

Development Scenario: C-3 Lot 5 Development (Phase 1A)



Finance Model Downtown Chapel Hill Projects Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate (SPPRE)
www.sppre.com

Building Program							
	Type of Use	Gross SF	Units	Efficiency	Lease SF	Sales SF	
Lot 5	Residential						
	Market Rate - Condo	128,480	102	1.00		128,480	
	Market Rate - Rental	-	-	0.92	-		
	Affordable Housing-Ownership	1 32,120	26	1.00		32,120	
	Retail	30,250	-	0.92	27,830		
	Open Space	28,300	-	-	-		
	Subtotal	219,150	128		27,830	160,600	
Lot 5 Garage	Private Parking						
	Parking-Residential						
	Market Rate - Condo	48,960	153	1.00	48,960	48,960	
	Market Rate - Rental	-	-	1.00	-		
	Affordable Housing-Ownership	8,320	26	1.00		8,320	
	Parking-Residential Storage						
	Market Rate - Condo	32,640	102	1.00		32,640	
	Market Rate - Rental	-	-	1.00	-		
	Affordable Housing-Ownership	8,320	26	1.00		8,320	
	Parking-Retail	18,880	59	1.00	18,880		
	Subtotal	117,120	366		67,840	98,240	
	Public Parking						
	Parking-Replacement	55,360	173	1.00	55,360		
	Parking Surplus (Public Parking)	2 -	-	-	-		
	Subtotal	55,360	173		55,360		
	Total Parking upon completion	172,480	539	-	123,200		
	Total GSF	391,630					
	Parking Space/SF	320					
	Average SF per Residential Unit	1,255					
	Footnotes						
		1 Allocation of 20% to Affordable Housing.					
		2 Assume TCH does not want to incur the cost of surplus parking.					

Mechanical Fees		\$150											
Electrical Fees	19	\$0											
Development Review Fees	20	\$20,000											
Site Plan Review	21	\$34,145											
Traffic Impact Study Fee	22	\$15,000											
Water Service Availability Fee	23	\$20,025											
Resd. Sewer Availability Fee	24	\$1,617											
Non-Resd. Sewer Availability Fee	25	\$25,678											
Soft Cost Contingency (3%)		\$101,672											\$ 101,672
Total Soft Costs		\$3,490,747	\$ 4,136	\$ 2,073	\$ 2,135	\$ 2,199	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,501,415
Total Hard and Soft Development Costs													
Residential													
Market Rate - Condo		\$12,734,867											
Market Rate - Rental		\$0											
Affordable Housing		\$2,726,948											
Retail		\$3,322,715											
Garage (Private)													
Parking-Residential													
Market Rate - Condo		\$3,562,985											
Market Rate - Rental		\$0											
Affordable Housing-Ownership		\$605,475											
Parking-Residential Storage													
Market Rate - Condo		\$2,375,323											
Market Rate - Rental		\$0											
Affordable Housing-Ownership		\$605,475											
Parking-Retail		\$1,373,961											
Garage (Public)													
TCH Garage Replacement Spaces		\$4,028,734											
Total:		\$31,336,483	\$ 4,136	\$ 2,073	\$ 2,135	\$ 2,199	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,347,151

Nov-09 10	Dec-09 11	Jan-10 12	Feb-10 13	Mar-10 14	Apr-10 15	May-10 16	Jun-10 17	Jul-10 18	Aug-10 19	Sep-10 20	Oct-10 21	Nov-10 22	Dec-10 23	Jan-11 24
4	4	4	4	4	4	4	4	4	4	4	3	3	3	2
\$963,600	\$963,600	\$963,600	\$963,600	\$963,600	\$963,600	\$963,600	\$963,600	\$963,600	\$963,600	\$867,240	\$677,531	\$677,531	\$677,531	\$451,688
\$260,285	\$260,285	\$260,285	\$260,285	\$260,285	\$260,285	\$260,285	\$260,285	\$260,285	\$260,285	\$234,256	\$183,013	\$183,013	\$183,013	\$122,008
\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,223,885	\$1,101,496	\$860,544	\$860,544	\$860,544	\$573,696
\$10,176,340	\$9,449,459	\$8,722,577	\$7,995,696	\$7,268,814	\$6,541,933	\$5,815,051	\$5,088,170	\$4,361,289	\$3,634,407	\$2,907,526	\$2,180,644	\$1,453,763	\$726,881	\$0
\$63,602	\$59,362	\$55,122	\$50,882	\$46,642	\$42,401	\$38,161	\$33,921	\$29,681	\$25,441	\$21,201	\$16,961	\$12,720	\$8,480	\$4,240
\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881	\$726,881
\$790,484	\$786,243	\$782,003	\$777,763	\$773,523	\$769,283	\$765,043	\$760,803	\$756,562	\$752,322	\$748,082	\$743,842	\$739,602	\$735,362	\$731,122
\$433,401	\$437,641	\$441,881	\$446,121	\$450,362	\$454,602	\$458,842	\$463,082	\$467,322	\$471,562	\$353,414	\$116,702	\$120,942	\$125,182	(\$157,426)

Lot 5

Oct-09 9	Nov-09 10	Dec-09 11	Jan-10 12	Feb-10 13	Mar-10 14	Apr-10 15	May-10 16	Jun-10 17	Jul-10 18	Aug-10 19	Sep-10 20	Oct-10 21	Nov-10 22	Dec-10 23	Jan-11 24
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648	\$106,648
\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803	\$48,803
\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452	\$155,452
\$2,149,992	\$2,006,660	\$1,863,327	\$1,719,994	\$1,576,661	\$1,433,328	\$1,289,995	\$1,146,663	\$1,003,330	\$859,997	\$716,664	\$573,331	\$429,998	\$286,666	\$143,333	\$0
\$6,450	\$6,047	\$5,644	\$5,241	\$4,837	\$4,434	\$4,031	\$3,628	\$3,225	\$2,822	\$2,419	\$2,016	\$1,612	\$1,209	\$806	\$403
\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333	\$143,333
\$149,783	\$149,380	\$148,977	\$148,573	\$148,170	\$147,767	\$147,364	\$146,961	\$146,558	\$146,155	\$145,752	\$145,348	\$144,945	\$144,542	\$144,139	\$143,736
\$5,669	\$6,072	\$6,475	\$6,878	\$7,281	\$7,685	\$8,088	\$8,491	\$8,894	\$9,297	\$9,700	\$10,103	\$10,506	\$10,910	\$11,313	\$11,716

Lot 5

Condominium Construction Loan (Affordable Housing)							
Construction Period:		18	mos				
Sellout:		24	mos				
Land Costs: (1)		\$0					
Building Costs:		\$4,972,055					
Grant-FHLB (AHP Grant)		\$800,000					
Total Costs:	\$	4,172,055					
LTV:		90%					
Senior Loan	75%						
Interest Rate:		4.25%					
Debt		\$2,816,137					
Equity:		\$312,904					
Junior Loan	25%						
Interest Rate:		2.50%					
Debt		\$938,712					
Equity:		\$104,301					
Combined Construction Loan Draw							
Senior and Junior Loan							
	Date	Construction Cost	Loan Fees (2)	Equity (3)	Loan Draw	Interest	Total Outstanding
		\$3,754,849	\$11,864	\$417,205	\$3,349,508	\$90,480	\$3,439,988
1	Aug-07	\$208,603	\$11,864	\$220,467	\$0	\$0	\$0
2	Sep-07	\$208,603		\$196,738	\$11,864	\$41	\$11,905
3	Oct-07	\$208,603		\$0	\$208,603	\$665	\$221,172
4	Nov-07	\$208,603		\$0	\$208,603	\$774	\$430,549
5	Dec-07	\$208,603		\$0	\$208,603	\$883	\$640,034
6	Jan-08	\$208,603		\$0	\$208,603	\$2,699	\$851,336
7	Feb-08	\$208,603		\$0	\$208,603	\$3,371	\$1,063,309
8	Mar-08	\$208,603		\$0	\$208,603	\$4,045	\$1,275,957
9	Apr-08	\$208,603		\$0	\$208,603	\$4,721	\$1,489,280
10	May-08	\$208,603		\$0	\$208,603	\$5,399	\$1,703,282
11	Jun-08	\$208,603		\$0	\$208,603	\$6,080	\$1,917,964
12	Jul-08	\$208,603			\$208,603	\$6,763	\$2,133,330
13	Aug-08	\$208,603			\$208,603	\$7,448	\$2,349,380
14	Sep-08	\$208,603			\$208,603	\$8,135	\$2,566,118
15	Oct-08	\$208,603			\$208,603	\$8,825	\$2,783,545
16	Nov-08	\$208,603			\$208,603	\$9,517	\$3,001,664
17	Dec-08	\$208,603			\$208,603	\$10,211	\$3,220,478
18	Jan-09	\$208,603			\$208,603	\$10,907	\$3,439,988
Footnotes							
		1 Land costs are included in the Building Cost because the 10% Equity amount does not equal the Land Lease Payment for Affordable Housing.					
		2 The Loan Fees are equal to 3.50% of equity (assume no placement fee for Federal Debt).					
		3 Includes the \$200,000 FHLB Grant (AHP Program) for as non-leveraged equity for Affordable Housing.					

Lot 5

Proforma (10 years)		Year	Year	Year							
Retail and Retail Garage Spaces		1	2	3	4	5	6	7	8	9	10
Potential Gross Income											
Retail	1	\$723,580	\$745,287	\$767,646	\$790,675	\$814,396	\$838,828	\$863,992	\$889,912	\$916,609	\$944,108
Garage (Retail Spaces)	2	\$110,625	\$110,625	\$110,625	\$110,625	\$110,625	\$110,625	\$110,625	\$110,625	\$110,625	\$110,625
Total		\$834,205	\$855,912	\$878,271	\$901,300	\$925,021	\$949,453	\$974,617	\$1,000,537	\$1,027,234	\$1,054,733
Vacancy/Collections Loss (VCL)	3	\$125,131	\$85,591	\$61,479	\$63,091	\$64,751	\$66,462	\$68,223	\$70,038	\$71,906	\$73,831
Vacancy Rate		15%	10%	7%	7%	7%	7%	7%	7%	7%	7%
Effective Gross Income (EGI)		709,074	770,321	816,792	838,209	860,269	882,991	906,394	930,500	955,328	980,901
Non-Tax Income to Town											
Land Lease Payment (Base)	4	\$67,028	\$67,028	\$67,028	\$69,032	\$69,032	\$69,032	\$71,096	\$71,096	\$71,096	\$73,222
Total		\$67,028	\$67,028	\$67,028	\$69,032	\$69,032	\$69,032	\$71,096	\$71,096	\$71,096	\$73,222
Building Maintenance											
Electrical		\$1,531	\$1,577	\$1,624	\$1,673	\$1,723	\$1,774	\$1,828	\$1,883	\$1,939	\$1,997
Plumbing		\$668	\$688	\$709	\$730	\$752	\$774	\$798	\$821	\$846	\$871
HVAC		\$4,035	\$4,156	\$4,281	\$4,410	\$4,542	\$4,678	\$4,818	\$4,963	\$5,112	\$5,265
Roof		\$222	\$229	\$235	\$242	\$250	\$257	\$265	\$273	\$281	\$289
Painting		\$195	\$201	\$207	\$213	\$220	\$226	\$233	\$240	\$247	\$255
Canopies/Store Fronts		\$577	\$594	\$612	\$630	\$649	\$669	\$689	\$709	\$731	\$753
Other		\$444	\$457	\$471	\$485	\$499	\$514	\$530	\$546	\$562	\$579
Total		\$7,672	\$7,902	\$8,139	\$8,383	\$8,634	\$8,893	\$9,160	\$9,435	\$9,718	\$10,010
Exterior CAM											
Landscape		\$3,145	\$3,239	\$3,336	\$3,436	\$3,539	\$3,646	\$3,755	\$3,868	\$3,984	\$4,103
Trash Removal		\$2,393	\$2,465	\$2,539	\$2,615	\$2,694	\$2,775	\$2,858	\$2,944	\$3,032	\$3,123
Sweeping		\$1,447	\$1,491	\$1,535	\$1,581	\$1,629	\$1,678	\$1,728	\$1,780	\$1,833	\$1,888
Sidewalk Maintenance		\$1,278	\$1,316	\$1,356	\$1,396	\$1,438	\$1,481	\$1,526	\$1,572	\$1,619	\$1,667
Security		\$10,993	\$11,323	\$11,662	\$12,012	\$12,373	\$12,744	\$13,126	\$13,520	\$13,925	\$14,343
Lighting		\$1,252	\$1,290	\$1,329	\$1,368	\$1,410	\$1,452	\$1,495	\$1,540	\$1,586	\$1,634
Directory/Signs		\$151	\$155	\$160	\$165	\$170	\$175	\$180	\$186	\$191	\$197
Electricity		\$5,260	\$5,418	\$5,580	\$5,748	\$5,920	\$6,098	\$6,281	\$6,469	\$6,663	\$6,863
Water		\$1,171	\$1,207	\$1,243	\$1,280	\$1,318	\$1,358	\$1,399	\$1,441	\$1,484	\$1,528
Other Exterior CAM		\$781	\$804	\$828	\$853	\$879	\$905	\$932	\$960	\$989	\$1,019
Fire Monitoring Service		\$639	\$658	\$678	\$698	\$719	\$741	\$763	\$786	\$809	\$834
Total		\$28,510	\$29,366	\$30,247	\$31,154	\$32,089	\$33,051	\$34,043	\$35,064	\$36,116	\$37,200

