Fairmount Park Apartments

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Under the supervision of Professor Marcus Ervin

Course: RDEV690

The University of Maryland – College Park

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PALS - Partnership for Action Learning in Sustainability
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RDEV Capstone Spring 2018

by Lanlan Zhang

Gemdale USA Corporation

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Executive Summary

I. Introduction

Fairmount Park Apartments is the first rental apartment building in the Town of Fairmount Heights, Maryland, adjacent to Washington, D.C. It is a sustainable and community-oriented mixed-use development on 4.4 acres, of 171 units, 102 market-rate units and 69 affordable units aimed at 60 percent of AMI. It will include 7,000-square feet of ground floor retail and a 2,000-square foot activity center. Fairmount Park Apartments provide natural open spaces, on-site convenient amenities, activity centers, and energy efficient systems to make a strong project.

II. Market and Demographic Context

- Community's average age is 40.4
- There is no key employer in the City, but the location attracts potential renters in D.C. area.
- Increasing development activity includes 2,206 existing units, 352 under construction units, and 1,300 proposed units within a two-mile radius.
- There is a lack of new market-rate apartments; no new apartments since 2000.
- The area is dominated by affordable housing.
- Past ten years has seen stable vacancy rates: currently 5.8 percent in Prince George's County and 7.3 percent in D.C.
- Rents have steadily increased since 2008: currently \$1.54/SF in Prince George's County and \$2.46/SF in DC.
- Affordable rents range from \$1.37/SF to \$2.74/SF in the immediate market area
- Market-rate rents range from \$1.70/SF to \$2.20/SF in the immediate market areas

III. Opportunities

- Pioneer rental apartments in the Town of Fairmount Heights
- Apply Low Householder Income Tax Credits and Partnership Rental Housing Funding
- Provide Mixed-income housing
- Boost area property values and increase tax revenues
- Improve walkability and accessibility
- Provide the diversity of cultures and multi-generation for the community
- Preserve trees and natural open spaces
- Create a sustainable project

IV. Challenges/Risks

- Low regional reputation and safety concerns
- Competitive projects around the site
- Difficulty in getting returns to work with required percentage of low income housing

V. Financial Information

- Residential market-rate rent: $2.00/SF
- Residential affordable rent: $1.85/SF
- Retail Rent: $28.5/SF

- Project Budget Summary:

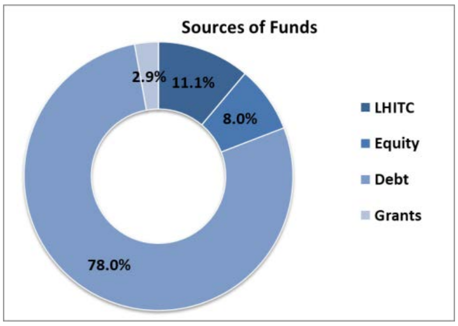
Total development cost	$38,529,347
Cost per unit	$225,318
Cost per SF	$236

- Key Pro Forma Assumptions

NOI After Reserves	$1,969,583
Stabilization Year	1/1/2021
Construction Term	16 months
Debt Ratios	1.20
Maximum Allowable for Debt Service	$1,644,534
Term	40 months
Interest Rate	4.60%
Maximum Loan	$30,052,890

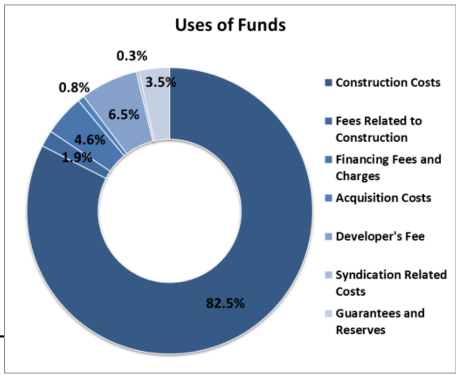
- Sources of Funds

Type of Uses	Amount
LHITCs	$ 4,293,784
Developer Equity	$ 3,082,673
Debt	$ 30,052,890
Grants	$ 1,100,000
Total	**$ 38,529,347**



- Uses of Funds

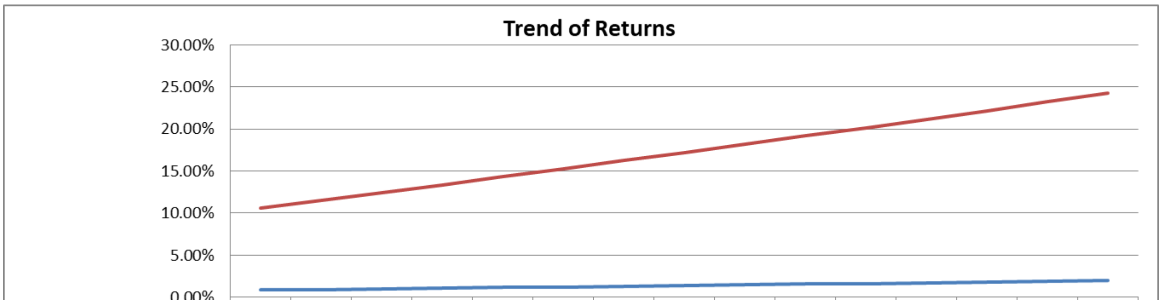
Type of Uses	Amount
Construction Costs	$31,785,165
Fees Related to Construction	$716,000
Financing Fees and Charges	$1,783,117
Acquisition Costs	$291,375
Developer's Fee	$2,500,000
Syndication Related Costs	$121,469



Guarantees and Reserves	$1,332,220
Total Uses of Funds	**$38,529,347**

- Financial Returns

1. Gross Profit Margin: 33.31%
2. Average return on cost during the hold period: 1.46%
3. Average cash-on-cash return during the hold period: 18.26%

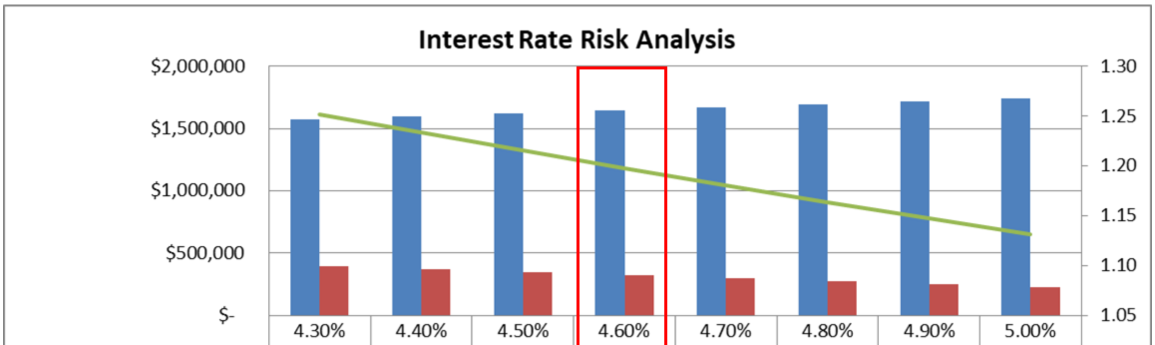


	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Return on Cost	0.84%	0.92%	0.99%	1.07%	1.14%	1.22%	1.30%	1.37%	1.45%	1.53%	1.61%	1.69%	1.77%	1.86%	1.94%
Cash on Cash Return	10.54%	11.47%	12.40%	13.34%	14.28%	15.24%	16.21%	17.18%	18.16%	19.16%	20.15%	21.16%	22.18%	23.20%	24.23%

4. Equity multiplier: 3.96
5. Developer Fee: 6.5% of TDC; $2,500,000 with a cap

- Sensitivity Analysis

Interest Rate Risk: still safe in interest rate of 4.9%



	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
Debt Service	$1,573,7	$1,597,1	$1,620,7	$1,644,5	$1,668,4	$1,692,5	$1,716,8	$1,741,2
Cash Flow	$395,865	$372,425	$348,819	$325,049	$301,117	$277,024	$252,773	$228,365
Debt Coverage Ratio	1.25	1.23	1.22	1.20	1.18	1.16	1.15	1.13

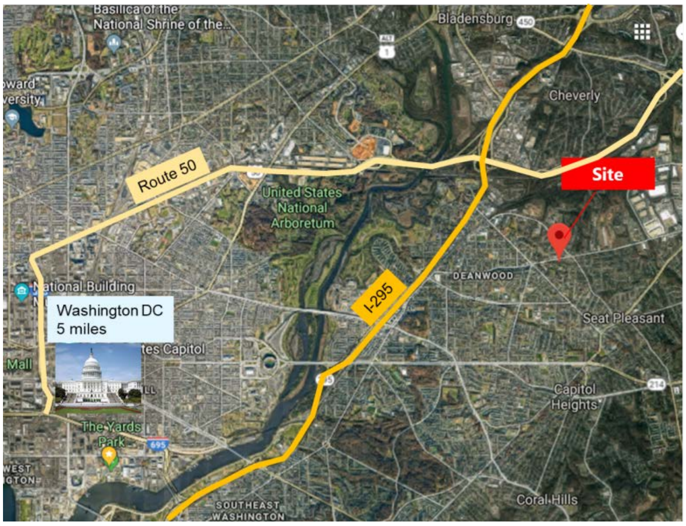
- Exit Strategy: 15-year hold period required

Re-syndicate the project: renovate the project and apply for new LIHTCs

I. Site Overview

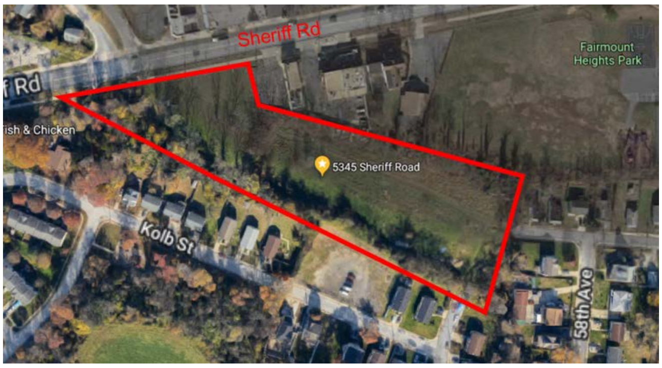
Site Location

The site is located in the Town of Fairmount Heights, Prince George's County, Maryland. Fairmount Heights is adjacent to Washington D.C., only 1,500 feet from the boundary between Washington D.C. and Maryland. Routes 50 and I-295 offer strong local and regional access to Washington. D.C.



Land Information

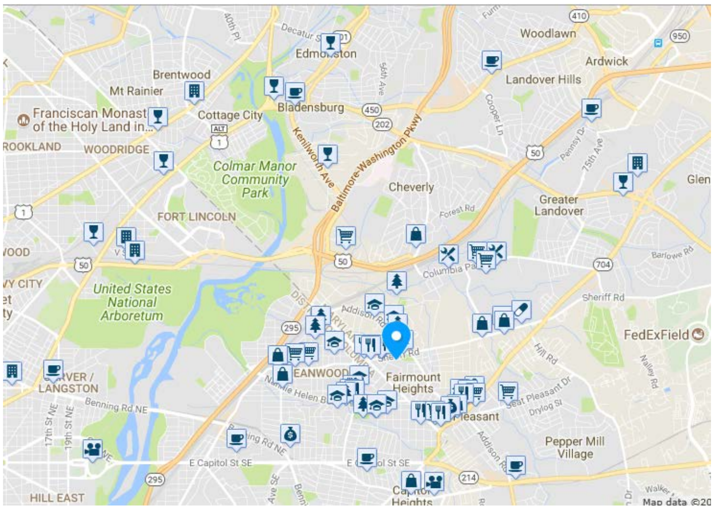
The site is along with Sheriff Road and is bordered by a line of contiguous properties. The site is approximately 4.4 acres (191,664 square feet). The Town owns the site, which is undeveloped land covered by grasses.



Neighborhood

Fairmount Heights is a small community comprising a single neighborhood primarily occupied by residential townhouses and single-family houses with no mixed-use development. Since the Town of Fairmount Heights is so small, and its primary land use is residential, there are few employers in the town, thus almost all residents work outside the city.

Although there are only few shopping and dining options within the neighborhood due to the town's size and land uses, adjacent neighborhoods provide sufficient grocery stores, restaurants, entertainment, and open spaces for residents. Costco is only three miles from the site. Two big recreation facilities, the National Arboretum and Colmar Manor Community Park, are within a 10-minute drive.



Source:Walk Score

Site Accessibility

The site has a Walk Score of 37 out of 100, which defines this location as a Car-Dependent neighborhood; most errands require a car. However, the community is easily accessible to the highway (about 1.5 miles to Route 50 and 1.1 miles to I-295) and so has a strong local and regional connectivity.

The site also public transit options, including Metro, bus, car shares, and bike shares (see Table 1).

Table 1: Distance from the site to public transit

Rail lines			
Orange Metrorail Orange Line	0.9 miles	Silver Metrorail Silver Line	0.9 miles
Blue Metrorail Blue Line	1.0 miles		
Bus lines			
V14	0.1 miles	F14	0.2 miles
W4	0.3 miles	U4	0.3 miles
Shuttle	0.9 miles		
Car shares			
Zipcar: Cheverly Metro	0.9 miles	RelayRides: 2009 smart fortwo	1.0 miles
Zipcar: Capitol Heights Metro	1.0 miles	Zipcar: Benning Rd Metro Kiss	1.4 miles
Zipcar: Benning Rd Metro-On Street	1.4miles	Hertz On-Demand: Benning Rd	1.4 miles
Zipcar: Minnesota Av Metro	1.5 miles		
Bike shares			

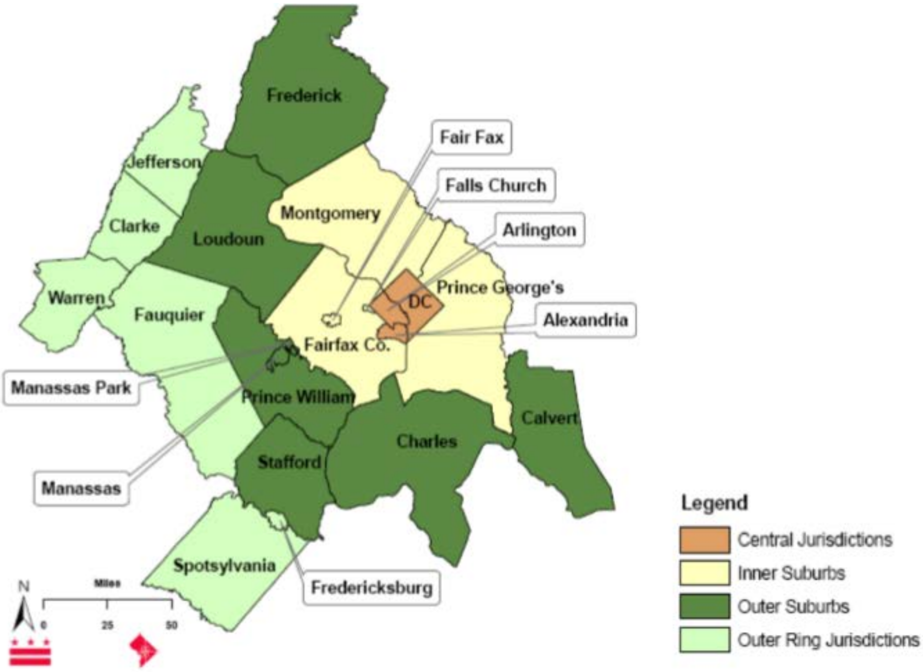
Capital Bikeshare: Benning Rd	1.4 miles	

Local public transit is widely used, so leaving the car at home and taking transit is a viable alternative. The Metro stations surrounding the site are less than 2 miles away, which gives the site strong Metro accessibility, connecting it to local and regional areas with good job opportunities. In Fairmount Heights, the average commute to work is 37.35 minutes, which is higher than the national average.

II. Economic and Demographic Analysis

Study Area

The proposed project is located in a small community of about 1,600 residents, making it necessary to analyze the market beyond the town. The site is located at 5345 Sheriff Road. According to the definition of Washington D.C. Metropolitan Statistical Area (MSA), the Washington metropolitan area is centered on Washington, D.C., the capital of the United States, including all federal district and parts of Maryland and Virginia, along with a small portion of West Virginia. Prince George's County belongs to the Washington metropolitan area and is located in the inner suburbs. The following map shows the scope of Washington D.C. metropolitan area.



