SITE 13

HEALTHCARE WORKERS' HOUSING

MONUMENT HOUSE

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I. Executive Summary

Monument House is a workforce housing project focused on providing affordable housing for workers within the rapidly growing healthcare sector. Between 2006 and 2016, jobs within the health sector grew by 2.8 million nationally, a rate 7 times faster than the rest of the economy. In a ranking of the top 30 growing jobs in healthcare, 4.4 million jobs were at an annual income level equivalent to Baltimore City Area Median Income of 80-100% and another 9.9 million at 70% AMI or below. Given the ever increasing demand for healthcare services, there is clearly a disconnect between salaries and the essential services provided by healthcare workers, yet many of these individuals do not qualify for affordable housing units, as eligibility caps usually at 60%, more rarely up to 70%. This project aims to reduce the financial burden on Baltimore's essential healthcare workers by filling the gap between affordable housing and market rate housing. Monument House aims to redevelop a 1.24 acre urban lot into 88,600 square feet of residential, non-profit commercial, and medically-focused retail space.

Project Goals

1. Providing high-quality affordable housing for healthcare workers with an 80-100% AMI bracket employed by major Baltimore medical institutions and their affiliates in order to create a supportive social and occupational network and reduce rent burden.

2. Build a partnership with the City of Baltimore and the 1199SEIU United Healthcare Workers East, the largest healthcare union in the United States, by providing an opportunity for investment and providing organization space for the Service Employees International Union.

3. Spark revitalization in the surrounding blighted area by attracting development and reinvestment northward, offering essential community amenities, and encouraging a "live near your work" lifestyle.

4. Provide the surrounding community with access to essential healthcare services and medically focused retail, thereby increasing health awareness and providing economic impact via job creation.

FINANCING	
Senior Loan	**$14,091,000**
Equity	**$3,740,000**
Grants	**$1,557,000**

DEAL RETURNS	
Unlevered IRR	4.19%
Levered IRR	10.73%
Peak Equity	$3,740,000
Profit	$4,188,768
Equity MOC	2.12

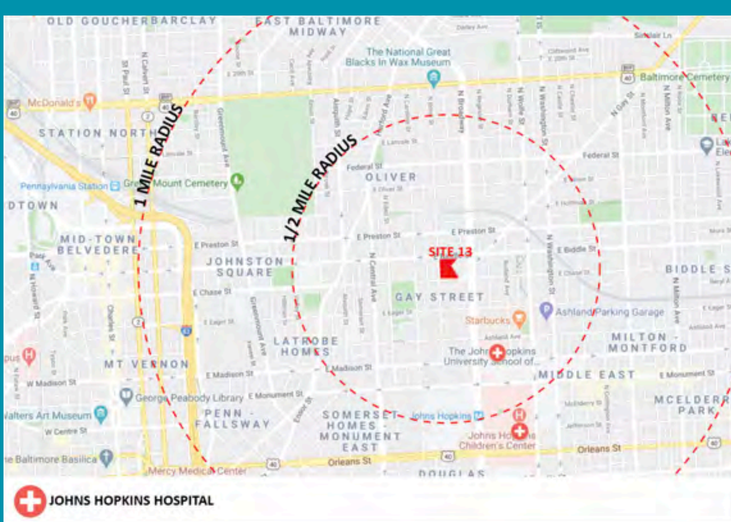
II. Site Context

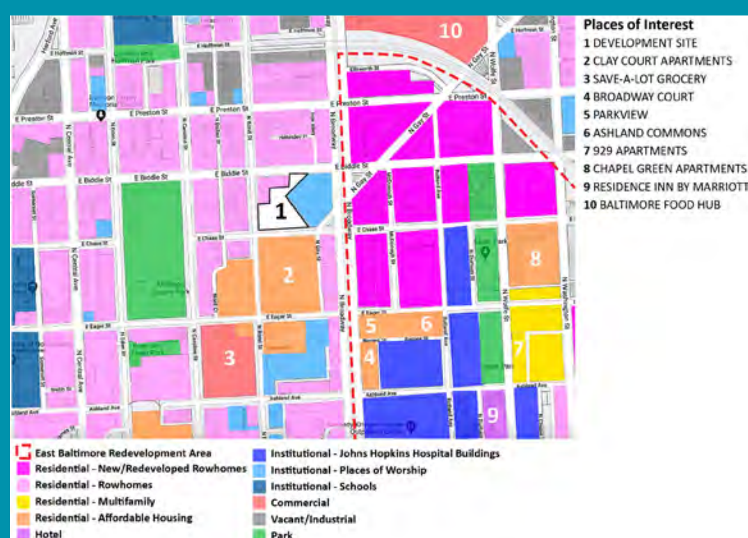
A. Neighborhood Level

1. The site is located less than ½ mile (10 minutes walking) to Johns Hopkins Hospital (+/- 10,000 employees) and multiple Points of Interest. To the east of the site is the East Baltimore Development Initiative (EBDI), a 20-year $1.6 billion mixed-use revitalization effort headed and supported by Johns Hopkins University in partnership with public and private agencies, including 1.6 million square feet of commercial medical office and lab space, 1,700 housing units, and more. In the past 5 years, many sites have been completed are highlighted in the map below. Chapel Green (8), Parkview at Ashland Terrace (5), and Ashland Terrace (6) offer affordable housing. The 929 Apartments (7) offer luxury graduate student housing. The Residence Inn by Marriott (9) offers 192 keys and a Starbucks. The close proximity of the proposed development site to this successful redevelopment area demonstrates a likely demand for housing and a higher potential to attract tenants to an area that is showing clear signs of continued investment and improvement.

2. Additional places of interest near the site include affordable housing units at the Clay Court Apartments, a Save-A-Lot grocery store, and The Baltimore Food Hub. The Clay Court Apartments (2) serve families at or below 60% AMI, offering 144 units. Save A Lot (3) is a discount grocery store and is the only chain grocery store within over a mile. The Baltimore Food Hub (10) is a $26 Million adaptive reuse project of a former public works site into a campus for food businesses, production, and retail in order to bring jobs to the area and address food desert issues.

Places of Interest
(1/2 Mile Radius of Site)





III. Zoning and Entitlement

A. Zoning Analysis

1. All sites within the proposed development area are zoned Residential, R-8. Generally, R-8 allows for single-family semi-detached housing (21.7 units per acre), single family attached townhouses (58 units per acre) and multi-family housing (58 units per acre). Most of the neighborhoods surrounding downtown are zoned R-8.

2. Proposed Lot Merger: Site 13 is an irregularly-shaped interior lot with minimal street frontage and is surrounded by a church and church-owned land to the east side and 29 row-homes to the south, west, and north sides. The row-homes on the south side are in various states of vacancy and dilapidation. The acquisition of the row-homes to the south of the site would allow for a more usable site shape and provide street-frontage for retail and office concepts. The addition of these lots to Site 13 will increase the total lot acreage from .74 acres to 1.24 acres. The ability to provide apartment lobby access and retail along E Chase Street will provide visual connectivity to Johns Hopkins Hospital to the south.

Proposed Lot Merger

EXISTING LOT

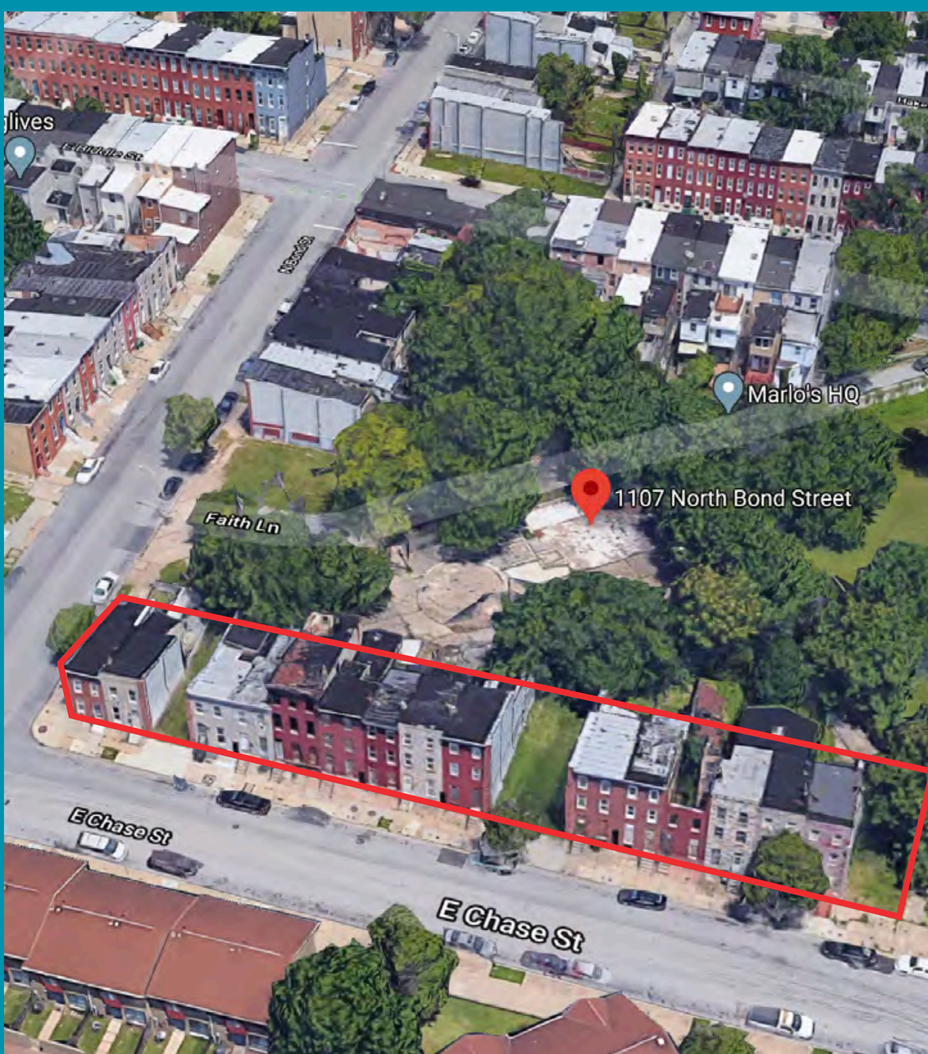
PROPOSED MERGER

III. Zoning and Entitlement

A. Zoning Analysis

3. The additional sites include 6 lots owned by the City of Baltimore, 8 by private residents, and 6 owned by private development companies. Of the 20 lots, 12 are either vacant lots with no construction or are clearly vacant/boarded up and listed on Baltimore's Vacants to Value registry. Of the remaining 8 lots, it is unclear whether they are truly occupied. Preliminary research will be undertaken to determine if these homes are occupied. Once confirmed, a plan for the city to buy-out current owners and assist in their search for a new residence will be carried out.

