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MEMORANDUM

To: Town of Hamden; Advisory Committee for High Meadows Site
From: Tom Dworetsky and Jim Damicis, Camoin 310
Date: 12/29/2020
Re: High Meadows Site – Development Financial Feasibility Analysis

A financial feasibility analysis was conducted to determine the attractiveness of two development scenarios for the High Meadows Site to potential investors. Key findings of the analysis are presented below, followed by a detailed discussion of the results, an appendix of financial modeling assumptions, and pro forma cash flow statements for each scenario.

Key Findings

- Senior living facilities present the greatest opportunity for the site from both a market demand and financial return perspective. Non-age-restricted multifamily rental units also offer return potential, but may be a less attractive investment as compared to senior units.
- The High Meadows site is effectively divided in two due to wetlands and slopes. The 21-acre usable portion of the site along Hartford Turnpike constitutes the vast majority of the site's value, with the 4-acre Maple Street potion offering modest development opportunity for single-family homes. The viability of the Maple Street portion is dependent on the sale price that can be achieved for new homes.
- The results of the financial feasibility analysis indicate that senior living and/or residential development on the site would meet minimum financial return requirements for certain investors. However, these returns would be less competitive than other investment opportunities in the market.
- The $2 million land acquisition cost does not have a strong impact on the return potential of the site since it would represent a very small percentage of overall project cost to a developer (likely less than 3%). Any ability to lower the cost would positively impact project financial feasibility but is unlikely to "make or break" a given project.
- The site has the potential to generate upwards of $2.5 million in annual property tax revenue for the Town of Hamden under current zoning. Rezoning for increased density could generate upwards of $4 million. Senior living facilities, the dominant component in both development scenarios modeled, generally have a positive net fiscal impact to communities, meaning that they generate more in tax revenue than the use in services.
- It is recommended that the Town proceed with issuing a developer RFP for the site. The RFP should be written in a way that invites a broad range of proposals that fall within general guidelines for desired use types, development intensity, and aesthetics.

Reuse Potential Summary

Camoin 310 completed a market analysis for the Town of Hamden that evaluated the market demand potential for various uses on the former High Meadows School site, locate at 825 Hartford Turnpike in Hamden, Connecticut. The analysis identified continuum-of-care senior living, including independent living, assisted living, and nursing/memory care, as the highest and best use for the site given both strong market demand and high compatibility with the physical site and surrounding neighborhood. Other general residential uses, including single-family homes, townhouses, and apartments, were determined to be a strong fit from a site-compatibility standpoint and to show a moderate amount of market demand. Commercial uses were deemed less appropriate for the site given the proximity of existing residences in the neighborhood and the high traffic generation potential. The reuse potential of the site is summarized in the following. Please refer to the market analysis report for a full discussion of these results.

High Meadows Site Reuse Potential Summary			
Use Type	Market Demand	Site Compatibility	Current Zoning Compliance (R4 Zone)
Single-Family Homes	Moderate	High	Yes
Duplex/Triplex Homes	Moderate	High	No
Townhouses*	Moderate	High	No**
Apartments*	Moderate	High	No**
Senior Apartments*	Strong	High	No**
Senior Care/Assisted Living Facility	Strong	High	Yes***
General Office	Weak	Medium	No
Medical Office	Strong	Medium	No
Warehouse	Strong	Low	No
Light Industrial	Moderate	Low	No
Retail/Restaurant	Weak	Medium	No

*20% of multifamily units (including apartment and townhouse units) are required to be affordable in buildings with 5 or more units.

**Multifamily (including apartments and townhouses) allowed in R4 zone by special permit, but only along certain streets. Hartford Turnpike is not a permitted street.

***Managed residential community allowed by special permit

Scenario Selection Considerations

Based on the market analysis and input from the High Meadows Site Advisory Committee, two redevelopment scenarios were generated to test for financial feasibility. The purpose of the financial feasibility analysis is to evaluate whether each redevelopment scenario would produce a financial return to a prospective investor that would enable the investor to secure financing and justify investing in the property. The analysis considers cash flows associated with constructing and operating the property over a ten-year period and calculates return on investment.

Redevelopment of the site offers the Town of Hamden the potential for furthering a number of the community's goals. These goals, summarized as follows, were considered in selecting uses for the redevelopment scenarios.