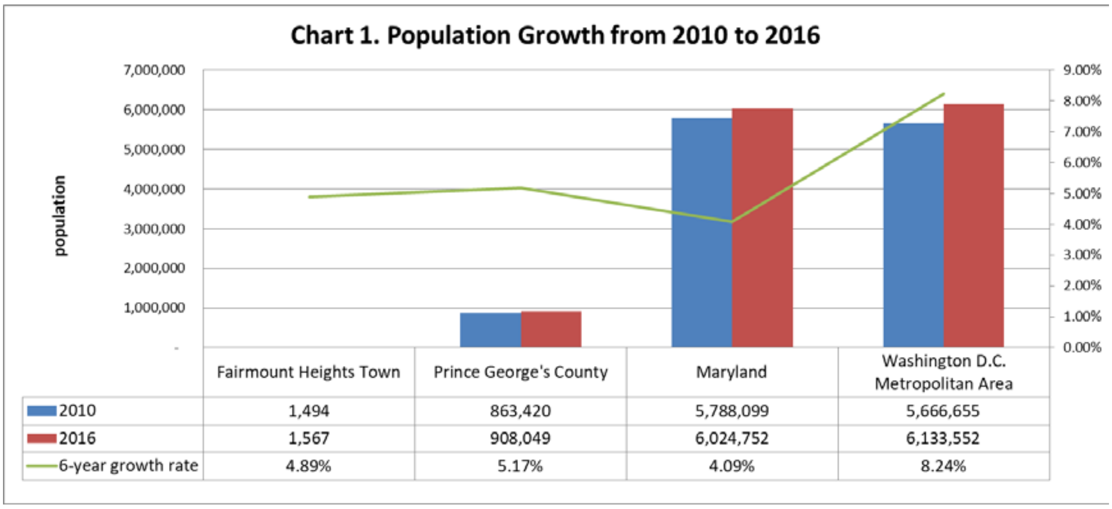
The Washington D.C. metropolitan area has significant impact on local real estate markets. First, it provides good job opportunities that influence where people live. Second, its population is highly educated and, to some extent, the most affluent metropolitan area in the United States, which determines household income and impacts the rent and house price in the area. Thus, the real estate markets would be influenced significantly by the economic trend in the area.

Demographic Characteristics

Population:

The Washington D.C. metropolitan area is the seventh largest MSA in the United States with population of 6,133,552 in 2016. In the past six years, its population grew 8.24 percent, higher than national growth of 4.2 percent. Compared to the total population in 2015, the total population increased 1.07 percent in 2016. According to Census estimated prediction, the population will increase continuously, but with decreasing growth rate. Therefore, the Washington D.C. metropolitan area's total population will stay stable in the next few years.

Focusing on Prince George's County, it is the second largest county in Maryland by population. As shown in Chart 1, the town's population was only 1,567 in 2016, which is only 2 percent of population in Prince George's County.

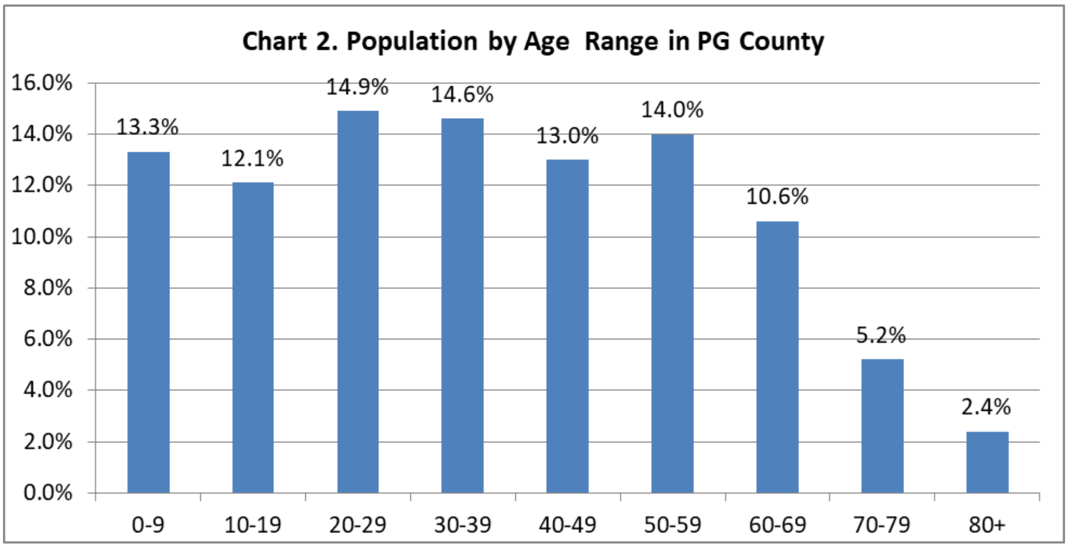


Source: Census Bureau

The high population growth of Washington D.C. metropolitan area in the past six years resulted from sufficient job opportunities, and the area profited from steady economic development. As the economic engine, D.C. plays the most important role in this area. The population growth of Prince George's County is higher than the population growth of Maryland, possibly generated by D.C.'s economic opportunities. Therefore, being located in the Washington D.C. metropolitan area and adjacent to the District of Columbia could be beneficial.

Population by Age:

The median age in Prince George's County is 36.7, almost the same as 36.9 in the Washington D.C. metropolitan area, and slightly lower than 38.5 in Maryland and 37.9 in United States. Therefore, the primary market is dominated by financially independent adults.

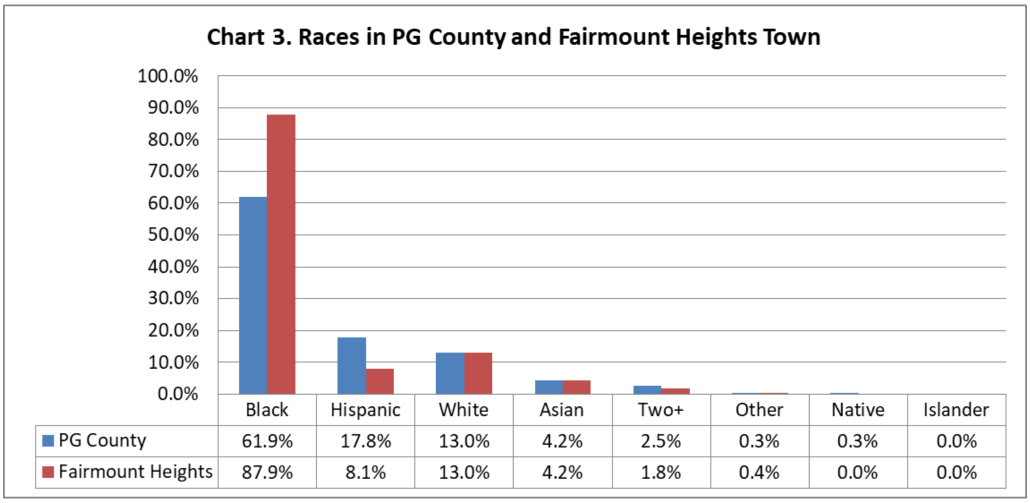


Source: Census Bureau

Because there is no multi-family property in Fairmount Heights, and the neighborhood is mostly single family houses and townhouses, the town's median age is 40.4, far higher than in the county and the state.

Population by Race:

Most citizens in Prince George's County are Black, with Hispanic being the second most common race. In Fairmount Heights, the population in predominantly Black.



	Black	Hispanic	White	Asian	Two+	Other	Native	Islander
PG County	61.9%	17.8%	13.0%	4.2%	2.5%	0.3%	0.3%	0.0%
Fairmount Heights	87.9%	8.1%	13.0%	4.2%	1.8%	0.4%	0.0%	0.0%

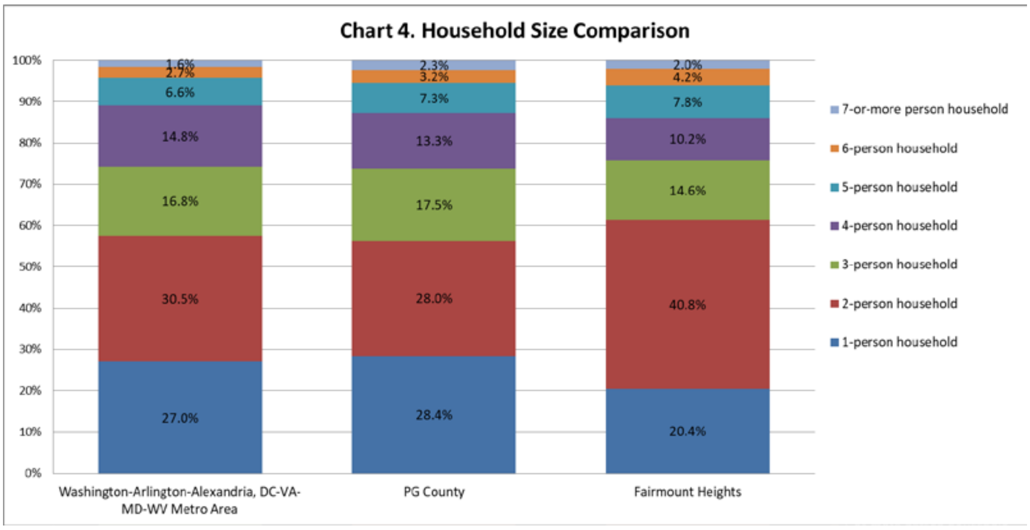
Source: Census Bureau

Households:

The average household size in Prince George's County, is 2.9 persons, about 10 percent higher than in Maryland at 2.7 and 3.6 percent higher than in Washington D.C. metropolitan area.

In two-person households in Prince George's County, 65.9 percent households are family households, and 34.1 percent are non-family households.

Chart 4 shows that two-person households predominate total households in the Washington D.C. metropolitan area and Fairmount Heights. In particular, two-person households in Fairmount Heights Town are seniors, while most two-person households in Washington D.C. metropolitan area are young couples without children.

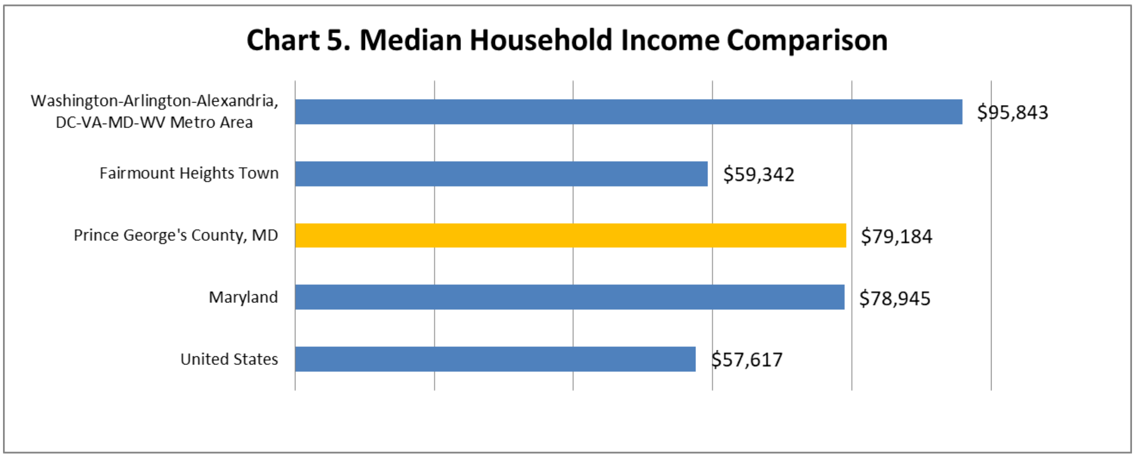


Source: Census Bureau

Income:

Median household income in Prince George's County is $79,184, about the same as in Maryland at $78,945 and about 1.4 times the amount in the United States at $57,617. However, median household income in Prince George's County is 18.24 percent lower than the median household income of $95,843 in Washington D.C. metropolitan area.

However, for Fairmount Heights, the town's median household income is slightly higher than the amount in United States, but it is dramatically lower than the amount in Prince George's County and the Washington D.C. metropolitan area.

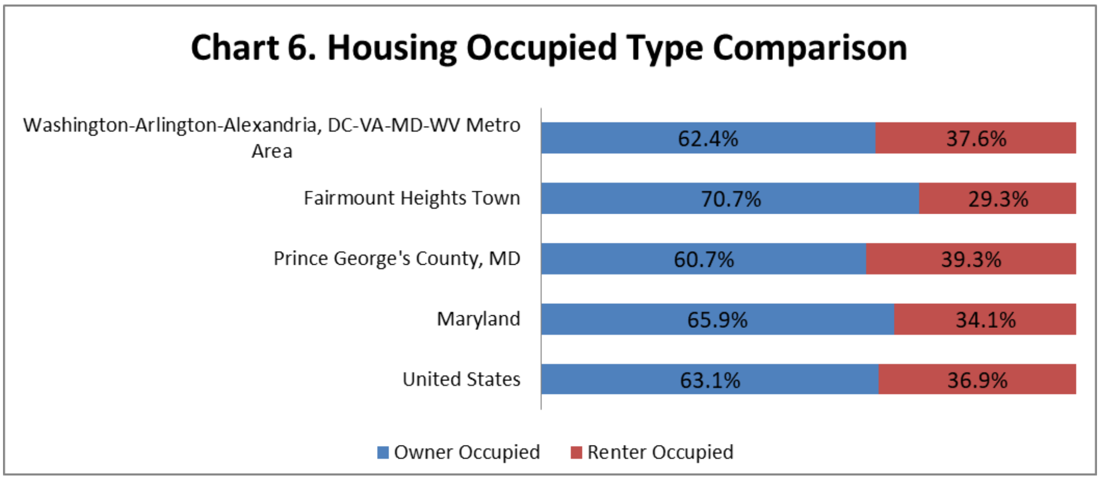


Source: Census Bureau

In addition, the Prince George's County has a wage GINI of 0.465, which is lower than the Washington Metro Area's average of 0.486. Thus, wages distribute more evenly in Prince George's County than in the Washington D.C. metropolitan area.

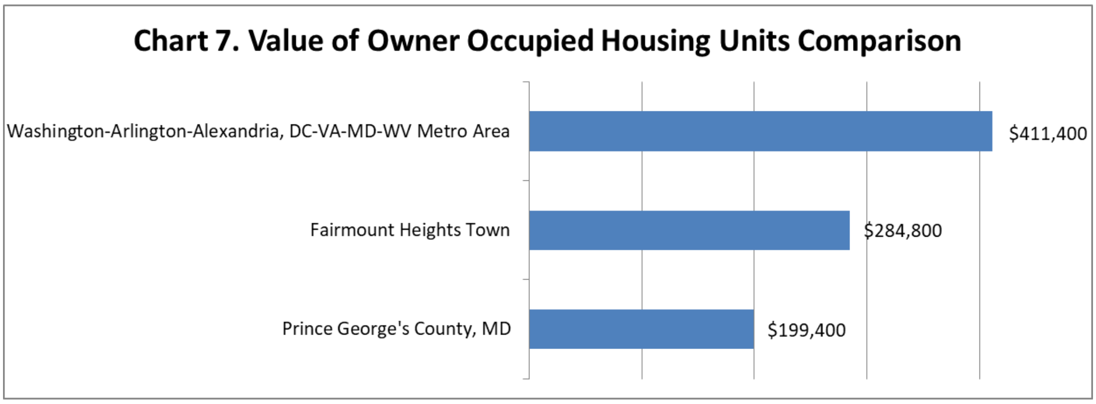
Housing:

The housing market in Fairmount Heights is dominated by owners. Owner-occupied housing is higher compared to surrounding areas. However, the rate of renter-occupied housing in Prince George's County is the highest compared to Maryland and the Washington D.C. metropolitan area.



Source: Census Bureau

The median home value in Fairmount Heights was $199,400 in 2016, which is 70 percent of the median home value in Prince George's County and 48.5 percent of the median home value Washington D.C. metropolitan area.

