

Financial Models Shared During the Finance & Development Subcommittee Meeting on 11.22.24

**Architect/Contractor and Project Owner's  
Cost Certification**

**Project Name: Route 9 (2 new)**

**Two New Ranch House Renovation Project on New Castle, DE  
900 & 902 Wildel Ave**

Line	Description of Work	Cost/House	Total Project	Comments
1	Foundation	\$25,000.00	\$50,000.00	
2	Rough Carpentry & Trusses	\$33,000.00	\$66,000.00	
3	Exterior Doors, Windows, Glass	\$5,500.00	\$11,000.00	
4	Insulation	\$5,000.00	\$10,000.00	
5	Roofing and Sheet Metal	\$5,000.00	\$10,000.00	
6	Siding/Stucco		\$0.00	
7	Total Rough Structure (Lines 1 - 9)	\$73,500.00	\$147,000.00	
8	Finish Carpentry & Int Doors	\$16,500.00	\$33,000.00	
9	Cabinets, Vanities and Countertops	\$5,100.00	\$10,200.00	
10	Drywall & Finish	\$6,500.00	\$13,000.00	
11	Carpeting/Laminate Flooring/Vinyl	\$5,500.00	\$11,000.00	
12	Painting and Decorating	\$900.00	\$1,800.00	
13	Appliances	\$4,300.00	\$8,600.00	
14	Hardware	\$700.00	\$1,400.00	
15	Total Finish Structure Lines 11-25)	\$39,500.00	\$79,000.00	
16	Plumbing	\$5,000.00	\$10,000.00	
17	Heat and Ventilation & AC	\$13,000.00	\$26,000.00	
18	Electrical	\$12,500.00	\$25,000.00	
19	Total Structure (Lines 10, 26, 31, 32)	\$143,500.00	\$287,000.00	
20	Excavation	\$11,500.00	\$23,000.00	
21	Sewer & Water	\$23,000.00	\$46,000.00	
22	Driveway and Sidewalks	\$6,500.00	\$13,000.00	
23	Site Improvement/Demo	\$5,500.00	\$11,000.00	
24	Landscaping	\$1,500.00	\$3,000.00	
25	Environmental Testing and/or Remediation	\$750.00	\$1,500.00	
26	Site Utilities	\$2,050.00	\$4,100.00	
27	Total Land Improvement (Lines 34-40)	\$50,800.00	\$101,600.00	
28	Total Structure and Land (Lines 33 and 41)	\$194,300.00	\$388,600.00	
29	General Requirements	\$4,000.00	\$8,000.00	
30	Builders Overhead	\$5,000.00	\$10,000.00	
31	Architectural	\$3,500.00	\$7,000.00	
32	Permits	\$7,500.00	\$15,000.00	
33	Other:	\$60,500.00	\$121,000.00	Acquisition
34	Financing	\$10,000.00	\$20,000.00	
35	Other:	\$9,000.00	\$18,000.00	Engineering
36	Total Gen'l Req/O&P/PreConstruct	\$99,500.00	\$199,000.00	
37	Other:	\$24,000.00	\$48,000.00	Construction Salaries
38	Other:	\$2,000.00	\$4,000.00	Insurance
39	Loss on Sale	\$49,800.00	\$99,600.00	Appraisal \$270000
40	Total (Lines 42, 46 - 48)	\$369,600.00	\$739,200.00	

**What House Price can a Family of 4 Afford in each County?**

Family of 4 with \$800/mo debt	80% AMI	House Price @ 7.05%	House Price @ 6.125%	House Price w/ FHA @ 6.125%	House Price @ 7.05% with \$500 mo.debt		120% AMI	House Price @ 7.05%	House Price @ 6.125%	House Price w/ FHA @ 6.125%		Average Home Value (Zillow)	FHA Maximum House Cost
<b>New Caste County</b>	<b>\$ 91,750</b>	\$ 272,247	\$ 299,603	\$ 288,978	\$ 317,113		<b>\$ 137,640</b>	\$ 489,573	\$ 538,766	\$ 454,832		<b>\$ 350,087</b>	<b>\$ 557,750</b>
<b>Kent County</b>	<b>\$ 71,850</b>	\$ 186,230	\$ 204,942	\$ 244,359			<b>\$ 107,760</b>	\$ 356,293	\$ 392,093	\$ 384,983		<b>\$ 351,635</b>	<b>\$ 498,257</b>
<b>Sussex County</b>	<b>\$ 78,150</b>	\$ 218,308	\$ 240,244	\$ 275,445			<b>\$ 117,240</b>	\$ 403,431	\$ 443,969	\$ 430,873		<b>\$ 481,245</b>	<b>\$ 498,257</b>
<b>Examples of PITI</b>		\$ 1,674.75		\$ 1,888.63				\$ 2,912.60		\$ 2,833.03			

Remember these incomes are the maximum incomes of the 80% and 120% of AMI range resulting in maximum house prices for each set of incomes.

What affects housing affordability?

1. House Cost
2. Mortgage Interest Rates
3. Mortgage Loan Ratios and Points
4. Debt load of the Household
5. Household's Credit Score
6. Property Taxes
7. Property Insurance Cost

	9%New	9%New	Total		4%New Unit Construction		4%Existing Unit Rehab	
Units	42	53	95		100		80	
Hard Debt	\$2,325,000	\$1,400,000	\$3,725,000	11%	\$7,100,000	15%	\$3,500,000	23%
Soft Debt	\$2,525,000	\$2,850,000	\$5,375,000	16%	\$3,500,000	7%	\$6,300,000	41%
Tax Credit Equity	\$9,975,000	\$10,100,000	\$20,075,000	58%	\$14,500,000	30%	\$5,160,000	34%
ARPA	\$500,000	\$1,250,000	\$1,750,000	5%	\$17,600,000	36%	\$0	0%
Other Grant	\$500,000	\$2,750,000	\$3,250,000	9%	\$3,750,000	8%	\$0	0%
Deferred Developer Fee	\$475,000	\$0	\$475,000	1%	\$2,000,000	4%	\$30,000	0%
Reserves	\$0	\$0	\$0	0%	\$0	0%	\$215,200	1%
	<u>\$16,300,000</u>	<u>\$18,350,000</u>	<u>\$34,650,000</u>		<u>\$48,450,000</u>		<u>\$15,205,200</u>	
Cost Per Unit	\$388,095	\$346,226	\$364,737		\$484,500		\$190,065	
Units Per Year	150				500		160	
Total Development Cost	\$54,710,526				\$182,368,421		\$30,410,400	
Hard Debt	\$5,881,579				\$35,500,000		\$7,000,000	
Soft Debt	\$8,486,842				\$18,236,842		\$12,600,000	
Tax Credit Equity	\$31,697,368				\$54,578,784		\$10,320,000	
ARPA	\$0				\$0		\$0	
Other Grant	\$7,894,737				\$66,524,686		\$0	
Deferred Developer Fee & Reserves	\$750,000				\$7,528,108		\$490,400	
Total	<u>\$54,710,526</u>				<u>\$182,368,421</u>		<u>\$30,410,400</u>	
Total Subsidy	\$16,381,579				\$84,761,528		\$12,600,000	
Units Short	19,400							
New Units Per Year	650							
Retain Units	160							
Years to Complete	30							
Subsidy Per Year	\$113,743,107							
Rental Subsidy per HH Per Year	\$5,863							
Rental Subsidy per HH Per Month	\$489							