- Increase the Town's property tax base and generate a net positive fiscal benefit
- Expand the diversity of housing options in Hamden, including senior housing and affordable housing
- Increase the Town's employment base and job opportunities for residents
- Preserve open space for passive enjoyment and environmental protection
- Develop the property in a manner that is aesthetically consistent with the existing neighborhood
- Minimize negative impacts, such as traffic and noise, on adjacent properties
- Ensure the Town fully recoups the amount paid for the property and associated soft costs

Zoning

An important consideration for redevelopment is the existing zoning of the site. Proposed uses consistent with existing zoning create certainty for a prospective developer, while uses requiring a zoning change would likely prolong the development approvals process. Currently the parcel is zoned R4, which allows for single-family homes by right and managed residential communities by special permit.

The Town's Zoning Regulations define a managed residential community as "A facility, consisting of private residential units, that provides a managed group living environment, including housing and other services, primarily for persons age 55 or older."

Based on input from the Advisory Committee, two redevelopment scenarios were created. The first scenario reflects uses and development intensity allowable under zoning. The second scenario reflects higher density development and a broadened array of uses that would require a change of zoning, yet would be consistent with the Town's vision for the site.

Housing Affordability

The Town's Zoning Regulations require that a minimum of 20% of dwelling units in both multifamily housing developments and managed residential communities with at least 5 units be set aside as Affordable Housing Units, as provided for in Section 8-30g of the Connecticut General Statutes. These units are to be sold or rented at or below prices that will preserve the units as housing for occupants whose annual income is less than or equal to 80% of the median income for the New Haven Area. The cost of such housing is not to exceed 30% of the annual income of the occupants. Both development scenarios take this affordable housing requirement into consideration.

Physical Considerations

The 50-acre High Meadows site is effectively divided in two by wetlands and steep slopes, creating two separate development sites. The Hartford Turnpike portion of the site that includes the existing school campus has a useable area of approximately 21 acres, and the Maple Street site has a useable area of approximately 4 acres. The remaining 25 acres consist of wetlands, slopes, and small noncontiguous areas cut off from the usable portions of the site. Engineering studies performed on the site indicate that the expense associated with infrastructure and sitework that would be needed to combine the two separate development sites would be cost prohibitive.

Therefore, the development scenarios assume the site would be separated into the Hartford Turnpike and Maple Street areas. The Hartford Turnpike site by far represents the greater development opportunity due to its much larger size. The most logical use for the 4-acre Maple Street site would be single-family homes. Greater-density uses on the Maple Street side would be challenging due to steep slopes and incompatibility with the existing single-family homes on the east side of Maple Street opposite the study site.

It is also assumed that existing buildings on the Hartford Turnpike portion of the site (comprising about 65,000 SF of space) would be demolished since their layout, configuration, and aesthetic value would not be consistent with modern development practices and preclude full optimization of the site.

Development Scenarios

Scenario 1 – Current Zoning: Managed Care Community

Scenario 1 reflects current zoning and includes the following components.

- A managed senior care community would be located on the 21-acre Hartford Turnpike site and would consist of 450 units. Current zoning requires 2,000 SF of lot area per dwelling unit in a managed care community, equivalent to a maximum of 457 units assuming a 21-acre lot acre.[1]

[1] There are 43,560 SF in one acre.

- The 450 units are assumed to be equally split between independent living units and assisted living units (225 of each). 20% of units would meet the Town's housing affordability requirement.
- After accounting for common spaces and facilities for on-site services, the gross floor area of the facility would be approximately 380,000 SF, divided across several buildings.
- The total project cost for this scenario is estimated at $90 million.

Scenario 2 – Increased Density: Continuing Care Retirement Community and Multifamily Apartments

Scenario 2 allows for increased density. As in Scenario 1, Scenario 2 has a prominent senior living component and single-family homes. It also includes multifamily apartments (not age-restricted).

- Approximately half of the Hartford Turnpike site would house a continuing care retirement community (CCRC). The CCRC would feature a broader continuum of senior living options, including not only independent living and assisted living, but also nursing and memory care beds. Loosely applying maximum density requirements for the T4 zone as a guide, the CCRC would be situated on about 11 acres, have a lot coverage of 40%, and measure 3 stories in height. This translates to a building footprint of about 180,000 SF, and a total gross floor area of about 540,000 SF.
- The facility would have 220 independent living units, 220 assisted living units, and 220 skilled nursing/memory care beds, for a total of 660 senior units or beds. 20% of dwelling units would meet the Town's affordability requirement.
- The remaining half of the Hartford Turnpike site would be multifamily apartments open to any age group. Assuming 10 acres of lot area and applying the T4 zoning maximum of 16 dwelling units per acre would allow for 160 apartment units, of which 128 would be market-rate and 32 would be affordable.
- The total project cost for this scenario is estimated at $160 million.

