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**MASTER OF SUSTAINABLE
REAL ESTATE DEVELOPMENT**

Canal Street:

An Analysis on How to Activate the Economic Potential in Underutilized
Historic Buildings

Prepared for:

The National Trust for Historic Preservation

&

The Downtown Development District of New Orleans

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Introduction:

Research Introduction:

This research provides an insight on how to spur economic development in underutilized, vacant, or blighted, historic buildings on Canal Street. The research begins with a history of Canal Street leading up to the current condition of the street. An analysis of the barriers and challenges for redevelopment is then given in order to find possible opportunities for reuse. Financial models were then created to exhibit the potential revenues and profits that could be generated by redevelopment of the historic buildings. Then final recommendations for the clients are made to outline what next steps should be taken.

Client Backgrounds:

The National Trust for Historic Preservation is a non-profit organization that strives to preserve and save America's historic places by taking direct action and inspiring public support.¹ The National Trust is extremely interested in Canal Street's history and would like to see historic restoration and commercial development happening along the historic corridor.

The Downtown Development District is the business improvement district for Downtown New Orleans. The DDD's mission is to be a catalyst for a prosperous stimulating, and innovative heart of the City.² The DDD has made economic development on Canal Street a priority for the past 13 years and continues to do so.

¹ National Trust for Historic Preservation, "About Us," Accessed April 4, 2017, <https://savingplaces.org/we-are-saving-places>

² Downtown Development District, "About Us", Accessed April 4, 2017. <http://downtownnola.com/about-us/>

History and Background of Canal Street:

The land where Canal Street is currently located was given to the United States in the Louisiana Purchase of 1803.³ The area became a barrier for the Creole's that lived in the French Quarter and the new Americans that started settling up the river.⁴ In 1806, the land was planned to be given to a French nobleman, but when New Orleans objected, the United States gave the land to the city contingent on the fact that a canal would be constructed on it to connect the Mississippi River and Lake Pontchartrain.⁵ This canal was never constructed, but the street received the name of Canal Street after the plans.

The history of retail in New Orleans started in the French Quarter, which was home to Creole merchants and single purpose shops. As American's continued to migrate to New Orleans, an opportunity came about for Canal Street to become a retail corridor that catered to both communities. The Jewish merchants were the first to take advantage of Canal Street's geographic location, but it didn't take long for others to follow. By the 1840's merchants had constructed three and four story buildings that filled Canal Street, turning it into the retail center of the city.⁶ These buildings consisted of retail on the first and second floors, with the higher floors used for office space or apartments.⁷

Through the mid-nineteenth century New Orleans had become one of the most important retail centers in the country, with the heart of the city's retail located on Canal Street. Large dry goods stores were emerging that were constructed using adjoining buildings in order to have many different street entrances. Merchants would also purchase adjoining buildings so they could knock down the walls and

³ Peggy Scott Laborde & John Magill, *Canal Street: New Orleans' Great Wide Way* (Gretna, LA: Pelican Publishing Company, 2006)

⁴ Edward Branley, "Nola History: When Canal Street was the Mall," GoNola, December 2, 2013, accessed February 21, 2017, <http://gonola.com/2013/12/02/nola-history-when-canal-street-was-the-mall.html>.

⁵ Peggy Scott Laborde & John Magill, *Canal Street: New Orleans' Great Wide Way* (Gretna, LA: Pelican Publishing Company, 2006)

⁶ Edward Branley, "Nola History: When Canal Street was the Mall," GoNola, December 2, 2013, accessed February 21, 2017, <http://gonola.com/2013/12/02/nola-history-when-canal-street-was-the-mall.html>.

⁷ Ibid.

create more space for their stores.⁸ The mix of large dry goods stores and small retail shops on the street had created a high-quality shopping corridor- once compared by a German nobleman to the quality of stores found in London or Paris.⁹ Retail shops on Canal street were thriving, and would continue to succeed for the next one hundred years.

Canal Street continued to be a nationally acclaimed shopping destination through the early twentieth century. The department stores on Canal Street were thought so highly of that many of them required special attire in order to be admitted entrance. A trip to Canal Street for shoppers meant dressing up in white gloves and fine hats.¹⁰ Starting in the mid-twentieth century is when dynamics on Canal Street started to shift. The streetcar, which had been a staple of Canal Street since the nineteenth century had retired in 1964 and was replaced by a bus. The removal of the streetcar symbolized the community's reliance on automobiles for transportation and coincided with society's movement to the suburbs.¹¹ Lakeside mall's grand opening in 1960 stole a great amount of retail demand with their "all under one roof" appeal.¹² Large stores that came about on Canal Street, like DH Holmes, Godchaux's, and Kreeger's began opening locations in suburban malls. Malls continued to drive the demand, including one located on the edge of Canal Street. Canal Place Mall's retail aspect was constructed in 1983, which majorly contained luxury stores. The appearance of this mall subsequently moved luxury retail away from the center of the street and down towards the river.¹³ Due to a shift towards suburban

⁸ Ibid.

⁹ Peggy Scott Laborde & John Magill, *Canal Street: New Orleans' Great Wide Way* (Gretna, LA: Pelican Publishing Company, 2006)

¹⁰ Ibid.

¹¹ Richard Campanella, *Time and Place in New Orleans: Past Geographies in the Present Day* (Gretna, LA: Pelican Publishing Company, 2002)

¹² "1961 Lakeside Shopping Center," Website New Orleans, Accessed March 8, 2017, <http://websitesneworleans.com/neworleansmaps/id137.html>

¹³ Peggy Scott Laborde & John Magill, *Canal Street: New Orleans' Great Wide Way* (Gretna, LA: Pelican Publishing Company, 2006)

malls and away from downtown retail, the stores left on Canal Street began to struggle. When the oil bust in the mid 1980's hit Louisiana, a large amount of shops on Canal Street were forced to shut their doors.¹⁴ The years following the oil bust had finally taken a toll on the anchor stores on the street, with almost all of them closing before 1998. The only remaining upscale retail stores in the year 2000 were Rubenstein's and Adler's, which currently still remain operating on Canal Street.

Though the retail demand was diminishing on Canal Street, tourism had remained constant due to its adjacent location to the French Quarter. Hotels had been located on Canal Street starting in the early nineteenth century, but they did not play a major role in the commerce of the street until the twentieth century.¹⁵ In the 1920's high rise hotels, such as The Jung Hotel and the Hotel New Orleans, were making their debut on upper Canal Street and becoming well known landmarks of the city. The 1930's depression caused hotel growth to remain stagnant up until the rising convention industry of the 1960's.¹⁶ Hotels were appearing all over Canal Street, mostly located closer to the river. In the mid 1980's an anticipated tourism increase associated with the World's fair spurred two more large hotels being constructed on Canal Street.¹⁷ At this time the Sheraton Hotel was built on Canal Street and has since been the tallest hotel in New Orleans.

In the 1990's new construction of high rise hotels had started to slow. Instead of new construction, redevelopment of the closed department stores on Canal Street was implemented to transform the buildings into hotels.¹⁸ The Maison Blanche department store building was converted into a Ritz Carlton Hotel and the DH Holmes department store into the Chateau Sonesta Hotel, which is now

¹⁴ "1985: The oil bust hits the New Orleans Economy," The Times Picayune, December 28, 2011, Accessed March 3, 2017, http://www.nola.com/175years/index.ssf/2011/12/1985_the_oil_bust_hits_the_new.html

¹⁵ Peggy Scott Laborde & John Magill, *Canal Street: New Orleans' Great Wide Way* (Gretna, LA: Pelican Publishing Company, 2006)

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

the Hyatt Centric. These historic renovations were greatly viable due to the large building sizes, making them suitable for various uses. The small historic buildings left on the street had not experienced the same revitalizations, but mostly consisted of lower-scale retail on the bottom and vacant upper floors.

In 2004, efforts by the Downtown Development District were made to revitalize all of Canal Street by reinstating the streetcar, updating the infrastructure, and striving to spur development in the small historic buildings to put the upper floors back into commerce.¹⁹ The \$12.9 Canal Street improvement project began in 2005 which included updated sidewalks, planting of palm trees, and added benches and lighting poles.²⁰ Shortly after these efforts were implemented, Hurricane Katrina hit New Orleans in the fall of 2005. The hurricane caused catastrophic damage to most parts of New Orleans leaving businesses in dire conditions, some of which have still not recovered. The aftermath of the hurricane had flooded downtown Canal Street almost entirely. A majority of the stores on Canal were broken into by looters who left the stores ransacked and in terrible conditions.²¹ Thirty-five out of eighty-six stores on downtown Canal Street remained closed thirteen months past Katrina.²² In the fall of 2006 the Canal Street improvement project resumed, finishing the work in the fall of 2007.²³ Over the next few years the hotels on Canal Street had been renovated and businesses were receiving sales volumes that were gradually reaching the amounts they had received before Katrina.²⁴ However, this

¹⁹ Downtown Development District, "Canal Street Vision and Development Strategy", May 2004, <http://downtownnola.com/uploads/CanalStreetDevelopmentStrategy2004.pdf>

²⁰ CityBusiness Staff Reports, "12.9M Canal Street Facelift Complete," New Orleans CityBusiness, September, 7, 2007, Accessed March 9, 2017, <http://neworleanscitybusiness.com/blog/2007/09/07/129m-canal-street-facelift-complete/>

²¹ Jamie Guillet, "Uneasy Street", New Orleans CityBusiness, October 16, 2006, Accessed March 9, 2017, <http://neworleanscitybusiness.com/blog/2006/10/16/uneasy-street/>

²² Ibid.

²³ CityBusiness Staff Reports, "12.9M Canal Street Facelift Complete," New Orleans CityBusiness, September, 7, 2007, Accessed March 9, 2017, <http://neworleanscitybusiness.com/blog/2007/09/07/129m-canal-street-facelift-complete/>

²⁴ Jamie Guillet, "Uneasy Street", New Orleans CityBusiness, October 16, 2006, Accessed March 9, 2017, <http://neworleanscitybusiness.com/blog/2006/10/16/uneasy-street/>

growth was not universal on the street while a majority of the same small historic buildings remained in need of redevelopment.

Existing Condition of Canal Street:

Currently, Canal Street in its entirety is experiencing a lot of development and advancement from where it was ten years prior. Activity has remained constant on the riverside through recent years due to the Shops at Canal Place, The Riverwalk, Harrah's Casino, and numerous hotels nearby. New developments are also happening near the river, one in the earlier stage being the \$360 Million redevelopment of the World Trade Center into a Four Seasons Hotel and luxury condos.²⁵ Another in talks is the redevelopment of the Canal Street Ferry Terminal, which would be a \$32 Million redevelopment positioned at the end of Canal St.²⁶ The riverside of Canal Street is one of the most popular areas of the street and is continuing to experience growth.

North of the 1000 block of Canal Street is home to many developments that are recently completed or under construction, bringing new life to the once dull area. The largest factors that have spurred development in the upper Canal Street area are the University Medical Center and the VA Medical Center, totaling \$2.1 Billion in investment.²⁷ This revival that upper Canal Street is currently experiencing does not seem to be ending anytime soon. According to an article in the New Orleans Advocate, "if everything planned is realized, the work in the area surrounding upper Canal, not including the hospitals, could add up to \$650 million."²⁸

²⁵ Katherine Sayre, "Four Seasons developers say project moving forward despite lawsuit," The Times Picayune, March 23, 2017, Accessed April 29, 2017.

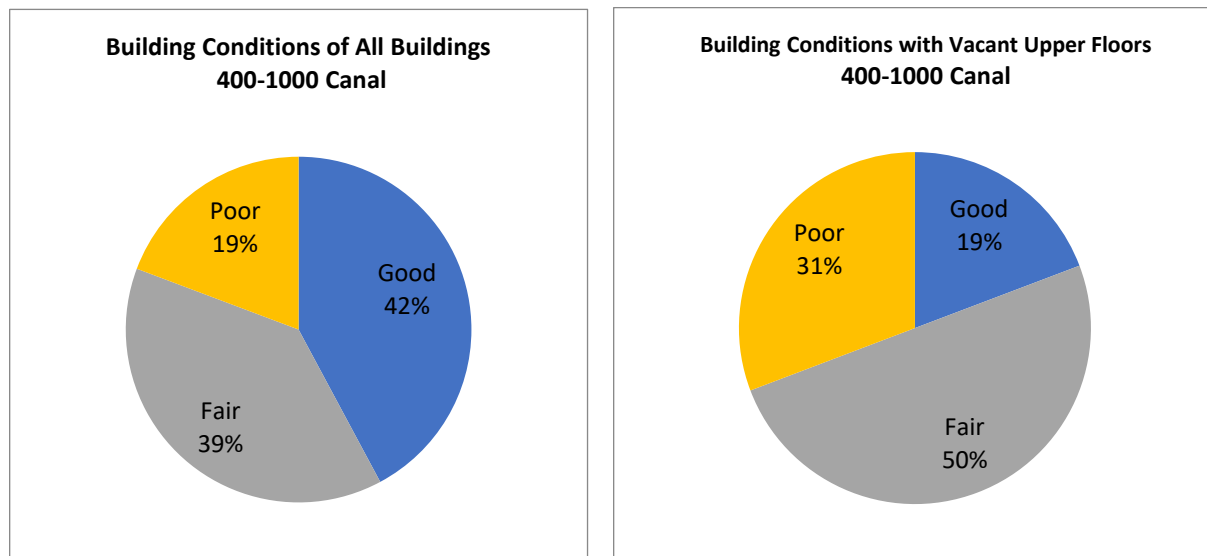
²⁶ Richard Rainey, "Canal Street ferry terminal set for another public review," The Times Picayune, February 14, 2017, Accessed March 3, 2017, http://www.nola.com/traffic/index.ssf/2017/02/canal_street_ferry_terminal_de.html.

²⁷ Richard Thompson, "A Watershed Year," New Orleans Advocate, June 11, 2006, Accessed April 29, 2017.

²⁸ Ibid.

Though the two ends of downtown Canal Street are experiencing a multitude of development, what lies between those boundaries has not experienced the same revitalization. The area of focus in between the two boundaries is located from 400 to 1000 Canal St. 64% of all of the buildings located in between 400-1000 Canal Street have vacant upper floors.²⁹ A large amount of the vacancy is contained in small historic buildings that according to a study completed by Tulane Masters of Preservation Studies students, were mostly built between the late 1800's through the early 1900's.³⁰ A building condition rating system given by the US Department of Education was used to classify the buildings, but slightly altered to show three rating categories instead of six to better display an overall view of conditions.³¹ The building conditions of these buildings are shown below, as well as the building conditions of the buildings that contain vacant upper floors.

Figures 1 & 2: Building Conditions



²⁹ Analysis completed by Author.

³⁰ Masters of Preservation Studies Urban Conservation Studio, "Canal Street Project", April 21, 2017

³¹ University of Wisconsin Capital Planning & Budget, "Building Condition Ratings", Accessed March 14, 2017, <https://www.wisconsin.edu/capital-planning/planning/building-condition-ratings/>

Looking at the building conditions as a whole, majority are in good and fair condition with poor conditioned buildings being the minority. When focusing on just the buildings with vacant upper floors, buildings in good condition are the minority with some buildings not even meeting the minimum property maintenance required. These statistics demonstrate that most of the buildings that contain vacant upper floors are also not well maintained by their property owners. The ground floors of most of these buildings either contain substandard retail, retail serving tourists, or are vacant and vandalized.³² Pictures of some of these described buildings are shown below:

Figure 3: 838-840 Canal Street



Source: Google Maps

Figure 4: 912 Canal Street



Source: Photo by Author

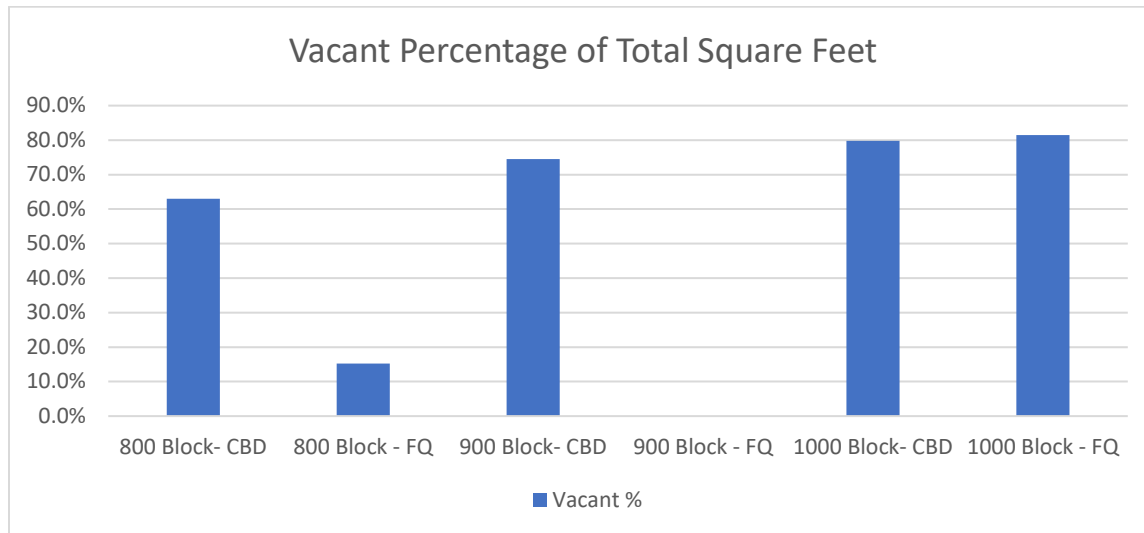
These small historic buildings that are not utilizing their full potential appear throughout all of downtown Canal Street, but are prevalent and concentrated on both 1,000 blocks of Canal Street, the 900 block on the CBD side, and the 800 block on the CBD side.³³ The space usage of these four street

³² Analysis done by Author.

³³ Ibid.

blocks is made up of mostly vacant space in the ground and upper floors. The vacancy percentages throughout these blocks is displayed below:

Figure 5: Vacancy of 800-1000 Canal Street



Barriers for Redevelopment:

Efforts have been in place for these historic buildings to be redeveloped for over 13 years, but there has not been a large amount of progress. There are two sets of barriers that have continued to inhibit redevelopment for property owners and local developers. The first set of barriers is typical in restoring historic buildings of this size and one that many cities have faced. The second set of barriers is unique to Canal Street and the City of New Orleans.

Historic Building Barriers:

The first barrier is the physical characteristics of these historic buildings. Majority of these buildings are extremely narrow, usually only 20-30 feet wide and 100-130 feet deep. If these buildings are not located on the corner of the block, then they are placed in between multiple other buildings which makes it difficult to receive natural light. For these internal buildings, the only accessible natural light coming in is from the front and back windows. In order to access the upper floors of these buildings

an external entryway would have to be constructed, which not only costs money but also lessens the amount of rentable retail space on the ground floor of the building. Because of the size of the buildings, “one building alone may not give you enough mass to have a viable development,” says Ryan Bordenave of the Downtown Development District.³⁴ The physical characteristics of these historic buildings is obviously a deterrent for redevelopment in this area because 86% of the buildings with a lot size less than 4,000 square feet contain vacant upper floors.³⁵

Another barrier for restoring historic buildings is the redevelopment process altogether. The cost of restoring a historic building is much higher than building new construction. A development budget for a historic building requires higher contingency percentages than required in new construction, because the appearance of unforeseen issues is more common. Financing can also be difficult to obtain for such a large commercial project. Though there are a lot of financial incentives available when redeveloping a historic building, there’s a number of property owners that lack knowledge and understanding of how to obtain and benefit from the incentives.³⁶ Lastly, redevelopment is a risky process, which is part of the reason financial incentives are required to offset the higher development cost. Even with incentives, there is a risk that the project’s returns are not large enough to satisfy the initial investment. Even with the development surrounding this area, some owners believe that the opportunity cost of redeveloping their building is still not worth the risk.³⁷

³⁴ Ryan Bordenave, interview by Amy Breen, New Orleans, LA, February 14, 2017

³⁵ Author Note: In between the 400-1000 blocks of Canal Street.