# Example Project

# Mixed Income Market Fund

## Property Information & Unit Mix

Property Name	Example Project		
City, State, Zip	Sussex County, DE		
Model Start date	8/1/23		
	Units	Avg SF / Unit	Total SF
Townhomes	0	0	0
Apartments	178	940	213,074
<b>Total</b>	<b>178</b>	<b>940</b>	<b>213,074</b>

USES	Total	Per Unit	%
Net Land Cost	\$4,270,000	\$23,989	\$20.04
Site Work & Impact Fees	6,715,749	37,729	31.52
Vertical Cost	24,899,615	139,885	116.86
Soft Costs	2,701,318	15,176	12.68
Financing Cost	3,857,715	21,673	18.11
Operating Deficit	27,581	155	0.13
<b>Total Uses</b>	<b>42,471,978</b>	<b>238,607</b>	<b>199.33</b>
Perm Financing Cost	12,624,667	70,925	59.25
<b>Total Cost</b>	<b>\$55,096,644</b>	<b>\$309,532</b>	<b>\$258.58</b>

SOURCES	Total	Per Unit	%
Equity & Pref Equ. (if any)	\$7,868,925	\$44,207	18.5%
DSHA Market Accelerator Equity	4,847,400	27,233	11.4%
PACE Program	0	0	0.0%
Construction Bank Debt	27,000,000	151,685	63.6%
Project Cash Flow	2,755,653	15,481	6.5%
Permanent Debt Cost	12,624,667	70,925	
<b>Total Sources</b>	<b>\$55,096,644</b>	<b>\$309,532</b>	<b>100%</b>

## Project Cash Flows

Year	0	1	2	3	4	5	6	7	8	9	10	Total
Construction Starts	-	-	78	94	6	-	-	-	-	-	-	178
Net Unit Rentals	-	-	27	108	43	-	-	-	-	-	-	178
Total Rentals	-	-	5	86	171	178	178	178	178	178	178	178
Effective Rent / SF	-	-	1.78	1.83	1.90	1.97	2.05	2.13	2.22	2.30	2.40	2.40
Effective Rent / Unit	-	-	1,672	1,719	1,781	1,851	1,925	2,002	2,082	2,166	2,252	2,252

## Cash Flow

Net Sales Income Multifamily	-	-	-	-	-	-	-	-	-	-	\$58,826,068	\$58,826,068
NOI - Multifamily (Oper)	-	-	(19,087)	1,176,847	2,687,088	2,914,642	3,031,736	3,153,530	3,280,211	3,411,976	3,549,027	23,185,969
<b>Total Net Income</b>	<b>-</b>	<b>-</b>	<b>(19,087)</b>	<b>1,176,847</b>	<b>2,687,088</b>	<b>2,914,642</b>	<b>3,031,736</b>	<b>3,153,530</b>	<b>3,280,211</b>	<b>3,411,976</b>	<b>62,375,095</b>	<b>82,012,037</b>
Land Cost	4,270,000	-	-	-	-	-	-	-	-	-	-	4,270,000
Site Work	184,755	2,625,776	3,122,618	664,913	117,687	-	-	-	-	-	-	6,715,749
Construction Cost (Vertical)	-	-	10,738,905	13,240,779	919,931	-	-	-	-	-	-	24,899,615
Soft Cost & Fees	64,741	526,007	563,979	826,613	719,979	-	-	-	-	-	-	2,701,318
<b>Total Construction Cost</b>	<b>4,519,496</b>	<b>3,151,783</b>	<b>14,425,501</b>	<b>14,732,305</b>	<b>1,757,597</b>	-	-	-	-	-	-	<b>38,586,682</b>
Total Financing Cost	-	263,433	384,388	1,416,202	2,399,617	2,067,251	2,048,621	2,028,840	2,007,841	1,985,546	1,880,644	16,482,382
<b>Total Costs</b>	<b>4,519,496</b>	<b>3,415,216</b>	<b>14,809,889</b>	<b>16,148,507</b>	<b>4,157,213</b>	<b>2,067,251</b>	<b>2,048,621</b>	<b>2,028,840</b>	<b>2,007,841</b>	<b>1,985,546</b>	<b>1,880,644</b>	<b>55,069,064</b>
<b>Cash Before Loan Draw / Payback</b>	<b>(4,519,496)</b>	<b>(3,415,216)</b>	<b>(14,828,976)</b>	<b>(14,971,660)</b>	<b>(1,470,125)</b>	<b>847,391</b>	<b>983,115</b>	<b>1,124,690</b>	<b>1,272,370</b>	<b>1,426,430</b>	<b>60,494,451</b>	<b>26,942,974</b>
Total Project Draws	-	54,957	12,426,656	12,546,415	36,429,832	-	-	-	-	-	-	61,457,859
Total Payback	-	-	-	-	(27,024,305)	(301,316)	(319,900)	(339,631)	(360,579)	(382,818)	(32,899,114)	(61,627,663)
<b>Cash Flow</b>	<b>(\$4,519,496)</b>	<b>(\$3,360,259)</b>	<b>(\$2,402,320)</b>	<b>(\$2,425,246)</b>	<b>\$7,935,402</b>	<b>\$546,075</b>	<b>\$663,215</b>	<b>\$785,059</b>	<b>\$911,791</b>	<b>\$1,043,611</b>	<b>\$27,595,337</b>	<b>\$26,773,170</b>

## Construction Assumptions

Site Work/Vertical Start	8	15
Units per Month	8	
Fixed Construction Period - Yes=1, No=0		1
Construction Period	22	
Total Construction End	37	
Constr. Cost Inflation Escalator	3.00%	per year
Cost Inflater starts in Month	11	
Costs to date updated through month		14

## Rent & Operating Assumptions

Absorption(seasonal=1, fixed=2)	2	see below
Absorption if = 2 (units/mth)	9.0	Stable Mth 47
# of Buildings	6	# of Con. Phases
Average # of Months per Phase	7	
Market Rent	1,619	\$1.72
Rent Price Escalator (annual)	4.00%	Starts in Mth 1
Operating Exp. Annual Escalator	3.00%	
Economic Loss	4.00%	of leaseable SF
Min Opex Ratio	25.0%	(a)
Reserves	\$250	per year

## Exit Assumptions

<b>Exit Chooser (1=cap on NOI, 2=condo conversion)</b>	<b>1</b>	
Exit Month Multifamily	120	in months
Exit Cap	6.00%	
NOI at Exit	3,601,597	300,133
Sales Price (Total/per Unit)	60,026,600	337,228
Broker Commission on sale	2.00%	

## Condo Conversion Exit Option Assumptions

First building renovation starts on	7/1/28
Units sold per month	6
Cost of renovating each unit (per heated SF)	\$20.00
Duration of renovation (in months)	2
Use constr loan for renovation cost (Yes=1, No=0)	0
Initial sales price per SF	\$275
Use total net sales proceeds to pay down perm loan = 1	0
If above = 0, use x% of condo sale proceeds	75.0%

## Leverage Assumptions

Development/Construction Loan		
Leverage / Rate	63.57%	7.75%
Payback/NOI For PACE	100.00%	\$201,706
Loan Amount/DSCR	\$27,000,000	1.30