Lot 5

General & Administrative											
Management Fee	5	\$42,544	\$43,821	\$43,821	\$43,821	\$43,821	\$43,821	\$43,821	\$43,821	\$43,821	\$43,821
Leasing Commissions	6	\$0	\$0	\$0	\$0	\$0	\$2,139	\$2,333	\$2,403	\$2,475	\$2,549
Marketing		\$1,171	\$1,207	\$1,243	\$1,280	\$1,318	\$1,358	\$1,399	\$1,441	\$1,484	\$1,528
Property Taxes	7	\$84,143	\$84,143	\$84,143	\$86,667	\$86,667	\$86,667	\$89,267	\$89,267	\$89,267	\$91,945
Business & Occupation Tax	8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$12,885	\$13,272	\$13,670	\$14,080	\$14,503	\$14,938	\$15,386	\$15,847	\$16,323	\$16,812
Other		\$532	\$548	\$565	\$582	\$599	\$617	\$636	\$655	\$674	\$695
Total		\$141,277	\$142,991	\$143,442	\$146,430	\$146,908	\$149,540	\$152,841	\$153,434	\$154,044	\$157,351
Town Fees											
Recycling Fee	9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storm Water Fees	10	\$590	\$590	\$590	\$590	\$590	\$590	\$590	\$590	\$590	\$590
Water Service Fee	11	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501
Total		\$2,091									
Garage O&E											
Operations & Expenses		\$32,009	\$32,969	\$33,958	\$34,977	\$36,026	\$37,107	\$38,220	\$39,367	\$40,548	\$41,764
Benefits		\$8,730	\$8,992	\$9,261	\$9,539	\$9,825	\$10,120	\$10,424	\$10,736	\$11,058	\$11,390
Utilities		\$8,730	\$8,992	\$9,261	\$9,539	\$9,825	\$10,120	\$10,424	\$10,736	\$11,058	\$11,390
Maintenance		\$6,547	\$6,744	\$6,946	\$7,154	\$7,369	\$7,590	\$7,818	\$8,052	\$8,294	\$8,543
Taxes		\$8,730	\$8,992	\$9,261	\$9,539	\$9,825	\$10,120	\$10,424	\$10,736	\$11,058	\$11,390
Insurance		\$5,092	\$5,245	\$5,402	\$5,564	\$5,731	\$5,903	\$6,080	\$6,263	\$6,451	\$6,644
Supplies		\$2,182	\$2,248	\$2,315	\$2,385	\$2,456	\$2,530	\$2,606	\$2,684	\$2,765	\$2,848
Miscellaneous		\$727	\$749	\$772	\$795	\$819	\$843	\$869	\$895	\$922	\$949
Total		\$72,747	\$74,929	\$77,177	\$79,493	\$81,877	\$84,334	\$86,864	\$89,470	\$92,154	\$94,918
Total Operating Expenses											
		\$319,325	\$324,307	\$328,123	\$336,583	\$340,632	\$346,942	\$356,095	\$360,590	\$365,219	\$374,791
OER		53%	49%	46%	46%	45%	45%	45%	44%	43%	43%
Net Operating Income (NOI)											
		\$389,750	\$446,015	\$488,669	\$501,626	\$519,637	\$536,049	\$550,299	\$569,910	\$590,109	\$606,110
Debt Service											
Debt Service	12	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902
CFBTD		\$71,847	\$128,112	\$170,766	\$183,724	\$201,735	\$218,147	\$232,397	\$252,007	\$272,206	\$3,061,447
IRR Including Reversion Value											
IRR Including Reversion Value	14	15.04%									
Return on Cost (ROC)											
Return on Cost (ROC)	15	9.33%									
Debt Coverage Ratio (DCR)											
Debt Coverage Ratio (DCR)		1.23	1.40	1.54	1.58	1.63					
Maximum Loan Amount											
Maximum Loan Amount	16	\$3,909,350									
(Assume 8.75% cap rate, 70% LTV)											

Lot 5

Footnotes										
1	Assumed Retail lease rate in year 1 of \$26.00 per LSF. This includes a CAM Reimbursable in the LSF rate.									
2	Parking income from 59 spaces. Assume spaces will be designated for Retail Use only, \$1.00 per hour, weekends/holidays free.									
3	Vacancy rate for stabilized year is 7%									
4	Lease Payment to Town is 8% of appraised value specific to the Retail & Retail Garage portion of bldg program ONLY. (NO Ramp-up)									
5	Management fee of 6.0% of Effective Gross Income.									
6	Rollover Leasing Commission are paid at 5.0% of Initial Leasing Commissions for Retail space.									
7	Property Tax is \$1.717 per \$100 of Assessed Market Value.									
8	No Business & Occupation Tax in Chapel Hill									
9	Recycling Fee: Basic Service(\$27/unit/yr) (Number of Retail units TBD).									
10	\$39 per every 2,000 SF of impervious surface (based on Retail GSF only).									
11	Assume 3" meter size at \$125.12 per month									
12	Debt Service is calculated on the Retail Reversionary Value Worksheet.									
14	Assume building is sold in year 10 and Town receives 20% of proceeds.									
15	Use ROC stabilization year 3.									
16	The required construction loan is \$3,665,136 compared with \$3,909,350 available using stabilization year: 3, cap rate: 8.75%, LTV: 70%									

Lot 5

Reversionary Analysis											
Retail and Retail Garage Spaces											
		Year									
		1	2	3	4	5	6	7	8	9	10
Permanent Loan :		\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902	\$317,902
\$3,665,136											
NOI		\$389,750	\$446,015	\$488,669	\$501,626	\$519,637	\$536,049	\$550,299	\$569,910	\$590,109	\$606,110
Reversion Cash Flow		\$4,454,280	\$5,097,309	\$5,584,785	\$5,732,873	\$5,938,710	\$6,126,276	\$6,289,129	\$6,513,253	\$6,744,100	\$6,926,972
Cap Rate	8.75%										
Selling Expense		\$133,628	\$152,919	\$167,544	\$171,986	\$178,161	\$183,788	\$188,674	\$195,398	\$202,323	\$207,809
Fee	3%										
Remaining Principal		\$3,589,908	\$3,532,274	\$3,470,462	\$3,404,168	\$3,333,068	\$3,256,813	\$3,175,030	\$3,087,318	\$2,993,246	\$2,892,354
Net Proceeds Before Tax		\$730,743	\$1,412,115	\$1,946,780	\$2,156,719	\$2,427,480	\$2,685,674	\$2,925,425	\$3,230,538	\$3,548,531	\$3,826,809
Permanent Loan											
Rate (1)	7.25%										
Term	25										
LTV	70%										
Town's Non-Tax Income(2)	20.00%	\$146,149	\$282,423	\$389,356	\$431,344	\$485,496	\$537,135	\$585,085	\$646,108	\$709,706	\$765,362
Footnotes											
		1 The Interest Rate, Term and LTV, are based on Realty Rates.com Commercial Mortgage rates and terms sheet included in this binder.									
		2 Town will receive 20% from Sale of Retail and Retail Garage component, assume year 10.									

Lot 5

Income Assumptions-Garage															
Income Assumptions for PRIVATE Portion:															
Garage Ratio															
Retail Parking Operations															
# of Hourly Spaces	1	59													
Hourly Parking Rate		\$1.00													
Number of Non-work Days per year		115													
Non-work Days Parking Hours		14													
Non-work Day Occupancy Factor	2	75%													
Subtotal		\$71,243													
Number of workdays per year		250													
Workday Parking Hours		10													
Work Day Occupancy Factor		75%													
Subtotal		\$110,625													
Net Income		\$181,868													
Income Assumptions for PUBLIC Portion:															
Public Parking Operations															
# of Hourly Spaces		173													
Hourly Parking Rate		\$1.00													
Number of Non-work Days per year		115													
Non-work Days Parking Hours		14													
Non-work Day Occupancy Factor		75%													
Subtotal		\$208,898													
Number of workdays per year		250													
Workday Parking Hours		10													
Work Day Occupancy Factor		75%													
Subtotal		\$324,375													
Annual Income to City from Lot 5 Garage		\$533,273													
Garage Operating Expenses	3	65%													
Net Income		\$186,645													
Footnotes															
		1	Number of Retail Parking Spaces charged an Hourly Rate. Assume Weekends/Holidays are free.												
		2	Include a Vacancy factor for income assumptions for both Public and Private Components.												
		3	Assume a Operating Expense ratio. Private Garages are typically 40% of Gross Income, assume Town is 65% Expenses.												

Town Non-Tax Income/Tax Revenue											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income To City											
Property Taxes	1										
Market Rate - Condo		\$333,742	\$333,742	\$333,742	\$343,754	\$343,754	\$343,754	\$354,067	\$354,067	\$354,067	\$364,689
Market Rate - Rental		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Affordable Housing-Ownership		\$71,093	\$71,093	\$71,093	\$73,225	\$73,225	\$73,225	\$75,422	\$75,422	\$75,422	\$77,685
Retail		\$84,143	\$84,143	\$84,143	\$86,667	\$86,667	\$86,667	\$89,267	\$89,267	\$89,267	\$91,945
Total Property Tax		\$488,977	\$488,977	\$488,977	\$503,647	\$503,647	\$503,647	\$518,756	\$518,756	\$518,756	\$534,319
Property Tax Allocations											
Orange County		\$250,612	\$250,612	\$250,612	\$258,130	\$258,130	\$258,130	\$265,874	\$265,874	\$265,874	\$273,850
Chapel Hill/Carrboro School District		\$56,957	\$56,957	\$56,957	\$58,666	\$58,666	\$58,666	\$60,426	\$60,426	\$60,426	\$62,239
Chapel Hill City Revitalization		\$163,752	\$163,752	\$163,752	\$168,664	\$168,664	\$168,664	\$173,724	\$173,724	\$173,724	\$178,936
Downtown Revitalization District		\$17,657	\$17,657	\$17,657	\$18,186	\$18,186	\$18,186	\$18,732	\$18,732	\$18,732	\$19,294
Property Tax Income Available		\$181,409	\$181,409	\$181,409	\$186,851	\$186,851	\$186,851	\$192,456	\$192,456	\$192,456	\$198,230
Non-Tax Income											
Land Lease Payment (Condo Units & Garage)	2	\$3,582,634									
Town Sale Proceeds (year 4)	3				\$714,047						
Land Lease Payment (Affordable Units & Garage)		\$831,537									
Base Rent (Retail Component)	4	\$67,028	\$67,028	\$67,028	\$69,032	\$69,032	\$69,032	\$71,096	\$71,096	\$71,096	\$73,222
Potential Retail Component Sale Income	5										\$765,362
Parking Income		\$186,645	\$188,512	\$190,397	\$192,301	\$194,224	\$196,166	\$198,128	\$200,109	\$202,110	\$204,131
Total Non-Tax Income		\$4,667,844	\$255,540	\$257,425	\$975,380	\$263,256	\$265,198	\$269,224	\$271,205	\$273,206	\$1,042,715
Total Income to TCH from Lot 5		\$4,849,252	\$436,948	\$438,833	\$1,162,231	\$450,107	\$452,049	\$461,680	\$463,661	\$465,663	\$1,240,945
Lot 5 Current Income		\$125,000	\$ 125,000	\$ 125,000	\$ 128,738	\$ 128,738	\$ 128,738	\$ 132,587	\$ 132,587	\$ 132,587	\$ 136,551
Town Opportunity Cost for Lot 5 Land Investment		3879%	350%	351%	903%	350%	351%	348%	350%	351%	909%
Town Cost for Lot 5 Garage Portion	6	\$4,411,457									
Town Cost for Lot 5 Delta Δ	7	\$4,539,014									
Subtotal		\$8,950,471									

Lot 5

Footnotes	1	\$1.717 per \$100 of Assessed Value								
		0.88000	Orange County							
		0.20000	Chapel Hill/Carrboro School District							
		0.57500	Chapel Hill City Revitalization							
		0.06200	Downtown Revitalization District							
		\$1.71700	Total Property Tax:							
		This includes the cost of the Garage in each Use Type (Excludes Debt & Equity Placement Fee and Interest during Construction).								
		Property Taxes increase 3% every 3 years.								
	2	Land Lease Payment for Developer to build Condo Units and required parking on Lot 5.								
	3	Town will receive 20% of sale proceeds upon Market-Rate Condo sellout.								
	4	Retail Base Rent is increased every 3 yr by the 2004 CPI at 2.99%. (Land lease payment (base rent) would continue after sale).								
	5	This assumes a possible sale of the Retail and Retail Garage Component in Year 10.								
	6	This is the Town's portion of the Total Development Cost for the Lot 5 Garage (173 replacement spaces).								
	7	This is the difference the in cost the developer incurs as a result of having to build underground vs. above ground parking at Lot 5.								

Development Scenario: C-3

Wallace Deck Development (Phase 1B)



Finance Model

Downtown Chapel Hill Projects

Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate (SPPRE)

www.sppre.com

Building Program

	Type of Use	Gross SF	Units	Efficiency	Lease SF	Sales SF
Wallace	Residential					
	Market Rate - Condo	109,120	87	1.00		109,120
	Market Rate - Rental	-	-	0.92	-	
	Affordable Housing-Ownership	1 27,280	22	1.00		27,280
	Retail	4,000	-	0.92	3,680	
	Open Space	12,200	-	-	-	
	Subtotal	152,600	109		3,680	136,400
Wallace Garage	Private Parking					
Above-Grade	Parking-Residential					
	Market Rate - Condo	41,920	131	1.00		41,920
	Market Rate - Rental	-	-	1.00	-	
	Affordable Housing-Ownership	10,560	33	1.00		10,560
	Parking-Residential Storage	2				
	Market Rate - Condo	-	-	1.00		-
	Market Rate - Rental	-	-	1.00	-	
	Affordable Housing-Ownership	-	-	1.00		-
	Parking-Retail	2,560	8	1.00	2,560	
	Subtotal	55,040	172		2,560	52,480
	Public Parking					
	Parking-Replacement	3 72,960	228	1.00	72,960	
	Subtotal	72,960	228		72,960	
	Total Parking upon completion	128,000	400	-	75,520	
	Total GSF	280,600				
	Parking Space/SF	320				
	Average SF per Residential Unit	1,251				

Footnotes

- 1 Allocation of 20% to Affordable Housing.
- 2 Assume that there is not Storage at Wallace Deck.
- 3 Assume 92 space Public Parking Deficit will be transferred to RBC Garage.