Proposed Merger Lots



Ownership & Occupancy

BLOCKLOT	OWNER	STATUS
1164B001	CITY OF BALTIMORE	VACANT LOT
1164B003	PRIVATE RESIDENT	
1164B004	PRIVATE RESIDENT	
1164B005	PRIVATE DEVELOPER	VACANT HOME
1164B006	PRIVATE DEVELOPER	PARTIAL DEMO
1164B007	PRIVATE DEVELOPER	VACANT HOME
1164B008	CITY OF BALTIMORE	VACANT HOME
1164B009	CITY OF BALTIMORE	VACANT LOT
1164B010	PRIVATE RESIDENT	VACANT HOME
1164B011	CITY OF BALTIMORE	VACANT HOME
1164B012	PRIVATE RESIDENT	
1164B013	PRIVATE DEVELOPER	VACANT HOME
1164B014	PRIVATE RESIDENT	
1164B015	PRIVATE DEVELOPER	VACANT HOME
1164B016	PRIVATE RESIDENT	
1164B017	PRIVATE RESIDENT	
1164B018	PRIVATE DEVELOPER	VACANT LOT
1164B019	PRIVATE RESIDENT	
1164B020	CITY OF BALTIMORE	
1164B021	CITY OF BALTIMORE	VACANT LOT

Total Additional Lots	20
Total City-Owned Lots	6
Total Vacant	12
Total Occupied	8

III. Zoning and Entitlement

B. Waivers and Variances

1. Current code requires 1 parking space per residential dwelling unit, 1 space per 800 square feet of office space, and 1 space per 1,000 square feet of retail space. The total required number of parking spaces is 90. An application for a parking waiver allowing for the provision to provide half the required spaces will be made. Reasoning supporting approval of the waiver include:
    - a) Ample free street parking in the surrounding area
    - b) Desire to provide enhanced landscaped and outdoor gathering spaces in the rear lot, formerly a public mews, to provide gathering space for tenants as well as provide event and recreational space for the public and adjacent church.
    - c) Reduce potential of crime, noise, loitering, and car emissions in order to maintain quality of life for residents of surrounding row-homes whose backyards are adjacent to the lot.

IV. Development Concept and Design

A. Concept

1. Monument House's namesake comes from President John Quincy Adams' 1827 visit to Baltimore, deeming it "The Monumental City" because of its skyline peppered with monuments and churches. This new "monument" will be the first of its kind in Baltimore City, offering affordable housing specifically to healthcare workers. The 4-story 88,595 square foot building will provide 72 residential units with 1 bed/1 bath and 2 bed/2bath options available to maximize flexibility and affordability via roommate rental-share and different AMI tier (80-100%) options for each unit type.

2. The ground floor features one commercial office space at 5,655 square feet, reserved for a non-profit (likely 1199SEIU Offices & Organizing Space), and two retail spaces between 5,400-5,800 square feet featuring a pharmacy and urgent care provider. This tenant mix is meant to support the residential tenants and the surrounding community, and positively impact the local economy by offering essential services via financially credible tenants.

3. The rear yard will offer parking spaces for up to 45 vehicles and landscaped outdoor amenity space for all tenants.

MONUMENT HOUSE: Healthcare Workers' Housing

Development Highlights

67,600 SF
RESIDENTIAL SPACE

16,930 SF
COMMERCIAL SPACE

69 UNITS

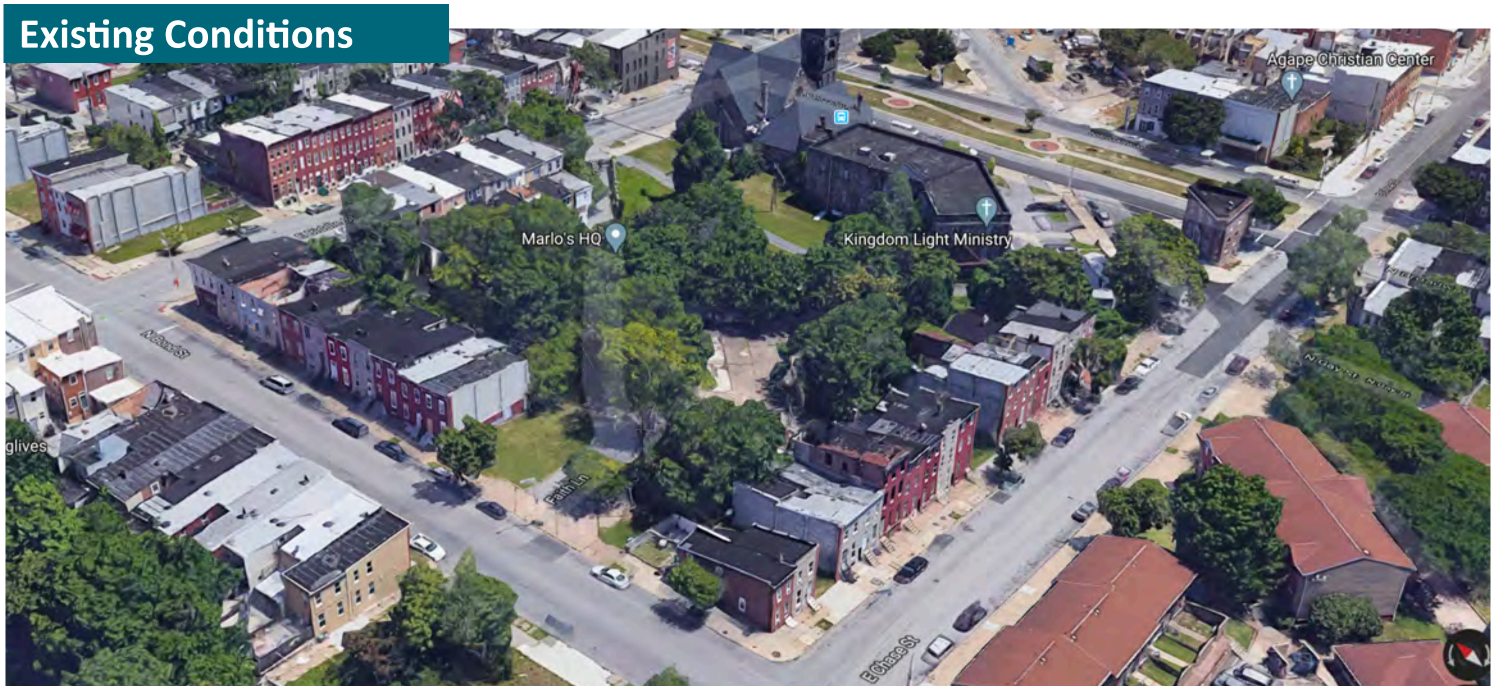
80-100% AMI
RENTAL RATES

4. **Why Workforce Housing?** Workforce housing targets individuals and families that earn too much to qualify for most affordable housing subsidies (vouchers are available to individuals making up to 40% AMI, LIHTC are available to properties housing individuals making up to 80% AMI). Subsidies are typically provided by employers to aid many workforce sector employees in purchasing a home, but very little subsidy exists for rental housing. Workforce housing is different from traditional affordable housing in that it targets 80%-120% of AMI, as well as specific occupational industry groups. Providing housing to middle-income earners in targeted occupation sectors benefits the city financially via property tax revenue and consumer spending ability, and prevents the loss of residents to cheaper suburban neighborhoods.

IV. Development Concept and Design

A. Concept

Existing Conditions



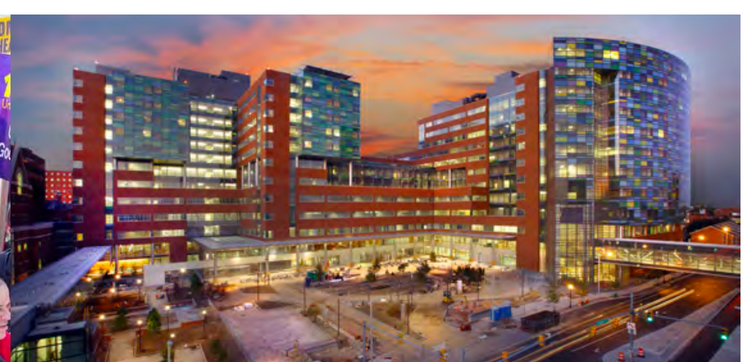
Proposed Design

IV. Development Concept and Design

B. Partnerships

1. **1199SEIU United Healthcare Workers East**: 1199SEIU is the largest healthcare union in the United States and the largest local union within the Service Employees International Union. The union represents 450,000 members including registered nurses, medical technicians, medical aides, and other health-sector workers servicing hospitals, nursing homes, homecare programs, clinics, and pharmacies within NY, MA, NJ. FL, MD, and Washington D.C. The mission of the organization is to stand up for quality healthcare, good jobs, and social justice for all. Its members are also engaged heavily in politics and regularly advocate with government and elected officials for their patients, families, and communities. In addition, 1199SEIU operates a labor-management funds system which provides benefits, pension, training, and child care funds to its members. Home ownership loans are also available through their Funds program. 1199SEIU would pair well as a joint venture partner for this development because their mission is congruent with the goals of the development, and this venture could provide affordable housing specifically to 1199SEIU members, further expanding their impact and benefits to members via a real estate arm and union-owned housing. The underwriting assumes 1199SEIU will provide a $1.5 Million equity grant in order to aid in the financing of Monument House.