³⁶ Ryan Bordenave, interview by Amy Breen, New Orleans, LA, February 14, 2017

³⁷ Eric Cho, email message to author, March 8, 2017

Canal Street Specific Barriers:

One of the most difficult barriers for redevelopment that is specific to Canal Street is the current ownership of the buildings. There is a small amount of property owners that own a lot of the buildings on Canal Street.³⁸ 44% of total vacant square feet between 400-1000 Canal is only owned by four property owners.³⁹ Some of these property owners that own multiple buildings have been known to be difficult to work with and not maintain their properties to building code standards.⁴⁰

A lot of the property owners on Canal Street also have an unrealistic opinion on the amount of money that their properties are worth.⁴¹ Hammy Halum, an owner of multiple properties on Canal Street, had an upper floor residential development planned for one of his buildings, but needed to acquire another building's upper floors to make the project feasible. When he attempted to acquire the upper floors, the price the owner wanted was too high and the inflated acquisition cost ultimately ceased the entire project.⁴² If an attempted buyer agreed to pay the unreasonable acquisition costs of these buildings, it would escalate the development cost to a point where making a return on investment would be extremely difficult.

The ownership structure throughout the blocks on Canal Street is also extremely fragmented. Because of the shape of the buildings, one street block can contain over ten of these narrow buildings that all have different owners.

³⁸ Analysis completed by Author.

³⁹ Ibid.

⁴⁰ Bruce Egger, "T-shirt kingpin under fire on ATM's," The Times Picayune, October 22, 2009, Accessed May 2, 2017, http://www.nola.com/news/index.ssf/2008/01/tshirt_kingpin_under_fire_on_a.html

⁴¹ Ryan Bordenave, interview by Amy Breen, New Orleans, LA, February 14, 2017

⁴² Hammy Halum, phone interview by Amy Breen, New Orleans, LA, March 7, 2017

The ownership structure of the 900 Block on the CBD side is shown below:

Figure 6: 900-940 Canal Street Ownership Map



This fragmented ownership makes it difficult to redevelop the buildings together because one property owner could potentially cease the entire project.

One issue specific to Canal Street and the City of New Orleans is the building code violation reporting system. Currently, the only person that is able to report a building code violation on an occupied building is a tenant of that building.⁴³ Most of these buildings in poor condition with vacant upper floors are occupied on the ground floor by a retail tenant, which classifies them as an occupied building. If the retail tenant were to report the building they are occupying, the property owner will recognize the tenant reported them. The tenant is the only person able to report the code violation, and their name will also appear in the public record.⁴⁴ This could result in animosity between the property owner and then tenant, and possibly a loss of lease. This system makes it difficult to hold the property owners accountable for not maintaining their buildings. It enables them to collect a rent check each month while putting in little to no effort in upkeep of the buildings.

⁴³ City of New Orleans Employee, Phone Call, New Orleans, LA, April 18, 2017

⁴⁴ Ibid.

The last issue is the current real estate market status, which has become a double-edged sword for Canal Street. Currently, there is \$245 million under construction on upper Canal Street and \$382 million in investment planned for lower Canal Street.⁴⁵ This magnitude of development is great for the area, but is also a deterrent for the property owners to redevelop their buildings right now. Because all of this development is happening, some of the property owners are waiting to see how this development affects the street.⁴⁶ While the property owners are sitting on their buildings through this transition, the values of the buildings are continuing to rise ⁴⁷, putting them in no rush to redevelop.

The process of adjoining these historic buildings to create a feasible and larger development is difficult when looking at the barriers standing between redevelopment. The combination of all of these barriers is substantial, but redevelopment of similar buildings on Canal Street has been done before.

Case Study: Astor Crowne Plaza

The Astor Crowne Plaza Hotel is a full service 700-room hotel in the 700 block of Canal Street that is a mix of new construction and historic renovation.⁴⁸ A portion of the hotel used to be the Alexa Hotel that was owned by the same entity that owned the Astor Crowne Plaza. In 2005, the hotels merged and become entirely the Astor Crowne Plaza Hotel.⁴⁹

Though this hotel is one large development, it is actually made up of multiple buildings, some new and some historic. The portion on Canal Street that used to be the Alexa Hotel consists of four historic buildings that bear a similar physical structure to buildings on Canal Street whose upper floors

⁴⁵ Analysis completed by Author.

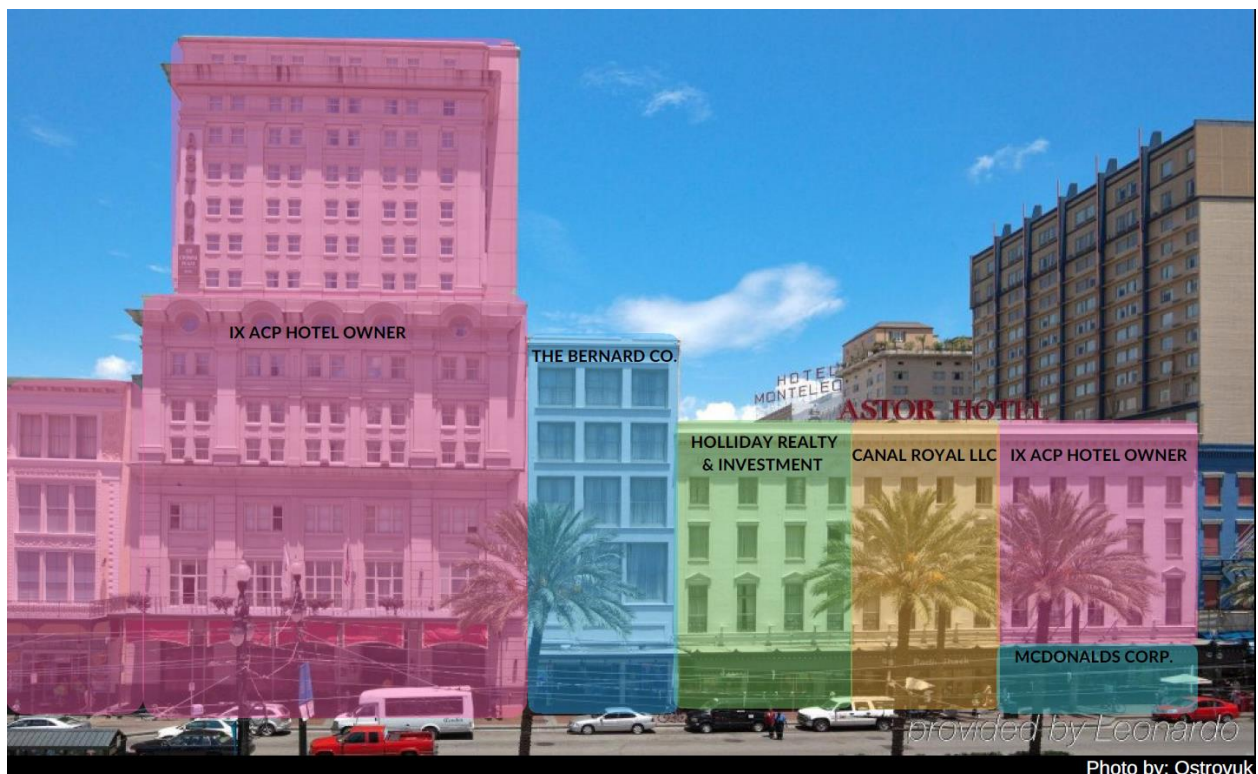
⁴⁶ Hammy Halum, phone interview by Amy Breen, New Orleans, LA, March 7, 2017

⁴⁷ Ryan Bordenave, interview by Amy Breen, New Orleans, LA, February 14, 2017

⁴⁸ Unknown Author, "The Astor Crowne Plaza- New Orleans French Quarter Unveils \$13 Million Makeover" PR Newswire, September 22, 2016, Accessed April 4, 2017, <http://www.prnewswire.com/news-releases/the-astor-crowne-plaza--new-orleans-french-quarter-unveils-13-million-makeover-300332650.html>

⁴⁹ Ryan Bordenave, "The Astor Crowne Plaza", emailed to Author, February 17, 2017.

have remained undeveloped. The property owners of these buildings did not have to give up their ownership or ground floor retail space in order for the hotel to be developed.⁵⁰ Three of the property owners negotiated long term lease contracts with the hotel for the upper floors of their buildings.⁵¹ This enabled the property owners to continue operating the ground floor retail space. The upper floors of the other building were purchased by the hotel, but the ground floor owner remained the same. The property owners that have leased their upper floors are receiving a lease payment on what used to be vacant or storage space.⁵² The owner that sold the upper floors received payment for space they were not receiving any income from, while continuing operations on the ground floor. The property owners also subsequently received more foot traffic around their retail stores that came from hotel guests. The current ownership status of the buildings is shown below:



⁵⁰ Bruce Eggler, "Developer has plans for Canal," The Times Picayune, June 8, 2000.

⁵¹ Ibid.

⁵² Ibid.

This hotel is a great example of redeveloping adjoining buildings together and a viable use for the upper floors. The hotel proves that the property owners do not have to lose their ownership or ground floor space for a large redevelopment to happen on Canal Street.

Opportunities for Reuse:

Redeveloping adjacent historic buildings together is the most financially feasible option for reuse of these buildings.⁵³ There is a limited number of practical uses for upper floor development, so determining a use for the upper floors isn't extremely problematic. Two obvious uses for these floors would be residential units or lodging. Cities across the country are experiencing residents moving back to the urban cores of their cities, hoping to experience a more walkable and downtown lifestyle. New Orleans has not been an exception to this transition, with residential developments appearing all throughout the downtown areas.⁵⁴ Lodging is another obvious option for these upper floors if the buildings provide enough space. Canal Street hotels are popular due to their central location. Business travelers staying on Canal Street are only a few blocks away from the largest office buildings in the CBD, and tourists are at the gates of the largest tourist attraction in the city, the French Quarter.

Two other less conventional uses would be co-working space and artist housing and workspace. New Orleans has become an extremely entrepreneurial city, with conventions and businesses dedicated to supporting startups. It has also been said that there is a natural relationship between the diversity of building age and the presence of new business startups in an area.⁵⁵ Artist housing and workspace is also

⁵³ Ryan Bordenave, interview by Amy Breen, New Orleans, LA, February 14, 2017

⁵⁴ Shelly Wills, Phone Call, New Orleans, LA, April 20, 2017

⁵⁵ National Trust for Historic Preservation, "Unlocking the Potential of Detroit's Neighborhoods: The Partnership for Building Reuse," August 2016, Accessed April 29, 2017
<http://forum.savingplaces.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=64ab2c7b-ddb5-7ceb-5b31-b62416f9f6c5&forceDialog=0>

a great option for the upper floors. It has been proven that a strong arts and cultural community can directly spur economic development in an area.⁵⁶

Available Incentives:

Redeveloping these buildings together and putting the upper floors into use will be difficult without the use of available financial incentives to offset the cost of redeveloping a historic building. There are multiple financial incentives available for real estate development, some that were specifically created to incentivize development in historic buildings in downtown New Orleans.

Federal & State Historic Tax Credits:

There are financial incentives available for restoring a historic building at the federal and state level. Federal Historic Tax Credits are generated by a building owner for completing a rehabilitation on a certified historic structure. The amount of tax credits generated is equal to 20% of the qualifying rehabilitation expenditures that were spent in a certain time period.⁵⁷ These tax credits can be allocated by national investors in exchange for an equity investment in the historic project.⁵⁸ State Historic Tax Credits in Louisiana are equal to 25% of the qualifying rehabilitation expenditures, and can be used similarly for state income tax. A majority of these buildings on Canal Street qualify for these historic tax credits. There are not many use restrictions for this program besides that the buildings must be income producing properties.⁵⁹

⁵⁶ M. Christine Dwyer & Kelly Ann Beavers, "How the Arts and Culture Sector Catalyzes Economic Vitality", Accessed April 29, 2017, <https://www.planning.org/research/arts/briefingpapers/vitality.htm>

⁵⁷ Novogradac & Company LLP, *Introduction to Historic Tax Credits 2nd Edition* (San Francisco, CA: Novogradac & Company LLPs, 2015)

⁵⁸ Ibid.

⁵⁹ Ibid.

New Markets Tax Credits:

The New Markets Tax Credit is a 39% federal tax credit available to investors over seven years.⁶⁰ In order to obtain the tax credits, investors make a qualified equity investment into a community development entity (CDE) that has received allocation for the tax credits by the Community Development Financial Institutions fund, which is a department of the US Treasury. The CDE will then make a qualified low income community investment into a qualified active low-income community business in order to obtain the tax credits from the CDFI. Census tracts are eligible for New Markets if they are considered a “low income community”. A low-income community is a census tract in which: 1) the poverty rate is at least 20%, or 2) in a Metropolitan area, the median family income does not exceed 80% of the greater of the statewide median family income or Metropolitan area median family income.⁶¹ The 400-1000 block of Canal Street is eligible for New Markets Tax Credits because the census tract poverty rate is 21%.⁶² The businesses eligible to be a qualified active low-income community business have some restrictions, one of them being no more than 80% of the project’s income can come from residential rental income. A development on Canal Street that contains retail on the ground floors and residential space on the upper floors would still be eligible, as long as 20% of residential units are reserved for people at 80% AMI.

Low-Income Housing Tax Credits (LIHTCs):

Developers planning to build a low-income residential development apply to their state LIHTC allocating agency for an award of federal LIHTCs. When awarded the credits, the developers agree to

⁶⁰ Novogradac & Company LLP, *Introduction to New Markets Tax Credits 3rd Edition* (San Francisco, CA: Novogradac & Company LLPs, 2016)

⁶¹ Ibid.

⁶² Novogradac & Company LLP, *New Markets Tax Credits Mapping Tool*, Accessed April 11, 2017, <https://www.novoco.com/resource-centers/new-markets-tax-credits/data-tools/nmtc-mapping-tool>

abide by the rules of the program regarding the income levels of tenants, the amount they charge the low-income tenants each month, and the overall maintenance of the complex.⁶³ In exchange the property owners are eligible to earn tax credits over ten years that are equal to a percentage of the building's eligible basis. The owners can either earn 9% tax credits each year or 4% tax credits each year depending on what they were awarded by the state agency. These are federal tax credits, which attract national investors. This program could be utilized for the artist housing and workspace potential upper floor use.

DDD Façade Grant:

The DDD Façade grant matches up to \$20,000 in total project costs on a project located in the Downtown Development District of New Orleans. Building owners and business owners that lease or own the property are eligible applicants for this program.⁶⁴

Restoration Tax Abatement:

The Restoration Tax Abatement Program is a program that was created by the City of New Orleans. The program allows commercial property owners who restore or improve an existing structure in a downtown development district or historic district to pay property taxes based on the assessed value of the property for the year prior to commencing the project.⁶⁵ This tax abatement lasts for five years after completion, but can be renewed.

⁶³ Novogradac & Company LLP, *Introduction to Low-Income Housing Tax Credits 3rd Edition* (San Francisco, CA: Novogradac & Company LLPs, 2015)

⁶⁴ Downtown Development District of New Orleans, "Façade Improvement Matching Grant Program," Accessed May 2, 2017 http://downtownnola.com/wp-content/uploads/2014/06/2012_Facade_Program_Policies_and_Procedures_Public_Doc_Final_Rev_May_21_2012-1337724114.pdf

⁶⁵ City of New Orleans, "Restoration Tax Abatement," Accessed May 2, 2017, <http://www.nola.gov/economic-development/business-services/tax-incentive-programs/restoration-tax-abatement/>

These are a few of the most common financial incentives for development and some that were specifically put in place to incentivize historic restoration and development in the downtown New Orleans area. There are other sources of alternative financing available through non-profits, quasi-public organizations, and other entities that strive to facilitate development in areas that are burdened. These sources are less well-known and have shorter life spans than tax credit programs, but when utilized can also be extremely effective.

Financial Models:

In order to display the economic benefit in redeveloping adjacent historic buildings together as one project, multiple financial models were created for adjoining buildings on Canal Street. These models were created for buildings that currently contain a large amount of upper floor vacancy and are in need for revitalization. The financial models utilized some of the available financial incentives and upper floor uses that were provided in this research.

One particular financial model was created to compare the amount of income a property owner is currently receiving operating the ground floor, to what they could receive if their entire building was redeveloped together with adjacent buildings. The financial model assumed the redevelopment of six historic buildings of similar shape from 914-930 Canal Street. The redevelopment consisted of retail ground floor space and residential upper floor space. Assuming rental rates given by a broker that has experience on Canal Street⁶⁶, one property in poor condition that leases the ground floor is estimated to generate around \$21,000 in net operating income per year. This net income does not include a debt service payment, so the profit to the property owner could potentially be less than the estimated income amount. In the financial model in which the same property is developed with five other

⁶⁶ Shelly Wills, Phone Call, New Orleans, LA, April 20, 2017

adjoining properties, each property owner receives a cash flow payment around \$50,000 in the first year. This model confirms that the owners of these buildings could be receiving a substantially greater amount of income per year without putting in any equity besides the building itself.

Additional financial models were created for 1001-1015 Canal Street, 1012-1024 Canal Street, and 800-814 Canal Street. These sample financial models are given in an appendix to this research paper.

Final Recommendations & Conclusion:

Taking into account all of the findings in the research, recommendations have been made to be taken as next steps for the clients.

The first recommendation is for the DDD to create an available incentive and development resource in order to facilitate redevelopment for property owners. This resource would be regularly updated and provide guidelines and information on all of the financial incentives that are available for development, how to obtain them, what the restrictions are, if any, and the actual economic cost and benefit associated with obtaining the incentives. Currently some available incentives are listed on the city's website, and others on the DDD's website showing a brief amount of information on the programs. The proposed guide would be an inclusive list that would be easily accessed from the city's website and the DDD's website. The Louisiana Economic Development website has a comprehensive list of Louisiana Business Incentives with information on eligibility, how to obtain, certain scenarios, and FAQ's for each incentive.⁶⁷ This should serve as a guideline for the proposed resource.

⁶⁷ "Business Incentives", Louisiana Economic Development, Accessed April 29, 2017, <https://www.opportunitylouisiana.com/business-incentives>

The second recommendation is for the DDD and the National Trust for Historic Preservation to actively incentivize joint development of adjacent historic buildings. The DDD could do this through their façade grant program, which currently matches up to \$20,000 in total project costs of a building.⁶⁸ The DDD could alter this program so that if historic buildings were developed together, they would be awarded a grant for each building involved up to \$80,000, or four buildings. This program modification could be a one-time situation and only eligible on Canal Street. The DDD could refuse awarding it to property owners who have been difficult to deal with in the past and if they do not support the use of the project.

The National Trust for Historic Preservation could utilize their investment wing, the National Trust Community Investment Corporation (NTCIC) to incentivize development. The NTCIC could put out a letter of interest to property owners on Canal Street stating that they are interested in providing a historic tax credit equity investment in a project that utilizes this practice of developing adjacent historic buildings together.

In order to combat the market status barrier, the DDD and National Trust could put a timeline on these incentives, motivating property owners to invest in these buildings now rather than when all the surrounding development is finished.

The final recommendation is for the city of New Orleans to enable the DDD and the public to assist in enforcing building code violations. The DDD rangers used to be involved in enforcing building code violations through a program that ended in 2010.⁶⁹ When a building code was violated the DDD

⁶⁸ Downtown Development District of New Orleans, "Façade Improvement Matching Grant Program," Accessed May 2, 2017 http://downtownnola.com/wp-content/uploads/2014/06/2012_Facade_Program_Policies_and_Procedures_Public_Doc_Final_Rev_May_21_2012-1337724114.pdf

⁶⁹ Donald Clouse, DDD Lead Public Safety Ranger, Phone Call, New Orleans, LA, April 11, 2017

rangers would document the violation, then send the property owners a warning letter giving them 30 days to rectify the violation. Once 30 days had passed if the code was still being violated the complaint would go to a court hearing and fines would be issued to the owners. While this program was active the warning letters alone had a 70% success rate.⁷⁰ I recommend putting this program back in service in order to hold accountable the property owners who do not keep their buildings well maintained.

I also recommend for the City of New Orleans to modify their building code violation enforcement system. As stated earlier, the only person who can report a code violation on an occupied building is the tenant. The public can only report building code violations on buildings that are completely vacant.⁷¹ I recommend that the City of New Orleans change this program to where the public can report building code violations if the building is majority vacant. The buildings with a ground floor tenant and vacant upper floors are typically 3-4 stories high, which makes them 66-75% vacant.

Altering the city's code enforcement system and putting the DDD program back in service would be instrumental in reducing blight in the area and forcing property owners to invest in their buildings. With an effective building code violation enforcement strategy, the best possible outcome would be for the property owners to resent investing in buildings that aren't generating the maximize returns possible, and ultimately redevelop their buildings.