Development Budget

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
Site/Building Data												
Total Gross Land Area	1	52,272										
Gross Areas (GSF)												
Market Rate - Condo		109,120										
Market Rate - Rental		-										
Affordable Housing		27,280										
Retail		4,000										
Subtotal		<u>140,400</u>										
Private Partner's Parking GSF		55,040										
Parking Spaces		172										
Public Partner's Parking GSF		72,960										
Parking Spaces		228										
Sales Area (GSF)												
Market Rate - Condo		109,120										
Affordable Housing		27,280										
Subtotal		<u>136,400</u>										
Private Parking	2											
Parking-Residential												
Market Rate - Condo		25,600										
Market Rate - Rental		-										
Subtotal		<u>25,600</u>										
Leaseable Areas (LSF)												
Market Rate - Rental		-										
Retail		3,680										
Subtotal		<u>3,680</u>										
Private Parking												
Parking-Residential												
Affordable Housing-Ownership		10,560										
Parking-Residential Storage												
Market Rate - Condo		-										
Market Rate - Rental		-										
Affordable Housing-Ownership		-										
Parking-Retail		2,560										
		<u>13,120</u>										

Initial Leasing Commissions (Retail)	15	\$4,317	\$484	\$242	\$250	\$257	\$15	\$0	\$0	\$0	\$0	\$5,565
Town Fees												
Public Art (1%)		\$145,863										
Permit Fee		\$19,033										
Impact Fee	16	\$0										
Plumbing Fees	17	\$1,308										
Mechanical Fees		\$150										
Electrical Fees	18	\$0										
Development Review Fees	19	\$15,454										
Site Plan Review	20	\$25,568										
Traffic Impact Study Fee	21	\$15,000										
Water Service Availability Fee	22	\$20,025										
Resd. Sewer Availability Fee	23	\$1,617										
Non-Resd. Sewer Availability Fee	24	\$25,678										
Soft Cost Contingency (3%)		\$36,763										\$36,763
Total Soft Costs		\$1,262,194	\$484	\$242	\$250	\$257	\$15	\$0	\$0	\$0	\$0	\$1,263,442
Total Hard and Soft Development Costs												
Residential												
Market Rate - Condo		\$11,603,124										
Market Rate - Rental		\$0										
Affordable Housing		\$2,408,383										
Retail		\$413,569										
Garage (Private)												
Parking-Residential												
Market Rate - Condo		\$1,338,668										
Market Rate - Rental		\$0										
Affordable Housing-Ownership		\$68,199										
Parking-Residential Storage												
Market Rate - Condo		\$0										
Market Rate - Rental		\$0										
Affordable Housing-Ownership		\$0										
Parking-Retail		\$16,533										
Garage (Public)												
TCH Garage Replacement Spaces		\$0										
Total:		\$15,848,477	\$484	\$242	\$250	\$257	\$15	\$0	\$0	\$0	\$0	\$15,849,725

Indirect Costs

Development Fee	25	\$554,740
Developer Project Overhead	26	\$118,873
Title Insurance	26	\$15,850
Debt Service Reserve Fund	28	\$0
Total:		\$689,463

Equity and Debt Placement Fees

Market Rate Condos & Parking		
Equity Placement Fee:		\$141,484
Debt Placement Fee:		\$165,064

Affordable Housing & Parking		
Equity Placement Fee		\$9,135

Retail & Retail Parking		
Equity Placement Fee:		\$4,759
Debt Placement Fee:		\$5,552

Interest During Construction

(Public and Private)	29	\$716,541
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Total Development Cost 30

Residential		
Market Rate - Condo		\$14,426,912
Market Rate - Rental		\$0
Affordable Housing		\$2,669,306
Retail		\$484,257
Total:		\$17,580,475

Total Dev. Cost per Market-Rate Condo Unit	\$165,446
Total Dev. Cost per Market-Affordable Unit	\$122,445
Total Development Cost/Condo GSF	\$132.21
Total Development Cost/Affordable GSF	\$97.85
Total Development Cost/Retail GSF	\$121.06
Cost Per Above-Grade Parking Space	\$20,220
Total Development Cost/Garage GSF	\$63.19

Footnotes

- 1 Land Area as 1.2 Acres.
- 2 Assume that Private Parking will be controlled by the Private Partner, including Finance, Development, Construction & Operations
- 3 Assume TCH does not want to finance and develop surplus parking.
- 4 Land Valuation is assumed at \$25.00 per buildable SF (Pickett-Sprouse 10/26/04)
- 5 Land Valuation using a 2.5% discount rate for 30 years, and 9% Land Lease Payment.
- 6 Assume MR Condos are 83% of the const. estimate provided by McDonald York. Cost or Open Space is allocated to Cost.
- 7 Assume Aff. Housing Condos are 17% of the const. estimate provided by McDonald York. Cost for Open Space is allocated to Cost.
- 8 Assume cost for Open Space is allocated in the construction estimate from McDonald-York.
- 9 \$42.16/SF per McDonald-York revised estimate on 9-10-04. (removed surplus parking cost)
- 10 The Hard Cost Contingency is 3.0% of the Building Costs.
- 11 The A&E Fee is 4.0% of Total Hard Construction Cost.
- 12 A&E Reimbursables cost covers costs such as reproduction of Construction Documents.
- 13 Performance Bonds are a surety company's guarantee of completion or performance of a General Contractor's contract.
- 14 Insurance is included in the McDonald-York estimate.
- 15 Initial Leasing Commission are accrued in years 1-3 for the Retail component only.
- 16 Waived for Town permits?
- 17 Inside Town limits: \$6 per fixture, assume 2 fixtures per unit.
- 18 TBD-Fee is based on meter/amps.
- 19 All Master Land Use Plans- \$5,000 plus \$20 per 100sf of land area.
- 20 Site Plan Review Fee: \$1,700 plus \$17 per 100sf of floor area.
- 21 Town Charges \$10-\$20k per site for a Consultant to complete a Traffic Impact Study.
- 22 Non-Residential Water service availability fee: \$20,025. (Assume 2" meter)
- 23 Residential Sewer Service Availability Fee: \$1,617 (5/8" meter multi-family residential)
- 24 Non-Residential Sewer availability fee: \$2,568.00. (Assume 2" meter)
- 25 This Development fee is 3.50% of the Total Development Budget for Residential/Retail/Garage.
- 26 Developer Project Overhead is .75% of the Total Development Budget.
- 27 Assume fee of \$1.00 per \$1,000, plus binder fee.
- 28 DSRF is a fund for 6-months of Debt Service on permanent loan. (Private Partners option to include)
- 29 This is the sum of varying Interest Rates, Terms, and Financing Instruments per project type.
- 30 Total Cost for Project Components including Garage Costs (where applicable)

Condominium Sales Proforma (Market-Rate)

General Inputs		Financial Inputs		Income Factors	
Building value (Market Rate Only) 1	\$13,474,624	LTV:	70%	Sales Price/Unit	\$225,248
Land Lease Payout	\$3,887,060	Equity	\$5,208,505	Price per SF	\$180.00
Total Value	\$17,361,684	Beginning Loan Amount	\$12,153,179	Number of Units	87
Construction (years):	1.5	Ending Loan Amount	\$13,193,897	Sellout Period (years)	2
		Interest Rate	7.00%	Gross Sales	\$19,641,600
		Term	30	Cost with Garage Spaces:	\$275,797
		Quarterly Payment	\$242,566	(where available)	

Month	Jan-09 0	Feb-09 1	Mar-09 2	Apr-09 3	May-09 4	Jun-09 5	Jul-09 6	Aug-09 7	Sep-09 8
Income		4							
Residential 2									
Market Rate Condo Home Sales		900,991	900,991	900,991	900,991	900,991	900,991	900,991	900,991
Garage Parking Sales 3		202,196	202,196	202,196	202,196	202,196	202,196	202,196	202,196
Cash Flow Before Financing		\$1,103,187	\$1,103,187	\$1,103,187	\$1,103,187	\$1,103,187	\$1,103,187	\$1,103,187	\$1,103,187

Interest Calculation During Construction

Equity	\$5,208,505								
Loan Draw									
Balance with Interest									
Interest									
Principle Cumulative Balance	\$13,193,897	\$12,644,151	\$12,094,406	\$11,544,660	\$10,994,914	\$10,445,169	\$9,895,423	\$9,345,677	\$8,795,931
Interest		\$76,964	\$73,758	\$70,551	\$67,344	\$64,137	\$60,930	\$57,723	\$54,516
Principal Reduction		\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746
Debt Service		\$626,710	\$623,503	\$620,296	\$617,090	\$613,883	\$610,676	\$607,469	\$604,262
Loan Payoff									
Cash Flow After Financing	(\$5,208,505)	\$476,477	\$479,684	\$482,890	\$486,097	\$489,304	\$492,511	\$495,718	\$498,925

Profit	\$1,677,722
Sale Payment to TCH 4	\$335,544 20%
Net Profit	\$1,342,177
Return on Equity	25.77%

Footnotes

- 1 Building value is the ratio of SF to total building cost as estimated by McDonald-York
- 2 Assume that the Residents will have an annual association fee covering Exterior maintenance, Insurance, Trash pickup, and Basic Cable.
- 3 Garage Parking Sales: Cost per underground space, \$20,220 and HKS recommendation of 1.5 spaces per DU and 1 Storage space per DU (Only
- 4 20% of the Profits will go to the Town at Sale. The Land Lease Payment made to the town is in month 1 from Equity Funding.

Oct-09 9	Nov-09 10	Dec-09 11	Jan-10 12	Feb-10 13	Mar-10 14	Apr-10 15	May-10 16	Jun-10 17	Jul-10 18	Aug-10 19	Sep-10 20	Oct-10 21	Nov-10 22	Dec-10 23	Jan-11 24
4	4	4	4	4	4	4	4	4	4	4	3	3	3	3	2
818,400 0	736,560 0	675,743 0	675,743 0	675,743 0	450,495 0										
\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$818,400	\$736,560	\$675,743	\$675,743	\$675,743	\$450,495
\$8,246,186	\$7,696,440	\$7,146,694	\$6,596,949	\$6,047,203	\$5,497,457	\$4,947,711	\$4,397,966	\$3,848,220	\$3,298,474	\$2,748,729	\$2,198,983	\$1,649,237	\$1,099,491	\$549,746	(\$0)
\$51,310	\$48,103	\$44,896	\$41,689	\$38,482	\$35,275	\$32,068	\$28,862	\$25,655	\$22,448	\$19,241	\$16,034	\$12,827	\$9,621	\$6,414	\$3,207
\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746	\$549,746
\$601,055	\$597,848	\$594,642	\$591,435	\$588,228	\$585,021	\$581,814	\$578,607	\$575,401	\$572,194	\$568,987	\$565,780	\$562,573	\$559,366	\$556,159	\$552,953
\$217,345	\$220,552	\$223,758	\$226,965	\$230,172	\$233,379	\$236,586	\$239,793	\$242,999	\$246,206	\$249,413	\$170,780	\$113,170	\$116,377	\$119,584	(\$102,457)

r sells 80 spaces).

Condominium Construction Loan (Market Rate)

Construction Period:	18 mos
Sellout:	24 mos

Land Costs: (1)	\$3,887,060
Building Costs:	\$13,474,624
Total Costs:	\$17,361,684

LTV:	70%
Interest Rate:	7.00%
Debt	\$12,153,179
Equity:	\$5,208,505

	Date	Construction Cost	Loan Fees (2)	Equity	Loan Draw	Interest	Total Outstanding
		\$17,361,684	\$394,978	\$5,208,505	\$12,548,157	\$645,740	\$13,193,897
1	Aug-07	\$4,635,650	\$394,978	\$5,030,628	\$0	\$0	\$0
2	Sep-07	\$748,590		\$177,877	\$570,713	\$3,329	\$574,043
3	Oct-07	\$748,590		\$0	\$748,590	\$4,367	\$1,327,000
4	Nov-07	\$748,590		\$0	\$748,590	\$4,367	\$2,079,957
5	Dec-07	\$748,590		\$0	\$748,590	\$4,367	\$2,832,914
6	Jan-08	\$748,590		\$0	\$748,590	\$20,892	\$3,602,396
7	Feb-08	\$748,590		\$0	\$748,590	\$25,381	\$4,376,367
8	Mar-08	\$748,590		\$0	\$748,590	\$29,896	\$5,154,853
9	Apr-08	\$748,590		\$0	\$748,590	\$34,437	\$5,937,880
10	May-08	\$748,590			\$748,590	\$39,004	\$6,725,474
11	Jun-08	\$748,590			\$748,590	\$43,599	\$7,517,663
12	Jul-08	\$748,590			\$748,590	\$48,220	\$8,314,473
13	Aug-08	\$748,590			\$748,590	\$52,868	\$9,115,931
14	Sep-08	\$748,590			\$748,590	\$57,543	\$9,922,065
15	Oct-08	\$748,590			\$748,590	\$62,245	\$10,732,900
16	Nov-08	\$748,590			\$748,590	\$66,975	\$11,548,466
17	Dec-08	\$748,590			\$748,590	\$71,733	\$12,368,789
18	Jan-09	\$748,590			\$748,590	\$76,518	\$13,193,897

Footnotes

- 1 Land costs are paid in month one and are equal to the percentage of Market Rate Condo use in the building, (80%) and Garage use.
- 2 The Loan Fees are equal to 3.50% of equity and 1.75% of debt.