2. **Attracting Local Partners**: Johns Hopkins Hospital is home to 10,000 employees and offers assistance in housing its employees via various programs and partnerships. The "Live Near Your Work" program offers grants of up to $17,000 towards home buyer's down payments and closing costs in designated city neighborhoods. Within the rental market, Johns Hopkins has partnered with property management companies and apartment complexes in the area to offer rental discounts. The hospital's main campus is less than a half mile from the development site with a campus that continues to grow north towards the Gay Street neighborhood.



IV. Development Concept and Design

D. Building Exterior

1. Exterior Materials: Red face brick and colorful metal panel are proposed for the exterior finishes to both complement the surrounding brick row-houses and add a playful character. Large windows and storefront glass at the ground level break up the mass and provide visibility for the retail tenants.

The rear yard will include outdoor recreation space on the ground level and a raised outdoor terrace for residents only accessed via the second floor elevator lobby.

IV. Development Concept and Design

C. Site Plan

1. Description: The primary facades along Chase and N. Bond streets provide ample frontage from pedestrian and traffic standpoints. The building is accessed via a ground floor lobby offering a mail room and bike storage area.

2. Organizing Space/ Non-Profit: The adjacent organizing space at the easternmost corner provides room for nonprofit office and outdoor community organization space. The adjacency of the programmed outdoor space offers interaction with the adjacent church and potential to collaborate on community outreach and activities.

3. Retail: The ground floor retail spaces located at the corner of Chase and Bond Streets and at the westernmost area along Bond Street are intended to offer essential services to the community in the form of a pharmacy and an urgent care facility. These tenants will offer stable cash flow by providing services that are not available within this area, and creating jobs.

