

The Cost of Affordable Housing

Base Case Scenario

BUDGET ASSUMPTIONS		2019 PROPOSED RENT SCHEDULE						PROJECT BUDGET		
Total Units	250		No. of	Avg	Avg.	Avg.	Total		Total Cost	Per Unit Cost
Escalation (Rents)	2.00%	<u>Unit Type</u>	<u>Units</u>	<u>Unit Size</u>	<u>Rent/SF</u>	<u>Rent/Mo.</u>	<u>Rent/Mo.</u>	Land	\$ 12,500,000	\$ 50,000
Escalation (Expenses)	2.00%	Market	25					Project Costs	67,500,000	270,000
Monthly Other Inc./Unit		1 BR / 1 BA	150					Pre-Construction Carry Costs		
Parking Income / Unit		2 BR / 2 BA	75					Site & Utilities		
Corporate Units		Total / Avg.	250	850	\$ 2.60	\$ 2,338	\$ 584,375	Pre-Development		
Corp. Premium Units								Architectural & Engineering		
Retail SF								Tenant Finish		
Retail Rent / SF (nnn)								Inspecting Engineer		
Construction Period Int.								Construction Interest (24 months)		
Vacancy Rate (Economic)								Marketing and Brochure		
								Administrative and Startup		
								FF&E		
								Partnership Legal and Other		
								Financing Fees/Costs		
								Taxes During Construction/Insurance		
								Development Fee		
								Overhead & Supervision		
								Hard Costs		
								Hard Cost for Tenant Finish		
								Contingency - Hard Costs		
								Contingency - Soft Costs		
								TOTAL DEVELOPMENT COSTS	\$ 80,000,000	\$ 320,000
Expenses										
Apartments										
Administrative	Included									
Utilities										
Operating & Maintenance										
Taxes & Insurance										
Reserves										
Management Fee										
Ann. Expenses	\$ 9,100									
Year		2019	2020	2021	2022	2023	2024			
Year No.		1	2	3	4	5	6			
Apartment Rental Income		\$ 7,012,500	\$ 7,152,750	\$ 7,295,805	\$ 7,441,721	\$ 7,590,566	\$ 7,742,367			
Expenses		2,275,000	2,320,500	2,320,500	2,366,910	2,414,248	2,462,533			
Net Operating Income		4,737,500	4,832,250	4,975,305	5,074,811	5,176,307	5,279,833			
Return on Cost		5.92%	6.04%	6.22%	6.34%	6.47%	6.60%			

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Escalation (Expenses)	2.00%	Market	25					Project Costs	67,500,000	270,000	
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Included
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Affordable Housing Scenario 1 (10% at 60% AMI)

BUDGET ASSUMPTIONS		2019 PROPOSED RENT SCHEDULE						PROJECT BUDGET		
Total Units	250		No. of	Avg	Avg.	Avg.	Total		Total Cost	Per Unit Cost
Escalation (Rents)	2.00%	Unit Type	Units	Unit Size	Rent/SF	Rent/Mo.	Rent/Mo.	Land	\$ 12,500,000	\$ 50,000
Escalation (Expenses)	2.00%	Market	22					Project Costs	67,500,000	270,000
Monthly Other Inc./Unit		1 BR / 1 BA	135					Pre-Construction Carry Costs		
Parking Income / Unit		2 BR / 2 BA	68					Site & Utilities		
Corporate Units		Total / Avg.	225	\$ 850	2.60	\$ 2,338	\$ 525,938	Pre-Development		
Corp. Premium Units								Architectural & Engineering		
Retail SF								Tenant Finish		
Retail Rent / SF (nnn)		Affordable						Inspecting Engineer		
Construction Period Int.		Eff	3					Construction Interest (24 months)		
Vacancy Rate (Economic)		1 BR / 1 BA	15					Marketing and Brochure		
		2 BR / 2 BA	7					Administrative and Startup		
		Total / Avg.	25	\$ 850	1.32	\$ 1,123	\$ 25,575	FF&E		
								Partnership Legal and Other		
		Total	250	\$ 850	2.47	2,101	\$ 551,513	Financing Fees/Costs		
								Taxes During Construction/Insurance		
Expenses								Development Fee		
Apartments								Overhead & Supervision		
Administrative	Included							Hard Costs		
Utilities								Hard Cost for Tenant Finish		
Operating & Maintenance								Contingency - Hard Costs		
Taxes & Insurance								Contingency - Soft Costs		
Reserves								TOTAL DEVELOPMENT COSTS	\$ 80,000,000	\$ 320,000
Management Fee										
Ann. Expenses	\$ 9,100									
Year		2019	2020	2021	2022	2023	2024			
Year No.		1	2	3	4	5	6			
Apartment Rental Income		\$ 6,618,156	\$ 6,750,519	\$ 6,885,530	\$ 7,023,240	\$ 7,163,705	\$ 7,306,979			
Expenses		2,275,000	2,320,500	2,320,500	2,366,910	2,414,248	2,462,533			
Net Operating Income		4,343,156	4,430,019	4,565,030	4,656,330	4,749,457	4,844,446			
Return on Cost		5.43%	5.54%	5.71%	5.82%	5.94%	6.06%			

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Total Units	250	Unit Type	No. of Units	Avg Unit Size	Avg. Rent/SF	Avg. Rent/Mo.	Total Rent/Mo.	Land	Total Cost \$ 5,900,000	Per Unit Cost \$ 23,600
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Escalation (Expenses)	2.00%	1 BR / 1 BA	135					Pre-Construction Carry Costs		
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Reserves										
Management Fee										
Ann. Expenses	\$ 9,100							TOTAL DEVELOPMENT COSTS	\$ 73,400,000	\$ 293,600
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Apartment Rental Income		\$ 6,618,156	\$ 6,750,519	\$ 6,885,530	\$ 7,023,240	\$ 7,163,705	\$ 7,306,979			
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Land Value To Achieve Base Case Return On Cost:	\$ 5,900,000
Land Value To Achieve Base Case Return On Cost (Per Unit):	\$ 23,600

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Land Value To Achieve Base Case Return On Cost:	\$ 5,900,000
Land Value To Achieve Base Case Return On Cost (Per Unit):	\$ 23,600
Land Value Reduction (\$12,500,000 - 5,900,000):	\$ 6,600,000
Cost Per Affordable Unit (\$6,600,000/25):	\$ 264,000