Condominium Sales Proforma (Affordable Housing)

General Inputs

Building value (Affordable Only)	1	2,610,072
Land Lease Payout	2	-
Grant-FHLB (AHP Grant)		300,000
Total Value		2,310,072
Construction (years):		1.5

Financial Inputs

LTV:	90%
Equity	231,007
Beginning Loan Amount	2,079,065
Ending Loan Amount	1,904,726
Senior Mortgage-FNMA (75% of debt)	
Interest Rate	4.25%
Term (years)	20
Junior Mortgage-FNMA (25% of debt)	
Interest Rate	2.50%
Term (years)	25
Quarterly Payment	\$35,962

Income Factors

Sales Price/Unit	\$101,361
Price per SF	\$81.00
Number of Units	22
Sellout Period (months)	22
Gross Sales	\$2,209,680

	Month	Jan-09 0	Feb-09 1	Mar-09 2	Apr-09 3	May-09 4	Jun-09 5	Jul-09 6	Aug-09 7	Sep-09 8
Income			1	1	1	1	1	1	1	1
Residential	3									
Affordable Condo Home Sales			\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361
Garage Parking Sales	4		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Before Financing			\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361
Interest Calculation During Construction										
Equity		\$231,007								
Loan Draw										
Balance with Interest										
Interest										
Principle Cumulative Balance		\$1,904,726	\$1,818,147	\$1,731,569	\$1,644,990	\$1,558,412	\$1,471,833	\$1,385,255	\$1,298,677	\$1,212,098
Interest			\$5,357	\$5,114	\$4,870	\$4,627	\$4,383	\$4,140	\$3,896	\$3,653
Principal Reduction			\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578
Debt Service			\$91,935	\$91,692	\$91,448	\$91,205	\$90,961	\$90,718	\$90,474	\$90,231
Loan Payoff										
Cash Flow After Financing		-\$231,007	\$9,426	\$9,669	\$9,913	\$10,156	\$10,400	\$10,643	\$10,887	\$11,130
Net Profit		\$32,613								
Return on Equity		14.12%								

Footnotes

- 1 Building value is proportionate to the percentage of Affordable housing in the building.
- 2 Land Value is absorbed by the Market Rate Condo Units at Wallace.
- 3 Assume that the Residents will have an annual association fee covering Exterior maintenance, Insurance, Trash pickup, and B
- 4 Assume that Residents will Lease required spaces, including storage spaces, from Town in Wallace Garage.

Oct-09 9	Nov-09 10	Dec-09 11	Jan-10 12	Feb-10 13	Mar-10 14	Apr-10 15	May-10 16	Jun-10 17	Jul-10 18	Aug-10 19	Sep-10 20	Oct-10 21	Nov-10 22
1	1	1	1	1	1	1	1	1	1	1	1	1	1
\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361	\$101,361
\$1,125,520	\$1,038,941	\$952,363	\$865,784	\$779,206	\$692,628	\$606,049	\$519,471	\$432,892	\$346,314	\$259,735	\$173,157	\$86,578	\$0
\$3,409	\$3,166	\$2,922	\$2,679	\$2,435	\$2,192	\$1,948	\$1,705	\$1,461	\$1,218	\$974	\$731	\$487	\$244
\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578	\$86,578
\$89,987	\$89,744	\$89,500	\$89,257	\$89,013	\$88,770	\$88,526	\$88,283	\$88,039	\$87,796	\$87,552	\$87,309	\$87,065	\$86,822
\$11,374	\$11,618	\$11,861	\$12,105	\$12,348	\$12,592	\$12,835	\$13,079	\$13,322	\$13,566	\$13,809	\$14,053	\$14,296	\$14,540

Basic Cable.

Condominium Construction Loan (Affordable Housing)

Construction Period:	18 mos
Sellout:	22 mos

Land Costs: (1)	\$0
Building Costs:	\$2,610,072
Grant-FHLB (AHP Grant)	\$300,000
Total Costs:	\$2,310,072

LTV:	90%
------	-----

Senior Loan 75%

Interest Rate:	4.25%
Debt	\$1,559,299
Equity:	\$173,255

Junior Loan 25%

Interest Rate:	2.50%
Debt	\$519,766
Equity:	\$57,752

Combined Construction Loan Draw

Senior and Junior Loan

	Date	Construction Cost	Loan Fees (2)	Equity (3)	Loan Draw	Interest	Total Outstanding
		\$2,079,065	\$6,569	\$231,007	\$1,854,627	\$50,099	\$1,904,726
1	Aug-07	\$115,504	\$6,569	\$122,073	\$0	\$0	\$0
2	Sep-07	\$115,504		\$108,934	\$6,569	\$23	\$6,592
3	Oct-07	\$115,504		\$0	\$115,504	\$368	\$122,463
4	Nov-07	\$115,504		\$0	\$115,504	\$428	\$238,395
5	Dec-07	\$115,504		\$0	\$115,504	\$489	\$354,388
6	Jan-08	\$115,504		\$0	\$115,504	\$1,494	\$471,386
7	Feb-08	\$115,504		\$0	\$115,504	\$1,866	\$588,756
8	Mar-08	\$115,504		\$0	\$115,504	\$2,240	\$706,499
9	Apr-08	\$115,504		\$0	\$115,504	\$2,614	\$824,616
10	May-08	\$115,504		\$0	\$115,504	\$2,989	\$943,109
11	Jun-08	\$115,504		\$0	\$115,504	\$3,366	\$1,061,979
12	Jul-08	\$115,504			\$115,504	\$3,744	\$1,181,227
13	Aug-08	\$115,504			\$115,504	\$4,124	\$1,300,855
14	Sep-08	\$115,504			\$115,504	\$4,504	\$1,420,863
15	Oct-08	\$115,504			\$115,504	\$4,886	\$1,541,253
16	Nov-08	\$115,504			\$115,504	\$5,269	\$1,662,025
17	Dec-08	\$115,504			\$115,504	\$5,654	\$1,783,183
18	Jan-09	\$115,504			\$115,504	\$6,039	\$1,904,726

Footnotes

- 1 Land costs are included in the Building Cost because the 10% Equity amount does not equal the Land Lease Payment for Affordable Housing.
- 2 The Loan Fees are equal to 3.50% of equity, (assume no debt fees on Federal Loans).
- 3 Includes the \$300,000 FHLB Grant (AHP Program) for as non-leveraged equity for Affordable Housing.

Proforma (10 years)**Retail and Retail Garage Spaces**

	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	
	1	2	3	4	5	6	7	8	9	10	
Potential Gross Income											
Retail	1	\$84,640	\$87,179	\$89,795	\$92,488	\$95,263	\$98,121	\$101,065	\$104,097	\$107,219	\$110,436
Garage (Retail Spaces)	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$84,640	\$87,179	\$89,795	\$92,488	\$95,263	\$98,121	\$101,065	\$104,097	\$107,219	\$110,436
Vacancy/Collections Loss (VCL)	3	\$12,696	\$8,718	\$6,286	\$6,474	\$6,668	\$6,868	\$7,075	\$7,287	\$7,505	\$7,731
Vacancy Rate		15%	10%	7%	7%	7%	7%	7%	7%	7%	7%
Effective Gross Income (EGI)		\$71,944	\$78,461	\$83,509	\$86,014	\$88,595	\$91,252	\$93,990	\$96,810	\$99,714	\$102,705
Non-Tax Income to Town											
Land Lease Payment (Base)	4	\$10,800	\$10,800	\$10,800	\$11,123	\$11,123	\$11,123	\$11,456	\$11,456	\$11,456	\$11,798
Total		\$10,800	\$10,800	\$10,800	\$11,123	\$11,123	\$11,123	\$11,456	\$11,456	\$11,456	\$11,798
Building Maintenance											
Electrical		\$202	\$208	\$215	\$221	\$228	\$235	\$242	\$249	\$256	\$264
Plumbing		\$88	\$91	\$94	\$97	\$99	\$102	\$105	\$109	\$112	\$115
HVAC		\$534	\$550	\$566	\$583	\$601	\$619	\$637	\$656	\$676	\$696
Roof		\$29	\$30	\$31	\$32	\$33	\$34	\$35	\$36	\$37	\$38
Painting		\$26	\$27	\$27	\$28	\$29	\$30	\$31	\$32	\$33	\$34
Canopies/Store Fronts		\$76	\$79	\$81	\$83	\$86	\$88	\$91	\$94	\$97	\$100
Other		\$59	\$60	\$62	\$64	\$66	\$68	\$70	\$72	\$74	\$77
Total		\$1,014	\$1,045	\$1,076	\$1,108	\$1,142	\$1,176	\$1,211	\$1,248	\$1,285	\$1,324
Exterior CAM											
Landscape		\$416	\$428	\$441	\$454	\$468	\$482	\$497	\$511	\$527	\$543
Trash Removal		\$316	\$326	\$336	\$346	\$356	\$367	\$378	\$389	\$401	\$413
Sweeping		\$191	\$197	\$203	\$209	\$215	\$222	\$228	\$235	\$242	\$250
Sidewalk Maintenance		\$169	\$174	\$179	\$185	\$190	\$196	\$202	\$208	\$214	\$220
Security		\$1,454	\$1,497	\$1,542	\$1,588	\$1,636	\$1,685	\$1,736	\$1,788	\$1,841	\$1,897
Lighting		\$166	\$171	\$176	\$181	\$186	\$192	\$198	\$204	\$210	\$216
Directory/Signs		\$20	\$21	\$21	\$22	\$22	\$23	\$24	\$25	\$25	\$26
Electricity		\$696	\$716	\$738	\$760	\$783	\$806	\$830	\$855	\$881	\$907
Water		\$155	\$160	\$164	\$169	\$174	\$180	\$185	\$191	\$196	\$202
Other Exterior CAM		\$103	\$106	\$110	\$113	\$116	\$120	\$123	\$127	\$131	\$135
Fire Monitoring Service		\$84	\$87	\$90	\$92	\$95	\$98	\$101	\$104	\$107	\$110
Total		\$3,770	\$3,883	\$4,000	\$4,120	\$4,243	\$4,370	\$4,502	\$4,637	\$4,776	\$4,919

General & Administrative

Management Fee	5	\$4,317	\$4,446	\$4,446	\$4,446	\$4,446	\$4,446	\$4,446	\$4,446	\$4,446	\$4,446
Leasing Commissions	6	\$0	\$0	\$0	\$0	\$0	\$250	\$273	\$281	\$289	\$298
Marketing		\$155	\$160	\$164	\$169	\$174	\$180	\$185	\$191	\$196	\$202
Property Taxes	7	\$7,782	\$7,782	\$7,782	\$8,016	\$8,016	\$8,016	\$8,256	\$8,256	\$8,256	\$8,504
Business & Occupation Tax	8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$1,704	\$1,755	\$1,808	\$1,862	\$1,918	\$1,975	\$2,034	\$2,096	\$2,158	\$2,223
Other		\$70	\$73	\$75	\$77	\$79	\$82	\$84	\$87	\$89	\$92
Total		\$14,028	\$14,215	\$14,275	\$14,570	\$14,633	\$14,948	\$15,279	\$15,356	\$15,436	\$15,765

Town Fees

Recycling Fee	9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storm Water Fees	10	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78
Water Service Fee	11	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501
Total		\$1,579									

Total Operating Expenses

		<u>\$31,192</u>	<u>\$31,523</u>	<u>\$31,730</u>	<u>\$32,500</u>	<u>\$32,720</u>	<u>\$33,197</u>	<u>\$34,027</u>	<u>\$34,275</u>	<u>\$34,531</u>	<u>\$35,385</u>
OER		43%	40%	38%	38%	37%	36%	36%	35%	35%	34%

Net Operating Income (NOI)		<u>\$40,752</u>	<u>\$46,938</u>	<u>\$51,779</u>	<u>\$53,514</u>	<u>\$55,874</u>	<u>\$58,055</u>	<u>\$59,964</u>	<u>\$62,535</u>	<u>\$65,183</u>	<u>\$67,320</u>
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Debt Service	12	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402
CFBTD		\$11,350	\$17,536	\$22,377	\$24,112	\$26,472	\$28,653	\$30,561	\$33,132	\$35,781	\$383,027

IRR Including Reversion Value 14 **20.74%****Return on Cost (ROC)** 15 **10.69%****Debt Coverage Ratio (DCR)** **1.39** **1.60** **1.76** **1.82** **1.90****Maximum Loan Amount** 16 **\$414,229**

(Assume 8.75% cap rate, 70% LTV)

Footnotes

- 1 Assumed Retail lease rate in year 1 of \$23.00 per LSF. This includes a CAM Reimbursable in the LSF rate.
- 2 No Income from spaces per Retail Use. Assume Town manages and supplies the (8) spaces.
- 3 Vacancy rate for stabilized year is 7%
- 4 Lease Payment to Town is 8% of appraised value specific to the Retail portion of bldg program ONLY. (NO Ramp-up)
- 5 Management fee of 6.0% of Effective Gross Income.
- 6 Rollover Leasing Commission are paid at 5.0% of Initial Leasing Commissions for Retail space.
- 7 Property Tax is \$1.717 per \$100 of Assessed Market Value.
- 8 No Business & Occupation Tax in Chapel Hill
- 9 Recycling Fee: Basic Service(\$27/unit/yr) (Number of Retail units TBD).
- 10 \$39 per every 2,000 SF of impervious surface (based on Retail GSF only).
- 11 Assume 3" meter size at \$125.12 per month
- 12 Debt Service is calculated on the Retail Reversionary Value Worksheet.
- 14 Assume building is sold in year 10 and Town receives 20% of proceeds.
- 15 Use ROC stabilization year 3.
- 16 Required construction loan is \$338,980 compared to \$414,229 available using stabilization year: 3, cap rate: 8.75%, LTV: 70%

Reversionary Analysis
Retail and Retail Garage Spaces

	Year	1	2	3	4	5	6	7	8	9	10
Permanent Loan : \$338,980		\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402	\$29,402
NOI		\$40,752	\$46,938	\$51,779	\$53,514	\$55,874	\$58,055	\$59,964	\$62,535	\$65,183	\$67,320
Reversion Cash Flow		\$465,738	\$536,439	\$591,756	\$611,587	\$638,562	\$663,487	\$685,297	\$714,680	\$744,945	\$769,372
Cap Rate	8.75%										
Selling Expense		\$13,972	\$16,093	\$17,753	\$18,348	\$19,157	\$19,905	\$20,559	\$21,440	\$22,348	\$23,081
Fee	3%										
Remaining Principal		\$332,023	\$326,692	\$320,975	\$314,844	\$308,268	\$301,215	\$293,651	\$285,539	\$276,839	\$267,507
Net Proceeds Before Tax		<u>\$119,743</u>	<u>\$193,654</u>	<u>\$253,028</u>	<u>\$278,395</u>	<u>\$311,137</u>	<u>\$342,367</u>	<u>\$371,087</u>	<u>\$407,701</u>	<u>\$445,758</u>	<u>\$478,784</u>

Permanent Loan

Rate (1)	7.25%
Term	25
LTV	70%

Town's Non-Tax Income(2)	20.00%	\$23,949	\$38,731	\$50,606	\$55,679	\$62,227	\$68,473	\$74,217	\$81,540	\$89,152	\$95,757
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Footnotes

- 1 The Int. Rate, Term and LTV, are based on Realty Rates.com Comm. Mortgage rates and terms sheet are inc
 2 Town will receive 20% from Sale of Retail and Retail Garage component, assume year 10.

