

Nettleton School Apartments
Development Proforma

5/1/2015 10:54

I. Project Information

A. Project Description

Project Name: Nettleton School Apartments
 Address: 108 East 6th Street Zipcode 55805
 City, State: Duluth, MN County Saint Louis

B. Site & Structure Information

1. SITE INFORMATION

a. Total Site Area SF: 145,490 Acres: 3.34 Density: 14.97005988 units/acre
 b. Legal Description: To be determined.

2. BUILDING INFORMATION

Existing Buildings: 1 Bldg Square Feet: 90,024
 Year Built: Unknown Type of Construction: Concrete

Types of Structures	Type of Building *(1)	Number of Buildings *(2)	Number of Stories	Number of Units	Gross Sq. Feet
Housing Space:					
New Construction					
Rehabilitation	E	1	4	50	90,024
Total Housing:		1	4	50	90,024
Non-Housing Space:					
Administration					
Community Space					
Common Area					-
Total Non-Housing:		0	0	0	-
Total Space:		1	4	50	90,024

(1). Walk-up (WU), Townhomes (TH), Elevator (E), Single Family (SF), Duplex (DP).
 (2). Total number of residential structures, excluding detached garages and detached accessory buildings.

II. Development Information

A. Rent Matrix

Unit Type (MR, TC)	# Beds	Number of Units	Unit Size (SqFt)	Monthly Rent	Gross Monthly Rent Potential	Tenant Utilities	Monthly Tenant Rent	Rent Restriction (%AMI)	Income Restriction (%AMI)	Gross Rent	
HTC	0BR	1		\$ 313	\$ 313	\$ 22		30%	30%	438.0	
HTC	1BR	11		\$ 331	\$ 3,641	\$ 28		30%	30%	527.0	
HTC	2BR	0		\$ 692	\$ -	\$ 34		30%	30%	692.0	
HTC	3BR	0		\$ 850	\$ -	\$ 44		30%	30%	902.0	
HTC	0BR	0		\$ 585	\$ -	\$ 22		50%	50%	607.0	
HTC	1BR	5		\$ 570	\$ 2,850	\$ 28		50%	50%	598.0	
HTC	2BR	7		\$ 684	\$ 4,788	\$ 34		50%	50%	718.0	
HTC	3BR	1		\$ 786	\$ 786	\$ 44		50%	50%	830.0	
MKT	0BR	0		\$ 585	\$ -	\$ 22		MKT	MKT	772.0	
MKT	1BR	17		\$ 790	\$ 13,430	\$ 28		MKT	MKT	826.0	
MKT	2BR	8		\$ 950	\$ 7,600	\$ 34		MKT	MKT	993.0	
MKT	3BR	0		\$ 865	\$ -	\$ 44		MKT	MKT	1146.0	
Units:		50	-	\$ 33,408	Total Rental Income (mo):					Total Rooms:	6490.0
				\$ 400,896	Total Rental Income (yr):						

52%

B. Commercial & Parking

1. Commercial Space sf \$/psf/yr \$ **Total Commercial Revenue**

2. Parking Spaces

Surface	<u>50</u> quantity	<u>\$20.00</u> \$ rent/mo	<u>\$ 12,000</u>
Underground Garages	<u> </u> quantity	<u> </u> \$ rent/mo	<u>\$ -</u>
Garage (individual)	<u> </u> quantity	<u> </u> \$ rent/mo	<u>\$ -</u>
			<u>\$ 12,000</u> Total Parking Revenue

Nettleton School Apartments
Development Proforma

5/1/2015 10:54

III. Operating Budget

A. Annual Income

1. RENTAL INCOME

a. Rental Income Potential		1a.	400,896
b. Commercial Income Potential		1b.	-
c. Parking Rent Potential		1c.	12,000
Total Rental Income		Total Rental Income Potential	\$ 412,896

