENCY	10%	\$	3,279,139.80
SOFT COSTS			
Architectural/Engineering Fees	1.0%	\$	327,913.98
Structural	0.20%	\$	65,582.80
Mechanical	0.20%	\$	65,582.80
Electrical	0.15%	\$	49,187.10
Civil	0.10%	\$	32,791.40
Soils/Environmental/Survey's	2.5%	\$	25,000.00
Borrower Legal		\$	75,000.00
Taxes	1%	\$	50,593.94
Insurance		\$	25,000.00
Title & Recording		\$	20,000.00
Impact Fees	4,000	\$	656,000.00
Building Permits	0.35%	\$	114,769.89
Plan Check	0.25%	\$	81,978.50
Subpermits and Surcharge		\$	2,140.00
Appraisal/Market Study		\$	10,000.00
Marketing/Website		\$	20,000.00
Working Capital	6.00	\$	918,000.00
Administrative		\$	300,000.00
Developer Fee	5.0%	\$	2,336,077.40
Oringination	1.0%	\$	334,076.97
Construction Interest	4.75%	\$	2,418,000.00
TOTAL SOFT COSTS		\$	7,927,694.76
TOTAL COSTS		\$	49,057,626.11



Exhibit D Rate Letter



DWIGHT MORTGAGE TRUST

August 2, 2022

Mr. Christensen & Mr. Amberry
Mac Development, LLC
TBD
Provo, Utah, 84606

RE: Blue Sky Apartments (the "Project")
TBD
Provo, Utah, 84606

Dear Mr. Christensen & Mr. Amberry:

This engagement letter (the "Engagement Letter") has been requested from Dwight Mortgage Trust LLC ("Lender") to evaluate financing (the "Loan") for a to be formed single-purpose entity ("Borrower"), that is a subsidiary of, and controlled by McKay Christensen and Todd Amberry ("Key Principals"), in the amount and under the terms, provisions and conditions approved by Lender. Borrower confirms that the Loan is not to be used primarily for personal, family, or household purposes. Borrower hereby authorizes Lender, Lender's affiliates and each of their employees to disclose any and all information submitted by Borrower with this Engagement Letter or in conjunction with the Loan to any party deemed reasonably necessary by Lender, Lender's affiliates or each of their employees.

PROPOSED LOAN AMOUNT: \$28,000,000.

- \$0 in Initial Funding
- \$28,000,000 in delayed construction draws upon Sponsor funding 100% of cash equity in the transaction.

LOAN TO VALUE: Lesser of (i) Proposed Loan Amount, (ii) Up to 60% of the prospective "as-stabilized" appraised market value of the Project based on HUD standards, and (iii) 70% of total approved project costs.

PURPOSE: Construction of an approximately 207,098 gross square foot, 131-unit, class A mixed-use development located at the Project, with subsequent bridge, 223(f) HUD, or agency permanent loan take-out.

INTEREST RATE: 6.45% spread over 1-month Term SOFR. Term SOFR shall not be less than the greater of (a) 2.25% and (b) Term SOFR on the date of Loan closing.

TERM: 30 months with two 6-month extensions. Extension conditions will be set forth in the Loan Documents and shall include a 0.50% extension fee.

AMORTIZATION: Interest-only during the initial term. During the second extension term, Borrower will be required to make monthly principal payments based on a 25-year straight-line amortization schedule.

FINANCING FEE: 1% at closing.

FINANCIAL COVENANTS: As may be reasonably required by Lender in connection with Lender's due diligence.

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Exhibit E

Vacancy and Cap Rate Estimates



PROPOSED 131 UNIT APARTMENTS
SUMMARY OF SALIENT FACTS

Income Summary

Appraiser's Estimates

Average Monthly Market Rent Rate	\$1,417 per unit
Average Monthly Contract Rent Rate	\$1,417 per unit
Stabilized Vacancy and Collection loss	6.0%
Expense Ratio	26.1%
Overall Capitalization Rate	4.50%

Value Indications

Approach to Value	As Is	Prospective Upon Completion	Prospective Upon Stabilization
Land Only - Sales Comparison	\$4,930,000		
Cost	N/A	\$44,070,000	\$44,070,000
Sales Comparison	N/A	\$47,170,000	\$47,610,000
Income Capitalization	N/A	\$50,450,000	\$50,890,000

Value Conclusions

Component	As Is	Prospective Upon Completion	Prospective Upon Stabilization
Value Type	Market Value	Market Value	Market Value
Property Rights Appraised	Fee Simple	Leased Fee	Leased Fee
Effective Date of Value	May 3, 2022	May 1, 2024	November 1, 2024
Value Conclusion	\$4,930,000	\$50,000,000	\$50,500,000
	\$37,634 per Unit	\$471.54 psf	\$476.26 psf



Exhibit F

IRR With New Costs & Without HTRZ Support

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)	(211,924)	(218,281)	(224,830)	(231,575)	(238,522)	(245,677)	(253,048)	
%		65.00%	8.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
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)	
%		65.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
EGI	\$ -	\$ 1,184,857	\$ 3,191,922	\$ 3,375,981	\$ 3,477,260	\$ 3,581,578	\$ 3,689,026	\$ 3,799,696	\$ 3,913,687	\$ 4,031,098	
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	\$ 2,320,231	\$ 2,389,838	\$ 2,461,533	\$ 2,535,379	\$ 2,611,440	\$ 2,689,784	\$ 2,770,477	
Capex Reserve	-	(10,456)	(10,770)	(11,093)	(11,426)	(11,768)	(12,121)	(12,485)	(12,860)	(13,245)	
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	-	-	(1,765,917)	(1,765,917)	(1,765,917)	(1,765,917)	(1,765,917)	(1,765,917)	(1,765,917)	(1,765,917)	
Net Cash From Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Before Tax Return	\$ (12,392,402.00)	\$ -	\$ 686,631.00	\$ 390,234.72	\$ 454,918.72	\$ 521,543.72	\$ 590,167.72	\$ 660,850.72	\$ 733,653.72	\$ 808,640.72	\$ 23,427,843.94
IRR	9.484%		5.541%	3.149%	3.671%	4.209%	4.762%	5.333%	5.920%	6.525%	
Stabilized DSCR	1.23										