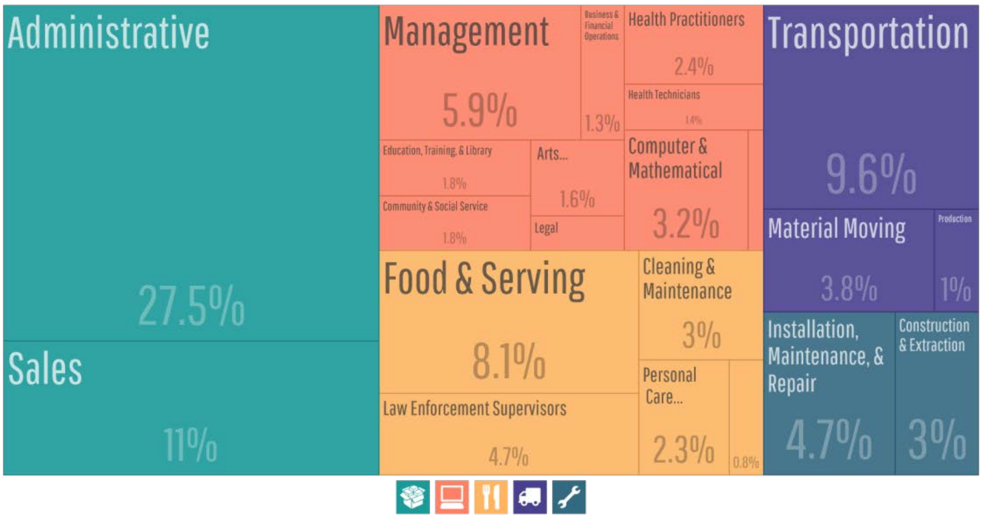


Source: Census Bureau

Employment

From 2014 to 2015, employment in Fairmount Heights grew at a rate of 3.21 percent, from 686 employees to 708 employees. The most common job groups, are Sales & Office, Management, Business, Science & Arts, and Service. Chart illustrates the breakdown of the primary jobs held by Fairmount Heights residents.

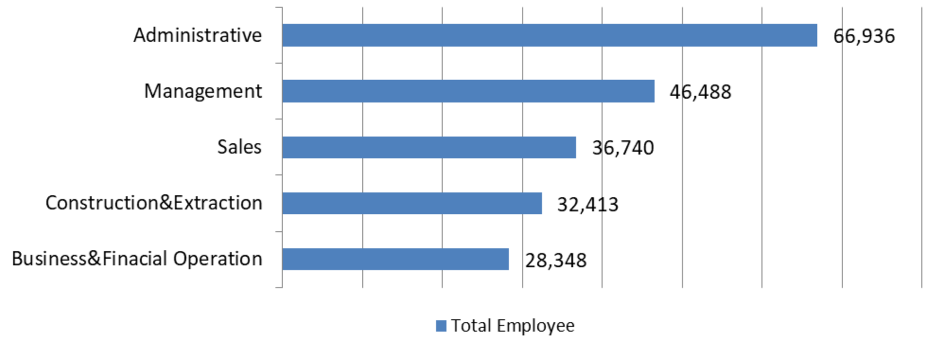
Chart 8. Industries by Share in Fairmount Heights Town, MD



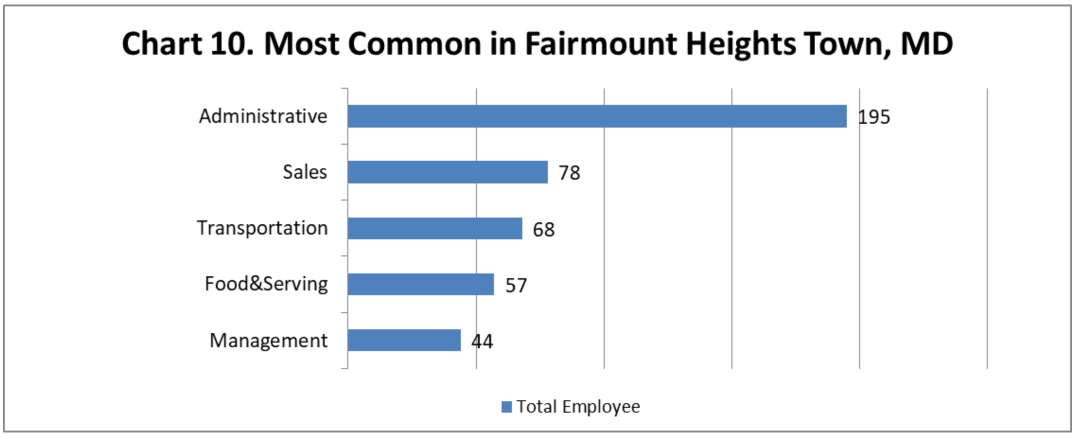
Source: DataUSA

The most common jobs in Prince George's County, by number of employees, are administrative, management, and sales. The most common jobs in Fairmount Heights are also administrative, but due to the small number of local residents, the job features have no representativeness.

Chart 9. Most Common in Prince George's County, MD



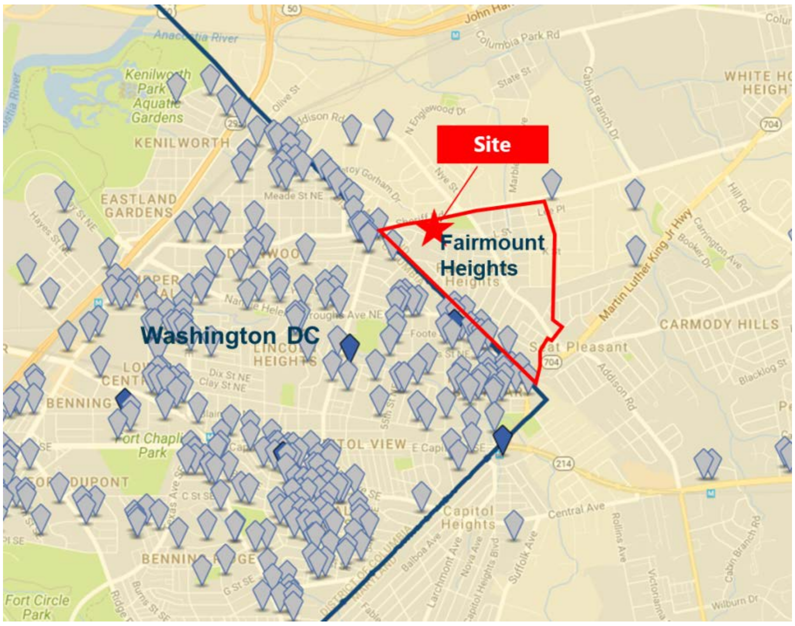
Source: Census Bureau



Source: Census

III. Residential Market Analysis

Fairmount Heights is a small town with few residents. While development is increasing rapidly in D.C., there is little development activity in the town. The picture below shows that the multi-family markets are totally different on each side of the boundary between D.C. and Prince George's County. Therefore, in this study, the multi-family market in D.C and Prince George's County will be analyzed.



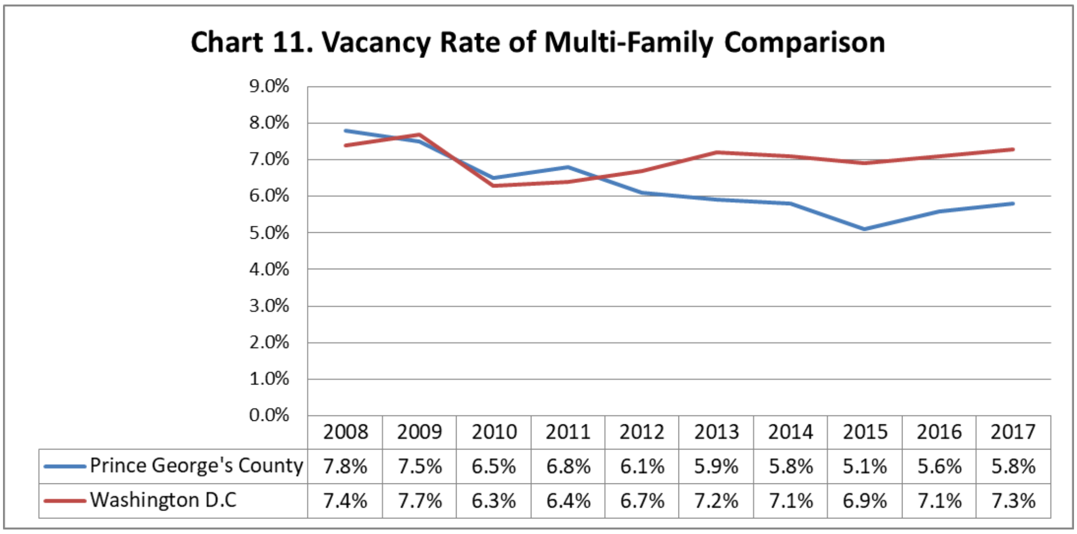
Source: Costar

General Multi-Family Market Conditions

Currently, the average rent in D.C is $1,813 per unit or $1.54 per square foot, while the average rent in Prince George's County is $1,344 per unit or $2.46 per square foot. D.C. rents have increased 34.4 percent in the past ten years, compared to an increase of 18.5

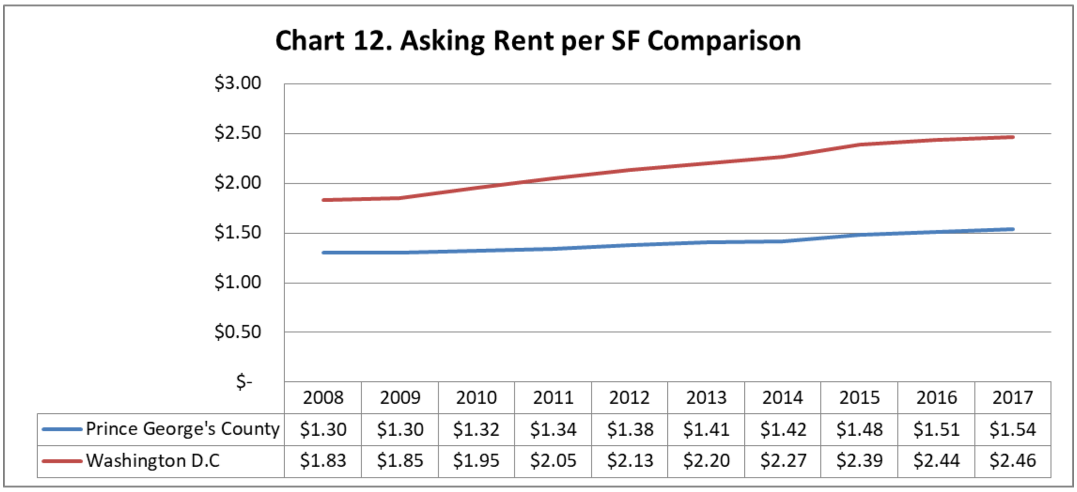
percent in Prince George’s County. The cost of renting in Washington D.C is getting higher and may would result in spillover of multi-family demand from D.C to contiguous areas.

The current vacancy rate in Prince George’s County is 5.8 percent, compared to 7.3 percent in Washington D.C. The vacancy trends in both markets is relatively stable. The vacancy rate in Prince George’s County is lower than in Washington D.C. probably due rapidly increasing rents D.C. and the relatively lower rent in Prince George’s County. Due to the increasing rents in Washington D.C., the proposed project is likely to attract potential renters from Washington D.C.



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Prince George's County	7.8%	7.5%	6.5%	6.8%	6.1%	5.9%	5.8%	5.1%	5.6%	5.8%
Washington D.C	7.4%	7.7%	6.3%	6.4%	6.7%	7.2%	7.1%	6.9%	7.1%	7.3%

Source: Costar

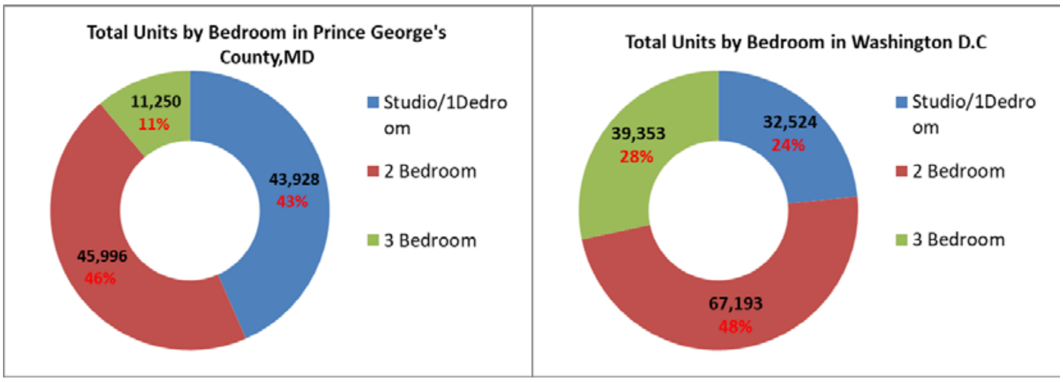


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Prince George's County	$1.30	$1.30	$1.32	$1.34	$1.38	$1.41	$1.42	$1.48	$1.51	$1.54
Washington D.C	$1.83	$1.85	$1.95	$2.05	$2.13	$2.20	$2.27	$2.39	$2.44	$2.46

Source: Costar

The total number of rental units in Washington D.C is 139,070; Prince George’s County has 101,174 rental units. Two-bedroom units are the dominant product in both markets, however three-bedroom units are occupied more in Washington D.C than in Prince George’s County.

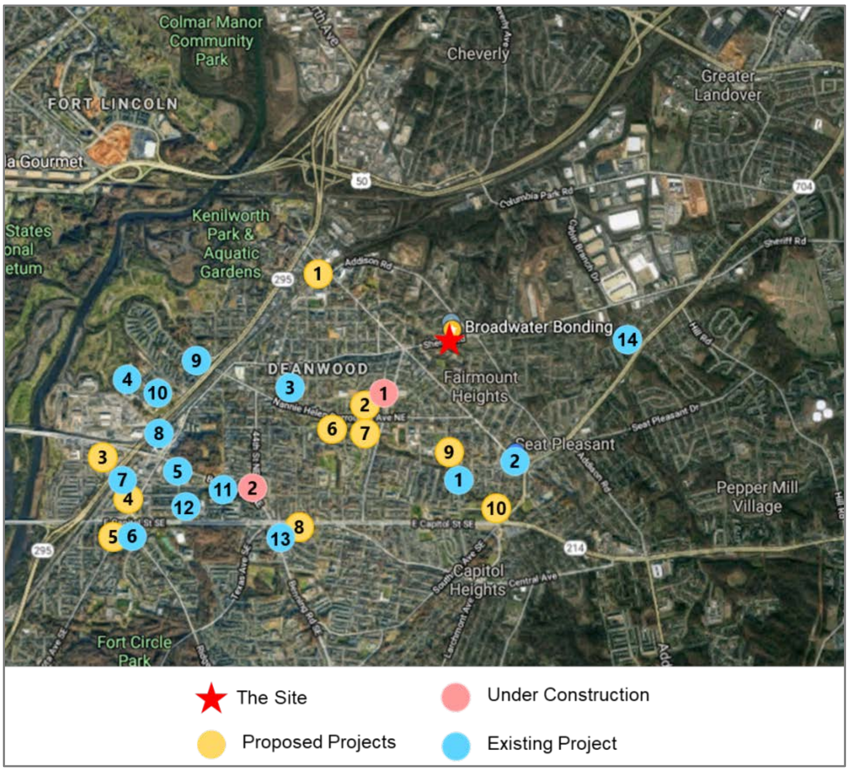
Chart 13. Total Units by Bedroom Comparison



Source: Costar

Submarket Conditions

There three major features of the submarket. First, most of the existing multi-family apartments are small buildings. For example, some apartments only have 10 to 30 units, and many were built before 1990s, with some even older than 60 years. Second, the dominant type of apartments is affordable housing, including proposed projects. Finally, development and redevelopment in the submarket are getting more active. Notably, most proposed projects also are affordable housing.



Source from Costar

Table 2 indicates the existing information of existing 3-5 star multi-family apartments in the submarket; currently affordable housing dominates the multi-family submarket. The rent for affordable housing ranges widely from $873 to $1,396 per unit. In addition, it is notable that the submarket's vacancy rate is lower than the average rate in Prince George's County, and Washington D.C., resulting from the restricted rent of affordable housing.