Maple Street Site – Single-Family Homes

Separate from either scenario for the Hartford Turnpike site, the Maple Street site could have 10 single-family homes, with individual lot sizes of about 0.4 acres (18,000 SF). Current zoning requires a minimum lot size of 10,000 SF. The Maple Street site would likely be developed by a separate entity specializing in single-family development.

Financial Feasibility Results

To determine the financial feasibility of the scenarios, several commonly used financial metrics were calculated, based on the 10-year pro forma discount cash flow statement for each Hartford Turnpike site scenario, irrespective of the Maple Street site.

Internal Rate of Return (IRR) – The IRR is tells investors the average annual return they can expect to realize from a real estate investment over time, expressed as a percentage. In technical terms, it is the discount rate that makes the net present value of all project cash flows equal to zero. The IRR is compared to a hurdle rate, the minimum threshold return that an investor would accept. If the project IRR is lower than the hurdle rate, the investor will not undertake the project. Average IRRs for new-build assisted living facilities nationally currently range from about 4.5% to 13.0%, and average 7.3%. IRRs for suburban-style multifamily apartments range from 3.8% to 11.5%, and average 7.5%. Each investor has their own hurdle rate based on their assessment of cost of capital, risk, alternative investment opportunities, and other factors. For this analysis we assume a hurdle rate of 10%.

Cash-on-Cash Return (CoC) – Also known as the equity dividend rate, CoC measures cash flow to an investor for a given year as a percent of their initial equity investment. This is an important metric for investors who seek a steady cash flow from ongoing operations of the project, rather than relying on property appreciation and disposition at the end of the holding period to generate the bulk of the return. Nationally, average CoC rates for assisted living facilities range from 7.5% to 16.4%, and average 11.5%. Multifamily apartment range from 6.2% to 13.8%, and average 9.6%. For this analysis we assume a minimum CoC threshold of 11%.

Debt Service Coverage Ratio (DSCR) – The DSCR is the relationship of a property's annual net operating income (NOI) to its annual mortgage debt service (principal and interest payments). Commercial lenders use the DSCR to analyze how large of a commercial loan can be supported by the cash flow generated from the property, or to determine how much income coverage there is at a certain loan amount. Lenders typically use a ratio of 1.25 as the minimum threshold.

The IRR for Scenario 1 is 12.12%, clearing the minimum threshold of 10%. The minimum CoC threshold of 11%, however, is not achieved until Year 8. The DSCR minimum is exceeded by Year 2, the first stabilized year.

The IRR for Scenario 2 is 10.75%, just clearing the minimum threshold of 10%. The minimum CoC threshold of 11% is not achieved until Year 9. The DSCR minimum is exceed by Year 2, the first stabilized year.

Financial Feasibility Metric	Minimum Threshold	Scenario 1	Scenario 2
Internal Rate of Return	10%	12.12%	10.75%
Cash-on-Cash Return	11%	7.1% - 12.5%	6.4% - 11.1%
Debt Service Coverage Ratio	1.25	1.79 in yr 2	1.77 in yr 2

Source: RealtyRates 4Q2020 Investor Survey; Camoin 310 pro forma analysis

These results indicate that both scenarios may meet the return requirements of certain investors, but these projects would not be considered among the more competitive investment opportunities available in the market.

Despite its lower development intensity, Scenario 1 generates a higher return than Scenario 2 due to the higher return profile of senior living compared to multifamily apartments. A higher-intensity scenario with only senior living and not multifamily apartments would generate a higher return than both Scenario 1 and Scenario 2.

Maple Street Site

A residual land value analysis was performed to estimate the value of the 4-acre Maple Street site. The median sale price for homes in Hamden is approximately $258,000, or about $152 per SF for a median-sized home of 1,700 SF.[2] It is assumed that a sale price of $170 per SF could be achieved for 1,700-SF new-build homes on the Maple Street site. After subtracting a typical developer gross margin of 18% ($31 per SF), and the estimated construction cost of $135 per SF,[3] $4 per SF (or $7,480 per home) is left for land acquisition costs. Multiplied by 10 homes, the maximum land cost for the Maple Street site equals $74,800 in total, or $18,700 per acre.

