Gerding Edlen

DEVELOPMENT

Multifamily Tax Abatement Analysis

February 25, 2011

PROGRAM ASSUMPTIONS

Apartments:

Total Rentable Square Feet (RSF)	65,313
# Units	115
Average Unit Size	568

Retail:

Total RSF	8,935

Parking:

# Stalls	34
Stalls per Unit	0.30

REVENUE ASSUMPTIONS

80% OF UNITS AT APPROX. 100% MFI;
20% OF UNITS AT 80% MFI

Apartments:
  Average Unit Rent $1,204
  Average Rent per RSF $2.12
Retail:
  Annual Rent per RSF (NNN) $16.00
Parking:
  Rent per Stall per Month $75.00

2010 HUD Income Limits			
	Household Size		
% MFI	1	2	3
80%	39,920	45,600	51,280
100%	49,900	57,000	64,100

EXPENSE ASSUMPTIONS

Operating Expenses per Unit per Year $3,400

Property Taxes per Unit per Year $1,800

Vacancy   5%

PROJECT COST

Item	Amount
Due Diligence	44,000
Land Cost	1,300,000
General Contractor Construction Cost	12,469,000
Other Construction Hard Costs	443,000
Architecture & Engineering	960,000
Permits & Fees	1,621,000
Other Soft Costs	832,000
Contingencies	883,000
Developer Fee	688,000
Financing Costs	612,000
Total	**19,852,000**

FINANCING ASSUMPTIONS AND FINANCIAL ANALYSIS

Financing Assumptions:

Maximum Loan to Value	60%
Required Debt Coverage Ratio	1.25
Interest Rate	6.5%

Financial Analysis:

Rental Constant* Required for Feasible Project	7.0%
Actual Rental Constant WITHOUT Property Tax Abatement	5.9%
Actual Rental Constant WITH Property Tax Abatement	7.0%

Rental Constant = Net Operating Income/Total Project Cost