2. OTHER INCOME

a. Tenant Fees (specify)	\$ -	per unit	2a.	-
b. Laundry Income	\$ -	per unit	2b.	-
c. Forfeited Security Deposits	\$ -	per unit	2c.	-
d. Interest Income			2d.	-
e. Misc. Income			2e.	6,000
			Total Other Income	\$ 6,000

3. RENTAL LOSS

a. Rental Vacancy	7%		3a.	\$ 28,063
b. Commercial Vacancy	7%		3b.	-
c. Parking Vacancy	7%		3c.	840
d. Other Income Vacancy	0%		3d.	-
e. Rent Concessions		\$ -	3e.	-
f. Bad Debt		\$ -	3f.	-
g. Other Loss: (specify)		\$ -	3g.	-
			Total Rental Loss	\$ 28,903

4. TOTAL REVENUE

1. Rental Income	\$ 412,896
2. plus: Other Income	\$ 6,000
3. less: Rental Loss	\$ 28,903
Total Revenue	\$ 389,993

B. Expenses

1. ADMINISTRATIVE EXPENSES

a. Advertising / Marketing	-	\$ / per unit	1a.	-
b. Management Fee			1b.	-
	\$ Per Unit Per Month Fee:	\$ 0		
	% Total Revenue:	0.00%		
c. Legal			1c.	-
d. Auditing			1d.	-
e. Bookkeeping / Accounting			1e.	-
f. On-Site Management Salary			1f.	-
g. Telephone			1g.	-
h. Other: (specify)			1h.	-
			Total Administrative Expenses	\$ -

2. MAINTENANCE EXPENSES

a. Elevator Maintenance / Contract		2a.	-
b. Exterminating		2b.	-
c. HVAC Repair Services		2c.	-
d. Other Contract Services		2d.	-
e. Maintenance & Janitorial Supplies		2e.	-
f. Grounds Maintenance		2f.	-
g. Snow Removal		2g.	-
h. General Repair Services		2h.	-
i. Paint / Decorating Materials		2i.	-
j. Maintenance & Janitorial Payroll		2j.	-
k. Other: (specify)		2k.	-
l. Other: (specify)		2l.	-
		Total Maintenance Expenses	\$ -

3. UTILITIES

a. Water		3a.	-
b. Sewer		3b.	-
c. Trash		3c.	-
d. Gas & Oil		3d.	-
e. Electricity		3e.	-
		Total Utilities	\$ -

Nettleton School Apartments
Development Proforma

5/1/2015 10:54

4. TAXES, RESERVES & ESCROWS

a. Insurance			4a.	
b. Real Estate Taxes			4b.	
c. Replacement Reserves	\$ Per Unit		4c.	-
d. Miscellaneous Reserves	\$ Per Unit		4d.	-
			Total Taxes, Reserves, & Escrows	\$ -

5. OTHER EXPENSES

a. Security Expense			5a.	
b. Support Services		(specify)	5b.	
c. Tax Credit Monitoring Fees			5c.	
d. Mortgage Insurance Premium (MIP)			5d.	
e. Other	\$5,500	per unit	5e.	275,000
f. Other		(specify)	5f.	
			Total Other Expenses	\$ 275,000

6. TOTAL EXPENSES

1. Administrative Expenses	1.	-
2. Maintenance Expenses	2.	-
3. Utilities	3.	-
4. Taxes, Reserves & Escrows	4.	-
5. Other Expenses	5.	275,000
		Total Operating Expenses \$ 275,000

\$ 5,500 Expense Per Unit

C. Net Operating Income

A. Annual Income	A.	389,993
B. Operating Expenses	B.	275,000
		Net Operating Income \$ 114,993

Per Month: \$ 9,583
Per Unit (yr): \$ 2,300
Per Unit (mo): \$ 192

Nettleton School Apartments
Development Proforma

5/1/2015 10:54

VI. Costs and Credit Calculation

A. Development Costs

Eligible Basis

Total Cost 70%

1. Acquisition/Refinance

- a. Acquisition Cost
- b. Legal Fees
- c. Existing Structures
- d. Other: _____

100,000	-		
Total Acquisition/Refinance	100,000	-	

2. Site Work

- a. On-site Work
- b. Off-Site Work for Utility/Paving Extension
- c. Demolition
- d. Garages (not included in rent)
- e. Parking (not included in rent)
- f. Landscaping
- g. Other: _____