	Per SF of Home	Pct. of Sale Price	Per Home (Home Size of 1700 SF)	Total Maple Street Site (10 Homes)
Home Sale Price	$ 170	100%	$ 289,000	$ 2,890,000
Typical Developer Margin	$ 31	18%	$ 52,020	$ 520,200
Construction Cost	$ 135	79%	$ 229,500	$ 2,295,000
Maximum Land Cost	$ 4	3%	$ 7,480	$ 74,800

Source: Camoin 310, RS Means, Trulia

[2] Movoto Real Estate, Hamden Market Trends

[3] Estimated from 2021 RS Means Square Foot Construction Costs for single-family homes, adjusted for New Haven area

If only the median sale price of $152 per SF can be achieved for new homes (rather than the $170 per SF modeled) the construction costs would be too high to justify the investment. All things considered, the value of the 4-acre Maple Street portion of the site is negligible compared to the Hartford Turnpike portion. The Maple Street site is unlikely to attract significant developer interest and should not be a focus of site marketing efforts.

Land Value

A land acquisition cost of $2 million was assumed in each scenario for the Hartford Turnpike site, which reflects the State's asking price of approximately $1.7 million plus soft costs incurred by the Town of Hamden associated with the deal. It assumes that the value of the Maple Street site is negligible.

The $2 million represents 2.3% of total project cost in Scenario 1 and 1.3% of total project cost in Scenario 2. The analysis indicates that an investor could achieve a modest (though not particularly competitive) return at this land price. Because the cost of land represents such a small portion of overall project cost, reducing the land price to $0 has the impact of increasing IRR by less than one percentage point and does not have a material impact on the overall desirability of the project.

Tax Revenue

An important consideration for the Town in redeveloping the High Meadows site is the potential for property tax revenue generation. A full market value (FMV) for each scenario was estimated by applying a market cap rate to stabilized net operating income (NOI). FMV is estimated at $76 million for Scenario 1 and $133 million for Scenario 2. For the 10 homes on Maple Street, FMV of $289,000 per home ($2.89 million total) was assumed.

FMV was then multiplied by the 70% assessment ratio used in Connecticut to estimate assessed value (AV), and then by the Town of Hamden's mill rate of 48.86 per $1000 of AV to arrive at annual property tax revenue generated.

Annual Tax Revenue Generated at Stabilized Occupancy	
Scenario 1	$2.6 million
Scenario 2	$4.5 million
10 Homes on Maple Street	$100,000

Source: Camoin 310, as estimated from project value based on NOI

Appendix: Pro Forma Assumptions

Developing a pro forma financial feasibility model requires the input of a multitude assumptions around land acquisition costs, construction costs, lease rates, operating expenses, financing terms, etc. Given that these development scenarios are purely conceptual in nature, the purpose of the analysis is to provide a general sense of expected financial return. An interested developer would create a model that reflects more refined assumptions.

Construction costs are estimated at $224 per gross square foot of building area for the senior living facilities and multifamily facilities, per RS Means 2021 Square Foot Costs, a provider of construction cost estimates. These costs have been adjusted to reflect the New Haven area. Hard costs for affordable units are reduced by 10% to reflect more basic finishes for these units.

Demolition costs are estimated at $8 per SF for existing buildings, about $520,000 in total. This is an average cost for buildings and could vary significantly based on the condition of the buildings onsite.

Assumed average dwelling unit sizes are as follows: 725 SF for independent living units, 500 SF for assisted living units,[4] and 800 SF for multifamily apartments.[5] These averages assume a typical mix of one-bedroom, two-bedroom, three-bedroom, and efficiency units. For the skilled nursing/memory care portion of the facility, 667 gross square feet of facility space per bed is assumed.

Monthly rental rates for senior units reflect national averages for new-build projects and are conservative for Hamden, which is a higher-cost area relative to the nation. Rates include not only rent but also typical add-on services. Average rent per unit is assumed at $3,200 monthly for independent living units, $5,000 monthly for assisted living units, and $9,000 monthly ($300 per day) for skilled nursing/memory care units.

Average rent for multifamily units is estimated at $2.20 per SF,[6] or $1,760 for an 800-SF averages-sized unit. Affordable unit rates were estimated per the Hamden Zoning Regulations and assume an average of $1,370 for multifamily units. Affordable rates for senior living units were estimated based on market-rate senior units rental rates *before* typical add-on services.

Operating expenses for senior units were estimated based on typical operating costs per resident per day as provided in CBRE's 2019 Senior Housing Market Overview and Valuation Methodology report.

Operating expenses for multifamily units are estimated at approximately $12 per SF, consistent with averages for the New Haven market as provided by CoStar.