Table 2: Existing Multifamily Apartments in the Submarket

Existing								
Number	Name	City	Stars	Style	Units	Total SF	Vacancy %	Avg Unit SF
1	Capitol Gateway Senior Resi...	Washington DC	3	Mid-Rise	237	201,452	2.1	860
2	EastBrooke at Beulah Crossing	Washington DC	4		39	58,000	7.7	687
3	The Nannie Helen at 4800	Washington DC	4	Mid-Rise	70	60,000	10	903
4	Victory Square Senior Apart...	Washington DC	3	Mid-Rise	97	73,112	3.1	769
5	St. Stephens	Washington DC	4	Mid-Rise	71	56,800	5.6	685
6	Triangle View	Washington DC	4	Low-Rise	100	75,714	3	634
7	Allen House	Washington DC	3	Mid-Rise	96	72,270	5.2	518
8	Park 7	Washington DC	4	Mid-Rise	377	282,000	6.4	809
9	Lotus Square	Washington DC	3	Mid-Rise	173	169,164	1.7	886
10	The Grove at Parkside	Washington DC	4	Mid-Rise	186	148,800	4.3	764
11	Ft Chaplin Park	Washington DC	3	Garden	549	578,464	2.6	918
12	Benning Woods	Washington DC	3	Mid-Rise	107	85,600	0	695
13	Carver 2000 Senior Mansion	Washington DC	4	Mid-Rise	104	83,200	3.9	642
14	Glen Willow Apartments	Seat Pleasant	3	Low-Rise	152	145,308	2.6	782
Total					**2,206**	**1,944,576**		
Number	Name	City	Avg Effective/Unit	Avg Effective/SF	Yr Blt/Ren	Rent Type	Market Segment	Stories
1	Capitol Gateway Senior Resi...	Washington DC	1,175	1.37	2004	Affordable	Senior	4
2	EastBrooke at Beulah Crossing	Washington DC	1,396	2.03	2015	Affordable	All	
3	The Nannie Helen at 4800	Washington DC	1,241					
4	Victory Square Senior Apart...	Washington DC	873	1.14	2012	Affordable	Senior	4
5	St. Stephens	Washington DC	991	1.45	2017	Affordable	All	4
6	Triangle View	Washington DC	961	1.52	2006	Affordable	Senior	3
7	Allen House	Washington DC	1,421	2.74	1991	Affordable	Senior	6
8	Park 7	Washington DC	1,251	1.55	2014	Affordable	All	4
9	Lotus Square	Washington DC	1,388	1.57	2006	Affordable	All	4
10	The Grove at Parkside	Washington DC	1,246	1.63	2016	Affordable	All	6
11	Ft Chaplin Park	Washington DC	1,162	1.27	1965	Affordable	All	3
12	Benning Woods	Washington DC	1,179	1.7	1967	Market	All	4
13	Carver 2000 Senior Mansion	Washington DC	985	1.53	2007	Affordable	Senior	4
14	Glen Willow Apartments	Seat Pleasant	1,326	1.7	1965	Market	All	3

Source: Costar

There are ten proposed projects and two under-construction projects in the submarket, including six affordable apartments, three mixed-income apartments, and three market-rate apartments. In 2019, 1,312 units will be delivered, and in 2024, 340 units will be delivered. Due to the increasing demand for affordable housing in Maryland and Washington D.C., more affordable multi-family apartments will be proposed and delivered in the next few years in the submarket. Additionally, market-rate multi-family apartments and mixed income multi-family apartment are increasing, which indicates the demand for market-rate multi-family apartments is also increasing.

Table 3: Proposed and Under Construction Multifamily Apartments

Number	Name	City	Stars	Style	Units	Total SF	Yr Blt/Ren	Rent Type	Stories
Proposed Project									
Number	Name	City	Stars	Style	Units	Total SF	Yr Blt/Ren	Rent Type	Stories
1	Not Named	Washington DC	4	Mid-Rise	138	138,000	2024	Market	4
2	Town Center	Washington DC	4	Mid-Rise	183	183,000	2019	Market/Afforda...	5
3	River Terrace	Washington DC	4	Mid-Rise	59	70,000	2019	Affordable	5
4	The Solstice	Washington DC	3	Mid-Rise	137	150,000	2019	Affordable	4
5	Greenway Apartments	Washington DC	3	Low-Rise	69	40,546	2019	Market/Afforda...	3
6	Providence Place	Washington DC	4	Mid-Rise	100	150,000	2019	Affordable	5
7	Strand Theater Development	Washington DC	4	Mid-Rise	86	90,000	-	Affordable	-
8	Carver Terraces Apartments	Washington DC	4	Low-Rise	178	143,000	2019	Affordable	3
9	Not Named	Washington DC	3	Mid-Rise	38	45,000	2019	Market	4
10	Capitol Gateway Marketplace	Washington DC	4	Mid-Rise	312	249,600	2019	Affordable	4
Total					**1,300**	**1,259,146**			
Under Construction									
Number	Name	City	Stars	Style	Units	Total SF	Yr Blt/Ren	Rent Type	Stories
1	Benning and East Capitol Ga...	Washington DC	4	Mid-Rise	202	161,600	2024	Market	4
2	Deanwood Hills	Washington DC	4	Mid-Rise	150	185,600	2019	Market/Afforda...	5
Total					**352**	**347,200**			

Source: Costar

Competitive Analysis

According to the area's household income and demographic figures, the dominant potential renters have low-incomes and are sensitive to total rent per unit. There are few market rate apartments with amenities and services since the existing apartments are almost out of date and new proposed and under-construction apartments are almost all affordable housing. Therefore, for the proposed site, a mixed-income multi-family project with efficient sizes and low energy costs is recommended.

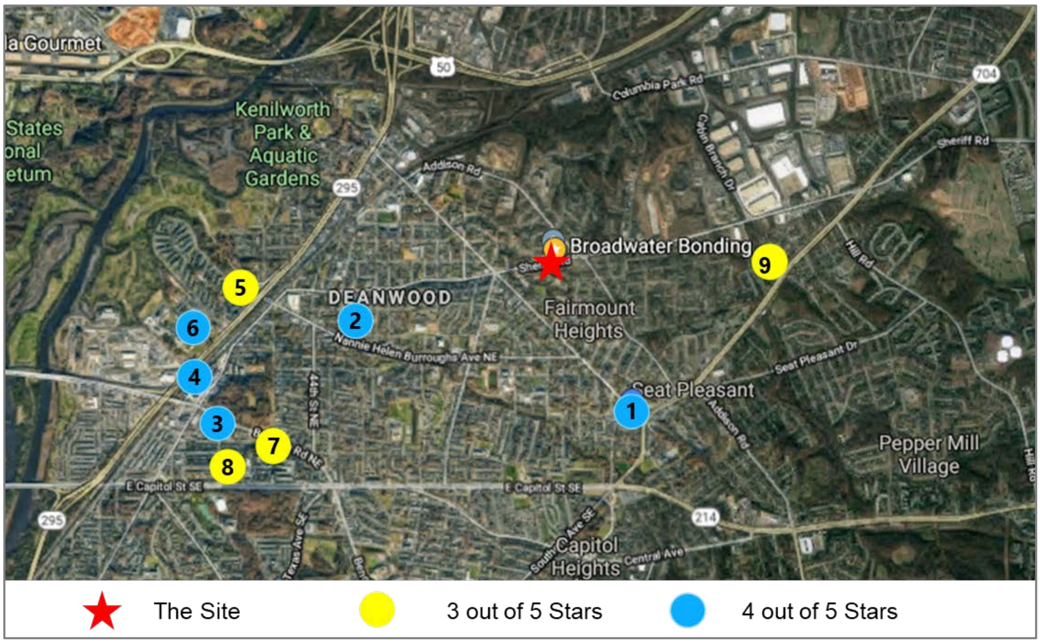


Table 4: Competitive Properties

Competitive Properties							
Number	Name	City	Stars	Units	Total SF	Vacancy %	Avg Unit SF
1	EastBrooke at Be	Washington DC	4	39	58,000	7.7	687
2	The Nannie Hele	Washington DC	4	70	60,000	10	903
3	St. Stephens	Washington DC	4	71	56,800	5.6	685
4	Park 7	Washington DC	4	377	282,000	6.4	809
5	Lotus Square	Washington DC	3	173	169,164	1.7	886
6	The Grove at Par	Washington DC	4	186	148,800	4.3	764
7	Ft Chaplin Park	Washington DC	3	549	578,464	2.6	918
8	Benning Woods	Washington DC	3	107	85,600	0	695
9	Glen Willow Apa	Seat Pleasant	3	152	145,308	2.6	782
Number	Name	City	Avg Effective/Unit	Avg Effective/SF	Yr Blt/Ren	Rent Type	Stories
1	EastBrooke at Be	Washington DC	1,396	$ 2.03	2015	Affordable	4
2	The Nannie Hele	Washington DC	1,241	$ 1.45	2013	Market/Affordable	5
3	St. Stephens	Washington DC	991	$ 1.45	2017	Affordable	4
4	Park 7	Washington DC	1,251	$ 1.55	2014	Affordable	4
5	Lotus Square	Washington DC	1,388	$ 1.57	2006	Affordable	4
6	The Grove at Par	Washington DC	1,246	$ 1.63	2016	Affordable	6
7	Ft Chaplin Park	Washington DC	1,162	$ 1.27	1965	Affordable	3
8	Benning Woods	Washington DC	1,179	$ 1.70	1967	Market	4
9	Glen Willow Apa	Seat Pleasant	1,326	$ 1.70	1965	Market	3

Source: Costar

The submarket's affordable housing rents range widely from $1.27/square foot to $2.03/square foot. Some rents in affordable housing are above market rate due to amenities, property conditions, services, and unit size. Considering that the major potential renters are married couples with or without children, 1B/1b and 2B/2b products would be most in demand for both affordable and market-rate multi-family apartments in the submarket.

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Table 5: Competitive Properties Rent and Unit Size Comparison

Map Key	Project Name	Unit Type	No Unites	Mix %	Avg Unit Size	Asking Rent/Unit	Asking Rent/SF	Concessions
1	EastBrooke	1B/1b	13	33.3%	516	1,187	$ 2.30	0.70%
		2B/1b	13	33.3%	672	1,405	$ 2.09	0.70%
		3B/2b	13	33.3%	872	1,624	$ 1.86	0.70%
		Total	39	100.0%	687	1,406	$ 2.05	0.70%
2	The Nannie	1B/1b	20	28.6%	683	970	$ 1.42	0.70%
	Helen at 4800	2B/1b	38	54.3%	945	1,320	$ 1.40	1.00%
		3B/2b	12	17.1%	1,139	1,505	$ 1.32	0.70%
		Total	70	100.0%	903	1,252	$ 1.39	0.90%
3	St. Stephens	1B/1b	56	78.9%	650	950	$ 1.46	0.00%
		2B/2b	15	21.1%	817	1,142	$ 1.40	0.00%
		Total	71	100.0%	685	991	$ 1.45	0.00%
4	Park 7	Studios	19	5.0%	436	926	$ 2.13	0.70%
		1B/1b	190	50.4%	621	1,154	$ 1.86	0.70%
		2B/2b	144	38.2%	1,060	1,383	$ 1.30	0.70%
		3B/2b	24	6.4%	1094	1,620	$ 1.48	0.70%
		Total	377	100.0%	809	1,260	$ 1.56	0.70%
5	Lotus Square	1B/1b	2	1.2%	616	1,191	$ 1.93	0.70%
		2B/2b	169	97.7%	885	1,393	$ 1.57	0.40%
		3B/2b	2	1.2%	1,217	1,639	$ 1.35	0.70%
		Total	173	100.0%	886	1,394	$ 1.57	0.40%
6	The Grove	Studios	47	25.3%	416	1,068	$ 2.57	0.90%
		1B/1b	47	25.3%	762	1,121	$ 1.47	0.90%
		2B/2b	46	24.7%	907	1,328	$ 1.46	0.90%
		3B/2b	46	24.7%	977	1,521	$ 1.56	0.90%
		Total	186	100.0%	764	1,258	$ 1.65	0.90%
7	Ft Chaplin Park	Studios	2	0.4%	400	901	$ 2.25	0.20%
		1B/1b	176	32.1%	768	1,053	$ 1.37	0.50%
		2B/2b	339	61.7%	984	1,206	$ 1.22	0.40%
		3B/2b	32	5.8%	1,078	1,403	$ 1.30	0.60%
		Total	549	100.0%	918	1,167	$ 1.27	0.40%
8	Benning Woods	1B/1b	70	65.4%	648	1,115	$ 1.72	0.00%
		2B/2b	37	34.6%	785	1,301	$ 1.66	0.00%
		Total	107	100.0%	695	1,179	$ 1.70	0.00%
9	Glen Willow	Studios	1	0.7%	430	968	$ 2.43	0.40%
		1B/1b	12	7.9%	687	1,160	$ 1.69	0.90%
		2B/2b	126	82.9%	774	1,414	$ 1.83	5.30%
		3B/2b	13	8.6%	977	1,494	$ 1.53	5.20%
		Total	152	100.0%	782	1,395	$ 1.79	5.00%

Source: Costar

IV. Design Analysis

Site Analysis

The subject site is 4.4 acres and currently is undeveloped land covered with grass. In addition, trees and bushes edge the southern boundary as shown below. There are no existing buildings on the site. Therefore, demolition isn't needed.

Topographic height difference exists on the site as shown on the topographic map, of approximately 10-feet. This difference provides an advantage, the possibility of building basements or covered garages without high excavation costs.

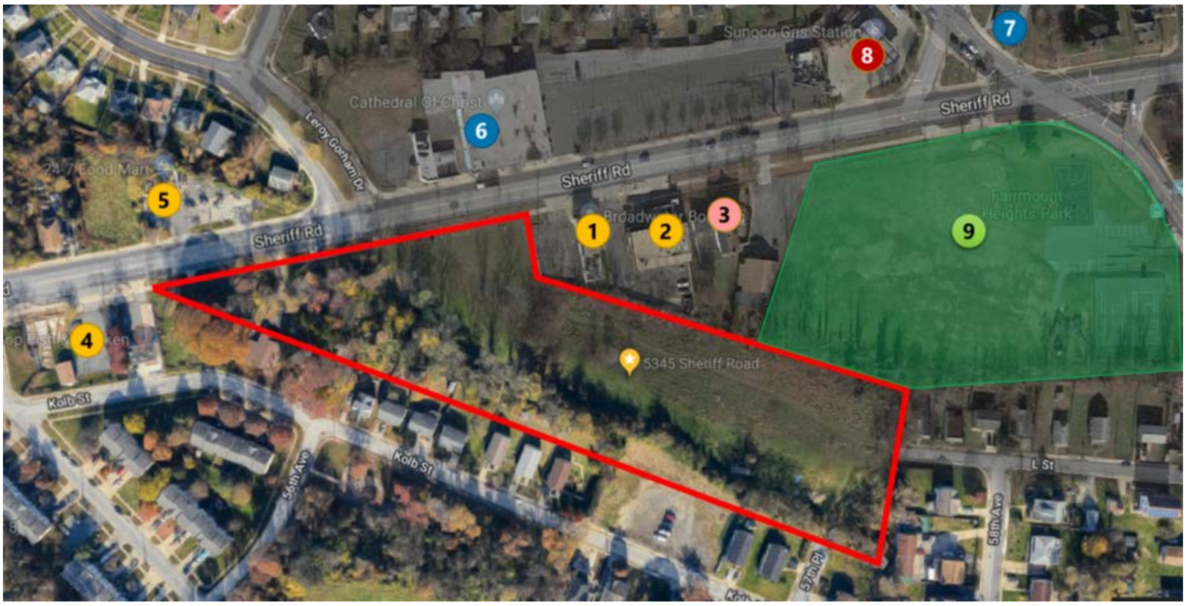
Topographic map of the subject site

Source: PGAtlas

Commercial Opportunities

Land uses in Fairmount Heights are limited to residential and the town lacks commercial uses, amenities, and auto-oriented retail and services, since single family houses and townhouses dominate the area.

The neighborhood of the subject site



Source: PGAtlas

Only a few stores are within walking distance, including a food market, restaurant, bar, and liquor store that lack quality. Two churches are nearby, which could draw certain retail customers but potential customer numbers are far from supporting a shopping center. Only the Fairmount Heights Park, which is adjacent to the subject site and includes tennis courts, basketball court, baseball field, and playground, provides limited open space and activity spaces for local residents. The pictures below show the neighborhood.

1 Liquor Store

1 Liquor Store

2 Bar and hotel

3 Clinic

4 Restaurant

5 Food Market

6 One Way United Church-Christ

7 Friendship Church Outreach

8 Sunoco Gas Station

9 Fairmount Heights Park—Basketball court

9 Fairmount Heights Park--Baseball Field

9 Fairmount Heights Park--Playground

According to the commercial opportunity, the lack of commercial uses results in urgent demand for community stores, services, and amenities. The project's ground floor retail should achieve the goal of providing these missing uses. However, due to insufficient population density and traffic volumes around the site, the type and size of the specific stores needs to be considered cautiously.

Aging single family houses and townhouses make the community short of young residents. To build a multi-generation community, multi-family apartments would help the community become more dynamic and energetic. In addition, rental property also could boost the local economy and increase property taxes.