Total Site Work	-	-	

3. Construction

- a. New Building
- b. Rehabilitation per unit \$ 110,000.00
- c. Lead Based Paint Interim Control
- d. Accessory Building(s) (incl garages in rent)
- e. Other: Other Hard Costs

5,500,000	5,250,000		

Gross Construction 5,500,000

- f. Community Service Facility
- g. General Requirements / Conditions % of new building #DIV/0!
- h. Builder Overhead % of new building #DIV/0!
- i. Builder Profit % of new building #DIV/0!
- j. Builder Bond Fee
- k. Construction Supervision

Net Construction 5,500,000

- l. Construction Contingency 7%
- m. Asbestos Abatement/Containment
- n. Other: _____
- Less EZ Sales Tax Rebate
- Less Energy Rebate
- Less Builder's Eligible Basis Reduction

385,000	365,750		
-	-		
Total Construction	5,885,000	5,615,750	

Subtotal Site Work & Construction 5,885,000

Per Unit \$117,700.00

4. Professional Fees

- a. Architect Fees - Design
- b. Architect Fees - Supervision
- Total Architect: \$135,000** % of Const. 2.15%

101,250	101,250		
33,750	33,750		

- c. Engineer Fees
- d. Attorney Fees (Real Estate)
- e. Accountant Fees
- f. Other: _____
- g. Other: _____

Total Professional Fees	135,000	135,000	

5. Interim Costs

- a. Construction Interest
- b. Construction Loan Origination Fee
- c. Construction Loan Inspection
- d. Taxes During Construction
- e. Water, Sewer and Impact Fees
- f. Other: Hazard and Liability Insurance

105,000	75,000		
38,592	38,592		
10,000	10,000		
Total Interim Costs	173,592	143,592	

Nettleton School Apartments
Development Proforma

5/1/2015 10:54

6. Financing Fees & Expenses

a. Bond Premium				
b. Bond Costs				
c. Credit Report				
d. Cost of Issuance				
e. Permanent Loan Origination Fee	40,290	-		
f. Permanent Loan Credit Enhancement				
g. Attorney's Fees				
h. Letter of Credit (LOC) Fees				
i. Title and Recording	40,000	25,000		
j. Placement Fee				
k. Other:				
l. Other:				
Total Financing Fees & Expenses	80,290	25,000		

7. Soft Costs

a. Property Appraisal	6,500	5,000		
b. Market Study	7,500	5,000		
c. Environmental Report	10,000	7,500		
d. Survey	3,250	1,675		
e. Rent-Up Marketing	-	-		
f. Tax Credit Application Fees	800			
g. Tax Credit Compliance Fee				
h. Tax Credit Reservation Fee				
i. 8609 Fee				
j. Cost Certification/Accounting Fees	17,500	8,500		
k. Permanent Relocation Expenses	-			
l. Temporary Relocation Expenses	-			
m. Furnishings and Equipment	12,500	12,500		
n. Capital Needs Assessment Report	-			
o. Other Attorney's Fees	150,000	75,000		
p. Other: HRA Bond Issuance	\$ -	-		
q. Other:				
Total Soft Costs	218,936	115,175		

8. Syndication Costs

a. Bridge Loan Fees and Expenses				
b. Organizational (Partnership)	30,000			
c. Tax Opinion				
d. Other:				
Total Syndication Fees	30,000	-		

9. Developer's Fees

a. Developer Fee				
b. Developer Overhead				
c. Consultant Fee				
d. Other: Historic Consultant				
Total Developer's Fees	795,000	795,000		

10. Project Reserves

a. Syndicator Rent Up Reserve	25,000			
b. Operating Deficit Reserve (4 mos)	124,998			
c. Other:				
d. Other:				
Total Project Reserve	149,998	-		