## Permanent Loan

NOI Month 48/ perm loan balance	232,193	\$34,627,663
Max LTV/Cap Rate Used to Value	80.00%	6.00%
DSCR / Rate	1.176	6.00%
Amortization (Yrs)/IO Period (Yrs.)	35	-
DSHA % of draws / Amount	15.2%	\$4,847,400

## Preferred Equity

Closing Pts / Principal Balance	3.0%	\$0
Interest Rate (total/paid now)	15.0%	6.00%
Payback - when perm loan closes or ___ months		36
Fund at one time=1, when?	1	10/31/22
Int escrow? yes=1, mths escrowed	1	18

# Example Project

## Project Return Analysis

# Mixed Income Market Fund

Sources and Uses			
USES			
	Total	Per Unit	Per SF
Net Land Cost	\$4,270,000	\$23,989	\$20.04
Site Work & Impact Fees	6,715,749	37,729	31.52
Vertical Cost	24,899,615	139,885	116.86
Soft Cost & Permits	2,701,318	15,176	12.68
Financing Cost	3,857,715	21,673	18.11
Operating Deficit	27,581	155	0.13
<b>Total Uses</b>	<b>\$42,471,978</b>	<b>\$238,607</b>	<b>\$199.33</b>
SOURCES			
	Total	Per Unit	%
Equity & Pref Equ. (if any)	\$7,868,925	\$44,207	18.5%
DSHA Market Accelerator Equity	\$4,847,400	27,233	11.4%
PACE Program	0	0	0.0%
Construction Bank Debt	27,000,000	151,685	63.6%
Project Cash Flow	2,755,653	15,481	6.5%
<b>Total Sources</b>	<b>\$42,471,978</b>	<b>\$238,607</b>	<b>100%</b>

Investment Highlights	
Stabilized NOI	\$2,852,930
Total Construction Cost	\$42,471,978
Yield on Cost	6.7%
Total Equity Required	\$7,868,925
Equity Distributed at Perm ReFi	\$7,344,595
Equity Invested after ReFi	\$524,330
FCF after ReFi	\$536,519
Cash on Cash after ReFi	102.3%
Total Project Profit	\$31,604,961
ROE	5.02x
Unlevered IRR	6.8%
Levered IRR	26.9%

# Example Project

# Mixed Income Market Fund

## Unit Mix

### Example Project - Unit Mix

Unit Type	Building A	Building B	Building C	Building D	Units	Heated SF	Total SF (incl porch/ & strg)	Market Rent / Unit	Rent/ Heated SF	Rent/ Total SF	Workforce Rent / Unit	Number of Workforce Units	Average Rent/Unit	% Units	% SF	% of Income
Unit A (3BR, 2BA)	8	8	6	-	38	1,251	1,397	\$1,925	\$1.54	\$1.38	\$1,617.00	8	\$1,860.16	21.3%	28.4%	24.4%
Unit B (2BR, 2BA)	8	8	6	6	44	974	1,115	\$1,695	\$1.74	\$1.52	\$1,407.00	9	\$1,636.09	24.7%	25.6%	24.9%
Unit D (2BR, 2BA)	8	8	6	6	44	974	1,115	\$1,695	\$1.74	\$1.52	\$1,407.00	9	\$1,636.09	24.7%	25.6%	24.9%
Unit E (1BR, 1BA)	8	6	6	-	34	664	724	\$1,495	\$2.25	\$2.06	\$1,100.00	7	\$1,413.68	19.1%	13.5%	17.0%
Unit F (1BR, 1BA)	-	-	-	6	6	638	698	\$1,465	\$2.30	\$2.10	\$1,100.00	1	\$1,404.17	3.4%	2.3%	2.9%
Unit G (1BR, 1BA)	-	-	-	6	6	604	668	\$1,445	\$2.39	\$2.16	\$1,100.00	1	\$1,387.50	3.4%	2.2%	2.9%
Unit H (1BR, 1BA)	-	-	-	6	6	668	758	\$1,515	\$2.27	\$2.00	\$1,100.00	1	\$1,445.83	3.4%	2.4%	3.0%
<b>Total</b>	<b>32</b>	<b>30</b>	<b>24</b>	<b>30</b>	<b>178</b>	<b>167,286</b>	<b>188,566</b>	<b>\$299,690</b>				<b>36</b>	<b>\$288,152</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Avg Per Building</b>					<b>29.67</b>	<b>27,881</b>	<b>6</b>	<b>6</b>					<b>32,017</b>			
<b>Average (per unit)</b>						<b>940</b>	<b>1,059</b>	<b>1,684</b>	<b>\$1.79</b>	<b>\$1.59</b>	<b>\$1.53</b>		<b>1,619</b>			

<b>Acres</b>	<b>14.8</b>	Stairs and Hallways (Apt Bldg)	4,310	4,398	3,282	3,810
<b>Gross Building Area</b>	<b>213,074</b>	Total Project non-heated SF			45,788	
<b>GPR</b>	<b>\$3,457,824</b>					

	SF of Storage	Porch Deck (SF)	Total Building non-heated SF	# of Bldgs	# of units
Unit A (3BR, 2BA)	50	96	8,214	2	32
Unit B (2BR, 2BA)	45	96	8,182	2	30
Unit D (2BR, 2BA)	45	96	6,210	1	24
Unit E (1BR, 1BA)	40	20	6,786	1	30
Unit F (1BR, 1BA)	40	20	39,118		
Unit G (1BR, 1BA)	16	48	37,758		
Unit H (1BR, 1BA)	50	40	29,388		
			29,934		

### Seasonal Absorption:

	1 January	2 February	3 March	4 April	5 May	6 June	7 July	8 August	9 September	10 October	11 November	12 December	Average
Monthly Absorption	6	6	8	12	14	14	12	10	8	6	6	6	9.0

Equity Multiple	5.02x	Net Proceeds	\$31,604,961
IRR	26.9%		

# Example Project

# Mixed Income Market Fund

## Proposed Low Income Housing Units - Monthly Rent Calc

### Inputs/Choosers:

#### Proffered Units as per Rezoning:

Percent of Units restricted	<b>0.0%</b>	0 units
% of Gross Household Inc. Used toward Housing Cost	<b>30.0%</b>	
% of Area Median Income (AMI) Used	<b>70.0%</b>	

#### DSHA Mixed Income Market Fund Units:

Percent of Units restricted	<b>20.2%</b>	36 units
% of Gross Household Inc. Used toward Housing Cost	<b>30.0%</b>	
% of Area Median Income (AMI) Used	<b>65.0%</b>	

Program	1BR	2BR	3BR	Year
65% HOME	\$1,171	\$1,407	\$1,617	2024
FMR	1,100	1,450	1,850	2024
\$200 less	1,288	1,495	1,725	2024 May

Unit Size	Efficiency	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR
HH Size	1	1.5	2	3	3.5	4.5+
<b>Fixed Rental Rate = 30% of Gross Household Income of 70% AMI Adjusted for Household Size &amp; # of Bedrooms</b>	\$1,200	\$1,285	\$1,370	\$1,540	\$1,625	\$1,780

Unit Size	Efficiency	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR
HH Size	1	1.5	2	3	3.5	4.5+
<b>Fixed Rental Rate = 30% of Gross Household Income of 65% AMI Adjusted for Household Size &amp; # of Bedrooms</b>	\$1,115	\$1,100	\$1,275	\$1,407	\$1,510	\$1,617