Redeveloping these historic buildings and putting the upper floors back into commerce is so instrumental in spurring economic development throughout the area. Canal Street used to be the heart of the city, and in order for it to experience the revitalization that it has needed for the past 20 years, dynamics have to change and I believe acting on these recommendations will be an effective strategy to spur redevelopment.

⁷⁰ Ibid.

⁷¹ City of New Orleans Employee, Phone Call, New Orleans, LA, April 18, 2017

Appendix: Financial Models

Created by Amy Breen

This is a sample financial model for multiple properties on and adjacent to Canal Street. The model includes 1012-1024 Canal Street, 118-122 S Rampart St., 117 & 29305 Roosevelt Way. This model is based on the presentation that the DDD created for a hotel built with a mix of historic renovation and new construction. This model follows the presentation almost exactly with a few modifications: The Canal Street entrance in this model is at 1016-1024 Canal. 1028-1034 Canal are not used because of recent development plans announced for the properties. The new construction tower in this model is 16 stories tall, 4 for parking and 12 for hotel space. There are no residential units in this model. The hotel contains 470 rooms. The model does not include the area that was designated for loading and trash because proper square feet could not be found on public record. The model assumes the current property owners stay on as equity investors, therefore there is no acquisition cost.

The model uses a master tenant structure, which is common in historic tax credit projects and the most beneficial structure for the owners and investors. The Master Tenant entity is owned 99% by the FHTC investor and 1% by the Owners. This ownership structure flips after the 5 Yr. HTC compliance period to being owned 5% by the FHTC Investor and 95% by the Owners. The Landlord Entity is owned 95% by the owners, 4% by the Master Tenant, and 1% by the SHTC investor. This structuring is necessary in order to comply with the Safe Harbor laws that were modified in 2014.

Assumptions

Area SF	
Land Area	48,538 SF
Buildable Land Area	45,141 SF
# of Floors	16
Total Development Area	390,948 SF
Total Area Less Parking	310,348 SF
Floor-Area-Ratio	8
Gross Building Area/ # of Keys	660 SF
Avg Room Size	400 SF

Operating Assumptions	
Number of Keys	470
ADR:	\$ 190.00
ADR Growth Rate:	2.50%
First Year Occupancy	62.50%
Second Year Occupancy	74.00%
Occupancy Growth Rate:	0.53%
Revenue Growth Rate	2.50%
Expense Growth Rate	3.00%
Going Out Cap Rate	8.00%
Management Fee	3.00%
Franchise Fee	4.00%

Taxes	
Value of Land	\$ 3,284,800
Land Assessment Rate	0.1
Assessed Land Value	\$ 328,480
Value of Building	\$67,083,360
Building Assessment Rate	0.15
Assessed Building Value	\$10,062,504
Total Assessed Value	\$10,390,984
Millage Rate	0.16
Estimated Taxes	\$ 1,662,557

Insurance	
Cost / Key	\$ 1,000
Total Insurance Cost	\$ 470,000

Construction Assumptions	
Construction costs/Key	\$ 142,731
Assumed Construction Hard Cost	\$67,083,360
FF& E / Key	\$ 30,000
FF&E	\$14,100,000

Master Lease Growth Rate after 5 yrs 2%

Permit Assumptions	
Initial Fee	\$ 60
Cost per \$1000	5 \$ 67,083.36
Permit Cost	\$ 335,417
Total Permit Cost & Fee	\$ 335,477

Historic Const. Assumptions	Size	# of Floors
1012 Canal Street	3675	4
1016 Canal Street	7286	4
1024 Canal Street	3558	4
Total Ground Area	14519	4
Total Historic Build Area	58076	

Historic Construction Cost	
Cost / SF	210
Total Historic Construction Cost	12,195,960.00

New Constr. Tower Assumptions	Size
118 S Rampart	2869
120 S Rampart	2780
122 S Rampart	16735
Total Area	22384
Buildable Land Area	20150
# of Floors	16
Parking Garage Floors	4
Parking Garage Total SF	80600
Total # of Parking Spaces	403
Hotel Floors	12
Hotel Tower SF	241,800.00
Total Tower Area	322,400.00

New Construction Tower Cost	
Hotel Area Cost / SF	195
Hotel Area Total Cost	47,151,000.00
Parking Area / SF	70
Parking Area Total Cost	5,642,000.00

Restaurant & Bar Assumptions	Size
117 Roosevelt Way	7973
29305 Roosevelt Way	3662
Total Area	11635
Buildable Area	10472

Restaurant & Bar Construction Cost	
Restaurant Cost / SF	200
Restaurant Total Cost	2,094,400.00

Total Construction Cost 67,083,360.00

Timing Assumptions	
Acquisition Date	Sep-17
Closing Date	9/2017
Construction Loan Date	9/2017
Construction Start Date	10/1/2017
Construction Period	14 months
Construction End Date	12/1/2018
Opening Date	12/31/2018
Sale Date	12/31/2028

New Construction Tower Program

Floor	Program	Total Sq. Ft
1	Entrances & Lobby Area w Seating	9,500 SF
1	Elevators & Stairs	2,000 SF
1	Restrooms	2,150 SF
1	Fitness Center	1,500 SF
1	Employee Lockers & Misc. Storage	5,000 SF
1	Lobby, F&B, Offices, Elev/Stairs, Mech.	20,150 SF
2	Parking	20,150 SF
3	Parking	20,150 SF
4	Parking	20,150 SF
5	Parking	20,150 SF
6	40 Hotel Rooms	16,000 SF
6	Hallways, Elevators & Stairs, Maid, Mech. Vend	4,150 SF
6	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
7	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
8	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
9	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
10	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
11	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
12	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
13	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
14	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
15	40 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
16	20 Hotel Rooms	8,000 SF
16	Event & Meeting Space	8,000 SF
16	Hallways, Elevators & Stairs, Maid, Mech. Vend	4,150 SF
16	20 Rooms, Hall, Elev. & Stair, Maid, Mech, Vend	20,150 SF
All Floors	Total Building Area	322,400 SF

Total # of Rooms

470

Historic Buildings Program

Floor	Program	Total Sq. Ft
1	Hotel Entrance, Common Area	4219
1	Offices	2000
1	Bar & Lounge (separate from other restaurant)	2000
1	Retail (Front of 1012)	3000
1	Elevators & Stairs	1000
1	Business Center	800
1	Coffee Shop	1500
1	Entrance, Bar, Retail, Elev & Stair, Bus Center, Coffee	14519
2	Lobby & Entrance (Raised Ceilings)	4219
2	Elevators & Stairs	1000
2	Meeting & Event Spaces	9300
2	Entrance (raised ceilings), elev & stairs, event space	14519
3	25 Rooms	10000
3	Hallway Space	2319
3	Elevators & stairs	1000
3	Maid Storage/ Mechanical/ Vending	1200
3	25 Rooms, Hall, Elev & Stair, Maid, Mech, Vend	14519
4	25 Rooms	10000
4	Hallway Space	2319
4	Elevators & stairs	1000
4	Maid Storage/ Mechanical/ Vending	1200
4	25 Rooms, Hall, Elev & Stair, Maid, Mech, Vend	14519
All Floors	Total Building Area	58076

Restaurant Program

Floor	Program	Total Sq. Ft
1	Restaurant & Bar Area	9500
1	Hall to Lobby	972
1	Restaurant & Hall	10472

Project Budget

HTC Bridge Loan	4,915,477
Construction Loan	73,747,234

<u>Permanent Sources:</u>		Total Cost	Cost/ Building SF	% Of Total	Cost / Key
Senior Loan	\$	67,497,234	\$ 172.65 / SF	68%	\$ 143,611 / Key
Brand Key Money	\$	2,000,000	\$ 5.12 / SF	2%	\$ 4,255 / Key
Investor Equity	\$	25,000,000	\$ 63.95 / SF	25%	\$ 53,191 / Key
FHTC Equity	\$	2,588,624	\$ 6.62 / SF	3%	\$ 5,508 / Key
SHTC Equity	\$	2,326,853	\$ 5.95 / SF	2%	\$ 4,951 / Key
Total Sources	\$	99,412,711	\$ 254.29 / SF	100%	\$ 211,516 / Key

Uses:

Financing Fees:

Permanent Loan Origination Fee	0.5%	\$	337,486	\$.86 / SF	0.34%	\$ 718 / Key
Bridge Loan Origination Fee	0.5%	\$	24,577	\$.06 / SF	0.02%	\$ 52 / Key
Total Financing Fees		\$	337,486	\$.86 / SF	0.34%	\$ 718 / Key

Partnership Organizational Costs:

Accounting	\$	120,000	\$.31 / SF	0.12%	\$ 255 / Key
Lender Legal	\$	150,000	\$.38 / SF	0.15%	\$ 319 / Key
Investor Legal	\$	200,000	\$.51 / SF	0.20%	\$ 426 / Key
Developer Legal	\$	300,000	\$.77 / SF	0.30%	\$ 638 / Key
Investor Due Diligence Costs	\$	100,000	\$.26 / SF	0.10%	\$ 213 / Key
Total Organizational Costs	\$	870,000	\$ 2.23 / SF	0.88%	\$ 1,851 / Key

Brand Upfront Fees & Costs

Total Brand Upfront Fees & Costs	\$	300,000	\$.77 / SF	0.30%	\$ 638 / Key
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Reserves:

Capital Reserves	1,500	\$	705,000	\$ 1.80 / SF	0.71%	\$ 1,500 / Key
Total Reserves		\$	705,000	\$ 1.80 / SF	0.71%	\$ 1,500 / Key

Soft Costs:

Title Insurance & Recording	\$	250,000	\$.64 / SF	0.25%	\$ 532 / Key
Insurance - Builder's Risk & Liability	\$	400,000	\$ 1.02 / SF	0.40%	\$ 851 / Key
Taxes	\$	52,918	\$.14 / SF	0.05%	\$ 113 / Key
City Agencies	\$	45,000	\$.12 / SF	0.05%	\$ 96 / Key
Market Study	\$	15,000	\$.04 / SF	0.02%	\$ 32 / Key
Environmental & Survey	\$	40,000	\$.10 / SF	0.04%	\$ 85 / Key
Appraisal	\$	15,000	\$.04 / SF	0.02%	\$ 32 / Key
Soft Cost Contingency	\$	300,000	\$.77 / SF	0.30%	\$ 638 / Key
Developer Fee	5% \$	3,354,168	\$ 8.58 / SF	3.37%	\$ 7,137 / Key
Total Soft Costs	\$	4,472,086	\$ 11.44 / SF	4.50%	\$ 9,515 / Key

FF&E	\$	14,100,000	\$ 36.07 / SF	14.18%	\$ 30,000 / Key
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Construction Loan Interest	\$	2,871,236	\$ 7.34 / SF	2.89%	\$ 6,109 / Key
Bridge Loan Interest	\$	258,063	\$.66 / SF	0.26%	\$ 549 / Key

Construction Hard Costs:

Design Fee	5.00%	\$	3,354,168	\$ 8.58 / SF	3.37%	\$ 7,137 / Key
Structural / Civil Engineering	2.0%	\$	1,341,667	\$ 3.43 / SF	1.35%	\$ 2,855 / Key
Plan & Cost Review		\$	30,000	\$.08 / SF	0.03%	\$ 64 / Key
Permits		\$	335,477	\$.86 / SF	0.34%	\$ 714 / Key
Construction Hard Costs		\$	67,083,360	\$ 171.59 / SF	67.48%	\$ 142,731 / Key
Hard Cost Contingency	5%	\$	3,354,168	\$ 8.58 / SF	3.37%	\$ 7,137 / Key
Total Construction Costs		\$	75,498,840	\$ 193.12 / SF	75.94%	\$ 160,636 / Key

Total Uses	\$	99,412,711	\$ 254.29 / SF	100.00%	\$ 211,516 / Key
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Surplus / Deficit of Sources & Uses	\$	-
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QRE Eligible

10% of Total Costs to Measure Historic Building QRE

Construction Cost	12,195,960.00
Construction Interest	287,123.62
Developer Fee	335,416.80
Taxes During Constr.	20,036.01
Insurance During Constr.	40,000.00
Architecture / Engineering	65,000.00
Financing Fees	33,748.62
FF&E	1,410,000.00
Title & Recording	25,000.00
Permits	33,547.68
Environmental & Survey	4,000.00
Appraisal & Market Study	3,000.00
Plan & Cost Review	3,000.00
Organizational & Legal	87,000.00
Total Eligible	14,542,832.72

Federal HTC	0.2	2,908,566.54	
Federal HTC Proceeds	0.89	2,588,624.22	(raised % because TC investor is getting a large amount of cash flow)
State HTC	0.2	2,908,566.54	
State HTC Proceeds	0.8	2,326,853.24	

Construction Loan

Loan-To-Cost:		Loan Term:	14 Months
Principal:	73,747,234	Origination Date:	9/30/2017
		Maturity Date:	12/1/2018
Interest Rate:	6.00%	Loan Type:	Interest Only
Amortization:	30 years		

Period	Beginning Balance	Draws	Interest Payment	Principal Payment	Total Payment	Ending Balance
9/30/2017		5,500,000				5,500,000
10/31/2017	5,500,000	5,500,000	(27,500.00)	-	-	11,000,000.00
11/30/2017	11,000,000.00	5,500,000	(55,000.00)	-	-	16,500,000.00
12/31/2017	16,500,000.00	5,500,000	(82,500.00)	-	-	22,000,000.00
1/31/2018	22,000,000.00	5,500,000	(110,000.00)	-	-	27,500,000.00
2/28/2018	27,500,000.00	5,500,000	(137,500.00)	-	-	33,000,000.00
3/31/2018	33,000,000.00	5,500,000	(165,000.00)	-	-	38,500,000.00
4/30/2018	38,500,000.00	5,500,000	(192,500.00)	-	-	44,000,000.00
5/31/2018	44,000,000.00	5,500,000	(220,000.00)	-	-	49,500,000.00
6/30/2018	49,500,000.00	5,500,000	(247,500.00)	-	-	55,000,000.00
7/31/2018	55,000,000.00	5,500,000	(275,000.00)	-	-	60,500,000.00
8/31/2018	60,500,000.00	5,500,000	(302,500.00)	-	-	66,000,000.00
9/30/2018	66,000,000.00	5,500,000	(330,000.00)	-	-	71,500,000.00
10/31/2018	71,500,000.00	2,247,233.57	(357,500.00)	-	-	73,747,233.57
11/30/2018	73,747,233.57		(368,736.17)	-	-	73,747,233.57
12/31/2018	73,747,233.57			(73,747,233.57)		-

HTC Bridge Loan

Loan-To-Cost:	4.9%	Loan Term:	14 Months
Principal:	4,915,477	Origination Date:	9/30/2017
Variable Rate:	0	Maturity Date:	12/1/2018
Interest Rate:	4.50%	Loan Type:	Interest Only
Amortization:	30 years		

Period	Beginning Balance	Loan Advances	Interest Payment	Principal Payment	Total Payment	Ending Balance
9/30/2017		4,915,477				4,915,477
10/31/2017	4,915,477		(18,433.04)	-	-	4,915,477.46
11/30/2017	4,915,477.46		(18,433.04)	-	-	4,915,477.46
12/31/2017	4,915,477.46		(18,433.04)	-	-	4,915,477.46
1/31/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
2/28/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
3/31/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
4/30/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
5/31/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
6/30/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
7/31/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
8/31/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
9/30/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
10/31/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
11/30/2018	4,915,477.46		(18,433.04)	-	-	4,915,477.46
12/31/2018	4,915,477.46			(4,915,477.46)		-

Permanent Loan

Loan-To-Cost:	68%	Loan Term:	10 years
Principal:	67,497,234	Origination Date:	12/1/2018
Interest Rate:	6.0%	Maturity Date:	12/31/2028
Amortization:	20 years		