Income Assumptions-Garage

Income Assumptions for PRIVATE Portion:

Assume that the 80 spaces the Private Partner builds as the Wallace St. Extension are sold with the Market Rate Condominium Sales.

Income Assumptions for PUBLIC Portion:

Public Parking Operations		
# of Monthly Spaces (From Wallace Demand)	1	92
Monthly Parking Rate		\$45
Occupancy Factor		90%
Subtotal (Annual)		<u>\$44,712</u>
# of Remaining Public Spaces (upon completion)	2	228
# of Hourly Spaces	3	236
Hourly Parking Rate		\$1.60
Number of Non-work Days per year		115
Non-work Days Parking Hours		14
Non-work Day Occupancy Factor	4	<u>75%</u>
Subtotal		\$455,952
Number of workdays per year		250
Workday Parking Hours		10
Work Day Occupancy Factor		<u>75%</u>
Subtotal		\$708,000
Annual Income to City from Lot 5 Garage		\$1,208,664
Garage Operating Expenses	5	<u>65%</u>
Net Income		<u>\$423,032</u>

Footnotes

- 1 Monthly Parking space demand from Wallace St. Garage is the total demand (172), minus the Deck Extension (80)
- 2 Amount of existing public parking spaces in Wallace Garage after completion. (Includes Resid, Storage, and Retail parking dema
- 3 Equals Remaining spaces plus Retail spaces (8)
- 4 Include a Vacancy factor for income assumptions for both Public and Private Components.
- 5 Assume a Operating Expense Ratio (OER). Private Garages are typically 40% of Gross Income, assume Town is 65% Expense

Town Non-Tax Income/Tax Revenue

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income To City										
Property Taxes	1									
Market Rate - Condo	\$231,359	\$231,359	\$231,359	\$238,300	\$238,300	\$238,300	\$245,449	\$245,449	\$245,449	\$252,813
Market Rate - Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Affordable Housing-Ownership	\$44,815	\$44,815	\$44,815	\$46,159	\$46,159	\$46,159	\$47,544	\$47,544	\$47,544	\$48,970
Retail	\$7,782	\$7,782	\$7,782	\$8,016	\$8,016	\$8,016	\$8,256	\$8,256	\$8,256	\$8,504
Total Property Tax	\$283,956	\$283,956	\$283,956	\$292,475	\$292,475	\$292,475	\$301,249	\$301,249	\$301,249	\$310,287
Property Tax Allocations										
Orange County	\$145,534	\$145,534	\$145,534	\$149,900	\$149,900	\$149,900	\$154,397	\$154,397	\$154,397	\$159,029
Chapel Hill/Carrboro School District	\$33,076	\$33,076	\$33,076	\$34,068	\$34,068	\$34,068	\$35,090	\$35,090	\$35,090	\$36,143
Chapel Hill City Revitalization	\$95,093	\$95,093	\$95,093	\$97,946	\$97,946	\$97,946	\$100,884	\$100,884	\$100,884	\$103,911
Downtown Revitalization District	\$10,254	\$10,254	\$10,254	\$10,561	\$10,561	\$10,561	\$10,878	\$10,878	\$10,878	\$11,204
Property Tax Income Available	\$105,347	\$105,347	\$105,347	\$108,507	\$108,507	\$108,507	\$111,762	\$111,762	\$111,762	\$115,115
Non-Tax Income										
Land Lease Payment (Condo Units & Garage)	2									
Town Sale Proceeds (year 4)	3									
Land Lease Payment (Affordable Units & Garage)	\$778,729			\$335,544						
Land Lease Payment (Retail Component)	\$10,800	\$10,800	\$10,800	\$11,123	\$11,123	\$11,123	\$11,456	\$11,456	\$11,456	\$11,798
Potential Retail Component Sale Income	5									
Parking Income	\$423,032	\$427,263	\$431,535	\$435,851	\$440,209	\$444,611	\$449,057	\$453,548	\$458,083	\$462,664
Total Non-Tax Income	\$4,320,892	\$438,063	\$442,335	\$782,518	\$451,332	\$455,734	\$460,513	\$465,004	\$469,539	\$570,219
Total Income to TCH from Wallace	\$4,426,239	\$543,410	\$547,682	\$891,025	\$559,839	\$564,241	\$572,275	\$576,766	\$581,301	\$685,334

Footnotes

- 1 \$1.717 per \$100 of Assessed Value
 - 0.88000 Orange County
 - 0.20000 Chapel Hill/Carrboro School District
 - 0.57500 Chapel Hill City Revitalization
 - 0.06200 Downtown Revitalization District

 \$1.71700 Total Property Tax:
 This includes the cost of the Garage in each Use Type. Property Taxes increase 3% every 3 years.
- 2 Land Lease Payment for Developer to build Condo Units and required parking on Wallace.
- 3 Town will receive 20% of sale proceeds upon sellout of the Market-Rate Condos.
- 4 Retail Base Rent is increased every 3 yr by the 2004 CPI at 2.99%. (Land lease payment (base rent) would continue after sale).
- 5 This assumes a possible sale of the Retail and Retail Garage Component in Year 10.
- 6 Wallace Deck is currently operating in a deficit, so the revenue above debt service is the opportunity cost.

Development Scenario: C-3

Lot 2 Development (Phase 2A)



Finance Model

Downtown Chapel Hill Projects

Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate (SPPRE)

www.sppre.com

Lot 2

Building Program						
	Type of Use	Gross SF	Units	Efficiency	Lease SF	Sales SF
Lot 2	Residential					
	Market Rate - Condo	67,840	54	1.00		67,840
	Market Rate - Rental	-	-	0.92	-	
	Affordable Housing-Ownership	16,960	14	1.00		16,960
	Retail	20,100	-	0.92	18,492	
	Open Space	14,600	-	-	-	
	Subtotal	119,500	68		18,492	84,800
	Transit Transfer Center	43,560				
	Total GSF	164,300				
	Parking Space/SF	320				
	Average SF per Residential Unit	1,247				
	Footnotes					
		1 Allocation of 20% to Affordable Housing.				

Lot 2

Development Budget												
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
Site/Building Data												
Total Gross Land Area	1	\$42,000										
Gross Areas (GSF)												
Market Rate - Condo		\$67,840										
Market Rate - Rental		\$0										
Affordable Housing		\$16,960										
Retail		\$20,100										
Subtotal		\$104,900										
Private Partner's Parking GSF												
Parking Spaces		\$44,800										
		\$140										
Public Partner's Parking GSF												
Parking Spaces		\$0										
		\$0										
Sales Area (GSF)												
Market Rate - Condo		\$67,840										
Affordable Housing		\$16,960										
Subtotal		\$84,800										
Leaseable Areas (LSF)												
Market Rate - Rental		\$0										
Retail		\$18,492										
Subtotal		\$18,492										

Lot 2

Analytical Consultants Valuation		\$1,600,000												
Pickett-Sprouse Valuation		\$3,147,000												
Median Land Valuation	2	\$2,373,500												
Land Valuation	3	\$2,629,223												
Building Costs														
Residential														
Market Rate - Condo	4	\$6,957,663												
Market Rate - Rental		\$0												
Affordable Housing	5	\$1,425,064												
Retail	6	\$1,964,542												
Retail TI Allowance		\$443,808												
Subtotal		\$10,791,077												
Hard Cost Contingency (3.0%)	7	\$323,732												
Total Hard Costs														
Market Rate - Condo		\$7,166,393												
Market Rate - Rental		\$0												
Affordable Housing		\$1,467,815												
Retail		\$2,480,601												
Subtotal		\$11,114,809	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,114,809	
Total Hard Costs/Condo Sales GSF		\$106												
Total Hard Costs/Affordable Housing GSF		\$87												
Total Hard Costs/Retail GSF		\$123												

Lot 2

Soft Costs													
Architectural & Engineering	8	\$444,592										\$444,592	
A&E Reimbursables	9	\$44,459											
Consultants & Legal Counsel		\$110,000											
Performance Bond	10	\$94,476										\$94,476	
Insurance	11	\$0										\$0	
Marketing		\$33,344										\$33,344	
Materials Testing & Inspection		\$16,672										\$16,672	
Soil Analysis		\$10,000											
Initial Leasing Commissions (Retail)	12	\$22,634	\$2,537	\$1,271	\$1,309	\$1,349	\$77	\$0	\$0	\$0	\$0	\$29,178	
Town Fees													
Public Art (1%)		\$111,148											
Permit Fee		\$14,694											
Impact Fee	13	\$0											
Plumbing Fees	14	\$816											
Mechanical Fees		\$150											
Electrical Fees	15	\$0											
Development Review Fees	16	\$13,400											
Site Plan Review	17	\$19,533											
Traffic Impact Study Fee	18	\$15,000											
Water Service Availability Fee	19	\$20,025											
Resd. Sewer Availability Fee	20	\$1,617											
Non-Resd. Sewer Availability Fee	21	\$25,678											
Soft Cost Contingency (3%)		\$29,947										\$29,947	
Total Soft Costs		\$1,028,186	\$2,537	\$1,271	\$1,309	\$1,349	\$77	\$0	\$0	\$0	\$0	\$1,034,730	
Total Hard and Soft Development Costs													
Residential													
Market Rate - Condo		\$7,831,333											
Market Rate - Rental		\$0											
Affordable Housing		\$1,634,050											
Retail		\$2,677,612											
Total:		\$12,142,995	\$2,537	\$1,271	\$1,309	\$1,349	\$77	\$0	\$0	\$0	\$0	\$12,149,539	

Lot 2

Indirect Costs																			
Development Fee	22	\$425,234																	
Developer Project Overhead	23	\$91,122																	
Title Insurance	24	\$12,150																	
Debt Service Reserve Fund	25	\$0																	
Total:		\$528,505																	
Equity and Debt Placement Fees																			
Market Rate Condos & Parking																			
Equity Placement Fee:		\$286,059																	
Debt Placement Fee:		\$143,030																	
Affordable Housing & Parking																			
Equity Placement Fee		\$60,182																	
Retail & Retail Parking																			
Equity Placement Fee:		\$97,261																	
Debt Placement Fee:		\$48,630																	
Interest During Construction																			
(Public and Private)	26	\$522,637																	
Total Development Cost																			
Residential																			
Market Rate - Condo		\$8,953,582																	
Market Rate - Rental		\$0																	
Affordable Housing		\$1,824,021																	
Retail		\$3,051,696																	
Total:		\$13,829,300																	
Total Dev. Cost per Market-Rate Condo Unit		\$164,588																	
Total Dev. Cost per Market-Affordable Unit		\$134,119																	
Total Development Cost/Condo GSF		\$132																	
Total Development Cost/Affordable GSF		\$108																	
Total Development Cost/Retail GSF		\$152																	
Total Development Cost:																			
Public Partner-Transit Transfer Center	0	\$2,141,037																	

Lot 2

Footnotes													
1	Land Area as 1.1 Acres.												
2	Source of appraised value: Analytical Consultants Inc. (July 22, 2004 Report). SPPRE has increased the price by 3000%												
3	Assume a discount rate of 2.5% on the estimated Land Lease payments at 9% of appraised value.												
4	Assume MR Condos are 83% of the const. estimate provided by McDonald York. Cost for Open Space is allocated to Cost.												
5	Assume Aff. Housing Condos are 17% of the const. estimate provided by McDonald York. Cost for Open Space is allocated to Cost.												
6	Assume cost for Open Space is allocated in the construction estimate from McDonald-York.												
7	The Hard Cost Contingency is 3.0% of the Building Costs.												
8	The A&E Fee is 4.0% of Total Hard Construction Cost.												
9	A&E Reimbursables cost covers costs such as reproduction of Construction Documents.												
10	Performance Bonds are a surety company's guarantee of completion or performance of a General Contractor's contract.												
11	Insurance is included in the McDonald-York estimate.												
12	Initial Leasing Commission are accrued in years 1-3 for the Retail component only.												
13	Waived for Town permits?												
14	Inside Town limits: \$6 per fixture, assume 2 fixtures per unit.												
15	TBD-Fee is based on meter/amperes.												
16	All Master Land Use Plans- \$5,000 plus \$20 per 100sf of land area.												
17	Site Plan Review Fee: \$1,700 plus \$17 per 100sf of floor area.												
18	Town Charges \$10-\$20k per site for a Consultant to complete a Traffic Impact Study.												
19	Non-Residential Water service availability fee: \$20,025. (Assume 2" meter)												
20	Residential Sewer Service Availability Fee: \$1,617 (5/8" meter multi-family residential)												
21	Non-Residential Sewer availability fee: \$2,568.00. (Assume 2" meter)												
22	This Development fee is 3.50% of the Total Development Budget for Residential/Retail/Garage.												
23	Developer Project Overhead is .75% of the Total Development Budget.												
24	Assume fee of \$1.00 per \$1,000, plus binder fee.												
25	DSRF is a fund for 6-months of Debt Service on permanent loan. (Private Partners option to include)												
26	This is the sum of varying Interest Rates, Terms, and Financing Instruments per project type.												