Building Performance Guidelines

The building performance of Fairmount Park should meet public and social needs as well as financial feasibility. The following building performance guidelines should be considered in the design process.

1. Enhancement for Walkability and Accessibility

A walkable community is most in demand by local residents, however, a lack of nearby stores and amenities and streetscape in poor condition make the community non-walkable. Therefore, streetscape enhancements, including well-paved and pedestrian-friendly sidewalks, nearby stores and services, and improved transportation options should be considered to create a more walkable and economically vibrant neighborhood.

2. Creating Defensible Spaces

The project should be designed with defensible spaces to reduce crime for public safety, which the community is seeking. The design of both the building and its surrounding space can influence the crime rate. The key elements include defining space as semi-public or semi-private instead of public space, placing windows for surveillance as “eyes on the street,” creating spaces that help develop a sense of community, and siting housing for mixed-incomes and uses.

3. Community Involvement and Connection

Currently Fairmount Heights doesn’t have a real core that connects the community because there is no community center or town center with retail stores and services. Creating a dynamic and functional town center where all residents including seniors, young adults, and children could use will strengthen community connections.

4. Preserving Historic Sense

Fairmount Park’s buildings must follow the community’s historic architectural patterns. New paths and trails leading to historic buildings are encouraged.

5. Sustainability

Sustainability plays a significant role for mixed-income housing both economically and environmentally. Details are discussed below.

Sustainability Approaches/Green Building

The proposed project will be designed to meet LEED Silver certification or higher. The design process should be interactive and collaborative to ensure that sustainability concepts are explored and developed to achieve energy efficiency, water saving, and materials efficiency. The following concepts and principals should be considered during the design process to achieve LEED certification.

1. Alternative Transportation: more public bus lines leading to metro station; bike racks
2. Maximized Open Space
3. Green Roof System
4. Water Use Reduction
5. Minimum Energy Performance
6. Storage and Collection of Recyclables
7. Construction Waste Management
8. Recycled Content
9. Regional Materials
10. Certified Wood
11. Minimum Indoor Air Quality Performance
12. Low-Emitting Materials-Paints, Coating and Flooring System
13. Indoor Chemical and Pollutant Source Control
14. Controllability of Systems-Lighting

Social and Public Benefits

The proposed project, zoned Mixed-Use Infill (M-U-I) and covering 4.4 acres, is important for Fairmount Heights and its residents. Fairmount Park will focus on the goal of making a better place and providing a better life for the town and community by adding social and public benefits.

First and foremost, Fairmount Park will provide a walkable and accessible community that could improve the quality of lives for local residents, and also could enhance community connection by providing services and amenities. A small town center with retail stores such as banks, pharmacy, dry cleaner, restaurant, café, and community center would provide a city life style for the community. In addition, well-paved sidewalks, beautified streetscapes, and pedestrian-oriented streets would increase communication opportunities among neighbors and more closely connect the community.

Furthermore, diverse cultures and multi-generations would be attracted to the community. The 171 units of multi-family apartments in Fairmount Park would attract young residents from different cultural backgrounds. Diverse cultures and multi-generations will enliven the community of aging residents and single culture.

Finally, Fairmount Park also benefits the community economically. Commercial land use will increase property taxes and boost area property values. Retail spaces will provide jobs and encourage small business development.

In summary, the development of Fairmount Park will make the community a walkable, accessible, safer, livable, and dynamic place with high quality of life.

V. Project Programming

Proposed Uses

As proposed, Fairmount Park will be a mixed-income multi-family apartment complex. The project would be four-story apartment building with 171 units, in a mix of 60 percent market rate and 40 percent affordable units. In addition, 10,000 square feet of ground floor retail space will be provided.

Since the parcel is narrow and deep, it will be important to design to control project costs and provided maximum open space. The project's efficiency is also essential for financial feasibility.

Residential

According to the submarket and competitive properties analyses, the unit sizes should be more efficient than the average level of the submarket. 1B/1b and 2B/2b units would be the major products to meet demand and achieve the occupancy target.

Unit Type		Unit Mix	# Units	SF/Unit
Affordable Units 40%	1Bedroom	41%	28	600
	2Bedroom	49%	34	750
	3Bedroom	10%	7	900
	Total	100%	69	704
Market rate Units 60%	1Bedroom	46%	47	650
	2Bedroom	45%	46	780
	3Bedroom	9%	9	950
	Total	100%	102	735

Retail

The ground floor will be about 10,000 square feet. The first choice is to bring in a grocery store or CVS to occupy the entire space. A grocery store will improve community walkability and provide a convenient service. However, the ground floor also could be divided into several smaller units for multiple retail stores, such as convenience store, hair salon, and flower shop. The goal of bring in retail is to make the community more walkable and provide more services.

Parking

195 surface parking spaces are required with a 30 percent reduction of the parking requirement. Environmentally-friendly materials and pervious pavers will be used in the parking lots.

Open Spaces

Trees and green space provide environmental benefits and add value. The ability of trees to improve and maintain the quality of water, soil, and air and to remove pollutants from the air is well known. Trees also provide shade and help lower temperatures during hot weather. In addition, trees enrich people's lives and beautify landscapes. Preserving trees in developments increases a project's attractiveness, monetary value, and marketability by providing aesthetic and functional values.

Therefore, for the subject site, the existing trees surrounding the site will be preserved as open space to make the development more attractive and environmentally-friendly. Benches will be provided along with trails in the preserved open space.

VI. Zoning Regulation

Zoning regulation has significant impact on real estate development. First, the procedures determine the development requirements and may influence the project budget. Second, zoning that determines the permitted uses, thus determines what the project would be and how it could make a profit. Finally, some zoning regulations, for example, parking and stormwater management, impact the project economically and physically.

Procedures for M-U-I Zone

The subject site is zoned M-U-I. Property owned by a municipality or the Prince George's County Redevelopment Authority may be reclassified to the M-U-I Zone under the following procedures:

> (A) As to notice and hearing procedures in general, the Planning Board and District Council shall follow the requirements in Part 3, Division 9, for site plan cases. The processing of applications filed by municipalities or the Prince George's County Redevelopment Authority shall be expedited, and the Planning Board must file its recommendation with the Council not later than fifty (50) days after the application of the municipality or the Prince George's County Redevelopment Authority is accepted for filing.
>
> (B) The application by the municipality or the Prince George's County Redevelopment Authority shall include all materials required in Part 3, Division 9, for Conceptual Site Plan cases, with a statement which enumerates proposed uses on the site, demonstrates how the proposed mix of uses meets M-U-I Zone purposes, and shows how proposed development will promote redevelopment and revitalization in the vicinity of the property owned by the municipality or the Prince George's County

Redevelopment Authority.

(C) A municipality or the Prince George's County Redevelopment Authority shall file its application with Planning Board staff, which after acceptance must prepare a report and recommendation. The Planning Board shall hold a public hearing on the application, prepare its recommendation, file its decision with the Clerk of the Council, and send copies to persons of record.

(D) Within thirty (30) days of the mailing of the Planning Board decision, any person of record may file with the Clerk of the Council comments on the application or a request for oral argument, or both. Oral argument must be held prior to final action on the application, if ordered by the Council or requested by a person of record.

(E) Before taking final action, the Council may refer the case to the Zoning Hearing Examiner, for review of specific issues. The Examiner shall give priority in scheduling to all such cases. After hearing, the Examiner shall address and make recommended findings on the issues in the referral order and the standards given below. A person who was not a party of record when the Planning Board closed the record may become one after the referral to the Examiner.

(F) The District Council may take final action approving the application by the municipality or the Prince George's County Redevelopment Authority, for the M-U-I Zone, with or without conditions, if it finds that the mix of uses proposed in the application will meet the purposes of the M-U-I Zone and that the proposed development will be compatible with existing and approved future development on adjacent properties, will not be inconsistent with an applicable Master Plan or the General Plan, as amended will conform to the purposes and standards of an applicable TDOZ, DDOZ or M-U-TC Development District Plan, and will enhance redevelopment or revitalization in the vicinity of the property owned by the municipality or the Prince George's County Redevelopment Authority.

In addition, unless requested by a municipality or the Prince George's County Redevelopment Authority, the M-U-I Zone may be approved only on property that adjoins existing developed properties along 20 percent or more of its boundaries, adjoins property in the M-U-I Zone, or is recommended for mixed-use infill development in an approved Master Plan, Sector Plan, or other applicable plan. Adjoining development may be residential, commercial, industrial, or institutional but must have a density of at least 3.5 units per acre for residential uses or a floor area ratio of at least 0.15 for nonresidential development.

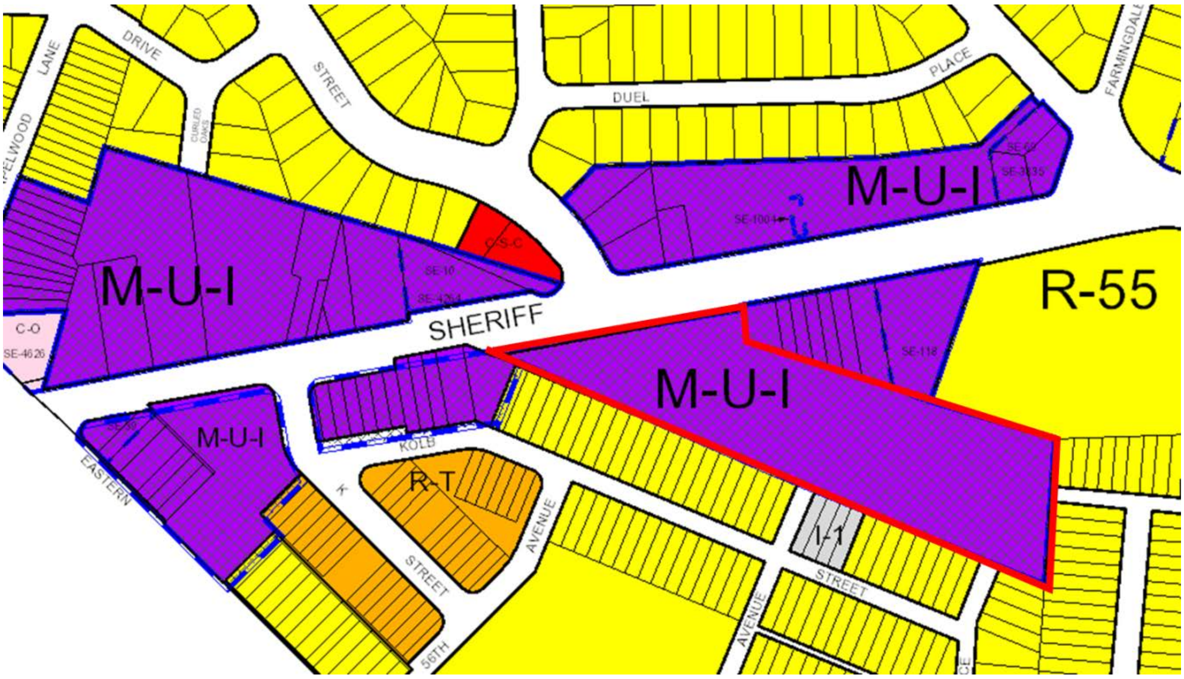
If the M-U-I Zone is approved in a Sectional Map Amendment (SMA) process, permitted uses in existence at the time of SMA approval shall not be deemed nonconforming.

Zoning

Current Zoning:

The subject site is currently zoned Mixed-Use Infill (M-U-I). The M-U-I Zone is a Mixed Use Zone that encourages a variety of uses to be developed in a single coordinated project. The most important thing for M-U-I sites is that, as with the CDZs, the building location and size is determined on a case-by-case basis, and density increases may be obtained by providing public benefit features. Therefore, a site's density could exceed the limit as long as proposed uses promote Smart Growth principles by encouraging the efficient use of land, public facilities, and services in areas that are substantially developed.

Zoning map of the subject site



Source: PGAtlas

Permitted Uses

The M-U-I regulations are intended to create community environments enhanced by a mix of residential, commercial, recreational, open space, employment and institutional uses in accordance with approved plans. Therefore, on the subject site, all uses permitted by right or by Special Exception in the C-S-C Zone, as provided in Section 27-461(b), are permitted by right in the M-U-I Zone, except for the uses in Sections 27-461(b)(3), Miscellaneous, and 27-461(b)(6), Residential/Lodging, the uses allowed are those permitted in Section 27-441(b)(3) and (6) for the R-18 Zone, except that hotel and motel uses are permitted as in the C-S-C Zone. Additionally, the subject site is subject to all requirements applicable to the R-T Zone (except as specifically modified for the R-20 Zone).

To comply with all the requirements for the subject site, the site plan should follow the zoning regulations:

(a) Except as provided in Subsection (b), the regulations governing location, setbacks, size, height, lot size, density, and other dimensional requirements in the M-U-I Zone are as follows:

(1) R-18 Zone regulations apply to all uses in Section 27-441(b)(3), Miscellaneous;

(2) R-18 Zone regulations apply to all uses in Section 27-441(b)(6), Residential/Lodging, except hotels and motels;

(3) C-S-C Zone regulations apply to hotels and motels and all other uses; and

(4) Multifamily residential densities up to forty-eight (48) units per acre are permitted.

(b) Where an owner proposes a mix of residential and commercial uses on a single lot or parcel in the M-U-I Zone, the site plan as approved shall set out the regulations to be followed. The approved regulations may reduce parking requirements by thirty percent (30%), where evidence shows that proposed parking will be adequate, notwithstanding provisions in Part 11.

Table7: Regulation Table for MUI

Regulations tables	
Lot Coverage (Maximum % of Net Lot Area):	
Multifamily dwellings having 4 or more stories	60%
Multifamily dwellings having less than 4 stories	70%
Principal Building Height	**6 stories max,2 min**
Setbacks-Building	
Lot/Width Frontage (Minimum in Feet)	85
Front BTL Principal	0. ft min/10 ft. max
Front BTL Secondary	0. ft min/12 ft. max
Side Setback	0. ft min/24 ft. max
Rear Setback	10. ft min
Density[1] (Maximum Dwelling Units Per Net Acre of Net Lot/Tract Area)	48 units per acre

Source: Zoning Department, Prince George's County, MD

Note 1: Multifamily residential densities up to forty-eight (48) units per acre are permitted. Plus one (1) dwelling unit for every thousand (1,000) square feet of indoor space provided for social, recreational, or educational purposes for exclusive use by the residents.

Pubic Approvals Process

For the subject site, review and approval of site plans are required, and designed to ensure that new development is compatible with approved master plans, meets county requirements, and enhances the quality of life.

Subdivision Process:

The Subdivision Regulations, which are part of the Prince George's County Code, control the subdivision of land for purposes of sale or development. Subdivisions are controlled through a process known as platting. A plat is a map of a parcel of land that shows features such as lot lines, streets, stormwater management facilities, easements, topography, and building restriction lines.

Site Plan Review:

Site plan review is the procedure by which the Planning Board and/or its technical staff review a developer's proposed site plan to ensure it meets the zone's stated purposes and standards. The development application for the subject site is subject to a site plan review triggered by a Zoning Ordinance requirement attached to M-U-I Zone. The plan must conform to the design guidelines stipulated in the Ordinance. These guidelines are performance standards for the design of parking, loading and circulation; lighting; views; green area; site and streetscape amenities; grading; service areas; public spaces; and in some cases, architecture.

The Planning Board is required to hold a public hearing on the site plan within 70 days of the time it is accepted, unless the applicant agrees to a waiver. Properties are posted with a sign advertising the hearing and all adjoining property owners are notified by mail. Any interested person may speak on the proposal at the hearing. M-NCPPC staff prepares a report and makes a recommendation to the Planning Board. The Planning Board may approve, approve with conditions, or deny the plan.

Permit Review:

Building, use and occupancy, grading and sign permits are issued by the Prince George's County Department of Environmental Resources (DER). DER refers such applications to other agencies including the Soil Conservation Service, Department of Public Works and Transportation, Washington Suburban Sanitary Commission, State Health Department and M-NCPPC.

Historic Area Work Permits (HAWP):

Projects involving a historic site or property within a historic district require an additional permit, beyond those described in the previous section, if certain types of work are proposed, such as major exterior alterations, demolition, new construction or changes to the setting of a historic site. The HAWP process does not apply to interior work or to exterior projects that will not alter the exterior features of the historic site or its setting.

Woodland Preservation and Tree Preservation:

This policy involves a negotiated tree conservation plan that sets site-specific conservation requirements and commits the applicant to the use of certain tree protection techniques before, during and after construction. Strict penalties are imposed if the agreement is violated.