Total Development Costs	\$ 7,567,816
per unit:	\$ 151,356
per sqft:	\$ -

C. Total Basis for Tax Credits

Total Basis for Tax Credits	\$ 6,829,517	30%	70%	Historic
		Total: \$ 6,829,517	\$ -	\$ -
per unit:	\$ 136,590	per unit: \$ 136,590	\$ -	\$ -
per sqft:	\$ -	per sqft: \$ -	\$ -	\$ -

D. Total Mortgageable Costs

Total Development Costs	\$ 7,567,816
less: Project Reserves	149,998
	\$ 7,417,818

Nettleton School Apartments
Development Proforma

5/1/2015 10:54

VII. Funding

A. Sources of Funding

1. Negotiated Mortgage Amount: \$ 1,492,230

	Name of Source	Type	Amortization	Rate	Amount	Per Unit	Notes
1)	First Mortgage	Loan	30	5.35%	\$ 1,492,230	29,845	
2)							
3)	HTC Equity				\$ 3,170,644	63,413	
4)	Deferred Developer Fee				\$ 361,962	7,239	
5)	Employer Contribution (Sheraton)				\$ 10,000	200	
6)	TIF				\$ 522,250	10,445	
7)	MHFA Super RFP				\$ 1,745,729	34,915	
8)	DEED				\$ 265,000	5,300	
9)							
10)							
					\$ 7,567,815	\$ 151,356	

Gap: positive | (negative) \$ (0) \$ (0.01)

B. Applicable Fraction Determination

Type of use in all buildings	# of Units	Sq. Ft.	Indicate all units included in HTC	# of Units	Sq. Ft.
Residential rental units in all bldgs	50	90,024	HTC Units		
Total commercial use	0	-	HOME Units		
List common use units below			Project-based assisted units (HTC only)		
Full time caretaker unit			Other low income: (specify)		
Full time resident mgr unit			TOTAL LOW INCOME UNITS	0	0
Tenant Service Facility			Market Rate Units/Other residential non HTC units		
Office / Administration	0	-	TOTAL LOW INCOME PLUS MARKET UNITS	0	0
Owner-occupied residential unit			Unit and Area Fractions	0.00%	0.00%
Community service facility	0	-	APPLICABLE FRACTION	0.00%	
TOTAL	50	90,024			

VIII. Determination of Tax Credit

A. Tax Credit Basis Calculation

1. Total Eligible Basis

Total Basis
less: Federal Grant used to Finance Qualifying Development Costs
less: Historic Basis if NO Sandwich Lease
less: Nonqualifying Units of Higher Quality Units
less: Historic Tax Credit (Residential Portion Only)

	30% Basis	70% Basis
Total Basis	\$ 6,829,517	\$ -
less: Federal Grant		
less: Historic Basis		
less: Nonqualifying Units		
less: Historic Tax Credit	\$ -	
Total Eligible Basis	\$ 6,829,517	\$ -

2. Total Qualified Basis

plus: High Cost Adjustment
Basis Boost?
% of Boost:
less: Portion 30% Basis NOT ELIGIBLE for High Cost Adjustment

plus: High Cost Adjustment		
Basis Boost?	\$2,048,855	
% of Boost:		
less: Portion 30% Basis NOT ELIGIBLE		
Subtotal	\$ 8,878,372	\$ -

multiply: Applicable Fraction

Multiplied by the Applicable Percentage

Subtotal	\$ 8,878,372	\$ -
Total Qualified Basis	\$ 4,439,186	0
	7.44%	9.00%
4. Tax Credit Potential for Project	\$330,275	\$0

3396195
679239
645277.05
624899.88

B. Syndication Proceeds

1. Annual Tax Credits Requested	\$ 330,275
2. Estimated Ten Year Gross Tax Credits	\$ 3,302,754
3. Equity Factor	0.9600
4. Gross Syndication Proceeds	\$ 3,170,644