<b>Market Rents</b>	\$1,488		\$1,695		\$1,925
<b>Average Discounted Rents</b>	\$1,100		\$1,407		\$1,617
<b>Discount to Market Rents</b>	\$203		\$155		\$145
<b>% Discount to Market Rent</b>	13.6%		9.1%		7.5%

<b>Accelerator Payment</b>	\$125,000		\$135,000		\$150,000
<b>Units in Program</b>	10		18		8
<b>Total Estimated Fees</b>	\$32,600				
<b>Gross Loan Value</b>	\$4,880,000	<b>Net Loan Proceeds</b>	\$4,847,400		
<b>Discount to Market Rents</b>	\$388		\$288		\$308

### Sussex County 2024 AMI - affordable rents by number of people within apartment

%AMI	1 person	1.5 people	2 people	3 people	3.5 people	4 people	4.5 people	5 people	6 people	7 people	8 people
<b>30%</b>	\$20,550	\$22,000	\$23,450	\$26,400	\$27,850	\$29,300	\$30,430	\$31,560	\$34,000	\$36,350	\$38,700
<b>50%</b>	\$34,200	\$36,650	\$39,100	\$44,000	\$46,425	\$48,850	\$50,825	\$52,800	\$56,700	\$60,600	\$64,500
<b>60%</b>	\$41,040	\$43,980	\$46,920	\$52,800	\$55,710	\$58,620	\$60,990	\$63,360	\$68,040	\$72,720	\$77,400
<b>65%</b>	\$44,470	\$47,648	\$50,825	\$57,175	\$60,338	\$63,500	\$66,063	\$68,625	\$73,700	\$78,775	\$83,850
<b>70%</b>	\$47,900	\$51,315	\$54,730	\$61,550	\$64,965	\$68,380	\$71,135	\$73,890	\$79,360	\$84,830	\$90,300
<b>80%</b>	\$54,750	\$58,650	\$62,550	\$70,350	\$74,250	\$78,150	\$81,300	\$84,450	\$90,700	\$96,950	\$103,200
<b>100%</b>	\$68,438	\$73,313	\$78,188	\$87,938	\$92,813	\$97,688	\$101,625	\$105,563	\$113,375	\$121,188	\$129,000

AMI numbers as of 4/01/24 from [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_IncomeLmts\\_State\\_DE\\_2024.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_DE_2024.pdf)

65% HOME Rent Limits for DSHA's Mixed Income Market Fund units from [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_RentLimits\\_State\\_DE\\_2024.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_RentLimits_State_DE_2024.pdf)

FMR rental rates from [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2024\\_code/2024summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2024_code/2024summary.odn) for Sussex County, DE.



# Example Project

Status Quo

## Property Information & Unit Mix

Property Name	Example Project		
City, State, Zip	Sussex County, DE		
Model Start date	8/1/23		
	Units	Avg SF / Unit	Total SF
Townhomes	0	0	0
Apartments	178	940	213,074
<b>Total</b>	<b>178</b>	<b>940</b>	<b>213,074</b>

USES	Total	Per Unit	%
Net Land Cost	\$4,270,000	\$23,989	\$20.04
Site Work & Impact Fees	6,715,749	37,729	31.52
Vertical Cost	24,899,615	139,885	116.86
Soft Costs	2,701,318	15,176	12.68
Financing Cost	3,680,071	20,675	17.27
Operating Deficit	26,713	150	0.13
<b>Total Uses</b>	<b>42,293,466</b>	<b>237,604</b>	<b>198.49</b>
Perm Financing Cost	12,872,170	72,316	60.41
<b>Total Cost</b>	<b>\$55,165,636</b>	<b>\$309,919</b>	<b>\$258.90</b>

SOURCES	Total	Per Unit	%
Equity & Pref Equ. (if any)	\$12,716,325	\$71,440	30.1%
DSHA Market Accelerator Equity	0	0	0.0%
PACE Program	0	0	0.0%
Construction Bank Debt	27,000,000	151,685	63.8%
Project Cash Flow	2,577,141	14,478	6.1%
Permanent Debt Cost	12,872,170	72,316	
<b>Total Sources</b>	<b>\$55,165,636</b>	<b>\$309,919</b>	<b>100%</b>

## Project Cash Flows

Year	0	1	2	3	4	5	6	7	8	9	10	Total
Construction Starts	-	-	78	94	6	-	-	-	-	-	-	178
Net Unit Rentals	-	-	27	108	43	-	-	-	-	-	-	178
Total Rentals	-	-	5	86	171	178	178	178	178	178	178	178
Effective Rent / SF	-	-	1.81	1.86	1.93	2.01	2.09	2.17	2.26	2.35	2.44	2.44
Effective Rent / Unit	-	-	1,704	1,752	1,815	1,887	1,962	2,041	2,122	2,207	2,296	2,296

## Cash Flow

Net Sales Income Multifamily	-	-	-	-	-	-	-	-	-	-	\$59,977,470	\$59,977,470
NOI - Multifamily (Oper)	-	-	(17,349)	1,209,575	2,742,118	2,971,739	3,091,118	3,215,287	3,344,438	3,478,772	3,618,495	23,654,193
<b>Total Net Income</b>	<b>-</b>	<b>-</b>	<b>(17,349)</b>	<b>1,209,575</b>	<b>2,742,118</b>	<b>2,971,739</b>	<b>3,091,118</b>	<b>3,215,287</b>	<b>3,344,438</b>	<b>3,478,772</b>	<b>63,595,965</b>	<b>83,631,663</b>
Land Cost	4,270,000	-	-	-	-	-	-	-	-	-	-	4,270,000
Site Work	184,755	2,625,776	3,122,618	664,913	117,687	-	-	-	-	-	-	6,715,749
Construction Cost (Vertical)	-	-	10,738,905	13,240,779	919,931	-	-	-	-	-	-	24,899,615
Soft Cost & Fees	64,741	526,007	564,850	864,676	681,044	-	-	-	-	-	-	2,701,318
<b>Total Construction Cost</b>	<b>4,519,496</b>	<b>3,151,783</b>	<b>14,426,372</b>	<b>14,770,368</b>	<b>1,718,662</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,586,682</b>
Total Financing Cost	-	263,433	332,999	1,301,064	2,400,377	2,107,779	2,088,785	2,068,616	2,047,203	2,024,472	1,917,513	16,552,241
<b>Total Costs</b>	<b>4,519,496</b>	<b>3,415,216</b>	<b>14,759,371</b>	<b>16,071,432</b>	<b>4,119,040</b>	<b>2,107,779</b>	<b>2,088,785</b>	<b>2,068,616</b>	<b>2,047,203</b>	<b>2,024,472</b>	<b>1,917,513</b>	<b>55,138,923</b>
<b>Cash Before Loan Draw / Payback</b>	<b>(4,519,496)</b>	<b>(3,415,216)</b>	<b>(14,776,720)</b>	<b>(14,861,858)</b>	<b>(1,376,921)</b>	<b>863,960</b>	<b>1,002,333</b>	<b>1,146,671</b>	<b>1,297,235</b>	<b>1,454,300</b>	<b>61,678,452</b>	<b>28,492,740</b>
Total Project Draws	-	-	9,968,395	14,861,858	37,307,533	-	-	-	-	-	-	62,137,786
Total Payback	-	-	-	-	(27,024,782)	(307,223)	(326,172)	(346,289)	(367,648)	(390,323)	(33,544,101)	(62,306,537)
<b>Cash Flow</b>	<b>(\$4,519,496)</b>	<b>(\$3,415,216)</b>	<b>(\$4,808,326)</b>	<b>-</b>	<b>\$8,905,831</b>	<b>\$556,737</b>	<b>\$676,161</b>	<b>\$800,381</b>	<b>\$929,587</b>	<b>\$1,063,976</b>	<b>\$28,134,352</b>	<b>\$28,323,989</b>