Landscape Manual and Alternative Compliance:

The Landscape Manual establishes mandatory minimum standards for planting on residential lots and for commercial landscape strips, perimeter strips and internal landscaping in parking lots. In cases where circumstances prevent strict compliance, there is a procedure to allow other designs that equal or exceed the requirements. This procedure is called alternative compliance.

Parking Regulation

Required Parking Spaces:

According to the County's Zoning Department, Sec. 27A-703. - Required Parking Spaces, the project requires 279 parking spaces. With a 30 percent reduction of the parking requirement, 196 parking spaces would meet the parking regulation.

Table9: Required Parking Spaces

1Bedroom	*1.15/Unit
2Bedroom	*1.65/Unit
3Bedroom	*2/Unit
Retail	4.0/ 1,000 GLA

Source: Zoning Department of Prince George's County, MD Sec. 27A-703. - Required Parking Spaces.

Parking Reductions:

From developer's perspective, more parking spaces are not desired, because they add costs and occupy space, leading to an increased budget and possible failure of financial feasibility. However, parking reductions may be applied on particular sites.

Based on Sec. 27-546.18, "Where an owner proposes a mix of residential and commercial uses on a single lot or parcel in the M-U-I Zone, the site plan as approved shall set out the regulations to be followed. The approved regulations may reduce parking requirements by thirty percent (30%), where evidence shows that proposed parking will be adequate, notwithstanding provisions in Part 11." Parking reductions are applicable for the subject site.

Stormwater Management

The regulations require municipalities to implement stormwater management techniques that improve water quality in the Chesapeake Bay, and the water bodies flowing to it, by making them suitable to support aquatic habitat and recreational activities. As the second most populated county in Maryland, almost 60 percent of Prince George's County's lands are occupied by residential uses and development continues, resulting in decreased open and forested area. Therefore, stormwater management is required for the subject site to avoid any potential issues resulting from stormwater.

The primary goals of stormwater management are to improve existing flooding problems and prevent flooding problems created by new development. Measures include on-site controls for new development and corrective flood and erosion controls facilities, which are required to comply with Maryland's Stormwater Management Act of 2007. In addition, the use of Environmental Site Design is also required according to the act.

The Clean Water Act Fee, aiming to address the pollution issue, is required by the federal government. Property owners in Prince George's County pay a fee based on a property's impervious surface annually through tax bills.

Three phases for the stormwater management plan and review process are:

1. Land Development Concept Stage Approvals
2. Land Development Entitlement Approvals
3. Land Development Financial Approvals and Permits

Three-phase Comprehensive Review Process in MDE is:

1. Site Development Concept Plan
2. Site Development Plan
3. Final Plan

The design and financial impacts of zoning regulations should be considered before starting a project.

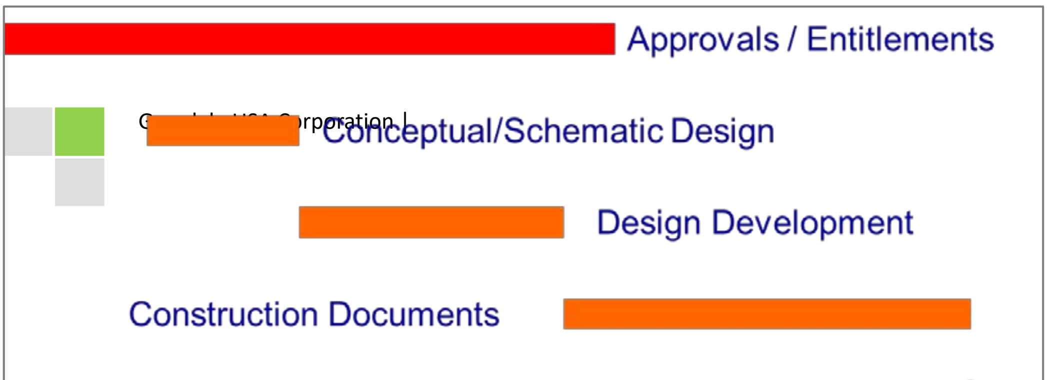
VII. Development Schedule

The estimated time for the project is 646 work days, with 297 work days for pre-construction and 417 work days for project construction.

Pre-Construction:

The pre-construction service summarizes planning services rendered and public approvals before construction actually begins. The process of pre-construction includes due diligence, public approvals/entitlements process, the design process, and general contractor selection.

Pre-Construction Phase



1. **Due Diligence:** Due diligence is when an owner/developer can discover any unforeseen obstacles or issues before proceeding with the project. In addition, undertaking a range of due diligence checks is necessary to eliminate potential risks of the project. The due diligence will begin on May 2018, and take 45 days before the project moves forward.

2. **Approvals/Entitlements:** Approval of conceptual site plan and schematic design is required before the subdivision process begins. The project schedule allows 50 days for design work—20 days of conceptual design and 30 days of schematic design. The subdivision process will take 45 days to complete, including preliminary and record plats. The next step is site plan review which usually takes 15 days. A public hearing is required by the Planning Board on the site plan after the site plan review. Several community meetings usually occur during this period to air concerns and suggestions from the community.

   Since a Traffic Impact Study and Stormwater Management are required for the project, 50 days are scheduled—20 days for the Traffic Impact Study and 30 days for Stormwater Management.

   The project will move forward to the permit review process once all the approvals and entitlements processes are completed. Building type, use and occupancy, size, signs, and site/road permits are required for Permit Review and 60 days should be scheduled for this process.

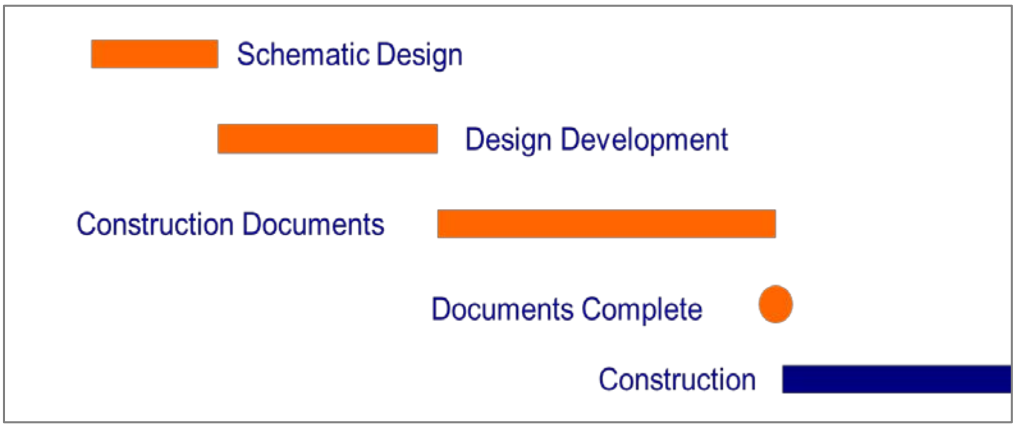
3. **Design**: Once due diligence is finished the design team should be selected to develop the design. At the same time development of the construction drawings, construction specifications, and administration should start. The developer and architect are on the same team and work together on a conceptual plan for site development. A team of consults will be assembled to generate a schematic design to meet the development budget established by the conceptual site plan. After conceptual and schematic design, the design development phase, taking 90 days, will commence.

   There is some professional work that should be done to complete the design process successfully. First, it is the developer's responsibility to issue separate RFPs for Geotechnical and Civil Engineering Services. Then reviews by the county and other relevant agencies providing funding should be completed prior to submission of design documents. Therefore, professionals including engineers, financial consults, Zoning

Attorney are helpful and necessary for design work during the design process.

Before issuing 100 percent construction documents, all comments received from the reviewers should be implemented, and then closing could be set by the developer. Four months are needed on the financing to initiate construction after completing the construction documents.

Design Phase to Construction



4. **General Contractor Procurement:** This phase aims to establish the lowest construction cost while maintaining the design intent for the proposed development. The developer will bid the construction work to several preselected general contractors (GC) who have similar development experience during the architecture schematic design process and then select one GC to provide pre-construction services and price the work for the team as the design develops. Thirty days should be scheduled for General Contractor Procurement (GCP), and an extra 30 days will be used for the bidding process.

   The contracting should be completed before construction documents begin with the goal of ensuring a cost-effective design. The developer should be able to review each phase of the progress drawings during the various stages of the design process to avoid any potential issues for construction and budget. Architects and engineers are required to be engaged in pricing to review engineering options proposed by the GC. Finally, the winner will sign a guaranteed maximum price (GMP) contract for the work.

Financing

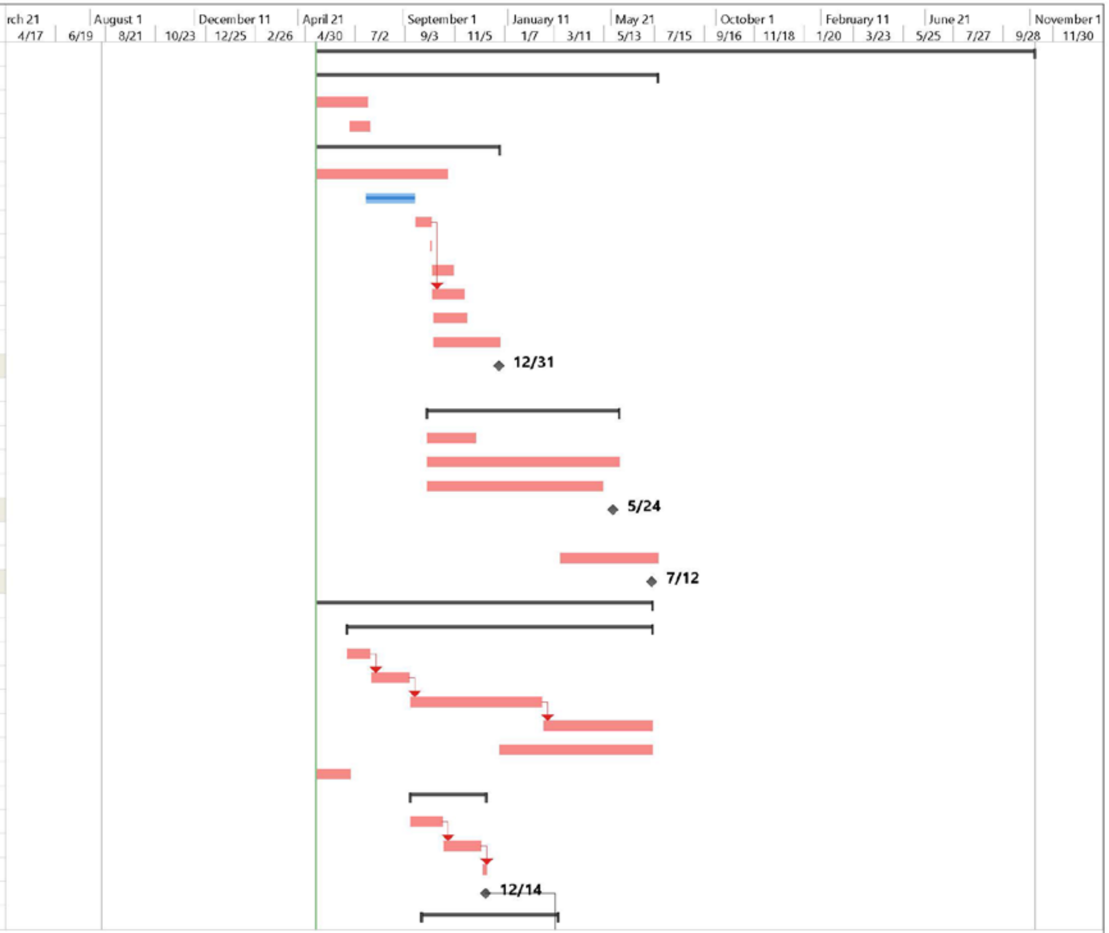
Financing may take one year or longer depending on sources. Tax-exempt bonds, DHCD loans, LIHTC and other sources providing lower capital cost are usually used for affordable housing or mixed-income multi-family projects. For this project, financing will take 175 work days, which includes issuing tax-exempt bonds and applying for tax credits.

Construction

Construction will commence in March 2019 after approximately one year of pre-construction. The construction process will last 343 work days (16 months). Since there are no existing buildings in the site, construction work will start with site work and leveling.

Two of the project's buildings have podiums. The building with ground floor retail and ground floor parking spaces take an extra 75 work days to finish the podium first. Then the construction of residential with Fire-Retardant Treated (FRT) wood structure will take 320 work days. Inspection will take 10 work days after completion of all construction and another 10 work days to allow immediate use.

ID	Task Name	Duration	Start	Finish
1	**Project Schedule**	**626 days**	**Mon 5/14/18**	**Fri 11/6/20**
2	**Pre-Constrution**	**297 days**	**Mon 5/14/18**	**Fri 7/19/19**
3	Due Dilligence	45 days	Mon 5/14/18	Tue 7/17/18
4	Concept Design	20 days	Mon 6/25/18	Fri 7/20/18
5	**Approval/Entitlements**	**166 days**	**Mon 5/14/18**	**Mon 12/31/18**
6	Development Agreement	120 days	Mon 5/14/18	Fri 10/26/18
7	Subdivision Process	45 days	Mon 7/16/18	Fri 9/14/18
8	Site Plan review	15 days	Mon 9/17/18	Fri 10/5/18
9	Public Hearing	1 day	Fri 10/5/18	Fri 10/5/18
10	Traffice Impact Study	20 days	Mon 10/8/18	Fri 11/2/18
11	Stormwater Management	30 days	Mon 10/8/18	Fri 11/16/18
12	Enrivoment Study	30 days	Tue 10/9/18	Mon 11/19/18
13	Permit Review	60 days	Tue 10/9/18	Mon 12/31/18
14	***PROPERTY LAND CLOSING***	0 days	Mon 12/31/18	Mon 12/31/18
15				
16	**Financing**	**175 days**	**Mon 10/1/18**	**Fri 5/31/19**
17	Pre-development Loan	45 days	Mon 10/1/18	Fri 11/30/18
18	Tax-exempt Bonds	175 days	Mon 10/1/18	Fri 5/31/19
19	Tax Credit	160 days	Mon 10/1/18	Fri 5/10/19
20	***FINANCE CLOSING***	0 days	Fri 5/24/19	Fri 5/24/19
21				
22	Construction Financing	90 days	Mon 3/18/19	Fri 7/19/19
23	***CONSTRUCTION LOAN CLOSING***	0 days	Fri 7/12/19	Fri 7/12/19
24	**Design**	**292 days**	**Mon 5/14/18**	**Fri 7/12/19**
25	Architectural	264 days	Fri 6/22/18	Fri 7/12/19
26	Concept Design	20 days	Fri 6/22/18	Fri 7/20/18
27	Schematic Design	35 days	Mon 7/23/18	Fri 9/7/18
28	Design Development	120 days	Mon 9/10/18	Fri 2/22/19
29	Construction Documents	100 days	Mon 2/25/19	Fri 7/12/19
30	Structural Engineering	135 days	Mon 12/31/18	Fri 7/12/19
31	Geotechnical	30 days	Mon 5/14/18	Mon 6/25/18
32	**Construction**	**68 days**	**Mon 9/10/18**	**Fri 12/14/18**
33	RFP	30 days	Mon 9/10/18	Fri 10/19/18
34	Bidding	35 days	Mon 10/22/18	Fri 12/7/18
35	Contracting	5 days	Mon 12/10/18	Fri 12/14/18
36	NTP - Notice To Proceed	0 days	Fri 12/14/18	Fri 12/14/18
37	**Permitting**	**117 days**	**Mon 9/24/18**	**Fri 3/15/19**

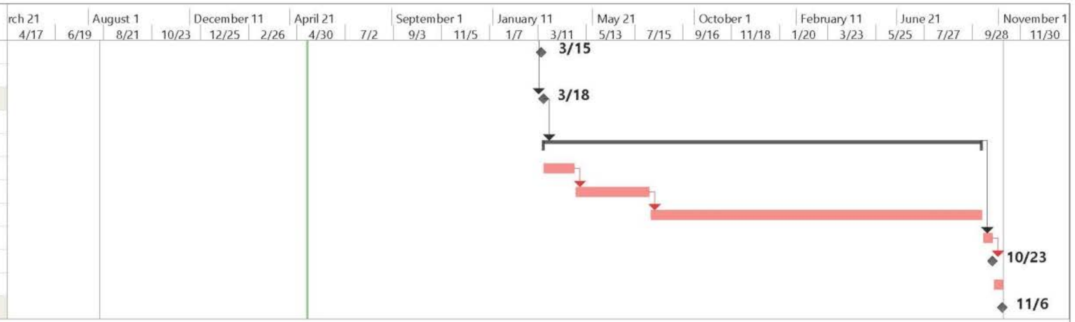


Project: Preliminary Project Sch
Date: Mon 5/14/18

Task · Split · Milestone · Summary · Project Summary · Inactive Task · Inactive Milestone · Inactive Summary · Manual Task · Duration-only · Manual Summary Rollup · Manual Summary · Start-only · Finish-only · External Tasks · External Milestone · Deadline · Critical · Critical Split · Progress · Manual Progress

