

Borrowing capacity
Developer carrying own IZ

	one bed		two bed		Three bed	
	Market Rate	IZ 65%	Market Rate	IZ 65%	Market Rate	
Rents	\$ 1,500	\$ 1,032	\$ 1,800	\$ 1,375	\$ 2,400	
80% of rents	\$ 1,200	\$ 826	\$ 1,440	\$ 1,100	\$ 1,560	60% of rent
Avg Op Expense (no utilities)	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Available for Debt Service	\$ 700	\$ 326	\$ 940	\$ 600	\$ 1,060	
Debt Assumptions						
Interest Rate	4.50%	4.50%	4.50%	4.50%	4.50%	
Term	25	25	25	25	25	
Available for Debt Service	\$ 700	\$ 326	\$ 940	\$ 600	\$ 1,060	
Debt capacity	\$ (125,937)	\$ (58,561)	\$ (169,116)	\$ (107,910)	\$ (190,705)	
Cost to develop	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	
Equity needed	\$ 74,063	\$ 141,439	\$ 30,884	\$ 92,090	\$ 9,295	
ROI	\$ 3,600 5%	\$ 2,477 2%	\$ 4,320 14%	\$ 3,299 4%	\$ 10,080 108%	
Gross Rent	\$ 18,000	\$ 12,383	\$ 21,600	\$ 16,497	\$ 28,800	
Operating Expense	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	
NOI	\$ 12,000	\$ 6,383	\$ 15,600	\$ 10,497	\$ 22,800	
Cap Rate	6.6%	6.6%	6.6%	6.6%	6.6%	
Value	\$ 181,818.2	\$ 96,704.5	\$ 236,363.6	\$ 159,045.5	\$ 345,454.5	
Cost To Develop	\$ 200,000.0	\$ 200,000.0	\$ 200,000.0	\$ 200,000.0	\$ 200,000.0	
	\$ (18,181.82)	\$ (103,295.45)	\$ 36,363.64	\$ (40,954.55)	\$ 145,454.55	

Sources	Percent
Bank Debt	80 80% LTV
Equity	20
Ten year horizon to exit	
Cap Rate	6.6%
ROI	8%

Allen and Brooks

	New Construction		Average	Observed
	Low	High		
Studio	\$ 1,200	\$ 1,400	\$ 940	
One	\$ 1,250	\$ 1,500	\$ 1,046	\$ 1,485
One plus	\$ 1,500	\$ 1,695		\$ 1,575
Two	\$ 1,650	\$ 1,900	\$ 1,286	\$ 1,850
Two plus Two baths	\$ 1,775	\$ 2,260		
Three Bedroom			\$ 1,903	\$ 2,400

Borrowing capacity
Developer carrying own IZ

	one bed	two bed	Avg Op Expense	Sources	Percent
Market rate rents	1300	1650	500 (no utilities)	Bank Debt	80 80% LTV
IC rents 65%	1,032	1,375		2nd tier financing	10 10% VCLF
				Equity	10
Available for Debt Service (80% of rent less op expense)				Ten year horizon to exit	
Market	540.00	820.00	Cap Rate	6.5%	
IZ	325.50	599.80	Value Mkt rate units		
Lost debt payment capacity	214.50	220.20	Value of IC unit		
Annual	2,574.00	2,642.40	ROI	8%	
Debt Assumptions					
interest rate	4.50%				
term	25				
payment	326				
Debt capacity	(\$58,560.81)				
Cost to develop	225000				

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