Lot 2

Condominium Sales Proforma (Market-Rate)											
General Inputs			Financial Inputs				Income Factors				
Building value (Market Rate Only)	1	\$8,173,123	LTV:		70%		Sales Price/Unit		\$224,471		
Land Lease Payout		\$1,700,348	Equity		\$2,962,041		Price per SF		\$180.00		
Total Value		\$9,873,470	Beginning Loan Amount		\$6,911,429		Number of Units		54		
Construction (years):		1.5	Ending Loan Amount		\$7,487,421		Sellout Period (years)		2		
			Interest Rate		7.00%		Gross Sales		\$12,211,200		
			Term		30						
			Quarterly Payment		\$137,946						
		Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Month		0	1	2	3	4	5	6	7	8	9
Income			3	3	3	2	2	2	2	2	2
Residential	2										
Market Rate Condo Home Sales			\$673,412	\$673,412	\$673,412	\$448,941	\$448,941	\$448,941	\$448,941	\$448,941	\$508,800
Garage Parking Sales	3		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Before Financing			\$673,412	\$673,412	\$673,412	\$448,941	\$448,941	\$448,941	\$448,941	\$448,941	\$508,800
Interest Calculation During Construction											
Equity		\$2,962,041									
Loan Draw											
Balance with Interest											
Interest											
Principle Cumulative Balance		\$7,487,421	\$7,175,446	\$6,863,470	\$6,551,494	\$6,239,518	\$5,927,542	\$5,615,566	\$5,303,590	\$4,991,614	\$4,679,638
Interest			\$43,677	\$41,857	\$40,037	\$38,217	\$36,397	\$34,577	\$32,757	\$30,938	\$29,118
Principal Reduction			\$311,976	\$311,976	\$311,976	\$311,976	\$311,976	\$311,976	\$311,976	\$311,976	\$311,976
Debt Service			\$355,653	\$353,833	\$352,013	\$350,193	\$348,373	\$346,553	\$344,733	\$342,914	\$341,094
Loan Payoff											
Cash Flow After Financing		-\$2,962,041	\$317,759	\$319,579	\$321,399	\$98,748	\$100,568	\$102,388	\$104,208	\$106,028	\$167,706
Profit		\$1,111,027									
Sale Payment to TCH	4	\$222,205	20%								
Net Profit		\$888,821									
Return on Equity		30.01%									
Footnotes											
		1 Building value is the ratio of SF to total building cost as estimated by McDonald-York									
		2 Assume that the Residents will have an annual association fee covering Exterior maintenance, Insurance, Trash pickup, and Basic Cable.									
		3 Parking Spaces will be leased from the Town and located at RBC Garage for Lot 2 Demand. Total (140)									
		4 20% of the Profits will goto the Town at Sale. The Land Lease Payment made to the town is in month 1 from Equity Funding.									

Lot 2

Condominium Sales Proforma (Affordable Housing)										
General Inputs			Financial Inputs				Income Factors			
Building value (Affordable Only)	1	\$1,719,498	LTV:		90%		Sales Price/Unit		\$89,788	
Land Lease Payout	2	\$425,087	Equity		\$204,458		Price per SF		\$72.00	
Grant-FHLB (AHP Grant)		\$100,000	Beginning Loan Amount		\$2,044,585		Number of Units		14	
Total Value		\$2,044,585	Ending Loan Amount		\$1,685,823		Sellout Period (months)		22	
Construction (years):		1.5	Senior Mortgage-FNMA (75% of debt)				Gross Sales		1,221,120	
			Interest Rate		4.25%					
			Term (years)		20					
			Junior Mortgage-FNMA (25% of debt)							
			Interest Rate		2.50%					
			Term (years)		25					
			Quarterly Payment		\$35,366					
	Month	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
		0	1	2	3	4	5	6	7	8
Income			1	1	1	1	1	1	1	1
Residential	3									
Affordable Condo Home Sales			\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788
Garage Parking Sales	4		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Before Financing			\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788
Interest Calculation During Construction										
Equity		\$204,458								
Loan Draw										
Balance with Interest										
Interest										
Principle Cumulative Balance		\$1,685,823	\$1,609,195	\$1,532,567	\$1,455,938	\$1,379,310	\$1,302,682	\$1,226,053	\$1,149,425	\$1,072,797
Interest			\$4,741	\$4,526	\$4,310	\$4,095	\$3,879	\$3,664	\$3,448	\$3,233
Principal Reduction			\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628
Debt Service			\$81,370	\$81,154	\$80,939	\$80,723	\$80,508	\$80,292	\$80,077	\$79,861
Loan Payoff										
Cash Flow After Financing		(\$204,458)	\$8,419	\$8,634	\$8,850	\$9,065	\$9,281	\$9,496	\$9,712	\$9,927
Net Profit		\$30,534								
Return on Equity		14.93%								
Footnotes										
	1	Building value is proportionate to the percentage of Affordable housing in the building.								
	2	Land Value is the amount proportioned for Affordable Housing including required parking.								
	3	Assume that the Residents will have an annual association fee covering Exterior maintenance, Insurance, Trash pickup, and Basic Cable.								
	4	Assume that Residents will Lease required spaces, including storage spaces, from Town in RBC Garage.								

Lot 2

Jun-12 9	Jul-12 10	Aug-12 11	Sep-12 12	Oct-12 13	Nov-12 14	Dec-12 15	Jan-13 16	Feb-13 17	Mar-13 18	Apr-13 19	May-13 20	Jun-13 21	Jul-13 22
1	1	1	1	1	1	1	1	1	1	1	1	1	1
\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788	\$89,788
\$996,168	\$919,540	\$842,912	\$766,283	\$689,655	\$613,027	\$536,398	\$459,770	\$383,142	\$306,513	\$229,885	\$153,257	\$76,628	\$0
\$3,017	\$2,802	\$2,586	\$2,371	\$2,155	\$1,940	\$1,724	\$1,509	\$1,293	\$1,078	\$862	\$647	\$431	\$216
\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628	\$76,628
\$79,646	\$79,430	\$79,215	\$78,999	\$78,784	\$78,568	\$78,352	\$78,137	\$77,921	\$77,706	\$77,490	\$77,275	\$77,059	\$76,844
\$10,143	\$10,358	\$10,574	\$10,789	\$11,005	\$11,220	\$11,436	\$11,651	\$11,867	\$12,082	\$12,298	\$12,513	\$12,729	\$12,944

Lot 2

Condominium Construction Loan (Affordable Housing)							
Construction Period:		18	mos				
Sellout:		24	mos				
Land Costs: (1)		-					
Building Costs:		\$2,144,585					
Grant-FHLB (AHP Grant)		\$100,000					
Total Costs:		\$2,044,585					
LTV:		90%					
Senior Loan	75%			Junior Loan	25%		
Interest Rate:		4.25%		Interest Rate:		2.50%	
Debt		\$1,380,095		Debt		\$460,032	
Equity:		\$153,344		Equity:		\$51,115	
Combined Construction Loan Draw							
Senior and Junior Loan							
	Date	Construction Cost	Loan Fees (2)	Equity (3)	Loan Draw	Interest	Total Outstanding
		\$1,840,126	\$5,814	\$204,458	\$1,641,482	\$44,341	\$1,685,823
1	Apr-10	\$102,229	\$5,814	\$108,044	\$0	\$0	\$0
2	May-10	\$102,229		\$96,415	\$5,814	\$20	\$5,834
3	Jun-10	\$102,229		\$0	\$102,229	\$326	\$108,389
4	Jul-10	\$102,229		\$0	\$102,229	\$379	\$210,998
5	Aug-10	\$102,229		\$0	\$102,229	\$433	\$313,659
6	Sep-10	\$102,229		\$0	\$102,229	\$1,323	\$417,211
7	Oct-10	\$102,229		\$0	\$102,229	\$1,652	\$521,092
8	Nov-10	\$102,229		\$0	\$102,229	\$1,982	\$625,304
9	Dec-10	\$102,229		\$0	\$102,229	\$2,313	\$729,847
10	Jan-11	\$102,229		\$0	\$102,229	\$2,646	\$834,722
11	Feb-11	\$102,229		\$0	\$102,229	\$2,979	\$939,930
12	Mar-11	\$102,229			\$102,229	\$3,314	\$1,045,474
13	Apr-11	\$102,229			\$102,229	\$3,650	\$1,151,353
14	May-11	\$102,229			\$102,229	\$3,987	\$1,257,569
15	Jun-11	\$102,229			\$102,229	\$4,325	\$1,364,123
16	Jul-11	\$102,229			\$102,229	\$4,664	\$1,471,016
17	Aug-11	\$102,229			\$102,229	\$5,004	\$1,578,249
18	Sep-11	\$102,229			\$102,229	\$5,345	\$1,685,823
Footnotes							
	1 Land costs are included in the Building Cost because the 10% Equity amount does not equal the Land Lease Payment for Affordable Housing.						
	2 The Loan Fees are equal to 3.50% of debt and .00% of equity.						
	3 Includes the \$200,000 FHLB Grant (AHP Program) for as non-leveraged equity for Affordable Housing.						

Lot 2

Proforma (10 years)		Year									
Potential Gross Income											
Retail	1	\$443,808	\$457,122	\$470,836	\$484,961	\$499,510	\$514,495	\$529,930	\$545,828	\$562,203	\$579,069
Garage (Retail Spaces)	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$443,808	\$457,122	\$470,836	\$484,961	\$499,510	\$514,495	\$529,930	\$545,828	\$562,203	\$579,069
Vacancy/Collections Loss (VCL)	3	\$66,571	\$45,712	\$32,959	\$33,947	\$34,966	\$36,015	\$37,095	\$38,208	\$39,354	\$40,535
Vacancy Rate		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (EGI)		\$377,237	\$411,410	\$437,877	\$451,014	\$464,544	\$478,480	\$492,835	\$507,620	\$522,849	\$538,534
Non-Tax Income to Town											
Land Lease Payment (Base)	4	\$40,303	\$40,303	\$40,303	\$41,508	\$41,508	\$41,508	\$42,749	\$42,749	\$42,749	\$44,027
Total		\$40,303	\$40,303	\$40,303	\$41,508	\$41,508	\$41,508	\$42,749	\$42,749	\$42,749	\$44,027
Building Maintenance											
Electrical		\$1,017	\$1,048	\$1,079	\$1,111	\$1,145	\$1,179	\$1,214	\$1,251	\$1,288	\$1,327
Plumbing		\$444	\$457	\$471	\$485	\$500	\$514	\$530	\$546	\$562	\$579
HVAC		\$2,681	\$2,762	\$2,845	\$2,930	\$3,018	\$3,108	\$3,202	\$3,298	\$3,397	\$3,499
Roof		\$147	\$152	\$156	\$161	\$166	\$171	\$176	\$181	\$187	\$192
Painting		\$130	\$134	\$138	\$142	\$146	\$150	\$155	\$160	\$164	\$169
Canopies/Store Fronts		\$383	\$395	\$407	\$419	\$431	\$444	\$458	\$471	\$486	\$500
Other		\$295	\$304	\$313	\$322	\$332	\$342	\$352	\$363	\$373	\$385
Total		\$5,097	\$5,250	\$5,408	\$5,570	\$5,737	\$5,909	\$6,087	\$6,269	\$6,457	\$6,651
Exterior CAM											
Landscape		\$2,090	\$2,152	\$2,217	\$2,283	\$2,352	\$2,422	\$2,495	\$2,570	\$2,647	\$2,726
Trash Removal		\$1,590	\$1,638	\$1,687	\$1,738	\$1,790	\$1,844	\$1,899	\$1,956	\$2,015	\$2,075
Sweeping		\$962	\$990	\$1,020	\$1,051	\$1,082	\$1,115	\$1,148	\$1,183	\$1,218	\$1,255
Sidewalk Maintenance		\$849	\$875	\$901	\$928	\$956	\$984	\$1,014	\$1,044	\$1,076	\$1,108
Security		\$7,304	\$7,523	\$7,749	\$7,982	\$8,221	\$8,468	\$8,722	\$8,983	\$9,253	\$9,531
Lighting		\$832	\$857	\$883	\$909	\$937	\$965	\$994	\$1,023	\$1,054	\$1,086
Directory/Signs		\$100	\$103	\$106	\$110	\$113	\$116	\$120	\$123	\$127	\$131
Electricity		\$3,495	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173	\$4,298	\$4,427	\$4,560
Water		\$778	\$802	\$826	\$851	\$876	\$902	\$929	\$957	\$986	\$1,016
Other Exterior CAM		\$519	\$534	\$551	\$567	\$584	\$602	\$620	\$638	\$657	\$677
Fire Monitoring Service		\$425	\$437	\$450	\$464	\$478	\$492	\$507	\$522	\$538	\$554
Total		\$18,944	\$19,512	\$20,098	\$20,701	\$21,322	\$21,961	\$22,620	\$23,299	\$23,998	\$24,718