Period	Beginning Balance	Loan Advances	Interest Payment	Principal Payment	Total Payment	Ending Balance
12/31/2018		67,497,234				67,497,234
1/31/2019	67,497,234		(337,486.17)	(146,084.98)	(483,571.14)	67,351,148.59
2/28/2019	67,351,148.59		(336,755.74)	(146,815.40)	(483,571.14)	67,204,333.19
3/31/2019	67,204,333.19		(336,021.67)	(147,549.48)	(483,571.14)	67,056,783.71
4/30/2019	67,056,783.71		(335,283.92)	(148,287.23)	(483,571.14)	66,908,496.49
5/31/2019	66,908,496.49		(334,542.48)	(149,028.66)	(483,571.14)	66,759,467.82
6/30/2019	66,759,467.82		(333,797.34)	(149,773.81)	(483,571.14)	66,609,694.02
7/31/2019	66,609,694.02		(333,048.47)	(150,522.67)	(483,571.14)	66,459,171.34
8/31/2019	66,459,171.34		(332,295.86)	(151,275.29)	(483,571.14)	66,307,896.06
9/30/2019	66,307,896.06		(331,539.48)	(152,031.66)	(483,571.14)	66,155,864.39
10/31/2019	66,155,864.39		(330,779.32)	(152,791.82)	(483,571.14)	66,003,072.57
11/30/2019	66,003,072.57		(330,015.36)	(153,555.78)	(483,571.14)	65,849,516.79
12/31/2019	65,849,516.79		(329,247.58)	(154,323.56)	(483,571.14)	65,695,193.22
1/31/2020	65,695,193.22		(328,475.97)	(155,095.18)	(483,571.14)	65,540,098.05
2/29/2020	65,540,098.05		(327,700.49)	(155,870.65)	(483,571.14)	65,384,227.39
3/31/2020	65,384,227.39		(326,921.14)	(156,650.01)	(483,571.14)	65,227,577.38
4/30/2020	65,227,577.38		(326,137.89)	(157,433.26)	(483,571.14)	65,070,144.13
5/31/2020	65,070,144.13		(325,350.72)	(158,220.42)	(483,571.14)	64,911,923.70
6/30/2020	64,911,923.70		(324,559.62)	(159,011.53)	(483,571.14)	64,752,912.17
7/31/2020	64,752,912.17		(323,764.56)	(159,806.58)	(483,571.14)	64,593,105.59
8/31/2020	64,593,105.59		(322,965.53)	(160,605.62)	(483,571.14)	64,432,499.97
9/30/2020	64,432,499.97		(322,162.50)	(161,408.65)	(483,571.14)	64,271,091.33
10/31/2020	64,271,091.33		(321,355.46)	(162,215.69)	(483,571.14)	64,108,875.64
11/30/2020	64,108,875.64		(320,544.38)	(163,026.77)	(483,571.14)	63,945,848.87
12/31/2020	63,945,848.87		(319,729.24)	(163,841.90)	(483,571.14)	63,782,006.97
1/31/2021	63,782,006.97		(318,910.03)	(164,661.11)	(483,571.14)	63,617,345.86
2/28/2021	63,617,345.86		(318,086.73)	(165,484.42)	(483,571.14)	63,451,861.45
3/31/2021	63,451,861.45		(317,259.31)	(166,311.84)	(483,571.14)	63,285,549.61
4/30/2021	63,285,549.61		(316,427.75)	(167,143.40)	(483,571.14)	63,118,406.21
5/31/2021	63,118,406.21		(315,592.03)	(167,979.11)	(483,571.14)	62,950,427.10
6/30/2021	62,950,427.10		(314,752.14)	(168,819.01)	(483,571.14)	62,781,608.09
7/31/2021	62,781,608.09		(313,908.04)	(169,663.10)	(483,571.14)	62,611,944.98
8/31/2021	62,611,944.98		(313,059.72)	(170,511.42)	(483,571.14)	62,441,433.56
9/30/2021	62,441,433.56		(312,207.17)	(171,363.98)	(483,571.14)	62,270,069.59
10/31/2021	62,270,069.59		(311,350.35)	(172,220.80)	(483,571.14)	62,097,848.79
11/30/2021	62,097,848.79		(310,489.24)	(173,081.90)	(483,571.14)	61,924,766.89
12/31/2021	61,924,766.89		(309,623.83)	(173,947.31)	(483,571.14)	61,750,819.58
1/31/2022	61,750,819.58		(308,754.10)	(174,817.05)	(483,571.14)	61,576,002.53
2/28/2022	61,576,002.53		(307,880.01)	(175,691.13)	(483,571.14)	61,400,311.40
3/31/2022	61,400,311.40		(307,001.56)	(176,569.59)	(483,571.14)	61,223,741.81
4/30/2022	61,223,741.81		(306,118.71)	(177,452.44)	(483,571.14)	61,046,289.38
5/31/2022	61,046,289.38		(305,231.45)	(178,339.70)	(483,571.14)	60,867,949.68
6/30/2022	60,867,949.68		(304,339.75)	(179,231.40)	(483,571.14)	60,688,718.28
7/31/2022	60,688,718.28		(303,443.59)	(180,127.55)	(483,571.14)	60,508,590.73
8/31/2022	60,508,590.73		(302,542.95)	(181,028.19)	(483,571.14)	60,327,562.54
9/30/2022	60,327,562.54		(301,637.81)	(181,933.33)	(483,571.14)	60,145,629.20
10/31/2022	60,145,629.20		(300,728.15)	(182,843.00)	(483,571.14)	59,962,786.21
11/30/2022	59,962,786.21		(299,813.93)	(183,757.21)	(483,571.14)	59,779,028.99
12/31/2022	59,779,028.99		(298,895.14)	(184,676.00)	(483,571.14)	59,594,352.99
1/31/2023	59,594,352.99		(297,971.76)	(185,599.38)	(483,571.14)	59,408,753.61
2/28/2023	59,408,753.61		(297,043.77)	(186,527.38)	(483,571.14)	59,222,226.24
3/31/2023	59,222,226.24		(296,111.13)	(187,460.01)	(483,571.14)	59,034,766.22
4/30/2023	59,034,766.22		(295,173.83)	(188,397.31)	(483,571.14)	58,846,368.91
5/31/2023	58,846,368.91		(294,231.84)	(189,339.30)	(483,571.14)	58,657,029.61
6/30/2023	58,657,029.61		(293,285.15)	(190,286.00)	(483,571.14)	58,466,743.61
7/31/2023	58,466,743.61		(292,333.72)	(191,237.43)	(483,571.14)	58,275,506.18
8/31/2023	58,275,506.18		(291,377.53)	(192,193.61)	(483,571.14)	58,083,312.57
9/30/2023	58,083,312.57		(290,416.56)	(193,154.58)	(483,571.14)	57,890,157.99
10/31/2023	57,890,157.99		(289,450.79)	(194,120.35)	(483,571.14)	57,696,037.63
11/30/2023	57,696,037.63		(288,480.19)	(195,090.96)	(483,571.14)	57,500,946.68
12/31/2023	57,500,946.68		(287,504.73)	(196,066.41)	(483,571.14)	57,304,880.26
1/31/2024	57,304,880.26		(286,524.40)	(197,046.74)	(483,571.14)	57,107,833.52
2/29/2024	57,107,833.52		(285,539.17)	(198,031.98)	(483,571.14)	56,909,801.54
3/31/2024	56,909,801.54		(284,549.01)	(199,022.14)	(483,571.14)	56,710,779.41
4/30/2024	56,710,779.41		(283,553.90)	(200,017.25)	(483,571.14)	56,510,762.16
5/31/2024	56,510,762.16		(282,553.81)	(201,017.33)	(483,571.14)	56,309,744.82
6/30/2024	56,309,744.82		(281,548.72)	(202,022.42)	(483,571.14)	56,107,722.40
7/31/2024	56,107,722.40		(280,538.61)	(203,032.53)	(483,571.14)	55,904,689.87
8/31/2024	55,904,689.87		(279,523.45)	(204,047.70)	(483,571.14)	55,700,642.17
9/30/2024	55,700,642.17		(278,503.21)	(205,067.93)	(483,571.14)	55,495,574.24
10/31/2024	55,495,574.24		(277,477.87)	(206,093.27)	(483,571.14)	55,289,480.97
11/30/2024	55,289,480.97		(276,447.40)	(207,123.74)	(483,571.14)	55,082,357.23
12/31/2024	55,082,357.23		(275,411.79)	(208,159.36)	(483,571.14)	54,874,197.87
1/31/2025	54,874,197.87		(274,370.99)	(209,200.16)	(483,571.14)	54,664,997.71
2/28/2025	54,664,997.71		(273,324.99)	(210,246.16)	(483,571.14)	54,454,751.56
3/31/2025	54,454,751.56		(272,273.76)	(211,297.39)	(483,571.14)	54,243,454.17
4/30/2025	54,243,454.17		(271,217.27)	(212,353.87)	(483,571.14)	54,031,100.30
5/31/2025	54,031,100.30		(270,155.50)	(213,415.64)	(483,571.14)	53,817,684.65
6/30/2025	53,817,684.65		(269,088.42)	(214,482.72)	(483,571.14)	53,603,201.93
7/31/2025	53,603,201.93		(268,016.01)	(215,555.14)	(483,571.14)	53,387,646.79
8/31/2025	53,387,646.79		(266,938.23)	(216,632.91)	(483,571.14)	53,171,013.88
9/30/2025	53,171,013.88		(265,855.07)	(217,716.08)	(483,571.14)	52,953,297.81
10/31/2025	52,953,297.81		(264,766.49)	(218,804.66)	(483,571.14)	52,734,493.15
11/30/2025	52,734,493.15		(263,672.47)	(219,898.68)	(483,571.14)	52,514,594.47
12/31/2025	52,514,594.47		(262,572.97)	(220,998.17)	(483,571.14)	52,293,596.30
1/31/2026	52,293,596.30		(261,467.98)	(222,103.16)	(483,571.14)	52,071,493.14
2/28/2026	52,071,493.14		(260,357.47)	(223,213.68)	(483,571.14)	51,848,279.46
3/31/2026	51,848,279.46		(259,241.40)	(224,329.75)	(483,571.14)	51,623,949.71
4/30/2026	51,623,949.71		(258,119.75)	(225,451.40)	(483,571.14)	51,398,498.31
5/31/2026	51,398,498.31		(256,992.49)	(226,578.65)	(483,571.14)	51,171,919.66
6/30/2026	51,171,919.66		(255,859.60)	(227,711.55)	(483,571.14)	50,944,208.11
7/31/2026	50,944,208.11		(254,721.04)	(228,850.10)	(483,571.14)	50,715,358.01
8/31/2026	50,715,358.01		(253,576.79)	(229,994.35)	(483,571.14)	50,485,363.65
9/30/2026	50,485,363.65		(252,426.82)	(231,144.33)	(483,571.14)	50,254,219.33
10/31/2026	50,254,219.33		(251,271.10)	(232,300.05)	(483,571.14)	50,021,919.28
11/30/2026	50,021,919.28		(250,109.60)	(233,461.55)	(483,571.14)	49,788,457.73
12/31/2026	49,788,457.73		(248,942.29)	(234,628.86)	(483,571.14)	49,553,828.88
1/31/2027	49,553,828.88		(247,769.14)	(235,802.00)	(483,571.14)	49,318,026.87
2/28/2027	49,318,026.87		(246,590.13)	(236,981.01)	(483,571.14)	49,081,045.86
3/31/2027	49,081,045.86		(245,405.23)	(238,165.92)	(483,571.14)	48,842,879.95
4/30/2027	48,842,879.95		(244,214.40)	(239,356.75)	(483,571.14)	48,603,523.20
5/31/2027	48,603,523.20		(243,017.62)	(240,553.53)	(483,571.14)	48,362,969.67
6/30/2027	48,362,969.67		(241,814.85)	(241,756.30)	(483,571.14)	48,121,213.38
7/31/2027	48,121,213.38		(240,606.07)	(242,965.08)	(483,571.14)	47,878,248.30
8/31/2027	47,878,248.30		(239,391.24)	(244,179.90)	(483,571.14)	47,634,068.40
9/30/2027	47,634,068.40		(238,170.34)	(245,400.80)	(483,571.14)	47,388,667.59
10/31/2027	47,388,667.59		(236,943.34)	(246,627.81)	(483,571.14)	47,142,039.79
11/30/2027	47,142,039.79		(235,710.20)	(247,860.95)	(483,571.14)	46,894,178.84
12/31/2027	46,894,178.84		(234,470.89)	(249,100.25)	(483,571.14)	46,645,078.59
1/31/2028	46,645,078.59		(233,225.39)	(250,345.75)	(483,571.14)	46,394,732.84
2/29/2028	46,394,732.84		(231,973.66)	(251,597.48)	(483,571.14)	46,143,135.36
3/31/2028	46,143,135.36		(230,715.68)	(252,855.47)	(483,571.14)	45,890,279.89
4/30/2028	45,890,279.89		(229,451.40)	(254,119.75)	(483,571.14)	45,636,160.14
5/31/2028	45,636,160.14		(228,180.80)	(255,390.34)	(483,571.14)	45,380,769.80
6/30/2028	45,380,769.80		(226,903.85)	(256,667.30)	(483,571.14)	45,124,102.50
7/31/2028	45,124,102.50		(225,620.51)	(257,950.63)	(483,571.14)	44,866,151.87
8/31/2028	44,866,151.87		(224,330.76)	(259,240.39)	(483,571.14)	44,606,911.49
9/30/2028	44,606,911.49		(223,034.56)			

# of Keys:	70	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	
Rooms Available:		171,550	172,020	171,550	171,550	171,550	172,020	171,550	171,550	171,550	172,020	
Rooms Sold:		107,219	127,295	127,620	128,296	128,976	130,015	130,347	130,347	130,347	130,704	
Occupancy:		62.50%	74.00%	74.39%	74.79%	75.18%	75.58%	75.98%	75.98%	75.98%	75.98%	
ADR:		\$190.00	\$194.75	\$199.62	\$204.61	\$209.72	\$214.97	\$220.34	\$225.85	\$231.50	\$237.28	
Rooms RevPAR:		\$118.75	\$144.12	\$148.50	\$153.02	\$157.68	\$162.48	\$167.42	\$171.61	\$175.90	\$180.29	
				3.04%	3.04%	3.04%	3.04%	3.04%	2.50%	2.50%	2.50%	
		1	2	3	4	5	6	7	8	9	10	
		12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Revenue												
Rooms	69%	20,371,563	24,790,662	25,475,309	26,250,586	27,049,457	27,949,003	28,720,874	29,438,896	30,174,868	31,013,977	
Food		3,208,521	3,288,734	3,370,952	3,455,226	3,541,607	3,630,147	3,720,901	3,813,923	3,909,271	4,007,003	
Beverage		4,145,613	4,249,253	4,355,485	4,464,372	4,575,981	4,690,381	4,807,640	4,927,831	5,051,027	5,177,303	
Food & Beverage	25%	7,354,134	7,537,987	7,726,437	7,919,598	8,117,588	8,320,528	8,528,541	8,741,754	8,960,298	9,184,306	
Parking	4.11%	1,212,600	1,242,915	1,273,988	1,305,838	1,338,484	1,371,946	1,406,244	1,441,400	1,477,435	1,514,371	
Rentals & Other Income	1.97%	582,045	596,596	611,511	626,798	642,468	658,530	674,993	691,868	709,165	726,894	
Total Operating Revenue		29,520,341	34,168,160	35,087,244	36,102,820	37,147,997	38,300,006	39,330,652	40,313,919	41,321,766	42,439,548	
Growth Rate:			15.74%	2.69%	2.89%	2.90%	3.10%	2.69%	2.50%	2.50%	2.71%	
Departmental Expenses												
Rooms		4,481,744	5,453,946	5,617,564	5,786,091	5,959,674	6,138,464	6,322,618	6,512,296	6,707,665	6,908,895	
Food and Beverage		5,515,601	5,653,491	5,823,095	5,997,788	6,177,722	6,363,053	6,553,945	6,750,563	6,953,080	7,161,673	
Parking		485,040	497,166	512,081	527,443	543,267	559,565	576,352	593,642	611,451	629,795	
Other Operated Departments		157,152	161,081	165,913	170,891	176,017	181,298	186,737	192,339	198,109	204,052	
Total Departmental Expenses	36%	10,639,536	11,765,683	12,118,654	12,482,213	12,856,680	13,242,380	13,639,651	14,048,841	14,470,306	14,904,415	
Total Departmental Income	64%	18,880,805	22,402,477	22,968,591	23,620,607	24,291,317	25,057,626	25,691,001	26,265,078	26,851,460	27,535,133	
Undistributed Expenses												
Administrative and General		1,948,000	2,187,000	2,252,610	2,320,188	2,389,794	2,461,488	2,535,332	2,611,392	2,689,734	2,770,426	
Information and Telecommunications Systems		207,000	239,000	246,170	253,555	261,162	268,997	277,067	285,378	293,940	302,758	
Sales and Marketing		1,624,000	1,538,000	1,584,140	1,631,664	1,680,614	1,731,033	1,782,964	1,836,452	1,891,546	1,948,292	
Property Operation and Maintenance		1,033,000	1,093,000	1,125,790	1,159,564	1,194,351	1,230,181	1,267,087	1,305,099	1,344,252	1,384,580	
Utilities		708,000	718,000	739,540								

Landlord Cash Flow

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Master Lease Income		10,408,000	13,100,000	13,390,000	13,770,000	14,200,000	14,400,000	14,652,000	14,908,410	15,169,307	15,434,770
Operating Expenses (Fixed)											
Property Taxes		1,662,557	1,712,434	1,763,807	1,816,721	1,871,223	1,927,360	1,985,181	2,044,736	2,106,078	2,169,260
Insurance		470,000	484,100	498,623	513,582	528,989	544,859	561,205	578,041	595,382	613,243
Other		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Total Operating Expenses		2,142,557	2,206,834	2,273,039	2,341,230	2,411,467	2,483,811	2,558,326	2,635,075	2,714,128	2,795,551
Net Operating Income		8,265,443	10,893,166	11,116,961	11,428,770	11,788,533	11,916,189	12,093,674	12,273,335	12,455,180	12,639,219
Debt Service						-	-	-	-		
First Mortgage											
Prin + Interest Payments	6.00%	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)
Total:		(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)
Debt Service Coverage Ratio (DSCR):		1.42	1.88	1.92	1.97	2.03	2.05	2.08	2.12	2.15	2.18
<i>Debt Yield</i>		<i>12%</i>	<i>16%</i>	<i>16%</i>	<i>17%</i>	<i>17%</i>	<i>18%</i>	<i>18%</i>	<i>18%</i>	<i>18%</i>	<i>19%</i>
Cash Flow After Debt Service		2,462,589	5,090,312	5,314,107	5,625,916	5,985,679	6,113,335	6,290,821	6,470,481	6,652,326	6,836,365
Sale Reversion											
Sales Price											182,092,721
Sales Commission	4.5%										(8,194,172)
Less Outstanding Debt											(43,821,387)
Total Cash From Sale											130,077,161
Cash Flow Available for Distribution		2,462,589	5,090,312	5,314,107	5,625,916	5,985,679	6,113,335	6,290,821	6,470,481	6,652,326	136,913,526
Project Owner	95%	2,339,459.38	4,835,796.49	5,048,401.72	5,344,620.10	5,686,395.04	5,868,801.57	6,039,187.80	6,211,661.63	6,386,232.74	131,436,985.16
Master Tenant	4%	98,503.55	203,612.48	212,564.28	225,036.64	239,427.16	244,533.40	251,632.83	258,819.23	266,093.03	5,476,541.05
SHTC Investor (bought out by owner after year 5)	1%	24,625.89	50,903.12	53,141.07	56,259.16	59,856.79					

Consolidated Cash Flow		12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Revenue												
Rooms	69%	20,371,563	24,790,662	25,475,309	26,250,586	27,049,457	27,949,003	28,720,874	29,438,896	30,174,868	31,013,977	
Food		3,208,521	3,288,734	3,370,952	3,455,226	3,541,607	3,630,147	3,720,901	3,813,923	3,909,271	4,007,003	
Beverage		4,145,613	4,249,253	4,355,485	4,464,372	4,575,981	4,690,381	4,807,640	4,927,831	5,051,027	5,177,303	
Food & Beverage	25%	7,354,134	7,537,987	7,726,437	7,919,598	8,117,588	8,320,528	8,528,541	8,741,754	8,960,298	9,184,306	
Parking	4%	1,212,600	1,242,915	1,273,988	1,305,838	1,338,484	1,371,946	1,406,244	1,441,400	1,477,435	1,514,371	
Rentals & Other Income	2%	582,045	596,596	611,511	626,798	642,468	658,530	674,993	691,868	709,165	726,894	
Total Operating Revenue		29,520,341	34,168,160	35,087,244	36,102,820	37,147,997	38,300,006	39,330,652	40,313,919	41,321,766	42,439,548	
Growth Rate:		0.0%	15.74%	2.69%	2.89%	2.90%	3.10%	2.69%	2.50%	2.50%	2.71%	
Departmental Expenses												
Rooms		4,481,744	5,453,946	5,617,564	5,786,091	5,959,674	6,138,464	6,322,618	6,512,296	6,707,665	6,908,895	
Food and Beverage		5,515,601	5,653,491	5,823,095	5,997,788	6,177,722	6,363,053	6,553,945	6,750,563	6,953,080	7,161,673	
Parking		485,040	497,166	512,081	527,443	543,267	559,565	576,352	593,642	611,451	629,795	
Other Operated Departments		157,152	161,081	165,913	170,891	176,017	181,298	186,737	192,339	198,109	204,052	
Total Departmental Expenses	36%	10,639,536	11,765,683	12,118,654	12,482,213	12,856,680	13,242,380	13,639,651	14,048,841	14,470,306	14,904,415	
Total Departmental Income	64%	18,880,805	22,402,477	22,968,591	23,620,607	24,291,317	25,057,626	25,691,001	26,265,078	26,851,460	27,535,133	
Undistributed Expenses												
Administrative and General		1,948,000	2,187,000	2,252,610	2,320,188	2,389,794	2,461,488	2,535,332	2,611,392	2,689,734	2,770,426	
Information and Telecommunications Systems		207,000	239,000	246,170	253,555	261,162	268,997	277,067	285,378	293,940	302,758	
Sales and Marketing		1,624,000	1,538,000	1,584,140	1,631,664	1,680,614	1,731,033	1,782,964	1,836,452	1,891,546	1,948,292	
Property Operation and Maintenance		1,033,000	1,093,000	1,125,790	1,159,564	1,194,351	1,230,181	1,267,087	1,305,099	1,344,252	1,384,580	
Utilities		708,000	718,000	739,540	761,726	784,578	808,115	832,359	857,330	883,049	909,541	
Franchise Fees		1,771,000	2,255,000	2,322,650	2,392,330	2,464,099	2,538,022	2,614,163	2,692,588	2,773,366	2,856,567	
Total Undistributed Expenses	24%	7,291,000	8,030,000	8,270,900	8,519,027	8,774,598	9,037,836	9,308,971	9,588,240	9,875,887	10,172,164	
Gross Operating Profit		11,589,805	14,372,477	14,697,691	15,101,580	15,516,719	16,019,791	16,382,030	16,676,838	16,975,573	17,362,969	
GOP Margin:		39%	42%	42%	42%	42%	42%	42%	41%	41%	41%	
Fixed Charges												
Property Taxes		1,662,557	1,712,434	1,763,807	1,816,721	1,871,223	1,927,360	1,985,181	2,044,736	2,106,078	2,169,260	
Insurance		470,000	484,100	498,623	513,582	528,989	544,859	561,205	578,041	595,382	613,243	
Other		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	
Total Fixed Charges		2,142,557	2,206,834	2,273,039	2,341,230	2,411,467	2,483,811	2,558,326	2,635,075	2,714,128	2,795,551	
Net Operating Income		9,447,247	12,165,643	12,424,652	12,760,350	13,105,252	13,535,979	13,823,704	14,041,762	14,261,446	14,567,418	
FF&E Reserve	4.0%	1,180,814	1,366,726	1,403,490	1,444,113	1,485,920	1,532,000	1,573,226	1,612,557	1,652,871	1,697,582	
NOI Less Reserve		8,266,434	10,798,917	11,021,162	11,316,237	11,619,332	12,003,979	12,250,478	12,429,205	12,608,575	12,869,836	
Cash on Cash Yield		8.3%	10.9%	11.1%	11.4%	11.7%	12.1%	12.3%	12.5%	12.7%	12.9%	
Debt Service												
First Mortgage												
Prin + Interest Payments	6.00%	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	
Total:		(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	(5,802,854)	
Debt Service Coverage Ratio (DSCR):		1.42	1.86	1.90	1.95	2.00	2.07	2.11	2.14	2.17	2.22	
Debt Yield		12%	16%	16%	17%	17%	18%	18%	18%	19%	19%	
Cash Flow After Debt Service		2,463,580	4,996,063	5,218,308	5,513,383	5,816,479	6,201,125	6,447,625	6,626,352	6,805,721	7,066,982	
Sale Reversion												
Sales Price											182,092,721	
Sales Commission	4.5%										(8,194,172.44)	
Less Outstanding Debt											(43,821,387.16)	
Total Cash From Sale											130,077,161.39	
Cash Flow Available for Distribution		2,463,580	4,996,063	5,218,308	5,513,383	5,816,479	6,201,125	6,447,625	6,626,352	6,805,721	137,144,143	

Returns	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
FHTC Investor Returns	(2,588,624)	2,955,812	57,015	64,343	60,124	18,270	16,616	20,422	20,735	20,974	285,358
FHTC IRR	21.9%										
SHTC Investor Returns	(2,326,853)	2,933,192	50,903	53,141	56,259	59,857					
SHTC IRR:	31.0%										
Project Unlevered	(99,412,711)	8,266,434	10,798,917	11,021,162	11,316,237	11,619,332	12,003,979	12,250,478	12,429,205	12,608,575	194,962,557
Project Unlevered IRR:	15.2%										
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Project Owner Entity Sample Structure	Total Cash Flow	2,339,937	4,836,372	5,049,052	5,345,227	5,686,580	6,184,509	6,427,203	6,605,617	6,784,747	136,858,785
Equity Investor (80% First 5 Yrs. 70% After)	(25,000,000)	1,871,949	3,869,098	4,039,241	4,276,182	4,549,264	4,329,156	4,499,042	4,623,932	4,749,323	95,801,150
Equity Investor IRR	24%										
Property Owners (20% First 5 Years 30% After)		467,987	967,274	1,009,810	1,069,045	1,137,316	1,855,353	1,928,161	1,981,685	2,035,424	41,057,636

Model Created by: Amy Breen

This is a sample financial model for four properties from 1001-1015 Canal Street. The buildings are currently owned by the same owner. This model is ONLY for the upper floors and does not include the retail spaces.