4. Parking: The rear surface parking lot will be gated for assurance of security and accessed via the building lobby.

Site Plan

Total SF: 22,148

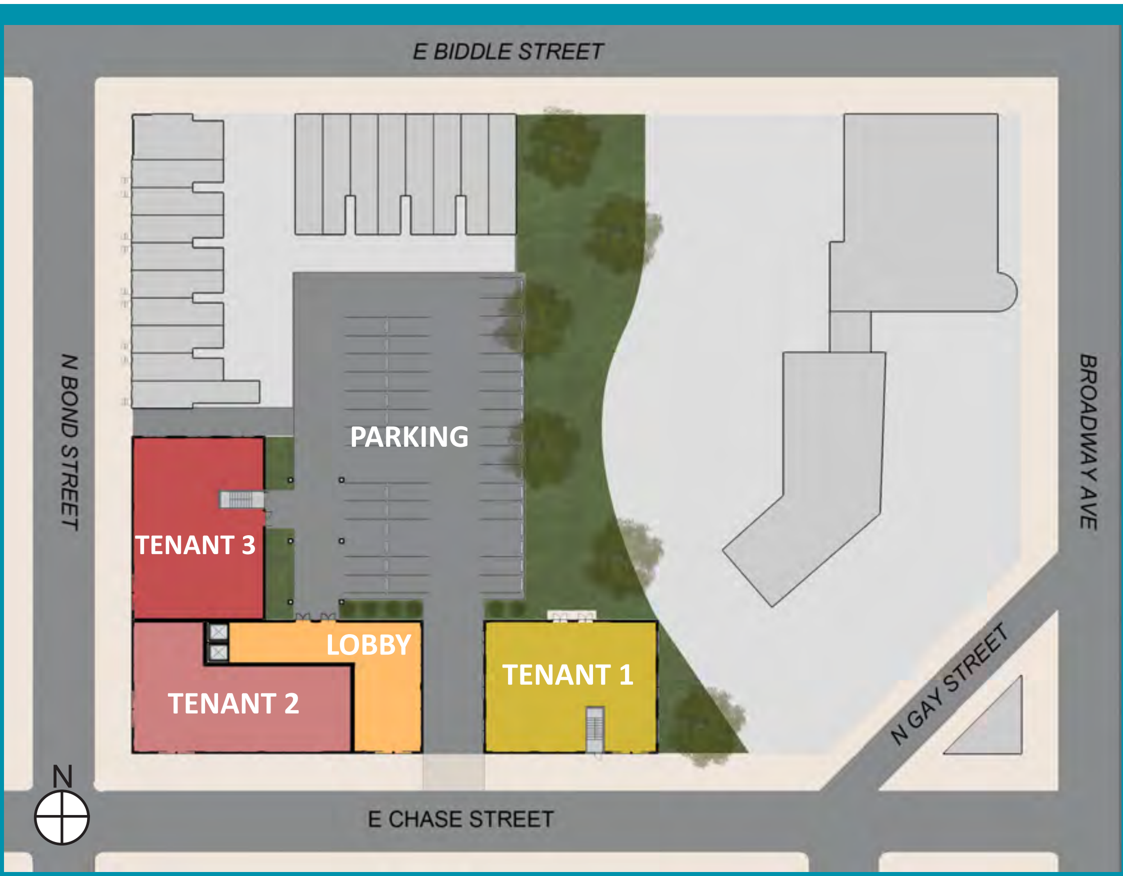
Tenant 1: Non-Profit
5,655 SF

Tenant 2: Pharmacy
5,428 SF

Tenant 3: Urgent Care
5,850 SF

Lobby:
3,266 SF

Parking:
45 Spaces

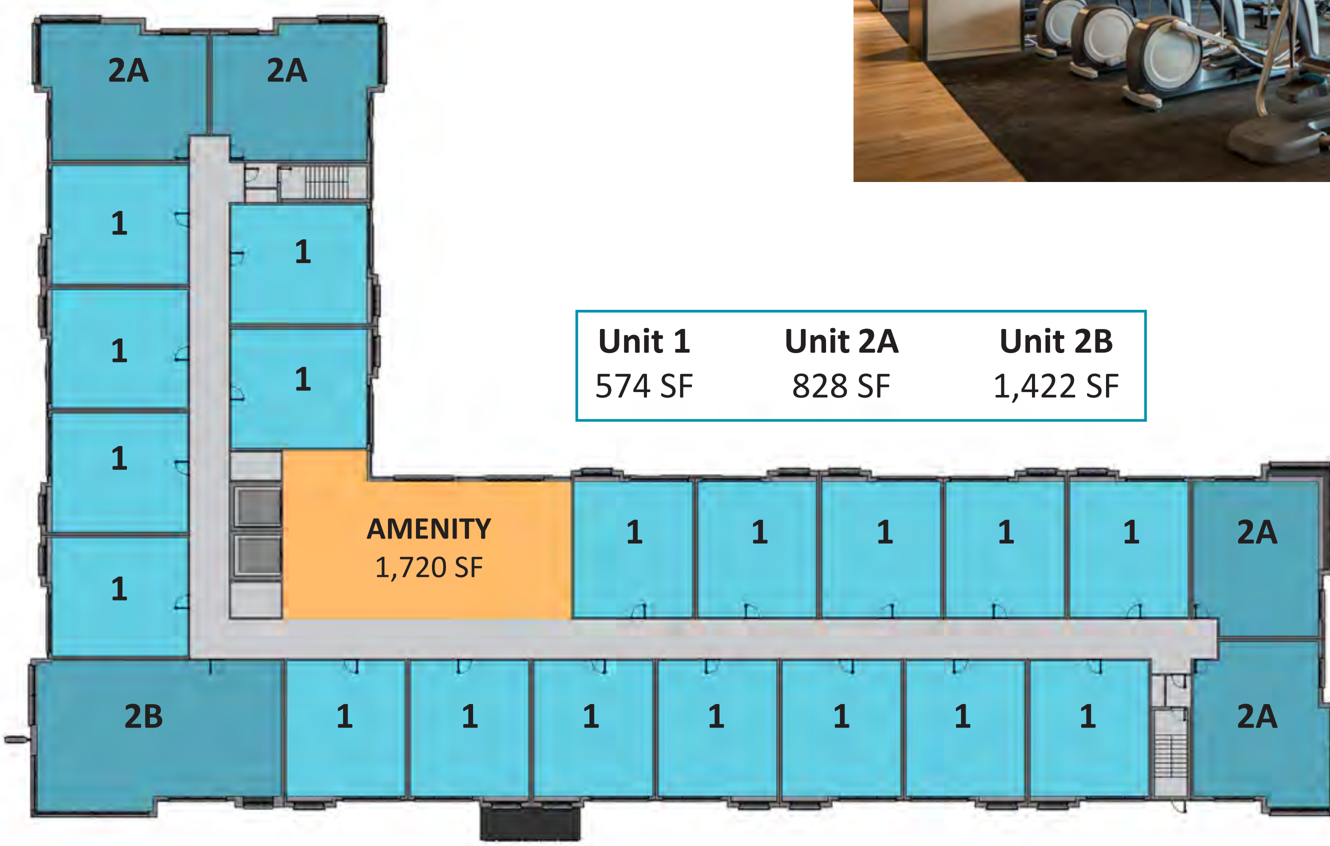


IV. Development Concept and Design

E. Plans & Inspiration: Residential Floors

69	Units	**18**	1 Bed / 1 Bath
3	Amenity Rooms	**5**	2 Bed / 2 Bath

Floor Plan: Residential Floors 2 - 4



Unit 1	Unit 2A	Unit 2B
574 SF	828 SF	1,422 SF

IV. Development Concept and Design

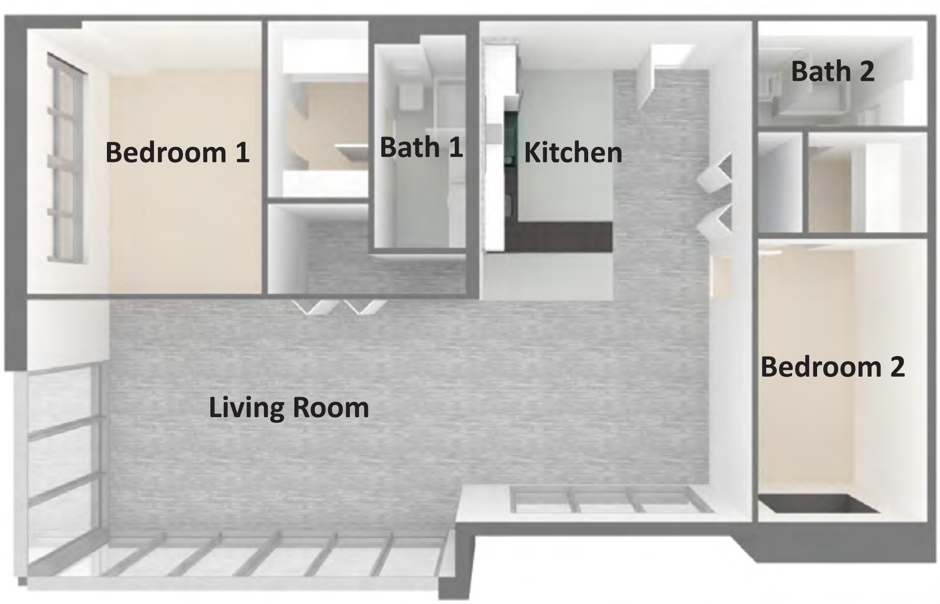
E. Plans & Inspiration: Residential Units

1. Unit Amenities include large windows, 12-foot ceilings, in-unit laundry, low-flow fixtures, and durable, high-quality finishes.

Unit Type 1 - 1 Bed / 1 Bath
574 SF

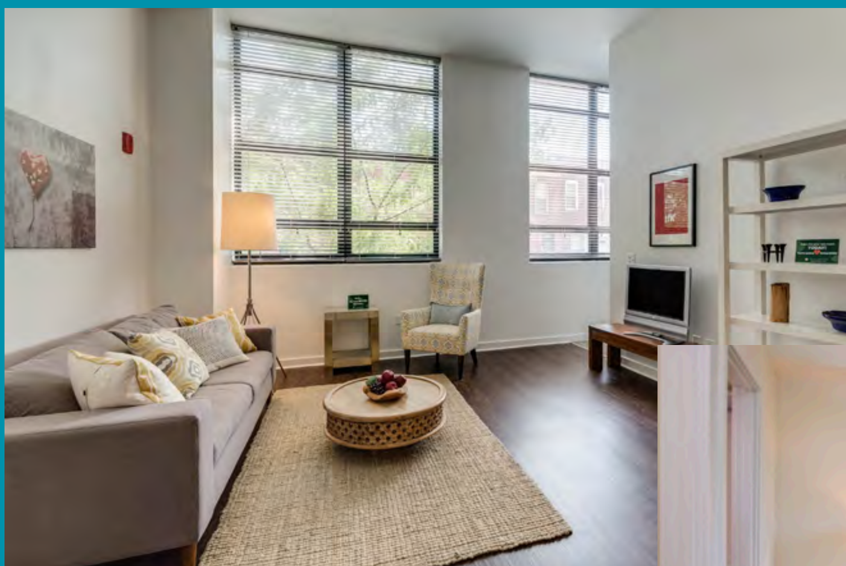
Unit Type 2A - 2 Bed / 2 Bath
828 SF

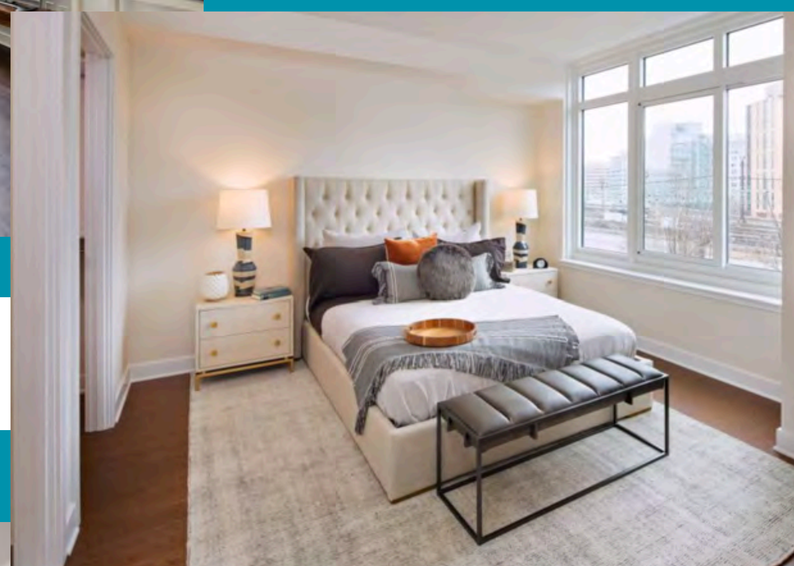
Unit Type 2B - 2 Bed / 2 Bath
1,422 SF



IV. Development Concept and Design

E. Plans & Inspiration: Residential Units





IV. Development Concept and Design

E. Plans & Inspiration: Exterior & Outdoor Space

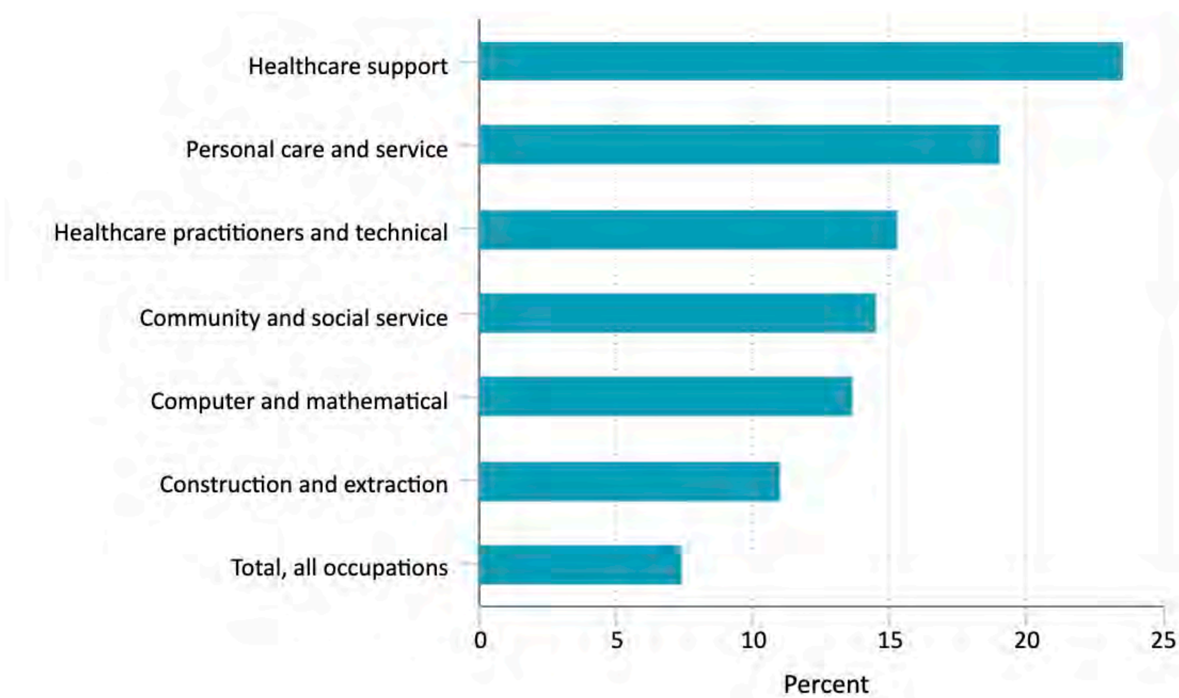
V. Market Analysis

A. Healthcare As An Economic Driver

1. Baltimore Employment Trends: Employment growth stands at an average of 14,400 new jobs per year, with 11,000 jobs added in 2019. The vast majority of added jobs were within the Professional and Business Services (6,000) and Education and Health Services sectors (4,300). Out of the top 5 largest private employers in Baltimore, 4 out of 5 are universities with affiliated healthcare systems or private healthcare systems. These employers include Johns Hopkins, University of Maryland, and MedStar Health. Johns Hopkins Health System, which has its main hospital campus within a half-mile of the site, is home to 22,290 employees, 10,914 of those employees working at the Johns Hopkins Hospital main campus. The second graph details specific health-sector occupations expected to see rapid employment growth.

2. National Employment Trends: Historically, health-sector jobs have been some of the fastest growing. Data via the Bureau of Labor Statistics notes that job growth within the health-sector played a large role in the national economic recovery from the financial crisis of 2008. Between 2006 and 2016, jobs within the health sector grew by 2.8 million, a growth rate 7 times faster than the rest of the economy. The BLS predicts healthcare sector jobs will continue to grow by 18-20% in the next decade (compared to the 6% growth rate of other sectors).