Lot 2

General & Administrative											
Management Fee	5	\$22,634	\$23,313	\$23,313	\$23,313	\$23,313	\$23,313	\$23,313	\$23,313	\$23,313	\$23,313
Leasing Commissions	6	\$0	\$0	\$0	\$0	\$0	\$1,312	\$1,431	\$1,474	\$1,518	\$1,563
Marketing		\$778	\$802	\$826	\$851	\$876	\$902	\$929	\$957	\$986	\$1,016
Property Taxes	7	\$47,713	\$47,713	\$47,713	\$49,145	\$49,145	\$49,145	\$50,619	\$50,619	\$50,619	\$52,138
Business & Occupation Tax	8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$8,562	\$8,819	\$9,083	\$9,356	\$9,636	\$9,926	\$10,223	\$10,530	\$10,846	\$11,171
Other		\$354	\$364	\$375	\$387	\$398	\$410	\$422	\$435	\$448	\$462
Total		\$80,042	\$81,011	\$81,311	\$83,051	\$83,369	\$85,008	\$86,938	\$87,328	\$87,730	\$89,663
Town Fees											
Recycling Fee	9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storm Water Fees	10	\$392	\$392	\$392	\$392	\$392	\$392	\$392	\$392	\$392	\$392
Water Service Fee	11	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501	\$1,501
Total		\$1,893	\$1,893	\$1,893	\$1,893	\$1,893	\$1,893	\$1,893	\$1,893	\$1,893	\$1,893
Total Operating Expenses											
		\$146,280	\$147,971	\$149,013	\$152,723	\$153,829	\$156,280	\$160,288	\$161,539	\$162,828	\$166,952
OER		39%	36%	34%	34%	33%	33%	33%	32%	31%	31%
Net Operating Income (NOI)											
		\$230,957	\$263,439	\$288,864	\$298,290	\$310,715	\$322,200	\$332,547	\$346,081	\$360,020	\$371,582
Debt Service	12	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286
CFBTD		\$45,671	\$78,153	\$103,578	\$113,004	\$125,429	\$136,914	\$147,261	\$160,795	\$174,734	\$1,946,774
IRR Including Reversion Value											
	14	16.26%									
Return on Cost (ROC)											
	15	9.47%									
Debt Coverage Ratio (DCR)											
		1.25	1.42	1.56	1.61	1.68					
Maximum Loan Amount											
	16	\$2,310,914									
(Assume 8.75% cap rate, 70% LTV)											

Lot 2

Footnotes	
1	Assumed Retail lease rate in year 1 of \$24.00 per LSF. This includes a CAM Reimbursable in the LSF rate.
2	No Income from spaces per Retail Use. Assume Town manages and supplies the (38) spaces.
3	Vacancy rate for stabilized year is 7%
4	Lease Payment to Town is 8% of appraised value specific to the Retail portion of bldg program ONLY. (NO Ramp-up)
5	Management fee of 6.0% of Effective Gross Income.
6	Rollover Leasing Commission are paid at 5.0% of Initial Leasing Commissions for Retail space.
7	Property Tax is \$1.717 per \$100 of Assessed Market Value.
8	No Business & Occupation Tax in Chapel Hill
9	Recycling Fee: Basic Service(\$27/unit/yr) (Number of Retail units TBD).
10	\$39 per every 2,000 SF of impervious surface (based on Retail GSF only).
11	Assume 3" meter size at \$125.12 per month
12	Debt Service is calculated on the Retail Reversionary Value Worksheet.
14	Assume building is sold in year 10 and Town receives 20% of proceeds.
15	Use ROC stabilization year 3.
16	The required construction loan is \$2,136,187 compared with \$2,310,914 available using stabilization year: 3, cap rate: 8.75%, LTV: 70%

Lot 2

Reversionary Analysis											
		Year									
		1	2	3	4	5	6	7	8	9	10
Permanent Loan :		\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286	\$185,286
\$2,136,187											
NOI		\$230,957	\$263,439	\$288,864	\$298,290	\$310,715	\$322,200	\$332,547	\$346,081	\$360,020	\$371,582
Reversion Cash Flow		\$2,639,511	\$3,010,735	\$3,301,306	\$3,409,034	\$3,551,028	\$3,682,288	\$3,800,538	\$3,955,209	\$4,114,519	\$4,246,646
Cap Rate	8.75%										
Selling Expense		\$79,185	\$90,322	\$99,039	\$102,271	\$106,531	\$110,469	\$114,016	\$118,656	\$123,436	\$127,399
Fee	3%										
Remaining Principal		\$2,092,342	\$2,058,750	\$2,022,724	\$1,984,085	\$1,942,645	\$1,898,201	\$1,850,534	\$1,799,412	\$1,744,583	\$1,685,779
Net Proceeds Before Tax		\$467,984	\$861,663	\$1,179,544	\$1,322,678	\$1,501,852	\$1,673,619	\$1,835,988	\$2,037,141	\$2,246,501	\$2,433,467
Permanent Loan											
Rate (1)	7.25%										
Term	25										
LTV	70%										
Town's Non-Tax Income(2)	20.00%	\$93,597	\$172,333	\$235,909	\$264,536	\$300,370	\$334,724	\$367,198	\$407,428	\$449,300	\$486,693
Footnotes											
		1 The Interest Rate, Term and LTV, are based on Realty Rates.com Commercial Mortgage rates and terms sheet included in this bind									
		2 Town will receive 20% from Sale of Retail and Retail Garage component, assume year 10.									

Lot 2

Town Non-Tax Income/Tax Revenue		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Transit Transfer Center		\$ (2,141,037)									
Income To City											
Property Taxes	1										
Market Rate - Condo		\$140,333	\$140,333	\$140,333	\$144,542	\$144,542	\$144,542	\$148,879	\$148,879	\$148,879	\$153,345
Market Rate - Rental		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Affordable Housing-Ownership		\$29,524	\$29,524	\$29,524	\$30,409	\$30,409	\$30,409	\$31,322	\$31,322	\$31,322	\$32,261
Retail		\$47,713	\$47,713	\$47,713	\$49,145	\$49,145	\$49,145	\$50,619	\$50,619	\$50,619	\$52,138
Total Property Tax		\$217,570	\$217,570	\$217,570	\$224,097	\$224,097	\$224,097	\$230,820	\$230,820	\$230,820	\$237,744
Property Tax Allocations											
Orange County		\$111,509	\$111,509	\$111,509	\$114,854	\$114,854	\$114,854	\$118,300	\$118,300	\$118,300	\$121,849
Chapel Hill/Carrboro School District		\$25,343	\$25,343	\$25,343	\$26,103	\$26,103	\$26,103	\$26,886	\$26,886	\$26,886	\$27,693
Chapel Hill City Revitalization		\$72,861	\$72,861	\$72,861	\$75,047	\$75,047	\$75,047	\$77,298	\$77,298	\$77,298	\$79,617
Downtown Revitalization District		\$7,856	\$7,856	\$7,856	\$8,092	\$8,092	\$8,092	\$8,335	\$8,335	\$8,335	\$8,585
Property Tax Income Available		\$80,717	\$80,717	\$80,717	\$83,139	\$83,139	\$83,139	\$85,633	\$85,633	\$85,633	\$88,202
Non-Tax Income											
Land Lease Payment (Condo Units & Garage)	2	\$1,700,348									
Town Sale Proceeds MR-Condo (year 4)	3				\$222,205						
Land Lease Payment (Affordable Units & Garage)		\$425,087	\$0								
Base Rent (Retail Component)	4	\$40,303	\$40,303	\$40,303	\$41,508	\$41,508	\$41,508	\$42,749	\$42,749	\$42,749	\$44,027
Potential Retail Component Sale Income	5										\$486,693
Parking Income (From Lot 2 Demand to RBC)		\$82,946	\$83,775	\$84,613	\$85,459	\$86,314	\$87,177	\$88,049	\$88,929	\$89,818	\$90,717
Total Non-Tax Income		\$2,248,683	\$124,078	\$124,916	\$349,173	\$127,822	\$128,685	\$130,798	\$131,678	\$132,568	\$621,438
Total Income to TCH from Lot 2		\$2,329,401	\$204,796	\$205,634	\$432,312	\$210,961	\$211,824	\$216,431	\$217,311	\$218,201	\$709,640
Lot 2 Current Current Income	6	\$285,000	\$285,000	\$285,000	\$293,522	\$293,522	\$293,522	\$302,298	\$302,298	\$302,298	\$311,336
Town Opportunity Cost for Lot 2 Land Investment		817%	72%	72%	147%	72%	72%	72%	72%	72%	228%

Lot 2

Footnotes	
1	\$1.717 per \$100 of Assessed Value
	0.88000 Orange County
	0.20000 Chapel Hill/Carrboro School District
	0.57500 Chapel Hill City Revitalization
	0.06200 Downtown Revitalization District
	\$1.71700 Total Property Tax:
	This includes the cost of the Garage in each Use Type. Property Taxes increase 3% every 3 years.
2	Land Lease Payment for Developer to build Condo Units and required parking on Lot 2.
3	Town will receive 20% of sale proceeds upon sellout of the Market-Rate Condos.
4	Retail Base Rent is increased every 3 yr by the 2004 CPI at 2.99%. (Land lease payment (base rent) would continue after sale)
5	This assumes a possible sale of the Retail and Retail Garage Component in Year 10.
6	Lot 2 Current Revenues

Development Scenario: C-3 RBC Garage (Phase 2B)



Finance Model Downtown Chapel Hill Projects Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate LLC (SPPRE)

RBC Garage

Building Program								
	Type of Use				Gross SF	Units	Efficiency	Lease SF
RBC	Retail Space-Ground Level	1			8,400		0.92	7,728
	Parking-Market Rate Condos (Lot 2)	2			25,920	81	1.00	25,920
	Parking-Affordable Housing (Lot 2)				6,720	21	1.00	6,720
	Parking-Retail (Lot2)				12,160	38	1.00	12,160
	Parking-Retail (RBC)				3,200	10	1.00	3,200
	Parking-Replacement (Wallace)				29,440	92	1.00	29,440
	Parking-Replacement (Lot 2)				32,320	101	1.00	32,320
	Totals after completion				109,760	343		109,760
	Total GSF				118,160			
	Parking Space/SF	3			320			
	Footnotes	1			Retail Space on Ground Level. (6 level garage / 5.5 levels of parking)			
		2			Replacement spaces from Lot 2.			
		3			Parking SF used by McDonald York			

Total Development Budget		Total									
Site/Building Data											
Total Land Area GSF			26,055								
Value of Opinion	1	\$	990,090								
McDonald York Cost Estimates											
RBC Garage per SF	2	\$	35.00								
Lot 2 Retail per SF	3	\$	72.95								
Building Costs											
RBC Garage Cost		\$	3,841,600								
Retail	4	\$	612,780								
Retail TI	5	\$	193,200								
Total		\$	4,647,580								
Hard Cost Contingency (3.0%)											
		\$	139,427								
RBC Garage Cost		\$	3,956,848								
Retail		\$	631,163								
Retail TI		\$	198,996								
Total Hard Costs		\$	4,787,007								
Total Hard Construction Costs/Garage GSF		\$	43.61								
Soft Costs											
Architectural & Engineering		\$	100,000								
A&E Reimbursables		\$	10,000								
Bonds		\$	80,000								
Materials Testing & Inspection		\$	50,000								
Leasing Commissions		\$	11,592								
Demolition & Sitework		\$	100,000								
Soil Analysis		\$	10,000								
Soft Cost Contingency (3%)		\$	10,848								
Total		\$	372,440								
RBC Garage Cost		\$	4,264,700								
Retail		\$	894,748								
Total Hard and Soft Development Costs		\$	5,159,447								
Total Development Cost (Inc. Land)		\$	6,149,537								
Cost per Parking Space		\$	12,434								

Footnotes									
	1	Value of Opinion from CBRE not yet obtained. Assumed \$38/sf. Assume TCH/RBC can arrange deal.							
	2	From McDonald York Cost estimate for RBC Garage.							
	3	Used Lot 2 Retail SF costs to estimate RBC Retail Cost.							
	4	Assume the garage at RBC will be built around the current RBC Building.							
	5	Retail LSF at \$25.00							

Proforma (20 Years)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income											
Retail Income	1	193,200	198,996	204,966	211,115	217,448	223,972	230,691	237,612	244,740	252,082
Garage Parking Income	2	1,363,334	1,404,234	1,446,361	1,489,751	1,534,444	1,580,477	1,627,891	1,676,728	1,727,030	1,778,841
Potential Gross Income (PGI)		1,556,534	1,603,230	1,651,326	1,700,866	1,751,892	1,804,449	1,858,582	1,914,340	1,971,770	2,030,923
Vacancy/Collections Loss (7.0%)	3	13,524	13,930	14,348	14,778	15,221	15,678	16,148	16,633	17,132	17,646
Effective Gross Income (EGI)		1,570,058	1,617,159	1,665,674	1,715,644	1,767,114	1,820,127	1,874,731	1,930,973	1,988,902	2,048,569
Garage O&E											
Payroll		335,925	346,003	356,383	367,075	378,087	389,430	401,112	413,146	425,540	438,306
Benefits		91,616	94,364	97,195	100,111	103,115	106,208	109,394	112,676	116,056	119,538
Utilities		91,616	94,364	97,195	100,111	103,115	106,208	109,394	112,676	116,056	119,538
Maintenance		68,712	70,773	72,897	75,083	77,336	79,656	82,046	84,507	87,042	89,654
Insurance		53,443	55,046	56,697	58,398	60,150	61,955	63,813	65,728	67,700	69,731
Supplies		22,904	23,591	24,299	25,028	25,779	26,552	27,349	28,169	29,014	29,885
Miscellaneous		7,635	7,864	8,100	8,343	8,593	8,851	9,116	9,390	9,671	9,962
Total Expenses		763,467	692,006	712,766	734,149	756,174	778,859	802,225	826,292	851,080	876,613
OER		49%	43%	43%	43%	43%	43%	43%	43%	43%	43%
Building Maintenance											
Electrical		325	335	345	355	366	377	388	400	412	424
Plumbing		123	127	131	135	139	143	147	152	156	161
HVAC		1,035	1,066	1,098	1,131	1,165	1,200	1,236	1,273	1,311	1,350
Roof		62	63	65	67	69	71	74	76	78	80
Painting		54	56	58	59	61	63	65	67	69	71
Canopies/Store Fronts		160	165	170	175	180	186	191	197	203	209
Other		123	127	131	135	139	143	147	152	156	161
Total		1,883	1,939	1,997	2,057	2,119	2,183	2,248	2,315	2,385	2,456
Exterior CAM											
Landscape		873	899	926	954	983	1,012	1,043	1,074	1,106	1,139
Trash Removal		665	685	705	726	748	770	794	817	842	867
Sweeping		402	414	426	439	452	466	480	494	509	524