The model assumes that the retail tenants will be paying a portion of the building taxes and insurance through a NNN lease. The model assumes the owner will put in 100,000 of his own money as a project source. The model assumes an increased DDD facade grant which is part of my recommendations for adjoining building projects. The model also assumes 20% State Historic Tax Credits which will be the new amount of tax credits available starting in 2018. This model does not take into account any prior debt that the property owner may have on the buildings, and therefor may have higher returns than actual. This model does not assume a sale at any point.

The model uses a master tenant structure, which is common in historic tax credit projects and the most beneficial structure for the owner and investors. The Master Tenant entity is owned 99% by the FHTC investor and 1% by the Owner. This ownership structure flips after the 5 Yr. HTC compliance period to being owned 5% by the FHTC Investor and 95% by the Owner. The Landlord Entity is owned 95% by the owner, 4% by the Master Tenant, and 1% by the SHTC investor. This structuring is necessary in order to comply with the Safe Harbor laws that were modified in 2014.

1001-1015 Canal St

Address	1001 Canal	1005 Canal	1011 Canal	1015 Canal
Ground SF	2,876	5,216		2,688
# of Floors	3	3		4
Building SF	8,628	15,648		20,912

SF Assumptions				
Total Building SF		55,940		
Total Ground SF all buildings		16,008		
Rentable SF on Floors 2&3		13,607		
Rentable SF on Floor 4		6,810		
Rentable Retail SF		14,808		
1 Bedroom Unit SF		780		
2 Bedroom Unit SF		1,135		
# of 1 Bedroom Units Total		21		
# of 2 Bedroom Units Total		15		
Floor 1:	Type	Retail SF	Other SF	
1001 Canal	Retail	2,876		
1005 Canal	Retail	5,216		
1011 Canal	Retail	2,688		
1015 Canal	Retail & Res. Lobby	4,028	1200	
Floor 2:		80000 SF		
# of 1 Bedroom Units		11	8,580	
# of 2 Bedroom Units		4	4,540	
Fitness Center		1	486	
Total		13,606	85%	
Floor 3:	Units	SF		
# of 1 Bedroom Units	10	7,800		
# of 2 Bedroom Units	5	5,675		
Total		13,475	84%	
Floor 4				
# of 2 Bedroom Units	6	6,810	86%	

Residential Rental Assumptions	
1 Bedroom Rent/ SF	2.30
2 Bedroom Rent / SF	2.30
1 Bedroom Rent / Mth	1,794
2 Bedroom Rent / Mth	2,611
Total 1 Bdrm Rent / Mth	37,674
Total 2 Bdrm Rent/ Mth	39,158
Total Monthly Potential Rent	76,832
Res. Rent Growth Rate	2%

Year 1 Res. Vacancy	40%
Stabilized Res. Vacancy	7%
Commercial Vacancy	7%

Construction Assumptions	
Construction Cost / SF	180
Total Upper Floor SF	39,932
Total Ground Floor SF	1,200
Total Construction Cost	7,403,760

Construction interest Rate	6.00%
Draw down Effective Interest Rate	3.50%

Master Lease Growth Rate	2.00%
Cap Rate	6.50%
Sales Comission (Negotiated)	4.50%

Expense Assumptions	
Gen & Admin	300 / Month
Management Fee	4.5% of EGI
Repairs & Maintenance	1200 / Month
Marketing	150 / Month
Utilities (Not inside Units)	1000 / Month
Payroll	2,200 / Month
Contracts	1,200 / Month
Tax & Ins. Paid By Landlord	74,285.80 / Year
Expense Growth Rate:	3%

Insurance Assumptions	
Property Insurance	0.53% of total value
Property Insurance/ Year	73,207.18
Liability Insurance	87 *# of units
Liability Insurance/ Year	3132
Flood Insurance	10,000
Total Insurance / Year	86,339.18

Tax Assumptions	
Original Assessed Total Value	471660
2017 Tax Bill	69390.62
RTA Amount (10 Yrs)	69,391

Tax & Ins. Amt. Paid by NNN	81444
Amount paid by Res. Ops.	74,285.80
Growth Rate (only for ins.)	1.50%

Permit Assumptions	
Initial Fee	60
Cost per 1000	5
Applicable Cost	7403.76
Permit Cost	37018.8
Total Permit Cost & Fee	37078.8

Sources:		Total	Per SF	% of Total
Construction Bridge Loan		9,712,676		
Permanent Sources				
Loan		6,674,981	167.16	68.0%
Federal HTC Equity		1,523,661	38.16	15.5%
State HTC Equity		1,434,034	35.91	14.6%
DDD Façade Grant		80,000	2.00	0.8%
Owner Equity		100,000	2.50	1.0%
Total Sources:		9,812,676	245.73	100.0%
Uses:				
Hard Costs:				
Land Acquisition		-	-	0.0%
Construction Cost		7,187,760	180.00	73.2%
Contingency	7%	503,143	12.60	5.1%
Permits		37,079	0.93	0.4%
FF&E		60,000	1.50	0.6%
Total Hard Costs:		7,787,982	195.03	79.4%
Partnership Costs				
Financing Fees	1%	33,374.90	0.84	0.3%
Organizational /Legal Fees		50,000.00	1.25	0.5%
Plan & Cost Review		12,000.00	0.30	0.1%
State HTC Fees		7,500.00	0.19	0.1%
Lease Up Reserves	3%	222,820.56	5.58	2.3%
Total Partnership Costs:		325,695.46	8.16	3.3%
Soft Costs:				
Architecture / Engineering	8%	575,021	14.40	5.9%
Accounting Fees		50,000	1.25	0.5%
Government Agencies		6,500	0.16	0.1%
Appraisal		15,000	0.38	0.2%
Insurance		50,000	1.25	0.5%
Taxes		69,391	1.74	0.7%
Construction Interest	6.00%	339,944	8.51	3.5%
Developer Fee	7%	503,143	12.60	5.1%
Environmental & Survey		30,000	0.75	0.3%
Tax Abatement & HTC Fees		10,000	0.25	0.1%
Soft Cost Contingency		50,000	1.25	0.5%
Total Soft Costs:		1,698,998	42.55	17.3%
Total Uses:		9,812,676	245.73	100.0%

QRE Eligible

Construction Cost	7,187,760.00
Construction Interest	339,943.65
Developer Fee	503,143.20
Taxes	69,390.62
Insurance	50,000.00
Architecture / Engineering	575,020.80
Financing Fees	33,374.90
FF&E	60,000.00
Appraisal	15,000.00
Permits	37,078.80
Plan & Cost Review	12,000.00
Environmental Survey	30,000.00
Organizational & Legal	50,000.00
Total Eligible	8,962,711.97

Federal HTC	20%	1,792,542.39
Federal HTC Proceeds	0.85	1,523,661.04

State HTC	20%	1,792,542.39
State HTC Proceeds	0.8	1,434,033.92

Permanent Debt

Loan Terms

LTC	68%
Loan Amount	6,674,981
Rate	9%
Amort	20
Term	10

Period	Beginning Balance	Interest	Principal	PMT	Ending Balance
1	6,674,981	27,812.42	16,239.50	\$44,051.92	6,658,741.28
2	6,658,741.28	27,744.76	16,307.16	\$44,051.92	6,642,434.12
3	6,642,434.12	27,676.81	16,375.11	\$44,051.92	6,626,059.01
4	6,626,059.01	27,608.58	16,443.34	\$44,051.92	6,609,615.67
5	6,609,615.67	27,540.07	16,511.85	\$44,051.92	6,593,103.82
6	6,593,103.82	27,471.27	16,580.65	\$44,051.92	6,576,523.16
7	6,576,523.16	27,402.18	16,649.74	\$44,051.92	6,559,873.43
8	6,559,873.43	27,332.81	16,719.11	\$44,051.92	6,543,154.31
9	6,543,154.31	27,263.14	16,788.78	\$44,051.92	6,526,365.54
10	6,526,365.54	27,193.19	16,858.73	\$44,051.92	6,509,506.81
11	6,509,506.81	27,122.95	16,928.97	\$44,051.92	6,492,577.83
12	6,492,577.83	27,052.41	16,999.51	\$44,051.92	6,475,578.32
13	6,475,578.32	26,981.58	17,070.34	\$44,051.92	6,458,507.98
14	6,458,507.98	26,910.45	17,141.47	\$44,051.92	6,441,366.51
15	6,441,366.51	26,839.03	17,212.89	\$44,051.92	6,424,153.62
16	6,424,153.62	26,767.31	17,284.61	\$44,051.92	6,406,869.01
17	6,406,869.01	26,695.29	17,356.63	\$44,051.92	6,389,512.38
18	6,389,512.38	26,622.97	17,428.95	\$44,051.92	6,372,083.43
19	6,372,083.43	26,550.35	17,501.57	\$44,051.92	6,354,581.86
20	6,354,581.86	26,477.42	17,574.49	\$44,051.92	6,337,007.36
21	6,337,007.36	26,404.20	17,647.72	\$44,051.92	6,319,359.64
22	6,319,359.64	26,330.67	17,721.25	\$44,051.92	6,301,638.39
23	6,301,638.39	26,256.83	17,795.09	\$44,051.92	6,283,844.29
24	6,283,843.29	26,182.68	17,869.24	\$44,051.92	6,265,974.06
25	6,265,974.06	26,108.23	17,943.69	\$44,051.92	6,248,030.36
26	6,248,030.36	26,033.46	18,018.46	\$44,051.92	6,230,011.90
27	6,230,011.90	25,958.38	18,093.54	\$44,051.92	6,211,918.37
28	6,211,918.37	25,882.99	18,168.93	\$44,051.92	6,193,749.44
29	6,193,749.44	25,807.29	18,244.63	\$44,051.92	6,175,504.81
30	6,175,504.81	25,731.27	18,320.65	\$44,051.92	6,157,184.16
31	6,157,184.16	25,654.93	18,396.98	\$44,051.92	6,138,787.18
32	6,138,787.18	25,578.28	18,473.64	\$44,051.92	6,120,313.54
33	6,120,313.54	25,501.31	18,550.61	\$44,051.92	6,101,762.93
34	6,101,762.93	25,424.01	18,627.91	\$44,051.92	6,083,135.02
35	6,083,135.02	25,346.40	18,705.52	\$44,051.92	6,064,429.50
36	6,064,429.50	25,268.46	18,783.46	\$44,051.92	6,045,646.04
37	6,045,646.04	25,190.19	18,861.73	\$44,051.92	6,026,784.31
38	6,026,784.31	25,111.60	18,940.32	\$44,051.92	6,007,843.99
39	6,007,843.99	25,032.68	19,019.24	\$44,051.92	5,988,824.76
40	5,988,824.76	24,953.44	19,098.48	\$44,051.92	5,969,726.27
41	5,969,726.27	24,873.86	19,178.06	\$44,051.92	5,950,548.21
42	5,950,548.21	24,793.95	19,257.97	\$44,051.92	5,931,290.25
43	5,931,290.25	24,713.71	19,338.21	\$44,051.92	5,911,952.04
44	5,911,952.04	24,633.13	19,418.79	\$44,051.92	5,892,533.25
45	5,892,533.25	24,552.22	19,499.70	\$44,051.92	5,873,033.55
46	5,873,033.55	24,470.97	19,580.95	\$44,051.92	5,853,452.61
47	5,853,452.61	24,389.39	19,662.53	\$44,051.92	5,833,790.08
48	5,833,790.08	24,307.46	19,744.46	\$44,051.92	5,814,045.62
49	5,814,045.62	24,225.19	19,826.73	\$44,051.92	5,794,218.89
50	5,794,218.89	24,142.58	19,909.34	\$44,051.92	5,774,309.55
51	5,774,309.55	24,059.62	19,992.30	\$44,051.92	5,754,317.25
52	5,754,317.25	23,976.32	20,075.60	\$44,051.92	5,734,241.65
53	5,734,241.65	23,892.67	20,159.25	\$44,051.92	5,714,082.41
54	5,714,082.41	23,808.68	20,243.24	\$44,051.92	5,693,839.17
55	5,693,839.17	23,724.31	20,327.59	\$44,051.92	5,673,511.58
56	5,673,511.58	23,639.63	20,412.29	\$44,051.92	5,653,099.29
57	5,653,099.29	23,554.58	20,497.34	\$44,051.92	5,632,601.95
58	5,632,601.95	23,469.17	20,582.74	\$44,051.92	5,612,019.21
59	5,612,019.21	23,383.41	20,668.51	\$44,051.92	5,591,350.70
60	5,591,350.70	23,297.29	20,754.62	\$44,051.92	5,570,596.08
61	5,570,596.08	23,210.82	20,841.10	\$44,051.92	5,549,754.98
62	5,549,754.98	23,123.98	20,927.94	\$44,051.92	5,528,827.04
63	5,528,827.04	23,036.78	21,015.14	\$44,051.92	5,507,811.90
64	5,507,811.90	22,949.22	21,102.70	\$44,051.92	5,486,709.20
65	5,486,709.20	22,861.29	21,190.63	\$44,051.92	5,465,518.57
66	5,465,518.57	22,772.99	21,278.92	\$44,051.92	5,444,239.64
67	5,444,239.64	22,684.33	21,367.59	\$44,051.92	5,422,872.05
68	5,422,872.05	22,595.30	21,456.62	\$44,051.92	5,401,415.44
69	5,401,415.44	22,505.90	21,546.02	\$44,051.92	5,379,869.41
70	5,379,869.41	22,416.12	21,635.80	\$44,051.92	5,358,233.62
71	5,358,233.62	22,325.97	21,725.95	\$44,051.92	5,336,507.67
72	5,336,507.67	22,235.45	21,816.47	\$44,051.92	5,314,691.20
73	5,314,691.20	22,144.65	21,907.37	\$44,051.92	5,292,783.83
74	5,292,783.83	22,053.27	21,998.65	\$44,051.92	5,270,785.18
75	5,270,785.18	21,961.60	22,090.31	\$44,051.92	5,248,694.86
76	5,248,694.86	21,869.56	22,182.36	\$44,051.92	5,226,512.51
77	5,226,512.51	21,777.14	22,274.78	\$44,051.92	5,204,237.72
78	5,204,237.72	21,684.32	22,367.59	\$44,051.92	5,181,870.13
79	5,181,870.13	21,591.13	22,460.79	\$44,051.92	5,159,409.34
80	5,159,409.34	21,497.54	22,554.38	\$44,051.92	5,136,854.96
81	5,136,854.96	21,403.56	22,648.36	\$44,051.92	5,114,206.60
82	5,114,206.60	21,309.19	22,742.72	\$44,051.92	5,091,463.87
83	5,091,463.87	21,214.43	22,837.49	\$44,051.92	5,068,626.39
84	5,068,626.39	21,119.28	22,932.64	\$44,051.92	5,045,693.75
85	5,045,693.75	21,023.72	23,028.19	\$44,051.92	5,022,665.55
86	5,022,665.55	20,927.77	23,124.15	\$44,051.92	4,999,541.41
87	4,999,541.41	20,831.42	23,220.50	\$44,051.92	4,976,320.91
88	4,976,320.91	20,734.67	23,317.25	\$44,051.92	4,953,003.66
89	4,953,003.66	20,637.52	23,414.40	\$44,051.92	4,929,589.26
90	4,929,589.26	20,539.96	23,511.96	\$44,051.92	4,906,077.29
91	4,906,077.29	20,441.99	23,609.93	\$44,051.92	4,882,467.36
92	4,882,467.36	20,343.61	23,708.30	\$44,051.92	4,858,759.06
93	4,858,759.06	20,244.83	23,807.09	\$44,051.92	4,834,951.97
94	4,834,951.97	20,145.63	23,906.29	\$44,051.92	4,811,045.68
95	4,811,045.68	20,046.02	24,005.90	\$44,051.92	4,787,039.79
96	4,787,039.79	19,946.00	24,105.92	\$44,051.92	4,762,933.87
97	4,762,933.87	19,845.56	24,206.36	\$44,051.92	4,738,727.51
98	4,738,727.51	19,744.70	24,307.22	\$44,051.92	4,714,420.29
99	4,714,420.29	19,643.42	24,408.50	\$44,051.92	4,690,011.79
100	4,690,011.79	19,541.72	24,510.20	\$44,051.92	4,665,501.58
101	4,665,501.58	19,439.59	24,612.33	\$44,051.92	4,640,889.26
102	4,640,889.26	19,337.04	24,714.88	\$44,051.92	4,616,174.38
103	4,616,174.38	19,234.06	24,817.86	\$44,051.92	4,591,356.52
104	4,591,356.52	19,130.65	24,921.27	\$44,051.92	4,566,435.25
105	4,566,435.25	19,026.81	25,025.11	\$44,051.92	4,541,410.14
106	4,541,410.14	18,922.54	25,129.38	\$44,051.92	4,516,280.77
107	4,516,280.77	18,817.84	25,234.08	\$44,051.92	4,491,046.69
108	4,491,046.69	18,712.69	25,339.22	\$44,051.92	4,465,707.46
109	4,465,707.46	18,607.11	25,444.80	\$44,051.92	4,440,262.66
110	4,440,262.66	18,501.09	25,550.82	\$44,051.92	4,414,711.83
111	4,414,711.83	18,394.63	25,657.29	\$44,051.92	4,389,054.55
112	4,389,054.55	18,287.73	25,764.19	\$44,051.92	4,363,290.36
113	4,363,290.36	18,180.38	25,871.54	\$44,051.92	4,337,418.81
114	4,337,418.81	18,072.58	25,979.34	\$44,051.92	4,311,439.47
115	4,311,439.47	17,964.33	26,087.59	\$44,051.92	4,285,351.89
116	4,285,351.89	17,855.63	26,196.29	\$44,051.92	4,259,155.60
117	4,259,155.60	17,746.48	26,305.44	\$44,051.92	4,232,850.16
118	4,232,850.16	17,636.88	26,415.04	\$44,051.92	4,206,435.12
119	4,206,435.12	17,526.81	26,525.11	\$44,051.92	4,179,910.01
120	4,179,910.01	17,416.29	4,179,910.01	4,197,326.30	-