Projected Percent Change, by select occupational groups, 2016-26



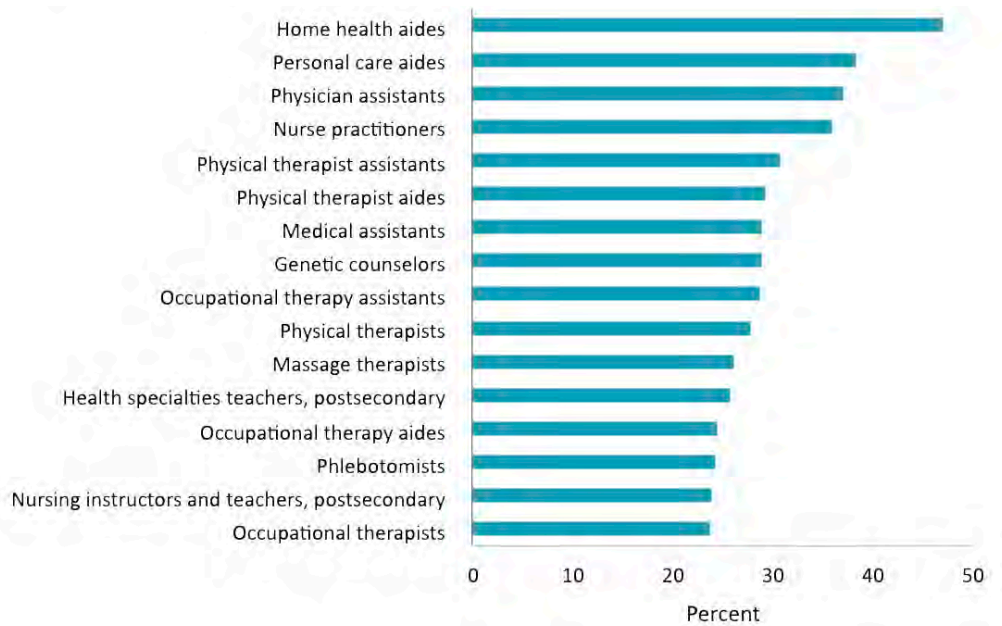
3. As seen in the BLS graphs, growth of 23.6% is expected in the healthcare support group, with increases in healthcare and related employment and technical healthcare occupations as runners-up at 19.6% and 15.3%.

V. Market Analysis

A. Healthcare As An Economic Driver

4. Within a sampling of the top-30 health-sector occupations nationally, 4.4 million jobs fall within an 80-100% Baltimore City income limit, with 9.9 million at 30-79%, demonstrating high potential demand for affordable housing among employees of the health-sector.

Healthcare and related occupations, projected employment change



US Bureau of Wage Statistics: May 2019 National Occupational Employment and Wage Statistics

Occupation	Annual Salary	AMI Bracket Based on Baltimore Income Limits	# of U.S. Jobs
Home Health Aide	$24,060	30%	3,253,000
Certified Nursing Assistant	$28,530	40%	1,564,200
Nursing Assistant & Orderlies	$28,530	40%	1,564,200
Pharmacy Technician	$32,700	40%	420,400
Medical Assistant	$33,610	50%	686,600
Emergency Medical Technician	$34,320	50%	262,100
Phlebotomist	$34,480	50%	125,280
Medical Transcriptionist	$34,770	50%	58,000
Dental Assistant	$38,660	50%	346,000
Health Information Technician	$40,350	50%	215,500
Licensed Practical Nurse	$44,240	50%	728,900
Surgical Technologist	$47,300	60%	112,100
Clinical Laboratory Technician	$52,330	65%	331,700
Occupational Therapy Aide	$57,620	80%	51,700
Respiratory Therapist	$60,280	80%	134,000
Radiologic Technologist	$61,240	85%	250,000
Diagnostic Medical Sonographer	$67,080	90%	130,700
Registered Nurse	$71,730	95%	3,059,800
Therapist	$71,760	100%	591,350
Dental Hygenist	$74,820	100%	219,800

*AMI Income Limits Based on 2019 2-Person Household

V. Market Analysis

B. Residential Rental Supply/Demand and Market Comps

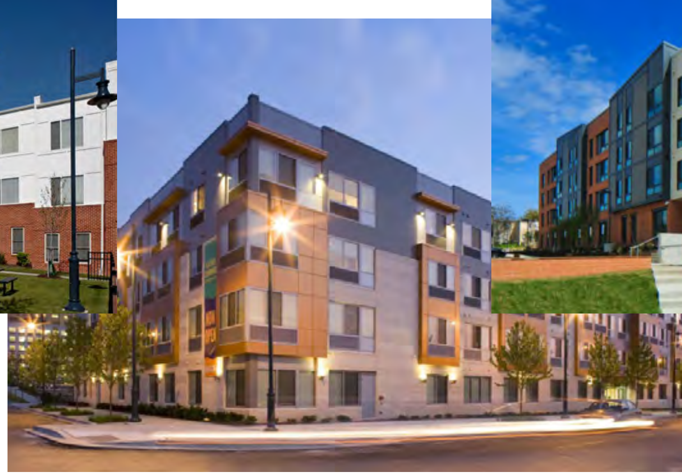
1. Baltimore Multifamily Market: According to CBRE's 2019 Baltimore Multifamily Report, suburban Baltimore has a stronger trajectory in terms of growth compared to Baltimore City due to below average job creation. However, Downtown Baltimore is beginning to show absorption growth and movement back into the city, which is beginning to push rent growth and demand. The average monthly rent for an apartment in Baltimore City is $1,821, with a 0.7% year over year rent increase. In 2019, 2,810 units came on-line, and 5,793 units were under construction, servicing a metro area population of 2.8 million.

2. Market Comps - Affordable Rental Housing: The Chapel Green Apartments is a 63-unit apartment complex located 2-blocks from Johns Hopkins Medical Campus, and is part of the EBDI master plan. Ashland Commons is located 1-block from the medical campus and 1 block from the development site. The building offers low-income housing for families and seniors. The Lillian Jones Apartments is the most recent development (built 2013), a $16 million, 74-unit project located in Johnston Square, just south of Greenmount West. The project is 100% affordable housing and received 90% of its funding from Low Income Tax Credits.

Averaging these comps, an affordable one-bedroom unit is 720 square feet at $641 per month ($0.89 per square foot). A two-bedroom unit is 940 square feet at $892 per month ($0.95 per square foot).

Affordable Housing

					Avg Square Footage		Unit Rents	
Property Name	**Type**	**Year Built**	**Neighborhood**	**# Units**	**1 Bed**	**2 Bed**	**1 Bed**	**2 Bed**
Chapel Green Apartments	Mixed-Income (LIHTC)	2007	Eager Park	63	850	1,050	$772	$1,034
Ashland Commons	Mixed-Income (LIHTC)	2007	Gay Street	78	618	871	$500	-
Lillian Jones Apartments	Mixed-Income (LIHTC)	2013	Johnston Square	74	693	908	$650	$750


V. Market Analysis

B. Residential Rental Supply/Demand and Market Comps

3. Market Comps - Market Rate Rental Housing: Baltimore's multifamily rental market is quickly growing with multiple developments under construction, mainly concentrated in the downtown and suburban areas. The existing housing stock includes a diverse mix of luxury options with high-end amenities as well as housing for special groups. Miller's Court, located in the gentrifying neighborhood of Remington, provides rent discounts to Baltimore City Teachers as well as specialty programming space for like-minded non-profits. The project also provides supportive space relevant to teachers, such as workrooms with printers. The 929 is a luxury apartment geared towards graduate students. It is located nearly on the Johns Hopkins Medical Campus and upon opening, was leased 85% mainly to JHU graduate students. Jefferson Square at Washington Hill is a luxury mixed-use development offering large amenity spaces including a pool, and ground floor retail offerings of a CVS Pharmacy, BB&T Bank, and restaurant. Nelson Kohl is a recently completed mixed-use project offering 103 units and a ground floor cafe. The project stands out for its proximity to Penn Station and adjacency to the historic and emerging Station North Arts District. The project features a modern curated aesthetic and resident amenities such as an art gallery and gym/yoga studio.

Averaging these comps, a market rate one-bedroom unit is 683 square feet at $1,599 per month ($2.34 per square foot). A two-bedroom unit is 969 square feet at $2,183 per month ($2.25 per square foot).