Sidewalk Maintenance		355	365	376	388	399	411	424	436	450	463
Security		177	183	188	194	200	206	212	218	225	232
Lighting		348	358	369	380	391	403	415	428	441	454
Directory/Signs		42	43	44	46	47	49	50	52	53	55
Electricity		951	979	1,008	1,039	1,070	1,102	1,135	1,169	1,204	1,240
Water		325	335	345	355	366	377	388	400	412	424
Other Exterior CAM		217	223	230	237	244	251	259	267	275	283
Fire Monitoring Service		177	183	188	194	200	206	212	218	225	232
Total		4,532	4,668	4,808	4,952	5,101	5,254	5,411	5,573	5,741	5,913
General & Administrative											
Management Fee		62,802	64,686	66,627	68,626	70,685	72,805	74,989	77,239	79,556	81,943
Marketing		325	335	345	355	366	377	388	400	412	424
Other		148	152	157	162	166	171	177	182	187	193
Total		63,275	65,174	67,129	69,143	71,217	73,354	75,554	77,821	80,155	82,560
Total Retail Operating Expenses		69,690	71,781	73,934	76,152	78,437	80,790	83,213	85,710	88,281	90,929
Total Expenses(Retail & Garage)		833,157	763,787	786,700	810,301	834,611	859,649	885,438	912,001	939,361	967,542
Net Operating Income (NOI)		\$ 736,901	\$ 853,372	\$ 878,974	\$ 905,343	\$ 932,503	\$ 960,478	\$ 989,292	\$ 1,018,971	\$ 1,049,540	\$ 1,081,027
Debt Service		\$ 614,954	\$ 599,580	\$ 584,206	\$ 568,832	\$ 553,458	\$ 538,085	\$ 522,711	\$ 507,337	\$ 491,963	\$ 476,589
Net Cash Flow to Town	4	\$ 121,947	\$ 253,793	\$ 294,768	\$ 336,511	\$ 379,045	\$ 422,394	\$ 466,582	\$ 511,634	\$ 557,577	\$ 604,437
Debt Coverage Ratio:		1.20	1.42	1.50	1.59	1.68					
Footnotes											
	1	Refer to Income Assumptions sheet. Lease Rate includes Reimbursable CAM allocation.									
	2	See Income Assumptions worksheet.									
	3	Retail Vacancy of (7.0% stabilized), Occupancy factor for Garage is built into Income Assumptions.									
	3	Assume Operating Expenses are 56% of Potential Gross income.									
	4	Financial Performance Measure to the town.									

RBC Garage Finance						
Permanent Loan Debt		Year	Principal	Interest	Payment	Balance
\$ 6,149,537		1	307,477	307,477	614,954	5,842,060
		2	307,477	292,103	599,580	5,534,583
		3	307,477	276,729	584,206	5,227,107
		4	307,477	261,355	568,832	4,919,630
Rate	5.00%	5	307,477	245,981	553,458	4,612,153
Term (yrs)	20	6	307,477	230,608	538,085	4,304,676
		7	307,477	215,234	522,711	3,997,199
		8	307,477	199,860	507,337	3,689,722
		9	307,477	184,486	491,963	3,382,245
		10	307,477	169,112	476,589	3,074,769
		11	307,477	153,738	461,215	2,767,292
		12	307,477	138,365	445,841	2,459,815
		13	307,477	122,991	430,468	2,152,338
		14	307,477	107,617	415,094	1,844,861
		15	307,477	92,243	399,720	1,537,384
		16	307,477	76,869	384,346	1,229,907
		17	307,477	61,495	368,972	922,431
		18	307,477	46,122	353,598	614,954
		19	307,477	30,748	338,225	307,477
		20	307,477	15,374	322,851	-

Income Assumptions												
Retail Income			Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
			1	2	3	4	5	6	7	8	9	10
Rate per SF			\$25.00	\$25.75	\$26.52	\$27.32	\$28.14	\$28.98	\$29.85	\$30.75	\$31.67	\$32.62
<hr/>												
Parking Income	1			Type	Effective Income (Yr. 1)	Notes						
Parking-Market Rate Condos (Lot 2)			81	Monthly/Yearly	\$49,572	*From Lot 2 Garage Income worksheet.						
Parking-Affordable Housing (Lot 2)			21	Monthly/Yearly								
Parking-Retail (Lot2)			38	Hourly	\$187,416	*From Lot 2 Garage Income worksheet.						
Parking-Retail (RBC)			10	Hourly								
Parking-Replacement (Wallace)			92	Hourly	\$1,126,346							
Parking-Replacement (Lot 2)			101	Hourly	1,363,334							
Totals after completion			343									
# of Hourly Spaces	3		203									
Hourly Parking Rate			\$ 1.80									
Number of Non-work Days per year			115									
Non-work Days Parking Hours			14									
Non-work Day Occupancy Factor			75%									
Subtotal			441,221									
Number of workdays per year			250									
Workday Parking Hours			10									
Work Day Occupancy Factor			75%									
Subtotal			685,125									
Annual Income to City from Lot 5 Garage			1,126,346									
Effective Income			\$1,126,346									
<hr/>												
Footnotes	1	Assume that there are no Lot 2 Residential Storage Spaces in RBC Garage										
	2	Because of the elimination of Residential Storage, the RBC Garage can be 5 levels, 300 spaces, with one floor of Retail.										
	3	118 spaces are charged an hourly parking rate.										

Wallace Deck Extension

Town Non-Tax/Tax Income										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income To City										
Cost of RBC Property	\$ (990,090)									
Sales Tax at RBC										
Non-Tax Income										
Net Income from Parking and Retail Operations	\$121,947	\$253,793	\$294,768	\$336,511	\$379,045	\$422,394	\$466,582	\$511,634	\$557,577	\$604,437
Total Non-Tax Income	\$121,947	\$253,793	\$294,768	\$336,511	\$379,045	\$422,394	\$466,582	\$511,634	\$557,577	\$604,437
Total Income to TCH from RBC	\$121,947	\$253,793	\$294,768	\$336,511	\$379,045	\$422,394	\$466,582	\$511,634	\$557,577	\$604,437

Financial Summary

Summary of Finance Models						
(Stabilized Year 3)						
		Lot 5	Wallace	Lot 2	RBC	Total
Private Partner						
Residential	1					
Market-Rate Condo						
Equity		\$6,906,037	\$5,208,505	\$2,962,041	n/a	\$15,076,583
Debt		\$16,114,086	\$12,153,179	\$6,911,429	n/a	\$35,178,694
Affordable Housing						
Equity		\$104,301	\$231,007	\$153,344	n/a	\$488,652
Debt		\$938,712	\$1,559,299	\$1,380,095	n/a	\$3,878,106
Grants		\$800,000	\$300,000	\$100,000	n/a	\$1,200,000
Retail						
Equity		\$1,570,773	\$145,277	\$915,509	n/a	\$2,631,559
Debt		\$3,665,136	\$338,980	\$2,136,187	n/a	\$6,140,304
Total Private Development Budget		\$30,099,046	\$19,936,247	\$14,558,605	\$0	\$64,593,898
Public Partner						
Public Investment (RBC Development)		n/a	n/a	n/a	\$5,159,447	\$5,159,447
Public Investment (173 Spaces at Lot 5)		\$ 4,411,457	n/a	n/a	n/a	\$4,411,457
Parking Delta Cost (Lot 5)	2	\$ 4,539,014	n/a	n/a	n/a	\$4,539,014
Pedestrian Bridge (Lot 2)		n/a	n/a	\$457,679	n/a	\$457,679
Transit Transfer Center (Lot 2)		n/a	n/a	\$2,141,037	n/a	\$2,141,037
RBC Land Purchase (RBC)	3	n/a	n/a	n/a	\$990,090	\$990,090
Total Public Investment		\$8,950,471	\$0	\$2,598,716	\$6,149,537	\$17,698,724
Total Development Cost						
Public and Private Investment		\$39,049,517	\$19,936,247	\$17,157,321	\$6,149,537	\$82,292,622
Private Development Components						
PUBLIC DEVELOPMENT PERCENTAGE		22.92%	0.00%	15.15%	100.00%	21.51%
PRIVATE DEVELOPMENT PERCENTAGE		77.08%	100.00%	84.85%	0.00%	78.49%
Non-Tax Income to Town						
Public Partner						
Land Lease Payout						
Market-Rate Condo (yr. 1)	4	\$4,414,171	\$3,108,331	\$1,964,542	n/a	\$9,487,043
Affordable Housing (yr. 1)		\$800,000	\$778,729	\$443,808	n/a	\$2,022,537
		\$5,214,171	\$3,887,060	\$2,408,350	\$0	\$11,509,580
Net Proceeds-RBC (yr. 3)					\$294,768	
Lease of 92 Parking Spaces			\$44,712			
Lease of 140 Parking Spaces						

Financial Summary

Replacement Parking Net Income (yr. 3)	5	\$ 257,425		\$0		n/a		n/a	
Retail Base Rent (yr 3)		\$0		\$10,800		\$40,303		n/a	
Property Tax to Town (yr. 3)		-		\$105,347		\$80,717		n/a	\$186,064
Proceeds from Retail Sales Component		204,131		\$95,757		\$486,693			
Proceeds from MR Condo Sale		0		\$335,544		\$222,205		n/a	

Financial Summary

Sales Performance Measures						
ROE (Sales)						
Market-Rate Condo		0.00%	25.77%	30.01%	n/a	
Affordable Housing		0.00%	14.12%	14.93%	n/a	
Retail Performance Measures						
Internal Rate of Return (IRR) (yr. 3)		15.04%	20.74%	16.26%	n/a	
Debt Coverage Ratio (DCR)(yr. 3)		1.54	1.76	1.56	1.50	
Return on Cost (ROC)(yr. 3)		9.33%	10.69%	9.47%		
Maximum Loan Amount						
Retail	0	\$ 3,909,350	\$414,229	\$2,310,914	n/a	\$6,634,493
Required Debt		\$ 3,665,136	\$338,980	\$2,136,187	n/a	\$6,140,304
		=Surplus	=Surplus	=Surplus	n/a	=Surplus
Gap Financing		\$0	\$0	\$0		\$0
Sales per SF (yr. 1)						
Market-Rate Condo		\$180.00	\$180.00	\$180.00		
Affordable Housing		\$85.00	\$81.00	\$72.00		
Retail Lease Rates psf (yr. 1)						
Retail	4	\$26.00	\$23.00	\$24.00	\$25.00	
Years 1-30 Summary Information						
		Lot 5	Wallace	Lot 2	RBC	Total
Property Tax						
Orange County		\$8,618,944	\$5,005,149	\$3,834,985	n/a	\$17,459,078
Chapel Hill/Carrboro School District		\$1,958,851	\$1,137,534	\$871,587	n/a	\$3,967,972
Chapel Hill Revitalization District		\$5,631,697	\$3,270,409	\$2,505,814	n/a	\$11,407,919
Downtown Revitalization District		\$607,244	\$352,635	\$270,192	n/a	\$1,230,071
Total Property Tax (1-30)		\$16,816,736	\$9,765,727	\$7,482,578	n/a	\$34,065,041
Non-Tax Income						
Land Lease Payout Proceeds (MR Condos & Garage)		\$3,582,634	\$3,108,331	\$1,700,348	n/a	\$8,391,312
Town Sale proceeds 20% for MR Condos		\$714,047	\$335,544	\$222,205	n/a	\$1,271,797
Land Lease Payout Proceeds (AFF Condos)		\$831,537	\$778,729	\$425,087		\$2,035,353
Base Rent Retail		\$2,304,132	\$371,263	\$1,385,450	n/a	\$4,060,845
Potential Retail Component Sale Income		\$765,362	\$95,757	\$425,087	n/a	\$1,286,205
Parking Income		\$6,492,439	\$14,715,136	\$1,385,450	n/a	\$22,593,025
Year 1-30 Total		\$14,690,151	\$19,404,760	\$5,543,626	n/a	\$39,638,537
Net Cash Flow RBC Development (1-30)					\$14,204,380	\$53,842,917

Financial Summary

Footnotes										
	1	Garage Costs are included in Private Partners Total Development Budgets.								
	2	This is the cost difference of developing an underground garage versus an above grade garage.								
	3	This is the 'transfer price' that the Town will pay for RBC Garage to move to Lot 5 Development.								
	4	Land Lease Payment for Aff. Housing are included in MR Condo Unit Development Cost.								
	5	RBC Replacement Parking Income is included in the Net Proceeds line item for RBC								