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Landlord Pro Forma	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Master Lease Income		625,000.00	685,000.00	698,700.00	712,674.00	726,927.48	741,466.03	756,295.35	771,421.26	786,849.68	802,586.68
Operating Expenses											
Taxes & Insurance Paid by Res. Operations		74,285.80	75,400.09	76,531.09	77,679.06	78,844.24	80,026.91	81,227.31	82,445.72	83,682.40	84,937.64
Total Operating Expenses		74,285.80	75,400.09	76,531.09	77,679.06	78,844.24	80,026.91	81,227.31	82,445.72	83,682.40	84,937.64
Net Operating Income		550,714.20	609,599.91	622,168.91	634,994.94	648,083.24	661,439.12	675,068.04	688,975.54	703,167.28	717,649.04
Debt Service		528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03
DSCR		1.04	1.43	1.46	1.49	1.51	1.54	1.57	1.60	1.63	1.66
Debt Yield		7%	11%	12%	12%	12%	12%	12%	13%	13%	13%
Cash Flow		22,091.17	80,976.89	93,545.89	106,371.92	119,460.21	132,816.10	146,445.02	160,352.51	174,544.25	189,026.01
Owner	95%	20,986.61	76,928.04	88,868.59	101,053.32	113,487.20	126,175.29	139,122.77	152,334.89	165,817.04	179,574.71
Master Tenant	4%	883.65	3,239.08	3,741.84	4,254.88	4,778.41	5,312.64	5,857.80	6,414.10	6,981.77	7,561.04
State HTC Investor	1%	220.91	809.77	935.46	1,063.72	1,194.60	1,328.16	1,464.45	1,603.53	1,745.44	1,890.26

Consolidated Pro Forma		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential PGI		921,978.00	940,417.56	959,225.91	978,410.43	997,978.64	1,017,938.21	1,038,296.97	1,059,062.91	1,080,244.17	1,101,849.06
Residential Vacancy		(368,791.20)	(65,829.23)	(67,145.81)	(68,488.73)	(69,858.50)	(71,255.67)	(72,680.79)	(74,134.40)	(75,617.09)	(77,129.43)
Total Effective Gross Income		553,186.80	874,588.33	892,080.10	909,921.70	928,120.13	946,682.54	965,616.19	984,928.51	1,004,627.08	1,024,719.62
Operating Expenses											
Repairs & Maintenance		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Marketing		3,000.00	1,800.00	1,854.00	1,909.62	1,966.91	2,025.92	2,086.69	2,149.29	2,213.77	2,280.19
Gen & Admin		3,600.00	3,708.00	3,819.24	3,933.82	4,051.83	4,173.39	4,298.59	4,427.55	4,560.37	4,697.18
Utilities (Not inside Units)		12,000.00	12,360.00	12,730.80	13,112.72	13,506.11	13,911.29	14,328.63	14,758.49	15,201.24	15,657.28
Payroll		26,400.00	27,192.00	28,007.76	28,847.99	29,713.43	30,604.84	31,522.98	32,468.67	33,442.73	34,446.01
Contracts		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Management Fee	5%	27,659.34	43,729.42	44,604.00	45,496.08	46,406.01	47,334.13	48,280.81	49,246.43	50,231.35	51,235.98
Taxes & Insurance Paid by Res. Operations		74,285.80	75,400.09	76,531.09	77,679.06	78,844.24	80,026.91	81,227.31	82,445.72	83,682.40	84,937.64
Total Operating Expenses:		175,745.14	193,853.50	198,100.81	202,449.83	206,903.18	211,463.55	216,133.71	220,916.51	225,814.85	230,831.75
Net Operating Income		377,441.66	680,734.83	693,979.28	707,471.87	721,216.95	735,218.98	749,482.47	764,012.00	778,812.23	793,887.87
Prefunded Lease Up Reserve		222,820.56									
Less: Replacement Reserves	4%	19,361.54	30,610.59	31,222.80	31,847.26	32,484.20	33,133.89	33,796.57	34,472.50	35,161.95	35,865.19
Debt Service		528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03	528,623.03
Cash Flow for Distribution		52,277.66	121,501.21	134,133.45	147,001.58	160,109.72	173,462.07	187,062.88	200,916.48	215,027.25	229,399.66

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Financial Model Info & Assumptions

This financial model is a sample redevelopment of the six properties at 914-930 Canal Street. This model is assuming that the property owners all remain owners of their buildings and are partners in this project. All six property owners would form an LLC that would own the project and the buildings. Each property owner will own 16.67% (or 1/6) of the LLC. If there is an owner who owns more than one of these buildings, their share will be increased to represent that ownership amount. The owners are not required to put in any extra equity besides their building. The cash is distributed equally to each property owner based on their share of ownership. The model assumes an increased DDD facade grant which is part of my recommendations for adjoining building projects. The model assumes a fee developer that has zero equity in the project, and a property management company to control operations and compliance once the building is placed in service. The model also assumes 20% State Historic Tax Credits which will be the new amount of tax credits available starting in 2018.

The model uses a master tenant structure, which is common in historic tax credit projects and the most beneficial structure for the owners and investors. The Master Tenant entity is owned 99% by the FHTC investor and 1% by the Owners. This ownership structure flips after the 5 Yr. HTC compliance period to being owned 5% by the FHTC Investor and 95% by the Owners. The Landlord Entity is owned 95% by the owners, 4% by the Master Tenant, and 1% by the SHTC investor. This structuring is necessary in order to comply with the Safe Harbor laws that were modified in 2014.

The model represents a sale at Year 10.

SF Assumptions	
Total Building SF	52,392
# of Floors	3
Total Upper Floor SF	34,928
Total SF per floor	17,464
Total Retail SF	17,464
Rentable Upper Floor SF	28,410
Rentable Upper SF/ floor	14,205
Rentable Retail SF	15,964
1 Bedroom Unit SF	780
2 Bedroom Unit SF	1,125
# of 1 Bedroom Units Total	22
# of 2 Bedroom Units Total	9
Fitness Center SF	1,125
# of 1 Bdrm / floor	11
# of 2 Bdrm / floor	5
1 Bdrm SF per floor	8,580
2 Bdrm SF per floor	5,625
Total Unit SF per floor	14,205
Total 1 Bedroom Unit SF	17,160
Total 2 Bedroom Unit SF	10,125
Total Rentable Res. SF	27,285

Residential Rental Assumptions	
1 Bedroom Rent/ SF	2.35
2 Bedroom Rent / SF	2.35
1 Bedroom Rent / Mth	1,833
2 Bedroom Rent / Mth	2,644
Total 1 Bdrm Rent / Mth	40,326
Total 2 Bdrm Rent/ Mth	23,794
Total Monthly Potential Rent	64,120
Res. Rent Growth Rate	2%

Retail Rental Assumptions	
Lease Type:	NNN
Tax & Insurance / SF/ Year	5.5
Rent / SF	2.92
Rent / SF / Year	35
Rent / Month	46,562
Rent + Tax + ins/ Year	646,542
Rent + Tax + ins /Month	53,879
Rent + Tax + ins/ SF	40.5
Retail Rent Growth Rate	2.0%

Year 1 Res. Vacancy	40%
Stabilized Res. Vacancy	7%
Commercial Vacancy	5%

Construction Assumptions	
Construction Cost / SF	195
Total SF	44,374
Total Construction Cost	8,652,930

Cap Rate	6.50%
Sales Commission (negotiated)	4.5%
Construction Interest Rate	6%
Effective Interest rate w draws	3.50%

Expense Assumptions	
Gen & Admin	300 / Month
Management Fee	5.0% of EGI
Repairs & Maintenance	1,200.00 / Month
Marketing	150 / Month
Utilities (Not Res. Units)	1200 / Month
Payroll	1,900 / Month
Contracts	1,150 / Month
Insurance	78,534.29 / Year
Taxes	75,188.00 / Year
Expense Growth Rate:	3%

Insurance Assumptions	
Property Insurance	0.53% of Value
Property Insurance/ Year	65,837.29
Liability Insurance	87 *# of Units
Liability Insurance/ Year	2697
Flood Insurance	10,000
Total Insurance / Year	78,534.29

Tax Assumptions	
Original Assessed Value	511,070
2017 Tax Bill	75,188
RTA Amount	75,188

Permit Assumptions	
Initial Fee	60
Cost per 1000	5
Applicable Cost	8,653
Permit Cost	43,265
Total Permit Cost & Fee	43,325

Sources:		Total	Per SF	% of Total
Construction Bridge Loan		12,422,131		
Permanent Sources				
Loan		8,562,695	192.97	68.9%
Federal HTC Equity		1,946,982	43.88	15.7%
State HTC Equity		1,832,454	41.30	14.8%
DDD Façade Grant		80,000	1.80	0.6%
Property Owner Equity		-	-	0.0%
Total Sources:		12,422,131	279.94	100.0%
Uses:				
Hard Costs:				
Land Acquisition		-	-	0.0%
Construction Cost		8,652,930	195.00	69.7%
Contingency	7%	605,705	13.65	4.9%
Commercial Improvements	20.00	319,280	7.20	2.6%
Permits		43,325	0.98	0.3%
FF&E		50,000	1.13	0.4%
Total Hard Costs:		9,671,240	217.95	77.9%
Partnership Costs:				
Financing Fees	0.5%	42,813.47	0.96	0.3%
Organizational /Legal Fees		120,000.00	2.70	1.0%
Title & Recording		50,000.00	1.13	0.4%
Plan & Cost Review		12,000.00	0.27	0.1%
Tax Abatement & HTC Fees		10,000	0.23	0.1%
State HTC Fees		7,500.00	0.17	0.1%
Total Partnership Costs:		242,313.47	5.46	2.0%
Reserves:				
Lease Up Reserves	3%	259,587.90	5.85	2.1%
Soft Costs:				
Architecture / Engineering	8%	692,234	15.60	5.6%
Accounting Fees		30,000	0.68	0.2%
Government Agencies		6,500	0.15	0.1%
Appraisal		15,000	0.34	0.1%
Insurance		50,000	1.13	0.4%
Taxes		75,188	1.69	0.6%
Construction Interest	6%	434,775	9.80	3.5%
Developer Fee	10%	865,293	19.50	7.0%
Environmental & Survey		30,000	0.68	0.2%
Soft Cost Contingency		50,000	1.13	0.4%
Total Soft Costs:		2,248,990	50.68	18.1%
Total Uses:		12,422,131	279.94	100.0%

QRE Eligible

Construction Cost	8,652,930.00
Construction Interest	434,774.59
Developer Fee	865,293.00
Taxes During Construction	75,188.00
Insurance During Construction	50,000.00
Commercial Improvements	319,280.00
Architecture / Engineering	692,234.40
Financing Fees	42,813.47
FF&E	50,000.00
Title & Recording	50,000.00
Permits	43,324.65
Plan & Cost Review	12,000.00
Environmental Survey	30,000.00
Organizational & Legal	120,000.00
Appraisal	15,000.00

Total Eligible	11,452,838.11
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Federal HTC	20%	2,290,567.62
Federal HTC Proceeds	0.85	1,946,982.48

State HTC	20%	2,290,567.62
State HTC Sale Proceeds	0.8	1,832,454.10

Permanent Debt

Loan Terms

LTC	69%
Loan Amount	8,562,695
Rate	5%
Amort	20
Term	10

Period	Beginning Balance	Interest	Principal	PMT	Ending Balance
1	8,562,695	35,677.89	20,832.10	\$56,509.99	8,541,862.43
2	8,541,862.43	35,591.09	20,918.90	\$56,509.99	8,520,943.53
3	8,520,943.53	35,503.93	21,006.06	\$56,509.99	8,499,937.47
4	8,499,937.47	35,416.41	21,093.59	\$56,509.99	8,478,843.88
5	8,478,843.88	35,328.52	21,181.48	\$56,509.99	8,457,662.41
6	8,457,662.41	35,240.26	21,269.73	\$56,509.99	8,436,392.67
7	8,436,392.67	35,151.64	21,358.36	\$56,509.99	8,415,034.31
8	8,415,034.31	35,062.64	21,447.35	\$56,509.99	8,393,586.96
9	8,393,586.96	34,973.28	21,536.72	\$56,509.99	8,372,050.25
10	8,372,050.25	34,883.54	21,626.45	\$56,509.99	8,350,423.80
11	8,350,423.80	34,793.43	21,716.56	\$56,509.99	8,328,707.24
12	8,328,707.24	34,702.95	21,807.05	\$56,509.99	8,306,900.19
13	8,306,900.19	34,612.08	21,897.91	\$56,509.99	8,285,002.28
14	8,285,002.28	34,520.84	21,989.15	\$56,509.99	8,263,013.13
15	8,263,013.13	34,429.22	22,080.77	\$56,509.99	8,240,932.35
16	8,240,932.35	34,337.22	22,172.78	\$56,509.99	8,218,759.58
17	8,218,759.58	34,244.83	22,265.16	\$56,509.99	8,196,494.42
18	8,196,494.42	34,152.06	22,357.93	\$56,509.99	8,174,136.48
19	8,174,136.48	34,058.90	22,451.09	\$56,509.99	8,151,685.39
20	8,151,685.39	33,965.36	22,544.64	\$56,509.99	8,129,140.75
21	8,129,140.75	33,871.42	22,638.57	\$56,509.99	8,106,502.18
22	8,106,502.18	33,777.09	22,732.90	\$56,509.99	8,083,769.28
23	8,083,769.28	33,682.37	22,827.62	\$56,509.99	8,060,941.65
24	8,060,941.65	33,587.26	22,922.74	\$56,509.99	8,038,018.92
25	8,038,018.92	33,491.75	23,018.25	\$56,509.99	8,015,000.67
26	8,015,000.67	33,395.84	23,114.16	\$56,509.99	7,991,886.51
27	7,991,886.51	33,299.53	23,210.47	\$56,509.99	7,968,676.04
28	7,968,676.04	33,202.82	23,307.18	\$56,509.99	7,945,368.87
29	7,945,368.87	33,105.70	23,404.29	\$56,509.99	7,921,964.58
30	7,921,964.58	33,008.19	23,501.81	\$56,509.99	7,898,462.77
31	7,898,462.77	32,910.26	23,599.73	\$56,509.99	7,874,863.03
32	7,874,863.03	32,811.93	23,698.06	\$56,509.99	7,851,164.97
33	7,851,164.97	32,713.19	23,796.81	\$56,509.99	7,827,368.16
34	7,827,368.16	32,614.03	23,895.96	\$56,509.99	7,803,472.20
35	7,803,472.20	32,514.47	23,995.53	\$56,509.99	7,779,476.68
36	7,779,476.68	32,414.49	24,095.51	\$56,509.99	7,755,381.17
37	7,755,381.17	32,314.09	24,195.91	\$56,509.99	7,731,185.26
38	7,731,185.26	32,213.27	24,296.72	\$56,509.99	7,706,888.54
39	7,706,888.54	32,112.04	24,397.96	\$56,509.99	7,682,490.58
40	7,682,490.58	32,010.38	24,499.62	\$56,509.99	7,657,990.97
41	7,657,990.97	31,908.30	24,601.70	\$56,509.99	7,633,389.27
42	7,633,389.27	31,805.79	24,704.21	\$56,509.99	7,608,685.06
43	7,608,685.06	31,702.85	24,807.14	\$56,509.99	7,583,877.92
44	7,583,877.92	31,599.49	24,910.50	\$56,509.99	7,558,967.42
45	7,558,967.42	31,495.70	25,014.30	\$56,509.99	7,533,953.12
46	7,533,953.12	31,391.47	25,118.52	\$56,509.99	7,508,834.60
47	7,508,834.60	31,286.81	25,223.18	\$56,509.99	7,483,611.42
48	7,483,611.42	31,181.71	25,328.28	\$56,509.99	7,458,283.14
49	7,458,283.14	31,076.18	25,433.81	\$56,509.99	7,432,849.32
50	7,432,849.32	30,970.21	25,539.79	\$56,509.99	7,407,309.54
51	7,407,309.54	30,863.79	25,646.20	\$56,509.99	7,381,663.33
52	7,381,663.33	30,756.93	25,753.06	\$56,509.99	7,355,910.27
53	7,355,910.27	30,649.63	25,860.37	\$56,509.99	7,330,049.90
54	7,330,049.90	30,541.87	25,968.12	\$56,509.99	7,304,081.78
55	7,304,081.78	30,433.67	26,076.32	\$56,509.99	7,278,005.46
56	7,278,005.46	30,325.02	26,184.97	\$56,509.99	7,251,820.49
57	7,251,820.49	30,215.92	26,294.08	\$56,509.99	7,225,526.41
58	7,225,526.41	30,106.36	26,403.63	\$56,509.99	7,199,122.78
59	7,199,122.78	29,996.34	26,513.65	\$56,509.99	7,172,609.13
60	7,172,609.13	29,885.87	26,624.12	\$56,509.99	7,145,985.01
61	7,145,985.01	29,774.94	26,735.06	\$56,509.99	7,119,249.95
62	7,119,249.95	29,663.54	26,846.45	\$56,509.99	7,092,403.50
63	7,092,403.50	29,551.68	26,958.31	\$56,509.99	7,065,445.19
64	7,065,445.19	29,439.35	27,070.64	\$56,509.99	7,038,374.55
65	7,038,374.55	29,326.56	27,183.43	\$56,509.99	7,011,191.11
66	7,011,191.11	29,213.30	27,296.70	\$56,509.99	6,983,894.42
67	6,983,894.42	29,099.56	27,410.43	\$56,509.99	6,956,483.98
68	6,956,483.98	28,985.35	27,524.64	\$56,509.99	6,928,959.34
69	6,928,959.34	28,870.66	27,639.33	\$56,509.99	6,901,320.01
70	6,901,320.01	28,755.50	27,754.49	\$56,509.99	6,873,565.51
71	6,873,565.51	28,639.86	27,870.14	\$56,509.99	6,845,695.38
72	6,845,695.38	28,523.73	27,986.26	\$56,509.99	6,817,709.11
73	6,817,709.11	28,407.12	28,102.87	\$56,509.99	6,789,606.24
74	6,789,606.24	28,290.03	28,219.97	\$56,509.99	6,761,386.27
75	6,761,386.27	28,172.44	28,337.55	\$56,509.99	6,733,048.72
76	6,733,048.72	28,054.37	28,455.62	\$56,509.99	6,704,593.10
77	6,704,593.10	27,935.80	28,574.19	\$56,509.99	6,676,018.91
78	6,676,018.91	27,816.75	28,693.25	\$56,509.99	6,647,325.66
79	6,647,325.66	27,697.19	28,812.80	\$56,509.99	6,618,512.86
80	6,618,512.86	27,577.14	28,932.86	\$56,509.99	6,589,580.00
81	6,589,580.00	27,456.58	29,053.41	\$56,509.99	6,560,526.59
82	6,560,526.59	27,335.53	29,174.47	\$56,509.99	6,531,352.12
83	6,531,352.12	27,213.97	29,296.03	\$56,509.99	6,502,056.09
84	6,502,056.09	27,091.90	29,418.09	\$56,509.99	6,472,638.00
85	6,472,638.00	26,969.33	29,540.67	\$56,509.99	6,443,097.33
86	6,443,097.33	26,846.24	29,663.76	\$56,509.99	6,413,433.58
87	6,413,433.58	26,722.64	29,787.35	\$56,509.99	6,383,646.22
88	6,383,646.22	26,598.53	29,911.47	\$56,509.99	6,353,734.75
89	6,353,734.75	26,473.89	30,036.10	\$56,509.99	6,323,698.65
90	6,323,698.65	26,348.74	30,161.25	\$56,509.99	6,293,537.41
91	6,293,537.41	26,223.07	30,286.92	\$56,509.99	6,263,250.48
92	6,263,250.48	26,096.88	30,413.12	\$56,509.99	6,232,837.37
93	6,232,837.37	25,970.16	30,539.84	\$56,509.99	6,202,297.53
94	6,202,297.53	25,842.91	30,667.09	\$56,509.99	6,171,630.44
95	6,171,630.44	25,715.13	30,794.87	\$56,509.99	6,140,835.57
96	6,140,835.57	25,586.81	30,923.18	\$56,509.99	6,109,912.39
97	6,109,912.39	25,457.97	31,052.03	\$56,509.99	6,078,860.37
98	6,078,860.37	25,328.58	31,181.41	\$56,509.99	6,047,678.96
99	6,047,678.96	25,198.66	31,311.33	\$56,509.99	6,016,367.63
100	6,016,367.63	25,068.20	31,441.80	\$56,509.99	5,984,925.83
101	5,984,925.83	24,937.19	31,572.80	\$56,509.99	5,953,353.03
102	5,953,353.03	24,805.64	31,704.36	\$56,509.99	5,921,648.67
103	5,921,648.67	24,673.54	31,836.46	\$56,509.99	5,889,812.22
104	5,889,812.22	24,540.88	31,969.11	\$56,509.99	5,857,844.11
105	5,857,844.11	24,407.68	32,102.31	\$56,509.99	5,825,740.79
106	5,825,740.79	24,273.92	32,236.07	\$56,509.99	5,793,504.72
107	5,793,504.72	24,139.60	32,370.39	\$56,509.99	5,761,134.33
108	5,761,134.33	24,004.73	32,505.27	\$56,509.99	5,728,629.06
109	5,728,629.06	23,869.29	32,640.71	\$56,509.99	5,695,988.35
110	5,695,988.35	23,733.28	32,776.71	\$56,509.99	5,663,211.64
111	5,663,211.64	23,596.72	32,913.28	\$56,509.99	5,630,298.36
112	5,630,298.36	23,459.58	33,050.42	\$56,509.99	5,597,247.95
113	5,597,247.95	23,321.87	33,188.13	\$56,509.99	5,564,059.82
114	5,564,059.82	23,183.58	33,326.41	\$56,509.99	5,530,733.41
115	5,530,733.41	23,044.72	33,465.27	\$56,509.99	5,497,268.14
116	5,497,268.14	22,905.28	33,604.71	\$56,509.99	5,463,663.43
117	5,463,663.43	22,765.26	33,744.73	\$56,509.99	5,429,918.70
118	5,429,918.70	22,624.66	33,885.33	\$56,509.99	5,396,033.36
119	5,396,033.36	22,483.47	34,026.52	\$56,509.99	5,362,006.84
120	5,362,006.84	22,341.70	5,362,006.84	\$56,509.99	-