## Construction Assumptions

Site Work/Vertical Start	8	15
Units per Month	8	
Fixed Construction Period - Yes=1, No=0		1
Construction Period	22	
Total Construction End	37	
Constr. Cost Inflation Escalator	3.00%	per year
Cost Inflater starts in Month	11	
Costs to date updated through month		14

## Rent & Operating Assumptions

Absorption(seasonal=1, fixed=2)	2	see below
Absorption if = 2 (units/mth)	9.0	Stable Mth 47
# of Buildings	6	# of Con. Phases
Average # of Months per Phase	7	
Market Rent	1,650	\$1.76
Rent Price Escalator (annual)	4.00%	Starts in Mth 1
Operating Exp. Annual Escalator	3.00%	
Economic Loss	4.00%	of leaseable SF
Min Opex Ratio	25.0%	(a)
Reserves	\$250	per year

## Exit Assumptions

<b>Exit Chooser (1=cap on NOI, 2=condo conversion)</b>	<b>1</b>	
Exit Month Multifamily	120	in months
Exit Cap	6.00%	
NOI at Exit	3,672,090	306,007
Sales Price (Total/per Unit)	61,201,500	343,829
Broker Commission on sale	2.00%	

## Condo Conversion Exit Option Assumptions

First building renovation starts on	7/1/28
Units sold per month	6
Cost of renovating each unit (per heated SF)	\$20.00
Duration of renovation (in months)	2
Use constr loan for renovation cost (Yes=1, No=0)	0
Initial sales price per SF	\$275
Use total net sales proceeds to pay down perm loan = 1	0
If above = 0, use x% of condo sale proceeds	75.0%

## Leverage Assumptions

Development/Construction Loan		
Leverage / Rate	63.84%	7.75%
Payback/NOI For PACE	100.00%	\$205,590
Loan Amount/DSCR	\$27,000,000	1.30

## Permanent Loan

NOI Month 48/ perm loan balance	236,746	\$35,306,537
Max LTV/Cap Rate Used to Value	80.00%	6.00%
DSCR / Rate	1.176	6.00%
Amortization (Yrs)/IO Period (Yrs.)	35	-
DSHA % of draws / Amount	15.2%	\$0

## Preferred Equity

Closing Pts / Principal Balance	3.0%	\$0
Interest Rate (total/paid now)	15.0%	6.00%
Payback - when perm loan closes or ___ months		36
Fund at one time=1, when?	1	10/31/22
Int escrow? yes=1, mths escrowed	1	18

# Example Project

# Status Quo

## Project Return Analysis

<b>Sources and Uses</b>			
<i>USES</i>			
	Total	Per Unit	Per SF
Net Land Cost	\$4,270,000	\$23,989	\$20.04
Site Work & Impact Fees	6,715,749	37,729	31.52
Vertical Cost	24,899,615	139,885	116.86
Soft Cost & Permits	2,701,318	15,176	12.68
Financing Cost	3,680,071	20,675	17.27
Operating Deficit	26,713	150	0.13
<b>Total Uses</b>	<b>\$42,293,466</b>	<b>\$237,604</b>	<b>\$198.49</b>
<i>SOURCES</i>			
	Total	Per Unit	%
Equity & Pref Equ. (if any)	\$12,716,325	\$71,440	30.1%
DSHA Market Accelerator Equity	\$0	0	0.0%
PACE Program	0	0	0.0%
Construction Bank Debt	27,000,000	151,685	63.8%
Project Cash Flow	2,577,141	14,478	6.1%
<b>Total Sources</b>	<b>\$42,293,466</b>	<b>\$237,604</b>	<b>100%</b>

<b>Investment Highlights</b>	
Stabilized NOI	\$2,908,824
Total Construction Cost	\$42,293,466
Yield on Cost	6.9%
Total Equity Required	\$12,716,325
Equity Distributed at Perm ReFi	\$8,103,805
Equity Invested after ReFi	\$4,612,520
FCF after ReFi	\$546,995
Cash on Cash after ReFi	11.9%
Total Project Profit	\$25,985,582
ROE	3.04x
Unlevered IRR	7.1%
Levered IRR	16.0%

# Example Project

# Status Quo

## Unit Mix

### Example Project - Unit Mix

Unit Type	Building A	Building B	Building C	Building D	Units	Total SF (incl porch/ & strg)	Market Rent / Unit	Rent/ Heated SF	Rent/ Total SF	Workforce Rent / Unit	Number of Workforce Units	Average Rent/Unit	% Units	% SF	% of Income
Unit A (3BR, 2BA)	8	8	6	-	38	1,251	\$1,925	\$1.54	\$1.38	\$1,780.00	8	\$1,894.47	21.3%	28.4%	24.4%
Unit B (2BR, 2BA)	8	8	6	6	44	974	\$1,695	\$1.74	\$1.52	\$1,540.00	9	\$1,663.30	24.7%	25.6%	24.9%
Unit D (2BR, 2BA)	8	8	6	6	44	974	\$1,695	\$1.74	\$1.52	\$1,540.00	9	\$1,663.30	24.7%	25.6%	24.9%
Unit E (1BR, 1BA)	8	6	6	-	34	664	\$1,495	\$2.25	\$2.06	\$1,285.00	7	\$1,451.76	19.1%	13.5%	17.0%
Unit F (1BR, 1BA)	-	-	-	6	6	638	\$1,465	\$2.30	\$2.10	\$1,285.00	1	\$1,435.00	3.4%	2.3%	2.9%
Unit G (1BR, 1BA)	-	-	-	6	6	604	\$1,445	\$2.39	\$2.16	\$1,285.00	1	\$1,418.33	3.4%	2.2%	2.9%
Unit H (1BR, 1BA)	-	-	-	6	6	668	\$1,515	\$2.27	\$2.00	\$1,285.00	1	\$1,476.67	3.4%	2.4%	3.0%
<b>Total</b>	<b>32</b>	<b>30</b>	<b>24</b>	<b>30</b>	<b>178</b>	<b>167,286</b>	<b>\$299,690</b>				<b>36</b>	<b>\$293,700</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Avg Per Building</b>					<b>29.67</b>	<b>27,881</b>	<b>6</b>	<b>6</b>				<b>32,633</b>			
<b>Average (per unit)</b>						<b>940</b>	<b>1,059</b>	<b>1,684</b>	<b>\$1.79</b>	<b>\$1.59</b>	<b>\$1.56</b>	<b>1,650</b>			

<b>Acres</b>	<b>14.8</b>	Stairs and Hallways (Apt Bldg)	4,310	4,398	3,282	3,810
<b>Gross Building Area</b>	<b>213,074</b>	Total Project non-heated SF			45,788	
<b>GPR</b>	<b>\$3,524,400</b>					