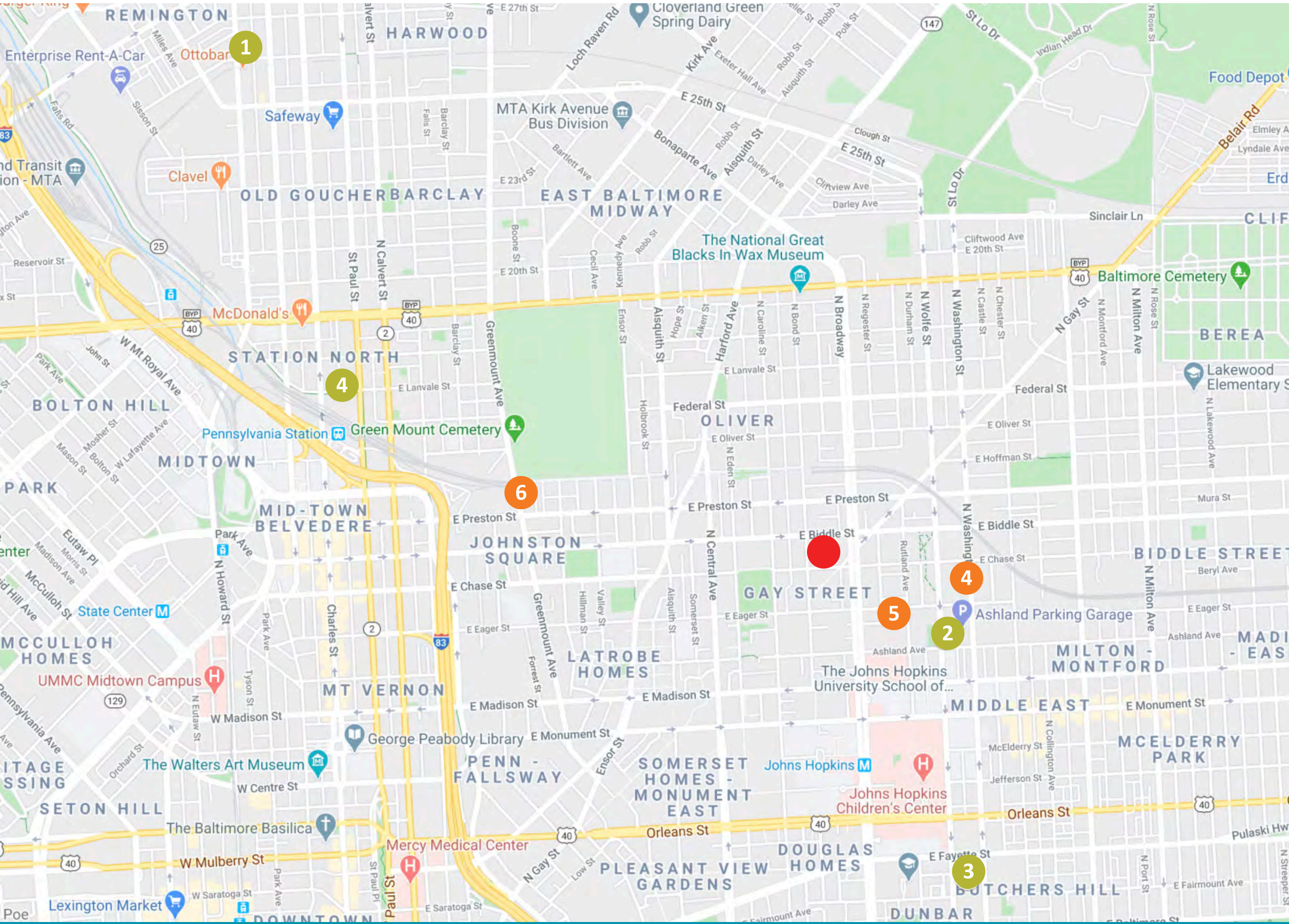
Market Rate Housing

					Avg Square Footage		Unit Rents	
Property Name	Type	Year Built	Neighborhood	# Units	1 Bed	2 Bed	1 Bed	2 Bed
Miller's Court	Teacher's Housing	2008	Remington	40	600	950	-	$2,200
The 929	Luxury Grad Student Housing	2012	Eager Park (Hopkins)	321	445	800	$1,310	$1,930
Jefferson Square At Washington Hill	Multifamily	2014	Butcher's Hill	304	850	1,250	$1,849	$2,300
Nehlson Kohl	Multifamily	2018	Station North	103	600	874	$1,637	$2,300

V. Market Analysis

B. Residential Rental Supply/Demand and Market Comps

MULTIFAMILY COMPS - RELATION TO SITE



Development Site

- Monument House

Market-Rate Comps

1. Miller's Court
2. The 929
3. Jefferson Sq. At Washington Hill
4. Nelson Kohl

Affordable Housing Comps

4. Chapel Green Apartments
5. Ashland Commons
6. Lillian Jones Apartments

V. Market Analysis

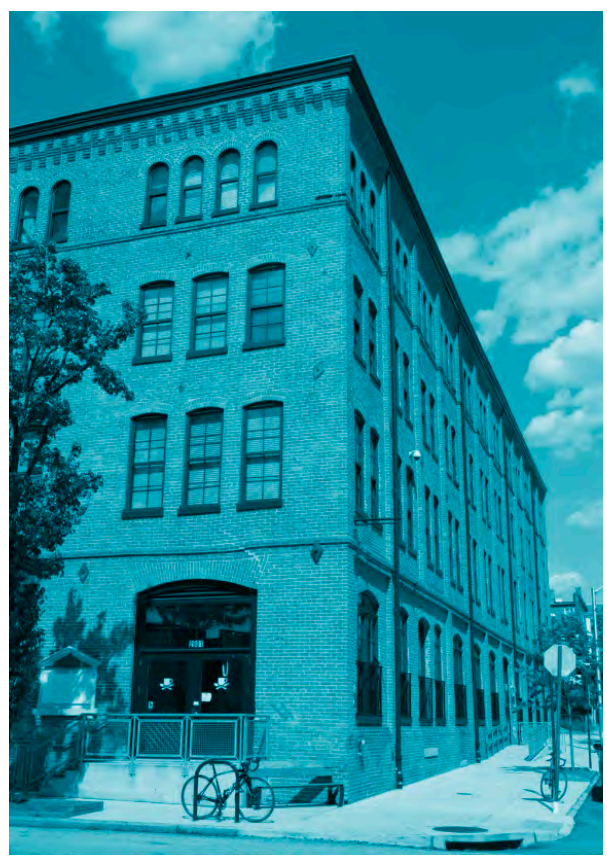
C. Case Study

Miller's Court

1. **Concept**: Miller's Court involved the adaptive reuse and redevelopment of a tin can factory in the formerly blighted neighborhood of Remington into a mixed-use development of rental housing offering discounts to public city schools teachers, and nonprofit office space. The 85,000 square foot development cost $21 million to develop, financed largely by New Market Tax Credits ($18.8 million) and historic tax credits.
2. **Target Tenant**: Similar to Monument House, a key component of this project was catered towards capturing the interest of a special group: Baltimore City Teachers. Young teachers working via Teach For America on contract were more likely to leave Baltimore after the contract was complete due to barriers within affording quality housing and the challenging situations they faced at work serving impoverished communities. This is why the developer took interest in providing a space for teachers to engage, build community, and ultimately increase retention. Similarly, education-based non-profits faced similar financial challenges and could provide additional resources for teachers living in the building.
3. **Outcome**: The project was successful in changing the trajectory of a neighborhood that had previously faced decades of disinvestment, vast vacancy, and crime. Since 2006 when the project opened, the neighborhood has blossomed with increasing demand by prospective homeowners and rents, increased retail and commercial space, and overall improved quality of life.
4. **Summary:** Many of our essential public workers such as teachers and nurses are financially burdened, yet do not qualify for low-income housing. An opportunity exists to fill this gap by partnering with like-minded investors and non-profits to spark community engagement and neighborhood investment.

MILLER'S COURT ANNUAL RESIDENT SAVINGS

Unit Type	Discount from Market Rent	Annual Savings per Apartment	Annual Savings per Person[vii]
1 Bedroom	29%	$4,200	$4,200
2 Bedroom	18%	$3,600	$1,800
3 Bedroom	16%	$3,600	$1,200



VI. Financial Summary

The total required investment for the development is **$19.38 Million**. $14 Million of this total will be financed by a construction loan, $1.5 Million will be provided in the form of an equity grant from 1199SEIU, and an additional $57 Thousand will be supplied by NIIF to help cover pre-development costs. The remaining $3.7 Million in equity will be supplied 10% by the General Partner and 90% by the Limited Partners. Potential Limited Partners are private equity firms and REITs active in the Baltimore area.

After two years of construction, Monument House will be half occupied in Year 3 and fully stabilized in **Year 4**. The exit strategy assumes the property will be held until **Year 10**. Assuming an exit cap rate of 5.5%, the property will be disposed of for **$18.5 Million**. This exit strategy will yield an unlevered IRR of 4.2% and profit of $6.3 Million. The levered returns are anticipated to achieve a **10.7% levered IRR, 2.12 MOC, and $4.18 Million Profit.**

Financing Partners: Grants

Neighborhood Impact Investment Fund (NIIF)
The Neighborhood Impact Investment Fund (NIIF) has been identified as a strategic partner for the development of Monument House. NIIF is a mission-driven investment fund dedicated to delivering capital and promoting inclusive, equitable growth in Baltimore's historically disinvested neighborhoods. One form of support the organization offers for such development projects is grants to help pay for pre-development costs. Grants are available for up to $100,000 per project. It is assumed that a grant of $57,000 will be provided for the development of Monument House in order to help pay for pre-development costs.

1199SEIU United Healthcare Workers East: 1199SEIU is the largest healthcare union in the United States and the largest local union within the Service Employees International Union. The union represents 450,000 members including registered nurses, medical technicians, medical aides, and other health-sector workers servicing hospitals, nursing homes, homecare programs, clinics, and pharmacies within NY, MA, NJ. FL, MD, and Washington D.C. 1199SEIU will be approached to fund $1.5 million in equity as a joint venture partner. pair well as a joint venture partner and potential tenant.

VI. Financial Analysis and Capital Stack

A. Acquisition (Land Cost)

1. The City of Baltimore has already provided the land at Site 13 at no charge for the development of the project. The additional 20 row-homes south, west, and north sides of the site that are either vacant or dilapidated will be acquired and demolished at the expense of the city. The cleared land area will be added to the .74 acres comprising Site 13, increasing the total area of the site to 1.24 acres.