Page 1

ID	Task Name	Duration	Start	Finish
38	RECEIVE BUILDING PERMIT	0 days	Fri 3/15/19	Fri 3/15/19
39				
40	***CONSTRUCTION START***	0 days	Mon 3/18/19	Mon 3/18/19
41				
42	**Construction Duration**	**397 days**	**Mon 3/18/19**	**Fri 10/9/20**
43	Site Work	30 days	Mon 3/18/19	Fri 4/26/19
44	Podium (Ground Retail and Parking)	70 days	Mon 4/29/19	Fri 8/2/19
45	Apartment	310 days	Mon 8/5/19	Fri 10/9/20
46	Close-in Complete	10 days	Mon 10/12/20	Fri 10/23/20
47	Building Final	0 days	Fri 10/23/20	Fri 10/23/20
48	Certificate of Occupancy	10 days	Mon 10/26/20	Fri 11/6/20
49	***FINAL COMPLETION***	***0 days***	***Fri 11/6/20***	***Fri 11/6/20***



Project: Preliminary Project Sch
Date: Mon 5/14/18

Task	Inactive Task	Manual Summary Rollup	External Milestone
Split	Inactive Milestone	Manual Summary	Deadline
Milestone	Inactive Summary	Start-only	Critical
Summary	Manual Task	Finish-only	Critical Split
Project Summary	Duration-only	External Tasks	Progress
Manual Progress			

VIII. Marketing and Management

Marketing

Fairmount Park Apartments is a sustainable development located near Washington D.C., with strong access to Washington via Metro and Routes 50 and I-295. This convenient location would attract renters who work in D.C. and nearby. Considering the project's location and the targeted tenants, advertisements will be used at various Metro and bus stops, as well as at the building to reach potential tenants. In addition, as the project progresses, its story and related interviews will be shared with relevant magazines, newspapers, and real estate websites to increase outreach

For residential marketing, the following actions should be ensured:

- Interior design: the leasing office and the model apartments will be designed by an interior designer to create a better perception of the units to potential tenants
- Media showcased: the property should be showcased in press releases, apartment guides, apartments.com, Zillow, and other media to promote the residences during the lease-up period
- Highlighted on Google Maps: the property will be searchable in apartments
- Website: an appealing website should include a virtual tour of the units, images of the amenities, floor plans, and rents

For retail marketing, a commercial leasing company will be hired to recruit potential retail tenants. The major goal is to sign CVS and an educational program. CVS is the first choice for the ground floor retail space of 5,000 square feet. Once this anchor retail signs a lease, Internet and social media announcements could be used to appeal to other businesses.

Fairmount Park Apartments provide affordable apartments for mixed-income households, and also provides distinctive retail that highlight the area's character and diversity. A grocery store, like CVS or Safeway, will make the community more walkable and provide more convenience. In addition, residents will be benefit from amenities including a gym, on-site café, and business center.

Management Plan

A qualified management company is critical for managing a property to provide the level of services necessary, playing a significant role in retaining residents, and achieving the expected cash flow from operations. The management company's responsibilities are:

- Showcasing open house
- Leasing apartments
- Maintaining and improving the property
- Collecting rent and other fees
- Negotiating agreements
- Solving tenant problems

- Maintaining profitability of the property

The management company could either hire or contract for the necessary services to operate the property successfully. Professional personnel are required to achieve the management goals. Competitive salary and benefits will be provided to ensure high quality management.

- Property Management
- Assistant Property Manager
- Leasing Associates
- Engineer
- Service Technicians
- Front Desk Staff

The management fee is usually in the range of 3.5 percent of the Effective Gross Income (EGI) with a typical contract term of 10 years, with a 30-day cancellation notice. Competitive salary and benefits will be provided to ensure high quality management.

Operating Expenses

Expenses are essential to a property's profitability because NOI is determined by income and the expenses. For the Fairmount Park Apartments, operating and maintenance expenses are estimated based on data from the NAA operating survey, but adjusted based on the specific conditions and changes in the past two years.

Table 10: Annual Operating and Expenses

Administrative	$ 316,393
Management Fee	$ 119,580
Utilities	$ 112,165
Maintenance	$ 138,000
Taxes and Insurance	$ 309,619
Replacement Reserve	$ 24,150
Total Expenses	**$ 1,019,906**

As shown in Table 10, the total operating expenses are $1,019,906 in the first year, which take approximate 34 percent of GPR. The operating expenses will be escalated 3 percent annually.

Tenant Services

Fairmount Park Apartments will provide tenant services that promote the residents' quality of life.

- After School Programs: soccer, baseball club, painting class, and other kinds of after school programs will be provided for the community.

- Health and Wellness: an indoor gym center, will provide health and fitness facilities, but also provide health and wellness services, like health education classes.

- Safety and Security: a monitoring system will be installed , including real-time monitors at the entrance, the lobby, and the garage to ensure safety.

Project Lease-Up

The project will be delivered in December 2020. Pre-lease process will start three months before the completion of construction, which is September 2020, to coincide with the academic calendar.

To promote the lease-up process, tenants who sign up during the pre-lease period could get one-month free rent. During the pre-lease period, 15 units will be leased per month, with 35 units leased up at closing. A six-month lease-up period is scheduled to abort the whole project.

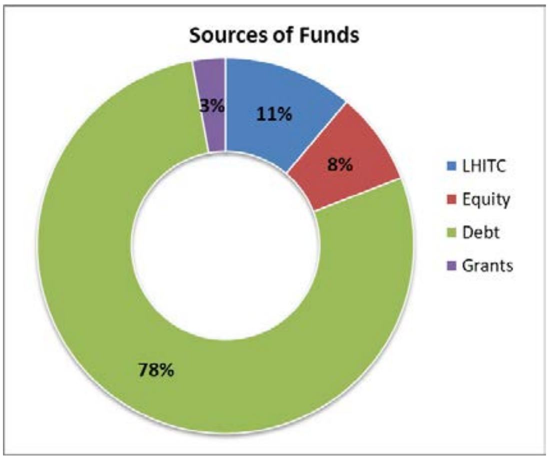
Table 11: Lease-up Schedule

Schedule		Pre-Leasing			Closing	Lease-up Period					
		Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Maeketable Units	Residential Leased (Units)	15	15	15	25	10	9	9	4	3	2
	Cumulative Leased (Units)	15	30	45	70	80	89	98	102	105	107
Affordable Units	Residential Leased (Units)	12	12	15	15	10	7				
	Cumulative Leased (Units)	12	24	39	54	64	71				

IX. Financial Analysis

Sources

The total development costs (TDC) are $38,529,318, including total equity of $7,476,450, partnership rental housing of $1,000,000, and debt of $30,052,868.



Forty percent of the total units will be affordable housing aimed at 60 percent of AMI, resulting in $4,288,511 in tax credits, which occupied 11 percent of TDC. Developer equity is $3,087,939, which covers 11 percent of TDC.

The applicable percentage of tax credit is 3.28 percent applied for the project. Applicable fraction applied for the project is 40 percent. The following table shows the details of tax credit calculations.

Table 11: Calculation of tax credit amount

Maximum Low-Income Housing Tax Credit Based on Eligible Costs		
Description	Acquisition Basis	Construction Basis
Total Uses of Funds	$ 320,513	$ 32,082,467
Adjusted Project Costs	$ 320,513	$ 32,082,467
Adjustment for Federal QCT / DDA (130% maximum)		99.99%
Eligible Basis	$ 320,513	$ 32,082,467
Applicable Fraction	40.35%	40.35%
Qualified Basis		$ 12,945,275
Applicable Percentage	3.28%	3.28%
Low Income Housing Tax Credit Eligible		$ 424,605
Estimated Low-Income Housing Tax Credit Syndication Proceeds		
Description		Amount
Combined Low Income Housing Tax Credit Eligible		$ 424,605
Tax Credit Period (10 years)		x 10
Total Tax Credit Received Over Period		$ 4,246,050
Raise Ratio from Syndicator's Proposal		1.01
Gross Proceeds from Low Income Housing Tax Credit		$ 4,288,511
Less: Gross Proceeds from Historic Tax Credit		0
Total Equity from Syndication Proceeds		**$ 4,288,511**

Uses

The land costs are approximately $29.14 million, which is only 0.65 percent of TDC. Hard costs are 84.1 percent of TDC, the highest part of TDC. Since the project will apply tax-exempt bonds and tax credits, related financing fees and charges will cost $2,221,656, 4.97 percent of TDC. Details of the funding uses are shown in table 22.

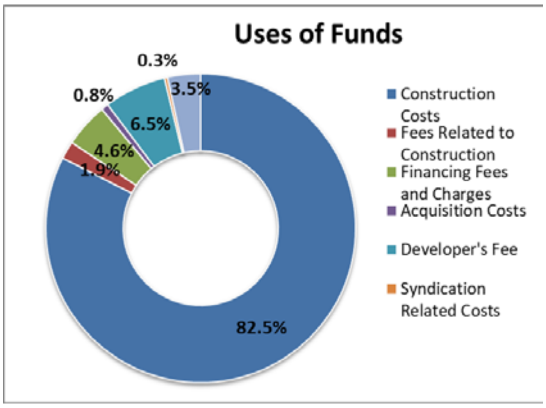


Table 12: Project Uses

Type of Uses	Amount	%
Construction Costs	$31,785,165	82.5%
Fees Related to Construction	$716,000	1.9%
Financing Fees and Charges	$1,783,116	4.6%
Acquisition Costs	$291,375	0.8%
Developer's Fee	$2,500,000	6.5%
Syndication Related Costs	$121,443	0.3%
Guarantees and Reserves	$1,332,220	3.5%

Total Uses of Funds	**$38,529,318**	**100.0%**

Land Acquisition Cost

The land is owned by the Town of Fairmount Heights with an assessed value of $233,100. To estimate the land acquisition cost, two methods could be applied: a premium over assessed property tax value or sales comparison approach. Since no land has sold in the area lately, for this site, 25 percent of the assessed value is added as the land acquisition cost, which comes to $291,375.

Hard Costs

Site Work:

The site is undeveloped land with grass and trees, therefore no demolition is needed. Implementing site work is estimated to cost $996,653 at $5.20/square foot.

Construction Cost:

The project comprises three four-story buildings combined with ground-floor retail and parking spaces. Therefore, the ground floor will be a concrete podium, which impacts the budget. The construction type will be 5A. The costs include 195 surface parking spaces. The apartments will be wood structure.

Table 13: Construction Cost

Residential	**Structure**	**Cost**	**SF**	**Total Cost**
Construction Hard Costs	4&5-Story Wood	$140/SF	153,460	$21,484,400
Non-Residential				
Ground Floor Retails & Rental Office	Concrete Podium	$ 160/SF	10,000	$1,600,000
Surface Parking		$3,800/space	195 spaces	$741,000
Site Work		$5.4/SF	191,664	$1,034,986
Total Construction Cost				***$23,825,400***

Soft Costs

As a mixed-income multi-family project, tax-exempt bonds and tax credit will be applied for, which leads to increased financing fees. Syndication Related Costs, including Syndication Fee, Tax Credit Application Fee, Tax Credit Allocation Fee, Tax Credit Reservation Fee, Partnership Management Fee and others will cost $102,258. The developer's fee exceeded the maximum limit of $2.5 million; therefore, $2.5 million is adopted as the developer's fee for the project.

Debt

Construction Loan:

The project requires $30,052,868 construction loan calculated as 78 percent Loan-to-Cost (LTC) ratio for a construction period of 16 months. The interest rate used during the construction period is 2.6 percent since tax-exempt bonds will be used for the construction loan. The total construction loan interests is $553,475. Table 14 shows how the construction loan draws during the 20-month construction period.

Table 14: Construction Loan Interest

Construction Draw			
Construction Cost	$ 38,529,318	Interest Rate	2.60%
Loan Amount	$ 30,052,868	LTC	78%
term	16 Months		
Month	Draw	Balance	Interest
1	$ 1,878,304	$ 1,878,304	$ 4,070
2	$ 1,878,304	$ 3,756,609	$ 8,139
3	$ 1,878,304	$ 5,634,913	$ 12,209
4	$ 1,878,304	$ 7,513,217	$ 16,279
5	$ 1,878,304	$ 9,391,521	$ 20,348
6	$ 1,878,304	$ 11,269,826	$ 24,418
7	$ 1,878,304	$ 13,148,130	$ 28,488
8	$ 1,878,304	$ 15,026,434	$ 32,557
9	$ 1,878,304	$ 16,904,738	$ 36,627
10	$ 1,878,304	$ 18,783,043	$ 40,697
11	$ 1,878,304	$ 20,661,347	$ 44,766
12	$ 1,878,304	$ 22,539,651	$ 48,836
13	$ 1,878,304	$ 24,417,955	$ 52,906
14	$ 1,878,304	$ 26,296,260	$ 56,975
15	$ 1,878,304	$ 28,174,564	$ 61,045
16	$ 1,878,304	$ 30,052,868	$ 65,115
Total	**$ 30,052,868**		**$ 553,474**

Permanent Loan:

The construction loan is $30,052,868 as mentioned before. Based on the 1.2 percent debt service coverage ratio, the maximum loan is higher than the construction loan amount. Therefore, the permanent loan amount of $30,052,868 is adopted to repay the construction loan. Table 15 shows the calculation of permanent loan amount.

Table 15: Permanent Loan Calculation

Amortizing Loan - Maximum Loan Amount	
NOI After Reserves	1,969,583
Minimum Debt Cover Ratio	1.20
Maximum Allowable for Debt Service	1,644,533
Term	40
Interest Rate	4.60%
MIP	0.00%
Mortgage Constant	**5.47%**
All-in Rate	**4.60%**
Maximum Loan	**30,052,868**

Revenue and Operating Expenses

Residential Revenue:

Affordable housing rents are limited to 60 percent of AMI, which generates rents of $1,242 for one-bedroom units, $1,489 for two-bedroom units, and $1,721 for three-bedroom units. The maximum rent for affordable housing includes utility allowances. Market-rate rents are estimated based on the market rents of comparable properties and an annual escalation rate of 2 percent from 2018 to 2021.

Table 16: Residential Revenue Calculation in 2021

Unit Type		Unit Mix	#Units	SF/Unit	Rent	Rent/SF	Rent/Month	Rent/Year
Affordable Units 40%	1Bedroom	41%	28	600	$ 1,125	$ 1.88	$ 31,500	$ 378,000
	2Bedroom	49%	34	750	$ 1,436	$ 1.91	$ 48,814	$ 585,770
	3Bedroom	10%	7	900	$ 1,662	$ 1.85	$ 11,633	$ 139,600
	Total	100%	69	704	$ 1,333	$ 1.89	$ 91,948	$ 1,103,370
Market rate Units 60%	1Bedroom	46%	47	650	$ 1,350	$ 2.08	$ 63,450	$ 761,400
	2Bedroom	45%	46	780	$ 1,550	$ 1.99	$ 71,300	$ 855,600
	3Bedroom	9%	9	950	$ 1,650	$ 1.74	$ 14,850	$ 178,200
	Total	100%	102	735	$ 1,467	$ 2.00	$ 149,600	$ 1,795,200

The vacancy rate is 4.8 percent for affordable units and 7.2 percent for market-rate units after stabilization. Other project income includes late fees, laundry, gym and other rent fees. The total other income in year 2021 is $2,989,489. All the residential rents are scheduled to escalate 2 percent annually.

Retail Revenue:

The ground floor retail is proposed as a grocery store, such as a small CVS, which the community is eager to have. Alternatively, multiple small businesses such as a café, laundry store, or pet store could be tenants. The annual retail rent in the submarket is $25.4/square foot. For this project, retail rent is priced at $28.5/square in 2021 when the project is delivered. The retail rent is scheduled to escalate 2 percent annually. The annual retail income is $199,500 in 2021.