	SF of Storage	Porch Deck (SF)	Total Building non-heated SF	# of Bldgs	# of units
Unit A (3BR, 2BA)	50	96	8,214	2	32
Unit B (2BR, 2BA)	45	96	8,182	2	30
Unit D (2BR, 2BA)	45	96	6,210	1	24
Unit E (1BR, 1BA)	40	20	6,786	1	30
Unit F (1BR, 1BA)	40	20	39,118		
Unit G (1BR, 1BA)	16	48	37,758		
Unit H (1BR, 1BA)	50	40	29,388		
			29,934		

### Seasonal Absorption:

	1 January	2 February	3 March	4 April	5 May	6 June	7 July	8 August	9 September	10 October	11 November	12 December	Average
Monthly Absorption	6	6	8	12	14	14	12	10	8	6	6	6	9.0

Equity Multiple	3.04x	Net Proceeds	\$25,985,582
IRR	16.0%		

# Example Project

# Status Quo

## Proposed Low Income Housing Units - Monthly Rent Calc

### Inputs/Choosers:

#### Proffered Units as per Rezoning:

Percent of Units restricted	<b>20.0%</b>	36 units
% of Gross Household Inc. Used toward Housing Cost	<b>30.0%</b>	
% of Area Median Income (AMI) Used	<b>70.0%</b>	

#### DSHA Mixed Income Market Fund Units:

Percent of Units restricted	<b>0.0%</b>	0 units
% of Gross Household Inc. Used toward Housing Cost	<b>30.0%</b>	
% of Area Median Income (AMI) Used	<b>65.0%</b>	

Program	1BR	2BR	3BR	Year
65% HOME	\$1,171	\$1,407	\$1,617	2024
FMR	1,100	1,450	1,850	2024
\$200 less	1,288	1,495	1,725	2024 May

Unit Size	Efficiency	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR	
HH Size	1	1.5	2	3	3.5	4.5+	
<b>Fixed Rental Rate = 30% of Gross Household Income of 70% AMI Adjusted for Household Size &amp; # of Bedrooms</b>		\$1,200	\$1,285	\$1,370	\$1,540	\$1,625	\$1,780

Unit Size	Efficiency	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR	
HH Size	1	1.5	2	3	3.5	4.5+	
<b>Fixed Rental Rate = 30% of Gross Household Income of 65% AMI Adjusted for Household Size &amp; # of Bedrooms</b>		\$1,115	\$1,100	\$1,275	\$1,407	\$1,510	\$1,617

<b>Market Rents</b>	\$1,488		\$1,695		\$1,925
<b>Average Discounted Rents</b>	\$1,285		\$1,540		\$1,780
<b>Discount to Market Rents</b>	\$203		\$155		\$145
<b>% Discount to Market Rent</b>	13.6%		9.1%		7.5%

<b>Accelerator Payment</b>	\$125,000		\$135,000		\$150,000
<b>Units in Program</b>	0		0		0
<b>Total Estimated Fees</b>	\$0				
<b>Gross Loan Value</b>	\$0		<b>Net Loan Proceeds</b>	\$0	
<b>Discount to Market Rents</b>	\$388		\$288		\$308

### Sussex County 2024 AMI - affordable rents by number of people within apartment

%AMI	1 person	1.5 people	2 people	3 people	3.5 people	4 people	4.5 people	5 people	6 people	7 people	8 people
<b>30%</b>	\$20,550	\$22,000	\$23,450	\$26,400	\$27,850	\$29,300	\$30,430	\$31,560	\$34,000	\$36,350	\$38,700
<b>50%</b>	\$34,200	\$36,650	\$39,100	\$44,000	\$46,425	\$48,850	\$50,825	\$52,800	\$56,700	\$60,600	\$64,500
<b>60%</b>	\$41,040	\$43,980	\$46,920	\$52,800	\$55,710	\$58,620	\$60,990	\$63,360	\$68,040	\$72,720	\$77,400
<b>65%</b>	\$44,470	\$47,648	\$50,825	\$57,175	\$60,338	\$63,500	\$66,063	\$68,625	\$73,700	\$78,775	\$83,850
<b>70%</b>	\$47,900	\$51,315	\$54,730	\$61,550	\$64,965	\$68,380	\$71,135	\$73,890	\$79,360	\$84,830	\$90,300
<b>80%</b>	\$54,750	\$58,650	\$62,550	\$70,350	\$74,250	\$78,150	\$81,300	\$84,450	\$90,700	\$96,950	\$103,200
<b>100%</b>	\$68,438	\$73,313	\$78,188	\$87,938	\$92,813	\$97,688	\$101,625	\$105,563	\$113,375	\$121,188	\$129,000

AMI numbers as of 4/01/24 from [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_IncomeLmts\\_State\\_DE\\_2024.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_DE_2024.pdf)

65% HOME Rent Limits for DSHA's Mixed Income Market Fund units from [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_RentLimits\\_State\\_DE\\_2024.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_RentLimits_State_DE_2024.pdf)

FMR rental rates from [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2024\\_code/2024summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2024_code/2024summary.odn) for Sussex County, DE.

# Example Project

# Sussex County Rental Program Scenario

## Property Information & Unit Mix

Property Name	Example Project		
City, State, Zip	Sussex County, DE		
Model Start date	8/1/23		
	Units	Avg SF / Unit	Total SF
Townhomes	0	0	0
Apartments	178	940	213,074
<b>Total</b>	<b>178</b>	<b>940</b>	<b>213,074</b>

USES	Total	Per Unit	%
Net Land Cost	\$4,270,000	\$23,989	\$20.04
Site Work & Impact Fees	6,715,749	37,729	31.52
Vertical Cost	24,899,615	139,885	116.86
Soft Costs	2,701,318	15,176	12.68
Financing Cost	3,685,091	20,703	17.29
Operating Deficit	30,329	170	0.14
<b>Total Uses</b>	<b>42,302,102</b>	<b>237,652</b>	<b>198.53</b>
Perm Financing Cost	11,578,873	65,050	54.34
<b>Total Cost</b>	<b>\$53,880,975</b>	<b>\$302,702</b>	<b>\$252.87</b>

SOURCES	Total	Per Unit	%
Equity & Pref Equ. (if any)	\$12,716,325	\$71,440	30.1%
DSHA Market Accelerator Equity	0	0	0.0%
PACE Program	0	0	0.0%
Construction Bank Debt	27,000,000	151,685	63.8%
Project Cash Flow	2,585,777	14,527	6.1%
Permanent Debt Cost	11,578,873	65,050	
<b>Total Sources</b>	<b>\$53,880,975</b>	<b>\$302,702</b>	<b>100%</b>

## Project Cash Flows

Year	0	1	2	3	4	5	6	7	8	9	10	Total
Construction Starts	-	-	78	94	6	-	-	-	-	-	-	178
Net Unit Rentals	-	-	27	108	43	-	-	-	-	-	-	178
Total Rentals	-	-	5	86	171	178	178	178	178	178	178	178
Effective Rent / SF	-	-	1.63	1.68	1.74	1.81	1.88	1.96	2.04	2.12	2.20	2.20
Effective Rent / Unit	-	-	1,536	1,579	1,636	1,701	1,769	1,839	1,913	1,989	2,069	2,069