Master Tenant Pro Forma		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential PGI		769,437.00	784,825.74	800,522.25	816,532.70	832,863.35	849,520.62	866,511.03	883,841.25	901,518.08	919,548.44
Commercial PGI		646,542.00	659,472.84	672,662.30	686,115.54	699,837.85	713,834.61	728,111.30	742,673.53	757,527.00	772,677.54
Total Potential Gross Income		1,415,979.00	1,444,298.58	1,473,184.55	1,502,648.24	1,532,701.21	1,563,355.23	1,594,622.34	1,626,514.78	1,659,045.08	1,692,225.98
Residential Vac.		(307,774.80)	(54,937.80)	(56,036.56)	(57,157.29)	(58,300.43)	(59,466.44)	(60,655.77)	(61,868.89)	(63,106.27)	(64,368.39)
Commercial Vac.		(32,327.10)	(32,973.64)	(33,633.11)	(34,305.78)	(34,991.89)	(35,691.73)	(36,405.57)	(37,133.68)	(37,876.35)	(38,633.88)
Total Vacancy		(340,101.90)	(87,911.44)	(89,669.67)	(91,463.07)	(93,292.33)	(95,158.17)	(97,061.34)	(99,002.56)	(100,982.62)	(103,002.27)
Residential EGI		461,662.20	729,887.94	744,485.70	759,375.41	774,562.92	790,054.18	805,855.26	821,972.37	838,411.81	855,180.05
Commercial EGI		614,214.90	626,499.20	639,029.18	651,809.77	664,845.96	678,142.88	691,705.74	705,539.85	719,650.65	734,043.66
Total Effective Gross Income		1,075,877.10	1,356,387.14	1,383,514.88	1,411,185.18	1,439,408.88	1,468,197.06	1,497,561.00	1,527,512.22	1,558,062.46	1,589,223.71
Operating Expenses											
Repairs & Maintenance		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Marketing		3,000.00	1,800.00	1,854.00	1,909.62	1,966.91	2,025.92	2,086.69	2,149.29	2,213.77	2,280.19
Gen & Admin		3,600.00	3,708.00	3,819.24	3,933.82	4,051.83	4,173.39	4,298.59	4,427.55	4,560.37	4,697.18
Utilities (Not Res. Units)		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Payroll		22,800.00	23,484.00	24,188.52	24,914.18	25,661.60	26,431.45	27,224.39	28,041.12	28,882.36	29,748.83
Contracts		13,800.00	14,214.00	14,640.42	15,079.63	15,532.02	15,997.98	16,477.92	16,972.26	17,481.43	18,005.87
Management Fee	5%	23,083.11	36,494.40	37,224.28	37,968.77	38,728.15	39,502.71	40,292.76	41,098.62	41,920.59	42,759.00
Total Operating Expenses:		95,083.11	109,364.40	112,280.38	115,276.55	118,355.16	121,518.54	124,769.06	128,109.21	131,541.50	135,068.54
Net Operating Income		980,793.99	1,247,022.74	1,271,234.49	1,295,908.62	1,321,053.72	1,346,678.52	1,372,791.93	1,399,403.01	1,426,520.96	1,454,155.17
Prefunded Lease Up Reserve:		259,587.90	-	-	-	-	-	-	-	-	-
Less: Replacement Reserves	4%	17,312.33	27,370.80	27,918.21	28,476.58	29,046.11	29,627.03	30,219.57	30,823.96	31,440.44	32,069.25
Master Tenant Lease Payment:		1,170,000.00	1,193,400.00	1,217,268.00	1,241,613.36	1,266,445.63	1,291,774.54	1,317,610.03	1,343,962.23	1,370,841.48	1,398,258.31
Add: Cash Flow to MT from Landlord		13,526.31	14,368.07	15,225.72	16,099.56	16,989.87	17,896.95	18,821.12	19,762.68	20,721.95	591,605.84
Cash Flow Available for Distribution		66,595.87	40,620.01	41,274.00	41,918.24	42,551.85	43,173.90	43,783.45	44,379.50	44,960.99	615,433.46
FHTC Preferred Return	2%	38,939.65	38,939.65	38,939.65	38,939.65	38,939.65					
FHTC Investor CF	99%	27,379.66	1,663.56	2,311.01	2,948.81	3,576.08	2,158.70	2,189.17	2,218.97	2,248.05	30,771.67
Owners CF	5%										
	1%	276.56	16.80	23.34	29.79	36.12	41,015.21	41,594.28	42,160.52	42,712.94	584,661.79
	95%										

Landlord Pro Forma		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Master Lease Income		1,170,000.00	1,193,400.00	1,217,268.00	1,241,613.36	1,266,445.63	1,291,774.54	1,317,610.03	1,343,962.23	1,370,841.48	1,398,258.31
Operating Expenses											
Taxes		75,188	75,188	75,188	75,188	75,188	75,188	75,188	75,188	75,188	75,188
Insurance		78,534	80,890	83,317	85,817	88,391	91,043	93,774	96,587	99,485	102,469
Total Operating Expenses		153,722	156,078	158,505	161,005	163,579	166,231	168,962	171,775	174,673	177,657
Net Operating Income		1,016,277.71	1,037,321.68	1,058,762.97	1,080,608.82	1,102,866.59	1,125,543.77	1,148,647.98	1,172,186.95	1,196,168.58	1,220,600.86
Debt Service		678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93
DSCR		1.50	1.53	1.56	1.59	1.63	1.66	1.69	1.73	1.76	1.80
Debt Yield		11%	15%	15%	15%	15%	16%	16%	16%	17%	17%
Sale Proceeds											19,633,366.88
Comission											(589,001.01)
Less Outstanding Debt											(4,796,700.71)
Total Proceeds											14,247,665.15
Cash Flow Available		338,157.78	359,201.75	380,643.04	402,488.89	424,746.66	447,423.84	470,528.05	494,067.03	518,048.65	14,790,146.09
Owners CF	95%	321,249.89	341,241.66	361,610.89	382,364.44	403,509.33	425,052.65	447,001.64	469,363.67	492,146.22	14,050,638.79
Master Tenant CF	4%	13,526.31	14,368.07	15,225.72	16,099.56	16,989.87	17,896.95	18,821.12	19,762.68	20,721.95	591,605.84
State HTC Investor CF	1%	3,381.58	3,592.02	3,806.43	4,024.89	4,247.47	4,474.24	4,705.28	4,940.67	5,180.49	147,901.46

Consolidated Pro Forma		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential PGI		769,437.00	784,825.74	800,522.25	816,532.70	832,863.35	849,520.62	866,511.03	883,841.25	901,518.08	919,548.44
Commercial PGI		646,542.00	659,472.84	672,662.30	686,115.54	699,837.85	713,834.61	728,111.30	742,673.53	757,527.00	772,677.54
Total Potential Gross Income		1,415,979.00	1,444,298.58	1,473,184.55	1,502,648.24	1,532,701.21	1,563,355.23	1,594,622.34	1,626,514.78	1,659,045.08	1,692,225.98
Residential Vac.		(307,774.80)	(54,937.80)	(56,036.56)	(57,157.29)	(58,300.43)	(59,466.44)	(60,655.77)	(61,868.89)	(63,106.27)	(64,368.39)
Commercial Vac.		(32,327.10)	(32,973.64)	(33,633.11)	(34,305.78)	(34,991.89)	(35,691.73)	(36,405.57)	(37,133.68)	(37,876.35)	(38,633.88)
Total Vacancy		(340,101.90)	(87,911.44)	(89,669.67)	(91,463.07)	(93,292.33)	(95,158.17)	(97,061.34)	(99,002.56)	(100,982.62)	(103,002.27)
Residential EGI		461,662.20	729,887.94	744,485.70	759,375.41	774,562.92	790,054.18	805,855.26	821,972.37	838,411.81	855,180.05
Commercial EGI		614,214.90	626,499.20	639,029.18	651,809.77	664,845.96	678,142.88	691,705.74	705,539.85	719,650.65	734,043.66
Total Effective Gross Income		1,075,877.10	1,356,387.14	1,383,514.88	1,411,185.18	1,439,408.88	1,468,197.06	1,497,561.00	1,527,512.22	1,558,062.46	1,589,223.71
Operating Expenses											
Repairs & Maintenance		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Marketing		3,000.00	1,800.00	1,854.00	1,909.62	1,966.91	2,025.92	2,086.69	2,149.29	2,213.77	2,280.19
Gen & Admin		3,600.00	3,708.00	3,819.24	3,933.82	4,051.83	4,173.39	4,298.59	4,427.55	4,560.37	4,697.18
Utilities (Not Res. Units)		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Payroll		22,800.00	23,484.00	24,188.52	24,914.18	25,661.60	26,431.45	27,224.39	28,041.12	28,882.36	29,748.83
Contracts		13,800.00	14,214.00	14,640.42	15,079.63	15,532.02	15,997.98	16,477.92	16,972.26	17,481.43	18,005.87
Management Fee	5%	23,083.11	36,494.40	37,224.28	37,968.77	38,728.15	39,502.71	40,292.76	41,098.62	41,920.59	42,759.00
Taxes		75,188.00	75,188.00	75,188.00	75,188.00	75,188.00	75,188.00	75,188.00	75,188.00	75,188.00	75,188.00
Insurance		78,534.29	80,890.32	83,317.03	85,816.54	88,391.04	91,042.77	93,774.06	96,587.28	99,484.90	102,469.44
Total Operating Expenses:		248,805.40	265,442.72	270,785.42	276,281.10	281,934.20	287,749.31	293,731.12	299,884.49	306,214.39	312,725.98
Net Operating Income		827,071.70	1,090,944.42	1,112,729.46	1,134,904.08	1,157,474.68	1,180,447.75	1,203,829.88	1,227,627.73	1,251,848.07	1,276,497.73
Prefunded Lease Up Reserve:		259,587.90	-	-	-	-	-	-	-	-	-
Less: Replacement Reserves	4%	17,312.33	27,370.80	27,918.21	28,476.58	29,046.11	29,627.03	30,219.57	30,823.96	31,440.44	32,069.25
Debt Service		678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93	678,119.93
DSCR		1.58	1.57	1.60	1.63	1.66	1.70	1.73	1.76	1.80	1.84
Sale Proceeds											19,638,426.65
Comission											(883,729.20)
Less Outstanding Debt											(5,362,006.84)
Total Proceeds											13,392,690.61
FHTC Preferred Return	2%	38,939.65	38,939.65	38,939.65	38,939.65	38,939.65					
Cash Flow for Distribution		352,287.68	346,514.04	367,751.67	389,367.92	411,368.99	472,700.79	495,490.38	518,683.84	542,287.70	13,958,999.16

Returns

FHTC Investor Cash Flow

1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
(1,946,982.48)	2,356,886.93	40,603.21	41,250.66	41,888.45	42,515.73	2,158.70	2,189.17	2,218.97	2,248.05	30,771.67

IRR: 26%

SHTC Investor Cash Flow

1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
(1,832,454.10)	2,293,949.20	3,592.02	3,806.43	4,024.89	4,247.47	4,474.24	4,705.28	4,940.67	5,180.49	147,901.46

IRR: 26.8%

Project Unlevered IRR	(12,422,131.11)	1,086,659.60	1,090,944.42	1,112,729.46	1,134,904.08	1,157,474.68	1,180,447.75	1,203,829.88	1,227,627.73	1,251,848.07	20,914,924.38
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IRR: 12.5%

Distribution to Property Owners With 0 Cash Paid

Property Owner 1	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76
Property Owner 2	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76
Property Owner 3	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76
Property Owner 4	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76
Property Owner 5	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76
Property Owner 6	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76

Property Owner IRR	(Building Value)										
	(1,000,000.00)	53,587.74	56,876.41	60,272.37	63,732.37	67,257.57	77,677.98	81,432.65	85,254.03	89,143.19	2,439,216.76

IRR: 13.8%

914 Canal Street (AS IS)

Ground SF	2880
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Rentable SF	2700
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Total Rental Rate	16
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Gross Rent	43200
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Expenses

Taxes	9,237.66
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Insurance	12000
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Total Expenses	21,237.66
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Net Income for Owner	21,962.34
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Financial Model Info & Assumptions

This is a sample financial model for the upper floors of 800-814 Canal Street. The model assumes the property owner of 814 Canal acquires the upper floors of 800-810 and is the sole owner of the project. The square feet assumptions were given by the DDD. The model assumes an increased DDD facade grant, which was a part of the recommendations in the research to incentivize joint development of buildings. The model also assumes 20% State Historic Tax Credits which will be the new amount of tax credits available starting in 2018.

The model uses a master tenant structure, which is common in historic tax credit projects and the most beneficial structure for the owners and investors. The Master Tenant entity is owned 99% by the FHTC investor and 1% by the Owner. This ownership structure flips after the 5 Yr. HTC compliance period to being owned 5% by the FHTC Investor and 95% by the Owner. The Landlord Entity is owned 95% by the owner, 4% by the Master Tenant, and 1% by the SHTC investor. This structuring is necessary in order to comply with the Safe Harbor laws that were modified in 2014.

The model represents a sale at Year 10.

Residential Space Assumptions	
1 Bedroom Average SF	614.17
2 Bedroom SF	1,163.89
 # of 1 Bedrooms	23
# of 2 Bedrooms	27
Total Units	50
 1 BR Total SF	14,125.83
2 BR Total SF	31,425.00
Total Res SF	45,550.83
Total SF Floors 2-4	56748
Leasable Area / Total	80%

Permit Assumptions	
Initial Fee	60
Cost per 1000	5
Applicable Cost	11065.86
Permit Cost	55329.3
Total Permit Cost & Fee	55389.3

Residential Rental Assumptions	
1 Bedroom Rent/ SF	2.40
2 Bedroom Rent / SF	2.40
 1 Bedroom Rent / Mth	1,474
2 Bedroom Rent / Mth	2,793
 Total 1 Bdrm Rent / Mth	33,902.00
Total 2 Bdrm Rent/ Mth	75,420.00
Total Monthly Potential Rent	109,322
Res. Rent Growth Rate	2%

Year 1 Res. Vacancy	30%
Stabilized Res. Vacancy	7%

Construction Assumptions	
Construction Cost / SF	195
Total SF	56748
Total Construction Cost	11065860

Cap Rate	6.50%
Negotiated Sales Commission	4.5%
Construction Interest Rate	6%
Effective Interest rate w draws	3.50%

Expense Assumptions	
Gen & Admin	350 / Month
Management Fee	4.5% of EGI
Repairs & Maintenance	1350 / Month
Marketing	150 /Month
Utilities (Not Res. Units)	1150 /Month
Payroll	2,200 / Month
Contracts	1,200 / Month
Insurance	52,134.62 / Year
Taxes	66,548.00 / Year
Expense Growth Rate:	3%

Insurance Assumptions	
Property Insurance	0.53% of Value
Property Insurance/ Year	89,919.24
Liability Insurance	87 *# of Units
Liability Insurance/ Year	4350
Flood Insurance	10,000
Total Insurance / Year	104,269.24
Insurance Paid by Upper Floors (1/2)	52,134.62

Tax Assumptions	
Original Assessed Value	904680
2017 Tax Bill All Buildings	133096
RTA Amount	133,096
Taxes paid by Upper Floors (1/2)	66548

Sources:		Total	Per SF	% of Total
Construction Bridge Loan		16,465,894		
Permanent Sources				
Loan		11,864,992	209.08	69.9%
Federal HTC Equity		2,339,252	41.22	13.8%
State HTC Equity		2,201,649	38.80	13.0%
DDD Façade Grant		60,000	1.06	0.4%
Property Owner Equity		500,000	8.81	2.9%
Total Sources:		16,965,894	298.97	100.0%
Uses:				
Hard Costs:				
Land Acquisition		2,000,000	35.24	11.8%
Construction Cost		11,065,860	195.00	65.2%
Contingency	7%	774,610	13.65	4.6%
Permits		55,389	0.98	0.3%
FF&E		60,000	1.06	0.4%
Total Hard Costs:		13,955,860	245.93	82.3%
Partnership Costs:				
Financing Fees	0.5%	59,324.96	1.05	0.3%
Organizational /Legal Fees		80,000.00	1.41	0.5%
Title & Recording		30,000.00	0.53	0.2%
Plan & Cost Review		12,000.00	0.21	0.1%
Tax Abatement & HTC Fees		10,000	0.18	0.1%
State HTC Fees		7,500.00	0.13	0.0%
Total Partnership Costs:		198,824.96	3.50	1.2%
Reserves:				
Lease Up Reserves	3%	331,975.80	5.85	2.0%
Soft Costs:				
Architecture / Engineering	8%	885,269	15.60	5.2%
Accounting Fees		25,000	0.44	0.1%
Government Agencies		6,500	0.11	0.0%
Appraisal		15,000	0.26	0.1%
Insurance		50,000	0.88	0.3%
Taxes		66,548	1.17	0.4%
Construction Interest	6%	576,306	10.16	3.4%
Developer Fee	7%	774,610	13.65	4.6%
Environmental & Survey		30,000	0.53	0.2%
Soft Cost Contingency		50,000	0.88	0.3%
Total Soft Costs:		2,479,233	43.69	14.6%
Total Uses:		16,965,894	298.97	100.0%

QRE Eligible

Construction Cost	11,065,860.00
Construction Interest	576,306.27
Developer Fee	774,610.20
Taxes During Construction	66,548.00
Insurance During Construction	50,000.00
Architecture / Engineering	885,268.80
Financing Fees	59,324.96
FF&E	60,000.00
Title & Recording	30,000.00
Permits	55,389.30
Plan & Cost Review	12,000.00
Environmental Survey	30,000.00
Organizational & Legal	80,000.00
Appraisal	15,000.00

Total Eligible	13,760,307.53
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Federal HTC	20%	2,752,061.51
Federal HTC Proceeds	0.85	2,339,252.28