Property taxes were calculated based on the Town's mill rate of 48.86, as applied to the estimated value of the property based on annual net operating income (NOI).

Full absorption is modeled to occur over a one-year period, with stabilized occupancy achieved during Year 2.

Income growth is estimated at 3% per year for independent living, 2.5% per year for assisted living and skilled nursing, 2% for multifamily, and 1.5% for all affordable units.[7] Expenses are anticipated to grow at 2% per year across property types.

The pro forma models for each scenario assume a capital stack consisting of a bank loan and developer equity. A 70% loan-to-value ratio is applied to the project value to determine the maximum loan amount, with the difference assumed to be filled by equity. The models assume a 7% construction loan interest rate and 3.5% permanent loan interest rate.[8]

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[4] National averages from CBRE
[5] Typical for new-build multifamily projects in the New Haven area per CoStar
[6] Average for Canal Crossing at Whitneyville multifamily complex, located at 380 Mather Street, Hamden
[7] Based on historic and forecasted income growth by property type per CoStar
[8] RealtyRates Q42020 Investor Survey

The models assume the project is sold at the end of Year 10 based on Year 11 net operating income (NOI) and a blended cap rate of approximately 7.5% that reflects current cap rates for the relevant uses, plus 50 basis points to conservatively account for potential fluctuations in the cap rate over time.[9]

Please refer to the attached pro forma statements for a detailed modeling of cash flows for each scenario.

[9] Cap rates estimated using national and market-specific data from RealtyRates and CoStar

PRO FORMA STATEMENT

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Cash Flow											
Income											
Potential Rental Income	$ -	$ 15,823,200	$ 22,581,977	$ 23,165,872	$ 23,765,188	$ 24,380,340	$ 25,011,753	$ 25,659,863	$ 26,325,119	$ 27,007,981	$ 27,708,924
Vacancy Allowance	$ -	$ (791,160)	$ (1,129,099)	$ (1,158,294)	$ (1,188,259)	$ (1,219,017)	$ (1,250,588)	$ (1,282,993)	$ (1,316,256)	$ (1,350,399)	$ (1,385,446)
Net Rental Income	$ -	$ 15,032,040	$ 21,452,878	$ 22,007,578	$ 22,576,929	$ 23,161,323	$ 23,761,165	$ 24,376,869	$ 25,008,863	$ 25,657,582	$ 26,323,478
Expense Reimbursements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Effective Gross Income	$ -	$ 15,032,040	$ 21,452,878	$ 22,007,578	$ 22,576,929	$ 23,161,323	$ 23,761,165	$ 24,376,869	$ 25,008,863	$ 25,657,582	$ 26,323,478
Expenses											
Real Estate Taxes	$ -	$ (2,587,930)	$ (2,639,689)	$ (2,692,483)	$ (2,746,332)	$ (2,801,259)	$ (2,857,284)	$ (2,914,430)	$ (2,972,718)	$ (3,032,173)	$ (3,092,816)
Other Operating Expenses	$ -	$ (9,382,428)	$ (13,288,449)	$ (13,554,218)	$ (13,825,303)	$ (14,101,809)	$ (14,383,845)	$ (14,671,522)	$ (14,964,952)	$ (15,264,251)	$ (15,569,536)
Net Operating Income (NOI)	**$ -**	**$ 3,061,682**	**$ 5,524,740**	**$ 5,760,877**	**$ 6,005,294**	**$ 6,258,256**	**$ 6,520,036**	**$ 6,790,918**	**$ 7,071,192**	**$ 7,361,158**	**$ 7,661,125**
Capital Expenses											
Land Acquisition Cost	$ (2,000,000)										
Demolition Cost	$ (520,000)										
Environmental Remediation Costs	$ -										
Hazardous Materials Abatement	$ -										
Site Costs	$ (1,000,000)										
Vertical Construction Costs (Includes Soft C	$ (83,791,731)										
Capital Expenses Cash Flow	**$ (87,311,731)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Financing Cash Flow											
Loan Proceeds	$ 52,966,233										
Debt Service Payment		$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)	$ (3,081,434)
Principal Balance											$ (43,794,579)
Sale Proceeds											$ 103,096,930
Other Funding Source	$ -										
Financing Cash Flow	**$ 52,966,233**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ (3,081,434)**	**$ 56,220,917**
Cash Flow	**$ (34,345,497)**	**$ (19,752)**	**$ 2,443,306**	**$ 2,679,443**	**$ 2,923,860**	**$ 3,176,822**	**$ 3,438,602**	**$ 3,709,484**	**$ 3,989,758**	**$ 4,279,724**	**$ 63,882,043**
Debt Service Coverage Ratio (DSCR)		**0.99**	**1.79**	**1.87**	**1.95**	**2.03**	**2.12**	**2.20**	**2.29**	**2.39**	**2.49**
Internal Rate of Return (IRR)	**12.12%**										
Target IRR	**10.00%**										
Net Present Value (NPV)	**$ 5,788,624**										
Equity Dividend Rate (Cash-on-Cash)		**-0.1%**	**7.1%**	**7.8%**	**8.5%**	**9.2%**	**10.0%**	**10.8%**	**11.6%**	**12.5%**	