## Cash Flow

Net Sales Income Multifamily	-	-	-	-	-	-	-	-	-	-	\$53,961,152	\$53,961,152
NOI - Multifamily (Oper)	-	-	(25,056)	1,039,164	2,450,898	2,673,387	2,780,831	2,892,588	3,008,832	3,129,741	3,255,504	21,205,889
<b>Total Net Income</b>	<b>-</b>	<b>-</b>	<b>(25,056)</b>	<b>1,039,164</b>	<b>2,450,898</b>	<b>2,673,387</b>	<b>2,780,831</b>	<b>2,892,588</b>	<b>3,008,832</b>	<b>3,129,741</b>	<b>57,216,656</b>	<b>75,167,041</b>
Land Cost	4,270,000	-	-	-	-	-	-	-	-	-	-	4,270,000
Site Work	184,755	2,625,776	3,122,618	664,913	117,687	-	-	-	-	-	-	6,715,749
Construction Cost (Vertical)	-	-	10,738,905	13,240,779	919,931	-	-	-	-	-	-	24,899,615
Soft Cost & Fees	64,741	526,007	560,758	729,729	820,083	-	-	-	-	-	-	2,701,318
<b>Total Construction Cost</b>	<b>4,519,496</b>	<b>3,151,783</b>	<b>14,422,280</b>	<b>14,635,421</b>	<b>1,857,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,586,682</b>
Total Financing Cost	-	263,433	332,999	1,303,467	2,340,923	1,896,005	1,878,919	1,860,777	1,841,517	1,821,069	1,724,856	15,263,964
<b>Total Costs</b>	<b>4,519,496</b>	<b>3,415,216</b>	<b>14,755,280</b>	<b>15,938,888</b>	<b>4,198,624</b>	<b>1,896,005</b>	<b>1,878,919</b>	<b>1,860,777</b>	<b>1,841,517</b>	<b>1,821,069</b>	<b>1,724,856</b>	<b>53,850,646</b>
<b>Cash Before Loan Draw / Payback</b>	<b>(4,519,496)</b>	<b>(3,415,216)</b>	<b>(14,780,336)</b>	<b>(14,899,723)</b>	<b>(1,747,726)</b>	<b>777,382</b>	<b>901,912</b>	<b>1,031,811</b>	<b>1,167,315</b>	<b>1,308,672</b>	<b>55,491,800</b>	<b>21,316,395</b>
Total Project Draws	-	-	9,968,395	14,899,723	33,722,094	-	-	-	-	-	-	58,590,212
Total Payback	-	-	-	-	(27,022,292)	(276,356)	(293,401)	(311,497)	(330,709)	(351,107)	(30,173,850)	(58,759,210)
<b>Cash Flow</b>	<b>(\$4,519,496)</b>	<b>(\$3,415,216)</b>	<b>(\$4,811,941)</b>	<b>-</b>	<b>\$4,952,076</b>	<b>\$501,026</b>	<b>\$608,511</b>	<b>\$720,315</b>	<b>\$836,606</b>	<b>\$957,566</b>	<b>\$25,317,950</b>	<b>\$21,147,396</b>

## Construction Assumptions

Site Work/Vertical Start	8	15
Units per Month	8	
Fixed Construction Period - Yes=1, No=0		1
Construction Period	22	
Total Construction End	37	
Constr. Cost Inflation Escalator	3.00%	per year
Cost Inflater starts in Month	11	
Costs to date updated through month		14

## Rent & Operating Assumptions

Absorption(seasonal=1, fixed=2)	2	see below
Absorption if = 2 (units/mth)	9.0	Stable Mth 47
# of Buildings	6	# of Con. Phases
Average # of Months per Phase	7	
Market Rent	1,487	\$1.58
Rent Price Escalator (annual)	4.00%	Starts in Mth 1
Operating Exp. Annual Escalator	3.00%	
Economic Loss	4.00%	of leaseable SF
Min Opex Ratio	25.0%	(a)
Reserves	\$250	per year

## Exit Assumptions

<b>Exit Chooser (1=cap on NOI, 2=condo conversion)</b>	<b>1</b>	
Exit Month Multifamily	120	in months
Exit Cap	6.00%	
NOI at Exit	3,303,743	275,312
Sales Price (Total/per Unit)	55,062,400	309,339
Broker Commission on sale	2.00%	

## Condo Conversion Exit Option Assumptions

First building renovation starts on	7/1/28
Units sold per month	6
Cost of renovating each unit (per heated SF)	\$20.00
Duration of renovation (in months)	2
Use constr loan for renovation cost (Yes=1, No=0)	0
Initial sales price per SF	\$275
Use total net sales proceeds to pay down perm loan = 1	0
If above = 0, use x% of condo sale proceeds	75.0%

## Leverage Assumptions

Development/Construction Loan		
Leverage / Rate	63.83%	7.75%
Payback/NOI For PACE	100.00%	\$185,297
Loan Amount/DSCR	\$27,000,000	1.30

## Permanent Loan

NOI Month 48/ perm loan balance	212,959	\$31,759,210
Max LTV/Cap Rate Used to Value	80.00%	6.00%
DSCR / Rate	1.176	6.00%
Amortization (Yrs)/IO Period (Yrs.)	35	-
DSHA % of draws / Amount	15.2%	\$0

## Preferred Equity

Closing Pts / Principal Balance	3.0%	\$0
Interest Rate (total/paid now)	15.0%	6.00%
Payback - when perm loan closes or ___ months		36
Fund at one time=1, when?	1	10/31/22
Int escrow? yes=1, mths escrowed	1	18

# Example Project

# Sussex County Rental Program Scenario

## Project Return Analysis

<b>Sources and Uses</b>			
<i>USES</i>			
	Total	Per Unit	Per SF
Net Land Cost	\$4,270,000	\$23,989	\$20.04
Site Work & Impact Fees	6,715,749	37,729	31.52
Vertical Cost	24,899,615	139,885	116.86
Soft Cost & Permits	2,701,318	15,176	12.68
Financing Cost	3,685,091	20,703	17.29
Operating Deficit	30,329	170	0.14
<b>Total Uses</b>	<b>\$42,302,102</b>	<b>\$237,652</b>	<b>\$198.53</b>
<i>SOURCES</i>			
	Total	Per Unit	%
Equity & Pref Equ. (if any)	\$12,716,325	\$71,440	30.1%
DSHA Market Accelerator Equity	\$0	0	0.0%
PACE Program	0	0	0.0%
Construction Bank Debt	27,000,000	151,685	63.8%
Project Cash Flow	2,585,777	14,527	6.1%
<b>Total Sources</b>	<b>\$42,302,102</b>	<b>\$237,652</b>	<b>100%</b>

<b>Investment Highlights</b>	
Stabilized NOI	\$2,616,761
Total Construction Cost	\$42,302,102
Yield on Cost	6.2%
Total Equity Required	\$12,716,325
Equity Distributed at Perm ReFi	\$4,537,075
Equity Invested after ReFi	\$8,179,250
FCF after ReFi	\$492,259
Cash on Cash after ReFi	6.0%
Total Project Profit	\$18,812,605
ROE	2.48x
Unlevered IRR	5.6%
Levered IRR	11.6%