B. Total Cost of Development

1. Sources & Uses: Summarized as follows (Million $)

SOURCES & USES

SOURCES	$ Amt	USES	$ Amt
Senior Loan	14,091	Gross Construction Costs	18,225
1199SEIU Grant	1,500	Interest Reserve	1,163
Pre-Development Grant	57		
Equity	3,740		
Total Sources	**19,388**	**Total Uses**	**19,388**

2. Construction Hard Costs:

CONSTRUCTION COSTS

	Sqft	$/Sqft	$ Amount
Level 1			
Office	5,655	171	968,193
Retail	11,278	145	1,630,275
Lobby/Mail/Lounge	3,200	145	462,592
Parking	27,825	44	1,234,595
Level 2			
Resi Unit	21,532	150	3,235,829
Amenity	1,023	150	153,736
Level 3			
Resi Unit	21,532	150	3,235,829
Amenity	1,023	150	153,736
Level 4			
Resi Unit	21,532	150	3,235,829
Amenity	1,023	150	153,736
Total		1,406	14,464,351

VI. Financial Analysis and Capital Stack

B. Total Cost of Development

3. Construction Cost Summary: Includes total Soft Costs incurred.

DEVELOPMENT COSTS SUMMARY		
	%	$ Amount
Hard Costs		
Construction Costs		14,464,351
Construction Mgmt Fee	5%	723,218
		15,187,569
Soft Costs		
A&E Services	9.0%	1,366,881
Legal	2.0%	303,751
DOB Fees/ Permits & Expediting	1.5%	227,814
Taxes	1.0%	151,876
General Requirements, Safety, Utility	2.0%	303,751
GC Insurance, Fees	1.0%	151,876
Contingency	1.5%	227,814
Environmental Reserve	2.0%	303,751
		3,037,514
Total		**18,225,083**

4. Operating Interest Reserve: $1,163,309 required, bringing the total project budget to $19,388,392.

PROJECT BUDGET SUMMARY	
	$ Amount
Total Hard Costs	15,187,569
Total Soft Costs	3,037,514
Total Operating Interest Reserve	1,163,309
Total	**19,388,392**

VI. Financial Analysis and Capital Stack

C. Development Proforma

1. Determination of Rental Rates: Rental Rates are based on 80-100% of Area Median Income, with 50% of units at a rate of 90% AMI or below, concentrating on maximize affordability while achieving solid returns. Compared to average market rate rents, these rates are highly attractive.

Allocation:

- 80% AMI: $52,850 Income Limit – 20% of Units
- 90% AMI: $59,500 Income Limit – 30% of Units
- 100% AMI: $66,100 Income Limit – 50% of Units

The monthly rental levels and planned unit mix are further detailed in the table below:

APARTMENT UNIT MIX & MARKET + AFFORDABLE RATE RENTS

RENTS AT MARKET RATE			Units		Total Rent	
Floor Plan	Beds	SF	Total	Occupied	$ / Mo.	$ PSF
1 Bed/1 Bath	1	713	54	54	1,550	2.18
2 Bed/ 2 Bath	2	905	15	15	1,900	2.10
Subtotal		**754**	**69**	**69**	**1,626**	**2.16**
Annual Total						

		Max Rent Limit (2019)	
RENTS AT AFFORDABLE RATE	% of total Units	1Bed	2 Bed
80% AMI: $52,850 Income Limit	20%	1,321	1,510
90% AMI: $59,500 Income Limit	30%	1,486	1,699
100% AMI: $66,100 Income Limit	50%	1,652	1,888
	100%		

APARTMENT UNIT MIX & RENTAL RATES

	Beds	SF	# Units	% Units	$ / Mo.	$ PSF
80% AMI: $52,850 Income Limit						
1 Bed/1 Bath	1	713	11	16%	980	1.38
2 Bed/ 2 Bath	2	905	3	4%	1,280	1.41
90% AMI: $59,500 Income Limit						
1 Bed/1 Bath	1	713	16	23%	1,250	1.75
2 Bed/ 2 Bath	2	905	5	7%	1,480	1.64
100% AMI: $66,100 Income Limit						
1 Bed/1 Bath	1	713	27	39%	1,480	2.08
2 Bed/ 2 Bath	2	905	7	10%	1,700	1.88
Subtotal		**754**	**69**	**100%**		**-**

VI. Financial Analysis and Capital Stack

D. Assumptions

1. Stabilization: The anticipated occupancy stabilization plan assumes the following levels of vacancy:

- Year 3 – 50% vacancy
- Year 4 – 10% vacancy
- Year 5 – 7% vacancy
- Year 6+ - 5% vacancy

Rental rates are assumed to grow at a rate of 3% per year.
Additional negative revenue items are based on the assumptions below:

- Concessions/Discounts - .5% of rental income
- Non-Revenue units - .5% of rental income
- Bad Debt - .1% of rental income

2. Operating Expenses: The operating expenses are assumed to grow by 3% annually. The annual management fee is 5% of Effective Gross Income.

Operating Expenses	*$ / Unit*	*Total*
Payroll	(950)	(65,550)
Administrative	(200)	(13,800)
Utilities	(400)	(27,600)
Turnover, Landscape, Contracts	(500)	(34,500)
Repairs and Maintenance	(200)	(13,800)
Marketing & Advertising	(175)	(12,075)
Management Fee		
Total Variable Expenses	**(2,425)**	**(167,325)**

VI. Financial Analysis and Capital Stack

E. Revenue and Operating Expense Summary

	Unadjusted	Adjusted	Construction	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
ASSUMPTIONS												
Revenues												
Gross Potential Rent				-	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Vacancy				50.00%	10.00%	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Concessions/Discounts				0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Non Revenue Units				0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Bad Debt				0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Utility / Other Income Growth				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expenses												
Expenses Growth (w/out admin, mkting)				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expenses Growth (admin, marketing)				2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Management Fees (% EGR)	3.00%	3.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PRO FORMA CASH FLOW												
Revenues												
80% AMI: $52,850 Income Limit												
1 Bed/1 Bath				129,360	133,241	137,238	141,355	145,596	149,964	154,463	159,096	163,869
2 Bed/ 2 Bath				46,080	47,462	48,886	50,353	51,863	53,419	55,022	56,673	58,373
				-	-	-	-	-	-	-	-	-
90% AMI: $59,500 Income Limit					-	-	-	-	-	-	-	-
1 Bed/1 Bath				240,000	247,200	254,616	262,254	270,122	278,226	286,573	295,170	304,025
2 Bed/ 2 Bath				88,800	91,464	94,208	97,034	99,945	102,944	106,032	109,213	112,489
				-	-	-	-	-	-	-	-	-
100% AMI: $66,100 Income Limit					-	-	-	-	-	-	-	-
1 Bed/1 Bath				479,520	493,906	508,723	523,984	539,704	555,895	572,572	589,749	607,442
2 Bed/ 2 Bath				142,800	147,084	151,497	156,041	160,723	165,544	170,511	175,626	180,895
				-	-	-	-	-	-	-	-	-
Gross Potential Rental Income				1,126,560	1,160,357	1,195,168	1,231,023	1,267,953	1,305,992	1,345,172	1,385,527	1,427,093
Monthly $/Unit				*$1,361*	*1,401*	*1,443*	*1,487*	*1,531*	*1,577*	*1,625*	*1,673*	*1,724*
Vacancy				(563,280)	(116,036)	(83,662)	(61,551)	(63,398)	(65,300)	(67,259)	(69,276)	(71,355)
Concessions/Discounts				(5,633)	(5,222)	(5,558)	(5,847)	(6,023)	(6,203)	(6,390)	(6,581)	(6,779)
Non Revenue Units				(5,633)	(5,222)	(5,558)	(5,847)	(6,023)	(6,203)	(6,390)	(6,581)	(6,779)
Bad Debt				(563)	(1,044)	(1,112)	(1,169)	(1,205)	(1,241)	(1,278)	(1,316)	(1,356)
Effective Rental Income				**551,451**	**1,032,834**	**1,099,279**	**1,156,607**	**1,191,305**	**1,227,045**	**1,263,856**	**1,301,772**	**1,340,825**
Effective Gross Revenue				**551,451**	**1,032,834**	**1,099,279**	**1,156,607**	**1,191,305**	**1,227,045**	**1,263,856**	**1,301,772**	**1,340,825**
EGR Growth %					*1*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Operating Expenses	***$ / Unit***	***Total***										
Payroll	(950)	(65,550)		(32,775)	(67,517)	(69,542)	(71,628)	(73,777)	(75,990)	(78,270)	(80,618)	(83,037)
Administrative	(200)	(13,800)		(6,900)	(14,214)	(14,498)	(14,788)	(15,084)	(15,386)	(15,693)	(16,007)	(16,327)
Utilities	(400)	(27,600)		(13,800)	(28,428)	(29,281)	(30,159)	(31,064)	(31,996)	(32,956)	(33,945)	(34,963)
Turnover, Landscape, Contracts	(500)	(34,500)		(17,250)	(35,535)	(36,601)	(37,699)	(38,830)	(39,995)	(41,195)	(42,431)	(43,704)
Repairs and Maintenance	(200)	(13,800)		(6,900)	(14,214)	(14,640)	(15,080)	(15,532)	(15,998)	(16,478)	(16,972)	(17,481)
Marketing & Advertising	(175)	(12,075)		(6,038)	(12,437)	(12,686)	(12,940)	(13,199)	(13,462)	(13,732)	(14,006)	(14,286)
Management Fee				(27,573)	(51,642)	(54,964)	(57,830)	(59,565)	(61,352)	(63,193)	(65,089)	(67,041)
Total Variable Expenses	**(2,425)**	**(167,325)**		**(111,235)**	**(223,986)**	**(232,213)**	**(240,125)**	**(247,051)**	**(254,180)**	**(261,517)**	**(269,068)**	**(276,840)**

VI. Financial Analysis and Capital Stack

F. Retail & Office Revenues Summary

1. The tables below outline the assumed rental rates for the office and retail tenants, as well as the associated tenant improvement, leasing commissions, and free rent concessions.

- Rental rates are assumed to increase by 3% annually for all tenants.
- The occupancy level in year 3 is assumed to be 50%, all subsequent years assume a 5% vacancy rate.
- Bad debt is assumed to be .5% of Effective Gross Income.
- The annual management fee is 5% of Effective Gross Income.