Town of Hamden, CT | **Scenario 2 - Increased Density**

PRO FORMA STATEMENT

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Cash Flow											
Income											
Potential Rental Income	$ -	$ 33,414,420	$ 49,725,553	$ 50,968,481	$ 52,242,932	$ 53,549,715	$ 54,889,661	$ 56,263,620	$ 57,672,467	$ 59,117,099	$ 60,598,434
Vacancy Allowance	$ -	$ (5,293,386)	$ (7,919,885)	$ (8,118,818)	$ (8,322,786)	$ (8,531,919)	$ (8,746,348)	$ (8,966,208)	$ (9,191,638)	$ (9,422,779)	$ (9,659,777)
Net Rental Income	$ -	$ 28,121,034	$ 41,805,668	$ 42,849,663	$ 43,920,146	$ 45,017,796	$ 46,143,312	$ 47,297,412	$ 48,480,830	$ 49,694,320	$ 50,938,657
Expense Reimbursements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Effective Gross Income	$ -	$ 28,121,034	$ 41,805,668	$ 42,849,663	$ 43,920,146	$ 45,017,796	$ 46,143,312	$ 47,297,412	$ 48,480,830	$ 49,694,320	$ 50,938,657
Expenses											
Real Estate Taxes	$ -	$ (4,532,389)	$ (4,623,037)	$ (4,715,498)	$ (4,809,808)	$ (4,906,004)	$ (5,004,124)	$ (5,104,206)	$ (5,206,291)	$ (5,310,416)	$ (5,416,625)
Other Operating Expenses	$ -	$ (18,621,332)	$ (27,644,586)	$ (28,197,478)	$ (28,761,427)	$ (29,336,656)	$ (29,923,389)	$ (30,521,857)	$ (31,132,294)	$ (31,754,940)	$ (32,390,038)
Net Operating Income (NOI)	**$ -**	**$ 4,967,313**	**$ 9,538,045**	**$ 9,936,688**	**$ 10,348,911**	**$ 10,775,136**	**$ 11,215,800**	**$ 11,671,349**	**$ 12,142,245**	**$ 12,628,964**	**$ 13,131,994**
Capital Expenses											
Land Acquisition Cost	$ (2,000,000)										
Demolition Cost	$ (520,000)										
Environmental Remediation Costs	$ -										
Hazardous Materials Abatement	$ -										
Site Costs	$ (1,000,000)										
Vertical Construction Costs (Includes Soft C	$ (154,126,682)										
Capital Expenses Cash Flow	**$ (157,646,682)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Financing Cash Flow											
Loan Proceeds	$ 92,762,775										
Debt Service Payment		$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)	$ (5,396,690)
Principal Balance											$ (76,699,936)
Sale Proceeds											$ 179,875,398
Other Funding Source	$ -										
Financing Cash Flow	**$ 92,762,775**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ (5,396,690)**	**$ 97,778,772**
Cash Flow	**$ (64,883,907)**	**$ (429,377)**	**$ 4,141,355**	**$ 4,539,998**	**$ 4,952,221**	**$ 5,378,446**	**$ 5,819,110**	**$ 6,274,659**	**$ 6,745,555**	**$ 7,232,274**	**$ 110,910,766**
Debt Service Coverage Ratio (DSCR)		**0.92**	**1.77**	**1.84**	**1.92**	**2.00**	**2.08**	**2.16**	**2.25**	**2.34**	**2.43**
Internal Rate of Return (IRR)	**10.75%**										
Target IRR	**10.00%**										
Net Present Value (NPV)	**$ 3,760,921**										
Equity Dividend Rate (Cash-on-Cash)		**-0.7%**	**6.4%**	**7.0%**	**7.6%**	**8.3%**	**9.0%**	**9.7%**	**10.4%**	**11.1%**	