State HTC	20%	2,752,061.51
State HTC Sale Proceeds	0.8	2,201,649.21

Permanent Debt

Loan Terms	
LTC	70%
Loan Amount	11,864,992
Rate	5%
Amort	30
Term	10

Period	Beginning Balance	Interest	Principal	PMT	Ending Balance
1	11,864,992	49,437.47	14,256.38	\$63,693.84	11,850,735.67
2	11,850,735.67	49,378.07	14,315.78	\$63,693.84	11,836,419.89
3	11,836,419.89	49,318.42	14,375.43	\$63,693.84	11,822,044.47
4	11,822,044.47	49,258.52	14,435.32	\$63,693.84	11,807,609.14
5	11,807,609.14	49,198.37	14,495.47	\$63,693.84	11,793,113.67
6	11,793,113.67	49,137.97	14,555.87	\$63,693.84	11,778,557.80
7	11,778,557.80	49,077.32	14,616.52	\$63,693.84	11,763,941.28
8	11,763,941.28	49,016.42	14,677.42	\$63,693.84	11,749,263.86
9	11,749,263.86	48,955.27	14,738.58	\$63,693.84	11,734,525.29
10	11,734,525.29	48,893.86	14,799.99	\$63,693.84	11,719,725.30
11	11,719,725.30	48,832.19	14,861.65	\$63,693.84	11,704,863.64
12	11,704,863.64	48,770.27	14,923.58	\$63,693.84	11,689,940.07
13	11,689,940.07	48,708.08	14,985.76	\$63,693.84	11,674,954.31
14	11,674,954.31	48,645.64	15,048.20	\$63,693.84	11,659,906.11
15	11,659,906.11	48,582.94	15,110.90	\$63,693.84	11,644,795.21
16	11,644,795.21	48,519.98	15,173.86	\$63,693.84	11,629,621.34
17	11,629,621.34	48,456.76	15,237.09	\$63,693.84	11,614,384.26
18	11,614,384.26	48,393.27	15,300.58	\$63,693.84	11,599,083.68
19	11,599,083.68	48,329.52	15,364.33	\$63,693.84	11,583,719.35
20	11,583,719.35	48,265.50	15,428.35	\$63,693.84	11,568,291.01
21	11,568,291.01	48,201.21	15,492.63	\$63,693.84	11,552,798.38
22	11,552,798.38	48,136.66	15,557.18	\$63,693.84	11,537,241.20
23	11,537,241.20	48,071.84	15,622.00	\$63,693.84	11,521,619.19
24	11,521,619.19	48,006.75	15,687.10	\$63,693.84	11,505,932.09
25	11,505,932.09	47,941.38	15,752.46	\$63,693.84	11,490,179.64
26	11,490,179.64	47,875.75	15,818.09	\$63,693.84	11,474,361.54
27	11,474,361.54	47,809.84	15,884.00	\$63,693.84	11,458,477.54
28	11,458,477.54	47,743.66	15,950.19	\$63,693.84	11,442,527.35
29	11,442,527.35	47,677.20	16,016.65	\$63,693.84	11,426,510.71
30	11,426,510.71	47,610.46	16,083.38	\$63,693.84	11,410,427.32
31	11,410,427.32	47,543.45	16,150.40	\$63,693.84	11,394,276.93
32	11,394,276.93	47,476.15	16,217.69	\$63,693.84	11,378,059.24
33	11,378,059.24	47,408.58	16,285.26	\$63,693.84	11,361,773.98
34	11,361,773.98	47,340.72	16,353.12	\$63,693.84	11,345,420.86
35	11,345,420.86	47,272.59	16,421.26	\$63,693.84	11,328,999.60
36	11,328,999.60	47,204.17	16,489.68	\$63,693.84	11,312,509.92
37	11,312,509.92	47,135.46	16,558.38	\$63,693.84	11,295,951.54
38	11,295,951.54	47,066.46	16,627.38	\$63,693.84	11,279,324.16
39	11,279,324.16	46,997.18	16,696.66	\$63,693.84	11,262,627.50
40	11,262,627.50	46,927.61	16,766.23	\$63,693.84	11,245,861.27
41	11,245,861.27	46,857.76	16,836.09	\$63,693.84	11,229,025.19
42	11,229,025.19	46,787.60	16,906.24	\$63,693.84	11,212,118.95
43	11,212,118.95	46,717.16	16,976.68	\$63,693.84	11,195,142.27
44	11,195,142.27	46,646.43	17,047.42	\$63,693.84	11,178,094.85
45	11,178,094.85	46,575.40	17,118.45	\$63,693.84	11,160,976.40
46	11,160,976.40	46,504.07	17,189.77	\$63,693.84	11,143,786.63
47	11,143,786.63	46,432.44	17,261.40	\$63,693.84	11,126,525.23
48	11,126,525.23	46,360.52	17,333.32	\$63,693.84	11,109,191.91
49	11,109,191.91	46,288.30	17,405.54	\$63,693.84	11,091,786.37
50	11,091,786.37	46,215.78	17,478.07	\$63,693.84	11,074,308.30
51	11,074,308.30	46,142.95	17,550.89	\$63,693.84	11,056,757.41
52	11,056,757.41	46,069.82	17,624.02	\$63,693.84	11,039,133.39
53	11,039,133.39	45,996.39	17,697.45	\$63,693.84	11,021,435.93
54	11,021,435.93	45,922.65	17,771.19	\$63,693.84	11,003,664.74
55	11,003,664.74	45,848.60	17,845.24	\$63,693.84	10,985,819.50
56	10,985,819.50	45,774.22	17,919.59	\$63,693.84	10,967,899.91
57	10,967,899.91	45,699.58	17,994.26	\$63,693.84	10,949,905.65
58	10,949,905.65	45,624.61	18,069.24	\$63,693.84	10,931,836.41
59	10,931,836.41	45,549.32	18,144.52	\$63,693.84	10,913,691.89
60	10,913,691.89	45,473.72	18,220.13	\$63,693.84	10,895,471.76
61	10,895,471.76	45,397.80	18,296.04	\$63,693.84	10,877,175.72
62	10,877,175.72	45,321.57	18,372.28	\$63,693.84	10,858,803.44
63	10,858,803.44	45,245.01	18,448.83	\$63,693.84	10,840,354.61
64	10,840,354.61	45,168.14	18,525.70	\$63,693.84	10,821,828.91
65	10,821,828.91	45,090.95	18,602.89	\$63,693.84	10,803,226.02
66	10,803,226.02	45,013.44	18,680.40	\$63,693.84	10,784,545.62
67	10,784,545.62	44,935.61	18,758.24	\$63,693.84	10,765,787.38
68	10,765,787.38	44,857.45	18,836.40	\$63,693.84	10,746,950.99
69	10,746,950.99	44,778.96	18,914.88	\$63,693.84	10,728,036.11
70	10,728,036.11	44,700.15	18,993.69	\$63,693.84	10,709,042.42
71	10,709,042.42	44,621.01	19,072.83	\$63,693.84	10,689,969.58
72	10,689,969.58	44,541.54	19,152.30	\$63,693.84	10,670,817.28
73	10,670,817.28	44,461.74	19,232.10	\$63,693.84	10,651,585.18
74	10,651,585.18	44,381.60	19,312.24	\$63,693.84	10,632,272.94
75	10,632,272.94	44,301.11	19,392.71	\$63,693.84	10,612,880.23
76	10,612,880.23	44,220.33	19,473.51	\$63,693.84	10,593,406.72
77	10,593,406.72	44,139.19	19,554.65	\$63,693.84	10,573,852.08
78	10,573,852.08	44,057.72	19,636.13	\$63,693.84	10,554,215.95
79	10,554,215.95	43,975.90	19,717.94	\$63,693.84	10,534,498.01
80	10,534,498.01	43,893.74	19,800.10	\$63,693.84	10,514,697.91
81	10,514,697.91	43,811.24	19,882.60	\$63,693.84	10,494,815.30
82	10,494,815.30	43,728.40	19,965.45	\$63,693.84	10,474,849.86
83	10,474,849.86	43,645.21	20,048.64	\$63,693.84	10,454,801.22
84	10,454,801.22	43,561.67	20,132.17	\$63,693.84	10,434,669.05
85	10,434,669.05	43,477.79	20,216.06	\$63,693.84	10,414,453.00
86	10,414,453.00	43,393.55	20,300.29	\$63,693.84	10,394,152.71
87	10,394,152.71	43,308.97	20,384.87	\$63,693.84	10,373,767.83
88	10,373,767.83	43,224.03	20,469.81	\$63,693.84	10,353,298.02
89	10,353,298.02	43,138.74	20,555.10	\$63,693.84	10,332,742.92
90	10,332,742.92	43,053.10	20,640.75	\$63,693.84	10,312,102.18
91	10,312,102.18	42,967.09	20,726.75	\$63,693.84	10,291,375.43
92	10,291,375.43	42,880.73	20,813.11	\$63,693.84	10,270,562.31
93	10,270,562.31	42,794.01	20,899.83	\$63,693.84	10,249,662.48
94	10,249,662.48	42,706.93	20,986.92	\$63,693.84	10,228,675.56
95	10,228,675.56	42,619.48	21,074.36	\$63,693.84	10,207,601.20
96	10,207,601.20	42,531.67	21,162.17	\$63,693.84	10,186,439.03
97	10,186,439.03	42,443.50	21,250.35	\$63,693.84	10,165,188.69
98	10,165,188.69	42,354.95	21,338.89	\$63,693.84	10,143,849.80
99	10,143,849.80	42,266.04	21,427.80	\$63,693.84	10,122,421.99
100	10,122,421.99	42,176.76	21,517.08	\$63,693.84	10,100,904.91
101	10,100,904.91	42,087.10	21,606.74	\$63,693.84	10,079,298.17
102	10,079,298.17	41,997.08	21,696.77	\$63,693.84	10,057,601.40
103	10,057,601.40	41,906.67	21,787.17	\$63,693.84	10,035,814.23
104	10,035,814.23	41,815.89	21,877.95	\$63,693.84	10,013,936.28
105	10,013,936.28	41,724.73	21,969.11	\$63,693.84	9,991,967.17
106	9,991,967.17	41,633.20	22,060.65	\$63,693.84	9,969,906.53
107	9,969,906.53	41,541.28	22,152.57	\$63,693.84	9,947,753.96
108	9,947,753.96	41,448.97	22,244.87	\$63,693.84	9,925,509.09
109	9,925,509.09	41,356.29	22,337.55	\$63,693.84	9,903,171.54
110	9,903,171.54	41,263.21	22,430.63	\$63,693.84	9,880,740.91
111	9,880,740.91	41,169.75	22,524.09	\$63,693.84	9,858,216.82
112	9,858,216.82	41,075.90	22,617.94	\$63,693.84	9,835,598.88
113	9,835,598.88	40,981.66	22,712.18	\$63,693.84	9,812,886.70
114	9,812,886.70	40,887.03	22,806.81	\$63,693.84	9,790,079.89
115	9,790,079.89	40,792.00	22,901.84	\$63,693.84	9,767,178.04
116	9,767,178.04	40,696.58	22,997.27	\$63,693.84	9,744,180.77
117	9,744,180.77	40,600.75	23,093.09	\$63,693.84	9,721,087.68
118	9,721,087.68	40,504.53	23,189.31	\$63,693.84	9,697,898.37
119	9,697,898.37	40,407.91	23,285.93	\$63,693.84	9,674,612.44
120	9,674,612.44	40,310.89	9,674,612.44	\$63,693.84	-

Master Tenant Pro Forma		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential PGI		1,311,864.00	1,338,101.28	1,364,863.31	1,392,160.57	1,420,003.78	1,448,403.86	1,477,371.94	1,506,919.37	1,537,057.76	1,567,798.92
Residential Vac.		(393,559.20)	(93,667.09)	(95,540.43)	(97,451.24)	(99,400.26)	(101,388.27)	(103,416.04)	(105,484.36)	(107,594.04)	(109,745.92)
Residential EGI		918,304.80	1,244,434.19	1,269,322.87	1,294,709.33	1,320,603.52	1,347,015.59	1,373,955.90	1,401,435.02	1,429,463.72	1,458,052.99
Operating Expenses											
Repairs & Maintenance		16,200.00	16,686.00	17,186.58	17,702.18	18,233.24	18,780.24	19,343.65	19,923.96	20,521.68	21,137.33
Marketing		3,000.00	1,800.00	1,854.00	1,909.62	1,966.91	2,025.92	2,086.69	2,149.29	2,213.77	2,280.19
Utilities (Not Res. Units)		13,800.00	14,214.00	14,640.42	15,079.63	15,532.02	15,997.98	16,477.92	16,972.26	17,481.43	18,005.87
Payroll		26,400.00	27,192.00	28,007.76	28,847.99	29,713.43	30,604.84	31,522.98	32,468.67	33,442.73	34,446.01
Contracts		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Gen & Admin		4,200.00	4,326.00	4,455.78	4,589.45	4,727.14	4,868.95	5,015.02	5,165.47	5,320.43	5,480.05
Management Fee	4.5%	41,323.72	55,999.54	57,119.53	58,261.92	59,427.16	60,615.70	61,828.02	63,064.58	64,325.87	65,612.38
Total Operating Expenses:		119,323.72	135,049.54	138,541.03	142,126.06	145,807.23	149,587.17	153,468.63	157,454.41	161,547.40	165,750.56
Net Operating Income		798,981.08	1,109,384.65	1,130,781.84	1,152,583.27	1,174,796.29	1,197,428.42	1,220,487.27	1,243,980.61	1,267,916.32	1,292,302.43
Prefunded Lease Up Reserve:		331,975.80	-	-	-	-	-	-	-	-	-
Less: Replacement Reserves	4%	32,140.67	43,555.20	44,426.30	45,314.83	46,221.12	47,145.55	48,088.46	49,050.23	50,031.23	51,031.85
NOI Less Reserves		1,098,816.22	1,065,829.46	1,086,355.54	1,107,268.44	1,128,575.17	1,150,282.87	1,172,398.81	1,194,930.38	1,217,885.09	1,241,270.58
Master Tenant Lease Payment:		1,020,000.00	1,020,000.00	1,040,400.00	1,061,208.00	1,082,432.16	1,104,080.80	1,126,162.42	1,148,685.67	1,171,659.38	1,195,092.57
Add: Cash Flow to MT from Landlord		5,479.65	5,417.09	6,168.65	6,934.60	7,715.20	8,510.74	9,321.47	10,147.70	10,989.71	305,252.64
Cash Flow Available for Distribution		84,295.87	51,246.54	52,124.20	52,995.04	53,858.21	54,712.80	55,557.87	56,392.42	57,215.42	351,430.65
FHTC Preferred Return	2%	46,785.05	46,785.05	46,785.05	46,785.05	46,785.05					
FHTC Investor CF	99% 5%	37,135.71	4,416.88	5,285.76	6,147.89	7,002.43	2,735.64	2,777.89	2,819.62	2,860.77	17,571.53
Owner CF	1% 95%	375.11	44.61	53.39	62.10	70.73	51,977.16	52,779.97	53,572.80	54,354.65	333,859.12

Landlord Pro Forma		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Master Lease Income		1,020,000.00	1,020,000.00	1,040,400.00	1,061,208.00	1,082,432.16	1,104,080.80	1,126,162.42	1,148,685.67	1,171,659.38	1,195,092.57
Operating Expenses											
Taxes		66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00
Insurance		52,134.62	53,698.66	55,309.62	56,968.90	58,677.97	60,438.31	62,251.46	64,119.00	66,042.57	68,023.85
Total Operating Expenses		118,683	120,247	121,858	123,517	125,226	126,986	128,799	130,667	132,591	134,572
Net Operating Income		901,317.38	899,753.34	918,542.38	937,691.10	957,206.19	977,094.49	997,362.96	1,018,018.66	1,039,068.81	1,060,520.72
Debt Service		764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11
DSCR		1.18	1.18	1.20	1.23	1.25	1.28	1.30	1.33	1.36	1.39
Debt Yield		7%	9%	10%	10%	10%	10%	10%	10%	11%	11%
Sale Proceeds											17,811,239.73
Comission											(801,505.79)
Less Outstanding Debt											(9,674,612.44)
Total Proceeds											7,335,121.50
Cash Flow Available		136,991.27	135,427.23	154,216.27	173,364.98	192,880.07	212,768.38	233,036.84	253,692.55	274,742.69	7,631,316.10
Owner CF	95%	130,141.70	128,655.87	146,505.46	164,696.73	183,236.07	202,129.96	221,385.00	241,007.92	261,005.56	7,249,750.30
Master Tenant CF	4%	5,479.65	5,417.09	6,168.65	6,934.60	7,715.20	8,510.74	9,321.47	10,147.70	10,989.71	305,252.64
State HTC Investor CF	1%	1,369.91	1,354.27	1,542.16	1,733.65	1,928.80	2,127.68	2,330.37	2,536.93	2,747.43	76,313.16

Consolidated Pro Forma		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>
Income	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential PGI		1,311,864.00	1,338,101.28	1,364,863.31	1,392,160.57	1,420,003.78	1,448,403.86	1,477,371.94	1,506,919.37	1,537,057.76	1,567,798.92
Residential Vac.		(393,559.20)	(93,667.09)	(95,540.43)	(97,451.24)	(99,400.26)	(101,388.27)	(103,416.04)	(105,484.36)	(107,594.04)	(109,745.92)
Residential EGI		918,304.80	1,244,434.19	1,269,322.87	1,294,709.33	1,320,603.52	1,347,015.59	1,373,955.90	1,401,435.02	1,429,463.72	1,458,052.99
Operating Expenses											
Repairs & Maintenance		16,200.00	16,686.00	17,186.58	17,702.18	18,233.24	18,780.24	19,343.65	19,923.96	20,521.68	21,137.33
Gen & Admin		4,200.00	4,326.00	4,455.78	4,589.45	4,727.14	4,868.95	5,015.02	5,165.47	5,320.43	5,480.05
Marketing		3,000.00	1,800.00	1,854.00	1,909.62	1,966.91	2,025.92	2,086.69	2,149.29	2,213.77	2,280.19
Utilities (Not Res. Units)		13,800.00	14,214.00	14,640.42	15,079.63	15,532.02	15,997.98	16,477.92	16,972.26	17,481.43	18,005.87
Payroll		26,400.00	27,192.00	28,007.76	28,847.99	29,713.43	30,604.84	31,522.98	32,468.67	33,442.73	34,446.01
Contracts		14,400.00	14,832.00	15,276.96	15,735.27	16,207.33	16,693.55	17,194.35	17,710.18	18,241.49	18,788.73
Management Fee	5%	41,323.72	55,999.54	57,119.53	58,261.92	59,427.16	60,615.70	61,828.02	63,064.58	64,325.87	65,612.38
Taxes		66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00	66,548.00
Insurance		52,134.62	53,698.66	55,309.62	56,968.90	58,677.97	60,438.31	62,251.46	64,119.00	66,042.57	68,023.85
Total Operating Expenses:		238,006.33	255,296.19	260,398.65	265,642.97	271,033.20	276,573.48	282,268.09	288,121.41	294,137.97	300,322.41
Net Operating Income		680,298.47	989,138.00	1,008,924.23	1,029,066.36	1,049,570.32	1,070,442.10	1,091,687.81	1,113,313.60	1,135,325.75	1,157,730.58
Prefunded Lease Up Reserve:		331,975.80	-	-	-	-	-	-	-	-	-
<i>Less: Replacement Reserves</i>	4%	32,140.67	43,555.20	44,426.30	45,314.83	46,221.12	47,145.55	48,088.46	49,050.23	50,031.23	51,031.85
NOI Less Reserves		980,133.60	945,582.80	964,497.93	983,751.54	1,003,349.20	1,023,296.56	1,043,599.35	1,064,263.38	1,085,294.52	1,106,698.73
Debt Service		764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11	764,326.11
DSCR		1.28	1.24	1.26	1.29	1.31	1.34	1.37	1.39	1.42	1.45
Sale Proceeds											17,811,239.73
Comission											(801,505.79)
Less Outstanding Debt											(9,674,612.44)
Total Proceeds											7,335,121.50
FHTC Preferred Return	2%	46,785.05	46,785.05	46,785.05	46,785.05	46,785.05					
Cash Flow for Distribution		169,022.44	134,471.64	153,386.77	172,640.38	192,238.04	258,970.44	279,273.24	299,937.26	320,968.40	7,677,494.11

Returns

	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Project Unlevered	(16,965,893.53)	680,298.47	989,138.00	1,008,924.23	1,029,066.36	1,049,570.32	1,070,442.10	1,091,687.81	1,113,313.60	1,135,325.75	18,968,970.31

IRR: 6.3%

Project Unlevered Cash on Cash Year 5	6.2%
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FHTC Investor Cash Flow

1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
(2,339,252.28)	2,835,982.27	51,201.93	52,070.80	52,932.94	53,787.48	2,735.64	2,777.89	2,819.62	2,860.77	17,571.53

IRR: 27%

SHTC Investor Cash Flow

1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
(2,201,649.21)	2,753,431.42	1,354.27	1,542.16	1,733.65	1,928.80	2,127.68	2,330.37	2,536.93	2,747.43	76,313.16

IRR: 25.8%

Owner Cash Flow

(500,000.00)	130,516.81	128,700.48	146,558.85	164,758.83	183,306.80	254,107.12	274,164.98	294,580.72	315,360.21	7,583,609.42
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IRR: 46%
(does not take into account prior debt on property)

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