Operating Expenses:

The total operating expenses, including the tax and insurance, will be $5,964/unit, totaling $1,019,906 in 2021. In particular, the management fee is 4 percent of the effective income, and the payroll is 10.1 percent of the effective income. The operating expenses will be escalated 3 percent annually. For retail tenants, leases will be triple net (NNN).

Table 17: Operating Expenses

OpEx	$/unit/Yr
Real Estate Tax	$1,505
Insurance	$304
Utilities	$656
Administrative Expenses	$2,550
Repair & Maintenance	$807
Reserve for Replacement	$141

Table 18: 10-Year Operating Pro Form

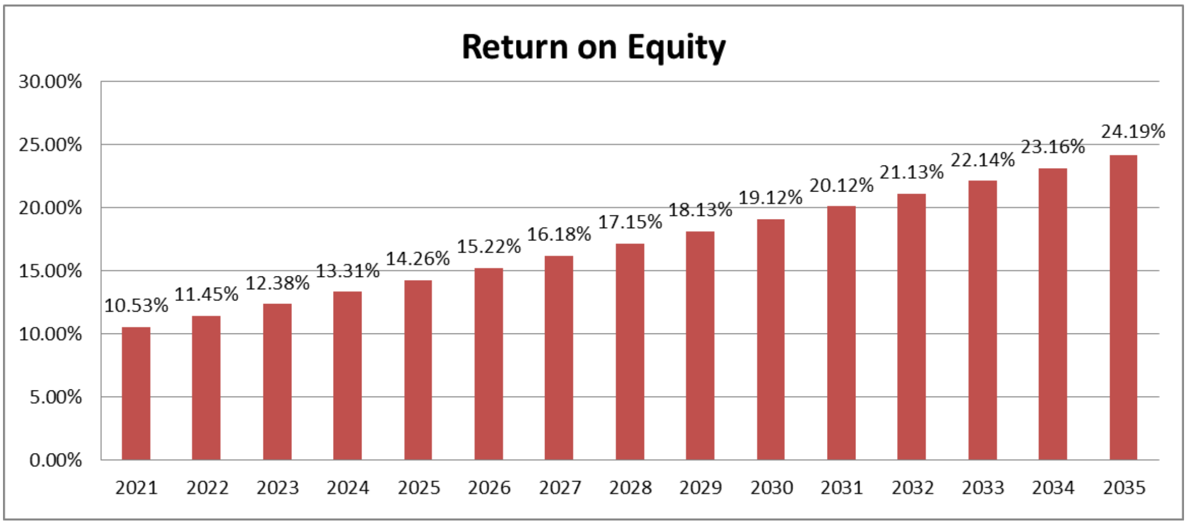
	2021	2022	2023	2024	2025
EGI	$ 2,989,489	$ 2,989,489	$ 2,989,489	$ 2,989,489	$ 2,989,489
OpEx	$ 1,019,906	$ 1,019,906	$ 1,019,906	$ 1,019,906	$ 1,019,906
NOI	***$1,969,583***	***$ 1,595,162***	***$ 1,606,679***	***$ 1,618,210***	***$ 1,629,748***
	2026	**2027**	**2028**	**2029**	**2030**
EGI	$ 2,989,489	$ 2,989,489	$ 2,989,489	$ 2,989,489	$ 2,989,489
OpEx	$ 1,019,906	$ 1,019,906	$ 1,019,906	$ 1,019,906	$ 1,019,906
NOI	***$ 1,969,583***	***$ 1,969,583***	***$ 1,969,583***	***$ 1,969,583***	***$ 1,969,583***

Investment Return

Fairmount Park Apartments is a mixed-income project, and since LIHTCs will be applied for to finance the project, it has to be held at least 15 years. In addition, partnership rental housing funds will be used, which can be deferred for 40 years as long as the owner keeps the affordable component; the project can't be sold before year 15 and can't be changed to market rate. Therefore, IRR and NPV, calculated based on the net cash flow including the net proceeds from sale, will not be adopted to measure the return on equity.

The Leveraged Return:

The developer's equity is $3,087,939, which is only 8 percent of TDC, resulting in an attractive return on equity. The following chart shows how cash-on-cash return changes over 15-year period from 2021 to 2035. Along with the increasing rent, the cash-on-cash return keeps increasing. The average cash-on-cash return is about 18 percent during the hold period.



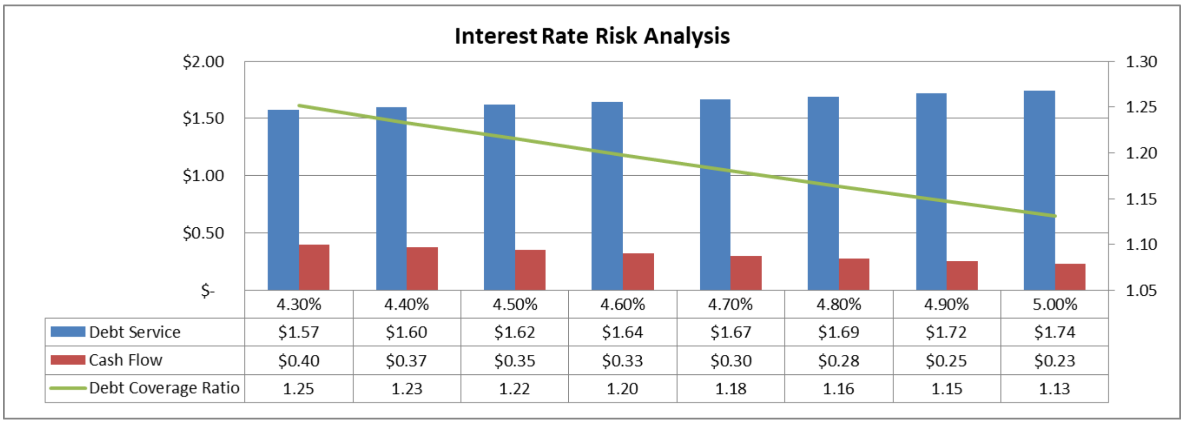
Exit Strategy:

As mentioned above, the project cannot be sold or be changed to 100 percent market-rate units. It will be re-syndicated at the end of the required hold period. Then the owner/developer can earn developer fees on renovation construction and new LIHTCs will be available.

Sensitivity Analysis:

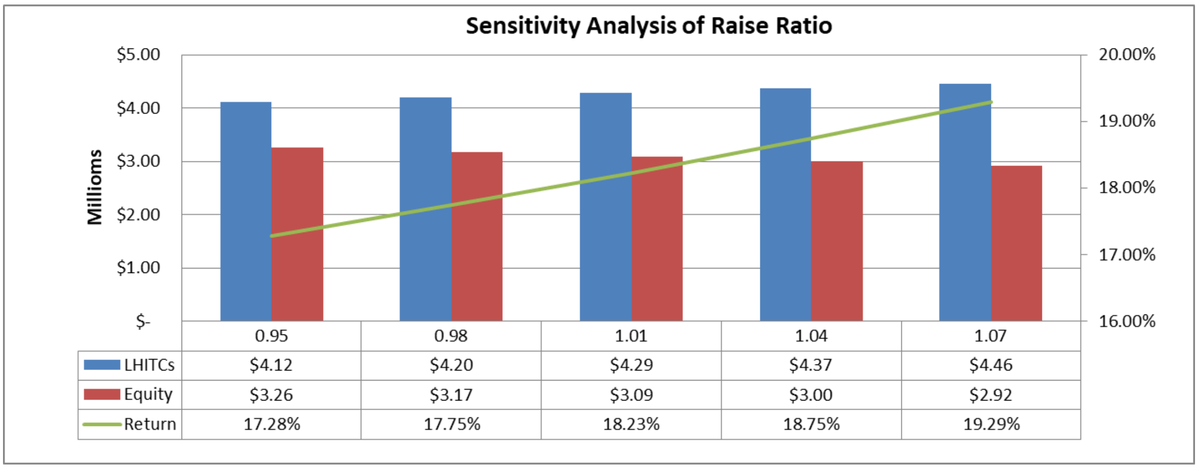
Sensitivity analysis is essential for financial feasibility analysis because various factors may influence the overall financial feasibility in changing market conditions. Sensitivity analysis is an important way to predict the outcome of a decision if a situation turns out to be different than expected. For this project, two different sensitivity analyses were applied to evaluate financial feasibility.

The first method evaluates the DSCR by increasing the interest rate for permanent loan from 4.3 percent to 5.0 percent. The interest rate adopted for the project is 4.6 percent and the DSCR is 1.2 in year one. As the results show below, when the interest rate increased to 4.9 percent, the DSCR in year one still will be 1.15, which means the project is still feasible and safe.



	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
Debt Service	$1.57	$1.60	$1.62	$1.64	$1.67	$1.69	$1.72	$1.74
Cash Flow	$0.40	$0.37	$0.35	$0.33	$0.30	$0.28	$0.25	$0.23
Debt Coverage Ratio	1.25	1.23	1.22	1.20	1.18	1.16	1.15	1.13

The second evaluation is of the cash-on-cash return by changing the raise ratio from the syndicator's proposal. According to the analysis below, when raise ratio decreases to 0.95, the average cash-on-cash return during the hold period goes down 17.28 percent, which is still attractive.



	0.95	0.98	1.01	1.04	1.07
LHITCs	$4.12	$4.20	$4.29	$4.37	$4.46
Equity	$3.26	$3.17	$3.09	$3.00	$2.92
Return	17.28%	17.75%	18.23%	18.75%	19.29%

X. Conclusion

Fairmount Park Apartments is a sustainable development in a new market. It provides new housing options with affordable rents and more importantly, provides community retail and open space, which will highlight the area’s diversity and improve its quality of life.

The project provides an opportunity to live in a building with energy-efficient systems and amenities. It encourages social interaction among communities by providing open spaces throughout the preserved forest along with an activity center. It revitalizes a core for the Town of Fairmount Heights, and thus strengthens the local economy and environment. And finally, it provides a healthy return on investment and creates a sustainable community.

20-YEAR OPERATING PRO FORMA:

Income	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*	*Year 7*	*Year 8*	*Year 9*	*Year 10*
Low Income Units	$ 1,076,760	$ 1,098,295	$ 1,120,261	$ 1,142,666	$ 1,165,520	$ 1,188,830	$ 1,212,607	$ 1,236,859	$ 1,261,596	$ 1,286,828
Market Rate Units	$ 1,795,200	$ 1,831,104	$ 1,867,726	$ 1,905,081	$ 1,943,182	$ 1,982,046	$ 2,021,687	$ 2,062,121	$ 2,103,363	$ 2,145,430
Nonresidential	$ 298,468	$ 301,453	$ 304,467	$ 307,512	$ 310,587	$ 313,693	$ 316,830	$ 319,998	$ 323,198	$ 326,430
Gross Project Income	$ 3,170,428	$ 3,230,852	$ 3,292,454	$ 3,355,259	$ 3,419,289	$ 3,484,569	$ 3,551,123	$ 3,618,977	$ 3,688,157	$ 3,758,688
Vacancy Allowance	$ (180,939)	$ (184,387)	$ (187,903)	$ (191,487)	$ (195,142)	$ (198,867)	$ (202,665)	$ (206,538)	$ (210,486)	$ (214,511)
Effective Gross Income	$ 2,989,489	$ 3,046,465	$ 3,104,551	$ 3,163,771	$ 3,224,147	$ 3,285,702	$ 3,348,458	$ 3,412,439	$ 3,477,671	$ 3,544,177
Expenses										
Administrative	$ 316,393	$ 325,885	$ 335,661	$ 345,731	$ 356,103	$ 366,786	$ 377,790	$ 389,123	$ 400,797	$ 412,821
Management Fee	$ 119,580	$ 121,859	$ 124,182	$ 126,551	$ 128,966	$ 131,428	$ 133,938	$ 136,498	$ 139,107	$ 141,767
Utilities	$ 112,165	$ 115,530	$ 118,996	$ 122,566	$ 126,243	$ 130,030	$ 133,931	$ 137,949	$ 142,087	$ 146,350
Maintenance	$ 138,000	$ 142,140	$ 146,404	$ 150,796	$ 155,320	$ 159,980	$ 164,779	$ 169,723	$ 174,814	$ 180,059
Taxes and Insurance	$ 309,619	$ 318,908	$ 328,475	$ 338,329	$ 348,479	$ 358,933	$ 369,701	$ 380,792	$ 392,216	$ 403,983
Replacement Reserve	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150
Total Expenses	$ 1,019,906	$ 1,048,471	$ 1,077,868	$ 1,108,123	$ 1,139,261	$ 1,171,307	$ 1,204,289	$ 1,238,235	$ 1,273,172	$ 1,309,129
Net Operating Income	$ 1,969,583	$ 1,997,994	$ 2,026,683	$ 2,055,648	$ 2,084,887	$ 2,114,394	$ 2,144,168	$ 2,174,205	$ 2,204,499	$ 2,235,048
Debt Service Financing										
Tax-exempt Bonds	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523
Total Debt Service	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523
Cash Flow	$ 325,059	$ 353,471	$ 382,160	$ 411,125	$ 440,363	$ 469,871	$ 499,645	$ 529,682	$ 559,976	$ 590,524
Debt Coverage Ratio	1.20	1.21	1.23	1.25	1.27	1.29	1.30	1.32	1.34	1.36

Income	*Year 11*	*Year 12*	*Year 13*	*Year 14*	*Year 15*	*Year 16*	*Year 17*	*Year 18*	*Year 19*	*Year 20*
Low Income Units	$ 1,312,564	$ 1,338,816	$ 1,365,592	$ 1,392,904	$ 1,420,762	$ 1,449,177	$ 1,478,161	$ 1,507,724	$ 1,537,878	$ 1,568,636
Market Rate Units	2,188,339	2,232,106	2,276,748	2,322,283	2,368,728	2,416,103	2,464,425	2,513,713	2,563,988	2,615,267
Nonresidential	$ 329,694	$ 332,991	$ 336,321	$ 339,684	$ 343,081	$ 346,512	$ 349,977	$ 353,477	$ 357,012	$ 360,582
Gross Project Income	$ 3,830,598	$ 3,903,913	$ 3,978,661	$ 4,054,871	$ 4,132,571	$ 4,211,792	$ 4,292,563	$ 4,374,914	$ 4,458,878	$ 4,544,485
Vacancy Allowance	$ (218,615)	$ (222,799)	$ (227,065)	$ (231,415)	$ (235,849)	$ (240,370)	$ (244,980)	$ (249,680)	$ (254,472)	$ (259,357)
Effective Gross Income	$ 3,611,982	$ 3,681,113	$ 3,751,596	$ 3,823,456	$ 3,896,722	$ 3,971,422	$ 4,047,583	$ 4,125,234	$ 4,204,406	$ 4,285,128
Expenses										
Administrative	$ 425,206	$ 437,962	$ 451,101	$ 464,634	$ 478,573	$ 492,930	$ 507,718	$ 522,949	$ 538,638	$ 554,797
Management Fee	$ 144,479	$ 147,245	$ 150,064	$ 152,938	$ 155,869	$ 158,857	$ 161,903	$ 165,009	$ 168,176	$ 171,405
Utilities	$ 150,740	$ 155,263	$ 159,920	$ 164,718	$ 169,660	$ 174,749	$ 179,992	$ 185,392	$ 190,953	$ 196,682
Maintenance	$ 185,460	$ 191,024	$ 196,755	$ 202,658	$ 208,737	$ 215,000	$ 221,449	$ 228,093	$ 234,936	$ 241,984
Taxes and Insurance	$ 416,102	$ 428,585	$ 441,443	$ 454,686	$ 468,327	$ 482,376	$ 496,848	$ 511,753	$ 527,106	$ 542,919
Replacement Reserve	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150	$ 24,150
Total Expenses	$ 1,346,138	$ 1,384,228	$ 1,423,433	$ 1,463,784	$ 1,505,315	$ 1,548,062	$ 1,592,060	$ 1,637,346	$ 1,683,959	$ 1,731,937
Net Operating Income	$ 2,265,844	$ 2,296,885	$ 2,328,163	$ 2,359,673	$ 2,391,407	$ 2,423,360	$ 2,455,523	$ 2,487,888	$ 2,520,447	$ 2,553,191
Debt Service Financing										
Tax-exempt Bonds	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523
Total Debt Service	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523	$ 1,644,523
Cash Flow	$ 621,321	$ 652,362	$ 683,640	$ 715,149	$ 746,884	$ 778,837	$ 811,000	$ 843,365	$ 875,924	$ 908,668
Debt Coverage Ratio	1.38	1.40	1.42	1.43	1.45	1.47	1.49	1.51	1.53	1.55