# Example Project

# Sussex County Rental Program Scenario

## Unit Mix

### Example Project - Unit Mix

Unit Type	Building A	Building B	Building C	Building D	Units	Total SF (incl porch/ & strg)	Market Rent / Unit	Rent/ Heated SF	Rent/ Total SF	Workforce Rent / Unit	Number of Workforce Units	Average Rent/Unit	% Units	% SF	% of Income
Unit A (3BR, 2BA)	8	8	6	-	38	1,251	\$1,925	\$1.54	\$1.38	\$1,060.00	10	\$1,697.37	21.3%	28.4%	24.4%
Unit B (2BR, 2BA)	8	8	6	6	44	974	\$1,695	\$1.74	\$1.52	\$920.00	11	\$1,501.25	24.7%	25.6%	24.9%
Unit D (2BR, 2BA)	8	8	6	6	44	974	\$1,695	\$1.74	\$1.52	\$920.00	9	\$1,536.48	24.7%	25.6%	24.9%
Unit E (1BR, 1BA)	8	6	6	-	34	664	\$1,495	\$2.25	\$2.06	\$765.00	9	\$1,301.76	19.1%	13.5%	17.0%
Unit F (1BR, 1BA)	-	-	-	6	6	638	\$1,465	\$2.30	\$2.10	\$765.00	2	\$1,231.67	3.4%	2.3%	2.9%
Unit G (1BR, 1BA)	-	-	-	6	6	604	\$1,445	\$2.39	\$2.16	\$765.00	2	\$1,218.33	3.4%	2.2%	2.9%
Unit H (1BR, 1BA)	-	-	-	6	6	668	\$1,515	\$2.27	\$2.00	\$765.00	2	\$1,265.00	3.4%	2.4%	3.0%
<b>Total</b>	<b>32</b>	<b>30</b>	<b>24</b>	<b>30</b>	<b>178</b>	<b>167,286</b>	<b>\$299,690</b>				<b>45</b>	<b>\$264,710</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Avg Per Building</b>					<b>29.67</b>	<b>27,881</b>	<b>6</b>	<b>6</b>				<b>29,412</b>			
<b>Average (per unit)</b>						<b>940</b>	<b>1,059</b>	<b>1,684</b>	<b>\$1.79</b>	<b>\$1.59</b>	<b>\$1.40</b>	<b>1,487</b>			

<b>Acres</b>	<b>14.8</b>	Stairs and Hallways (Apt Bldg)	4,310	4,398	3,282	3,810
<b>Gross Building Area</b>	<b>213,074</b>	Total Project non-heated SF			45,788	
<b>GPR</b>	<b>\$3,176,520</b>					

	SF of Storage	Porch Deck (SF)	Total Building non-heated SF	# of Bldgs	# of units
Unit A (3BR, 2BA)	50	96	8,214	2	32
Unit B (2BR, 2BA)	45	96	8,182	2	30
Unit D (2BR, 2BA)	45	96	6,210	1	24
Unit E (1BR, 1BA)	40	20	6,786	1	30
Unit F (1BR, 1BA)	40	20	39,118		
Unit G (1BR, 1BA)	16	48	37,758		
Unit H (1BR, 1BA)	50	40	29,388		
			29,934		

### Seasonal Absorption:

	1 January	2 February	3 March	4 April	5 May	6 June	7 July	8 August	9 September	10 October	11 November	12 December	Average
Monthly Absorption	6	6	8	12	14	14	12	10	8	6	6	6	9.0

Equity Multiple	2.48x	Net Proceeds	\$18,812,605
IRR	11.6%		

# Example Project

# Sussex County Rental Program Scenario

## Proposed Low Income Housing Units - Monthly Rent Calc

### Inputs/Choosers:

#### Proffered Units as per Rezoning:

Percent of Units restricted	25.0%	45 units
% of Gross Household Inc. Used toward Housing Cost	25.0%	
% of Area Median Income (AMI) Used	50.0%	

<b>Actual % of AMI using 30% income</b>	<b>41.7% (a)</b>
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(a) targetting incomes below 60% is low income housing and NOT workforce housing.

#### DSHA Mixed Income Market Fund Units:

Percent of Units restricted	0.0%	0 units
% of Gross Household Inc. Used toward Housing Cost	30.0%	
% of Area Median Income (AMI) Used	65.0%	

Program	1BR	2BR	3BR	Year
65% HOME	\$1,171	\$1,407	\$1,617	2024
FMR	1,100	1,450	1,850	2024
\$200 less	1,288	1,495	1,725	2024 May

Unit Size	Efficiency	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR
HH Size	1	1.5	2	3	3.5	4.5+
Fixed Rental Rate = 25% of Gross Household Income of 50% AMI Adjusted for Household Size & # of Bedrooms	\$715	\$765	\$815	\$920	\$970	\$1,060

Unit Size	Efficiency	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR
HH Size	1	1.5	2	3	3.5	4.5+
Fixed Rental Rate = 30% of Gross Household Income of 65% AMI Adjusted for Household Size & # of Bedrooms	\$1,115	\$1,100	\$1,275	\$1,407	\$1,510	\$1,617

Market Rents	\$1,488		\$1,695		\$1,925
Average Discounted Rents	\$765		\$920		\$1,060
Discount to Market Rents	\$723		\$775		\$865
% Discount to Market Rent	48.6%		45.7%		44.9%

Accelerator Payment	\$125,000		\$135,000		\$150,000
Units in Program	0		0		0
Total Estimated Fees	\$0				
Gross Loan Value	\$0		Net Loan Proceeds	\$0	
Discount to Market Rents	\$388		\$288		\$308

### Sussex County 2024 AMI - affordable rents by number of people within apartment

%AMI	1 person	1.5 people	2 people	3 people	3.5 people	4 people	4.5 people	5 people	6 people	7 people	8 people
30%	\$20,550	\$22,000	\$23,450	\$26,400	\$27,850	\$29,300	\$30,430	\$31,560	\$34,000	\$36,350	\$38,700
50%	\$34,200	\$36,650	\$39,100	\$44,000	\$46,425	\$48,850	\$50,825	\$52,800	\$56,700	\$60,600	\$64,500
60%	\$41,040	\$43,980	\$46,920	\$52,800	\$55,710	\$58,620	\$60,990	\$63,360	\$68,040	\$72,720	\$77,400
65%	\$44,470	\$47,648	\$50,825	\$57,175	\$60,338	\$63,500	\$66,063	\$68,625	\$73,700	\$78,775	\$83,850
70%	\$47,900	\$51,315	\$54,730	\$61,550	\$64,965	\$68,380	\$71,135	\$73,890	\$79,360	\$84,830	\$90,300
80%	\$54,750	\$58,650	\$62,550	\$70,350	\$74,250	\$78,150	\$81,300	\$84,450	\$90,700	\$96,950	\$103,200
100%	\$68,438	\$73,313	\$78,188	\$87,938	\$92,813	\$97,688	\$101,625	\$105,563	\$113,375	\$121,188	\$129,000

AMI numbers as of 4/01/24 from [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_IncomeLmts\\_State\\_DE\\_2024.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_DE_2024.pdf)

65% HOME Rent Limits for DSHA's Mixed Income Market Fund units from [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_RentLimits\\_State\\_DE\\_2024.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_RentLimits_State_DE_2024.pdf)

FMR rental rates from [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2024\\_code/2024summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2024_code/2024summary.odn) for Sussex County, DE.