RETAIL & OFFICE ASSUMPTIONS

Office			Retail Tenant 1	Retail Tenant 2
Area	5,655	Area	5,428	5,850
Annual Rent (PSF)	19	Annual Rent (PSF)	25	25
TI (PSF)	10	TI (PSF)	15	15
Lease Term (Yrs)	5	Lease Term (Yrs)	5	5
Leasing Commission	3%	Leasing Commission	3%	3%
Free Rent (Months)	3	Free Rent (Months)	3	3
	105	**Subtotal Rent**	**136**	**146**

PRO FORMA CASH FLOW

	Construction	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Revenues - Retail										
Gross Potential Rental Income (Retail)		281,938	290,396	299,107	308,081	317,323	326,843	336,648	346,748	357,150
Vacancy		(140,969)	(14,520)	(14,955)	(15,404)	(15,866)	(16,342)	(16,832)	(17,337)	(17,857)
Free Rent		(33,922)								
Bad Debt		(1,410)	(1,452)	(1,496)	(1,540)	(1,587)	(1,634)	(1,683)	(1,734)	(1,786)
Effective Rental Revenue - Retail		**105,637**	**274,424**	**282,657**	**291,136**	**299,870**	**308,866**	**318,132**	**327,676**	**337,507**
Revenues - Office										
Gross Potential Rental Income (Retail)		104,618	107,756	110,989	114,318	117,748	121,280	124,919	128,666	132,526
Vacancy		(52,309)	(5,388)	(5,549)	(5,716)	(5,887)	(6,064)	(6,246)	(6,433)	(6,626)
Free Rent		(26,154)	-	-	-	-	-	-	-	-
Bad Debt		(523)	(539)	(555)	(572)	(589)	(606)	(625)	(643)	(663)
Effective Rental Revenue - Office		**25,631**	**101,829**	**104,884**	**108,031**	**111,272**	**114,610**	**118,048**	**121,590**	**125,237**
Operating Expenses										
Management Fee		(1,282)	(5,091)	(5,244)	(5,402)	(5,564)	(5,730)	(5,902)	(6,079)	(6,262)
Total Variable Expenses		**(1,282)**	**(5,091)**	**(5,244)**	**(5,402)**	**(5,564)**	**(5,730)**	**(5,902)**	**(6,079)**	**(6,262)**

VI. Financial Analysis and Capital Stack

G. Property Level Expenses & Property Level NOI

1. Property taxes in the City of Baltimore are calculated as $2.248 per $100 of assessed value of the property. The total annual taxes for the property are $409,700.

- The apartment's portion of the development will pay $300,302 of this total, while the retail and office tenants will pay the remaining $109,398 directly as per their NNN lease agreements.
- Annual insurance for the property is assumed to be $110,000.
- 5% of Effective Gross Income is withheld annually for future capital expenditures.

		Hold Total	Construction	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
PRO FORMA CASH FLOW												
Effective Gross Income - Apartments				551,451	1,032,834	1,099,279	1,156,607	1,191,305	1,227,045	1,263,856	1,301,772	1,340,825
Effective Gross Income - Retail				105,637	274,424	282,657	291,136	299,870	308,866	318,132	327,676	337,507
Effective Gross Income - Office				25,631	101,829	104,884	108,031	111,272	114,610	118,048	121,590	125,237
Effective Gross Income Total				**682,720**	**1,409,087**	**1,486,820**	**1,555,774**	**1,602,448**	**1,650,521**	**1,700,037**	**1,751,038**	**1,803,569**
Variable Operating Expenses - Apartments				(111,235)	(223,986)	(232,213)	(240,125)	(247,051)	(254,180)	(261,517)	(269,068)	(276,840)
Variable Operating Expenses - Retail/Office				(1,282)	(5,091)	(5,244)	(5,402)	(5,564)	(5,730)	(5,902)	(6,079)	(6,262)
Total Variable Operating Expenses			**-**	**(112,517)**	**(229,078)**	**(237,457)**	**(245,526)**	**(252,615)**	**(259,910)**	**(267,419)**	**(275,147)**	**(283,102)**
Tenant Improvement				(137,963)								
Leasing Comissions	$/$100 Assessed Value			(58,455)								
Property Taxes	2.248	409,700		(150,151)	(300,302)	(300,302)	(300,302)	(300,302)	(300,302)	(300,302)	(300,302)	(300,302)
Insurance		110,000		(55,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
CapEx Reserves	5%			(34,136)	(70,454)	(74,341)	(77,789)	(80,122)	(82,526)	(85,002)	(87,552)	(90,178)
Total Operating Expenses			**-**	**(548,221)**	**(709,834)**	**(722,100)**	**(733,617)**	**(743,039)**	**(752,738)**	**(762,723)**	**(773,001)**	**(783,582)**
Net Operating Income (Property)			**-**	**134,499**	**699,253**	**764,720**	**822,157**	**859,408**	**897,783**	**937,314**	**978,036**	**1,019,987**
NOI Margin			-	*19.7%*	*49.6%*	*51.4%*	*52.8%*	*53.6%*	*54.4%*	*55.1%*	*55.9%*	*56.6%*
NOI Growth					*419.9%*	*9.4%*	*7.5%*	*4.5%*	*4.5%*	*4.4%*	*4.3%*	*4.3%*

H. Exit Strategy

1. The Property will be held for 10 years, selling at a 5.50% exit cap rate.

EXIT ASSUMPTIONS	
Hold Period	10 Years
Selling Cost %	1.25%
Forward NOI (Economic)	1,019,987
Exit Cap Rate	5.50%
Gross Sale Proceeds	18,545,212

VI. Financial Analysis and Capital Stack

I. Capital Stack & Financing

1. **Capital Stack**: The development budget for the project is $18,225,083 and the required interest reserves total $1,163,309, yielding a total budget for the project to $19,388,391.

The financing structure is outlined as follows:

Capital Stack (Million $)	
Senior Loan	$ 14,091
1199SEIU Grant	$ 1,500
Pre-Development Grant	$ 57
Equity	$ 3,740

2. **Financing - Construction Loan**: The $14,091,500 construction loan is based on a 70% LTC and the annual interest rate is 7%. The total loan amount includes the required operating interest reserve of $1,163,309.

- The draw schedule is based on the following allocations:

Budget Allocation	
	Months
Pre-Development	6
Development	24
Pre-Stabilization	6
	% of Budget
Pre-Development % Soft Costs	30%
Development % Hard Costs (Yr 1)	50%
Development % Hard Costs (Yr 2)	50%

VI. Financial Analysis and Capital Stack

I. Capital Stack & Financing

3. **Permanent Loan**: The construction loan is repaid upon stabilization in year 4 and replaced with a permanent loan. In year 4 when the construction loan is repaid, the permanent loan for $13,729,329 will be obtained.

- This interest only loan will include the following terms:

FINANCING ASSUMPTIONS	
Construction Loan Interest	7%
LTV	70%
Term	10 Years
Amount	13,729
Type	Fixed
Base Rate	0.33%
Spread	2.35%
Interest Rate	2.68%
I/O Period	10 Years

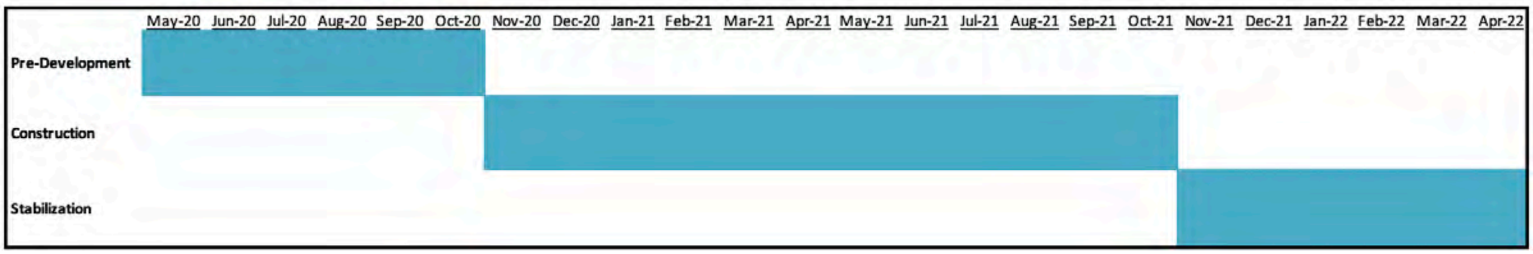
4. **Construction Schedule, Cash Flow, and Debt Service Payments**

	Hold Total	Construction		Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
CONSTRUCTION CASH FLOW												
Land Acquisition												
Hard Costs		-$3,796,892	-$7,593,784	-$3,796,892								
Soft Costs		-$1,442,819	-$1,063,130	-$531,565								
Total Construction Cash Flow		**(5,239,711)**	**(8,656,914)**	**(4,328,457)**	-	-	-	-	-	-	-	-
SALE CASH FLOW												
Sale Proceeds											$18,545,212	
Cost of Sale											-$231,815	
Total Sale Cash Flow		-	-	-	-	-	-	-	-	-	**18,313,397**	-
CF BEFORE DEBT SERVICE, TAXES & DEPRECIATION		**(5,239,711)**	**(8,656,914)**	**(4,193,958)**	**699,253**	**764,720**	**822,157**	**859,408**	**897,783**	**937,314**	**19,291,433**	**1,019,987**
DEBT IN / OUT												
CONSTRUCTION LOAN DEBT SERVICE												
Loan Proceeds		$0	$8,656,914	$4,328,457								
Accumulated Interest Reserve		*$0*	*$335,366*	*$408,592*								
Accumulated Operating Reserve		*$0*	*$0*	*-$419,351*								
CUMULATIVECONSTRUCTION LOAN BALANCE		$0	$8,992,280	$4,737,049								
REPAYMENT BY REFINANCING					**(13,729,329)**	-	-	-	-	-	-	-
PERMANENT LOAN DEBT SERVICE												
Loan Proceeds					$13,729,329							
Interest FOR IO LOAN					-$360,407	-$360,407	-$360,407	-$360,407	-$360,407	-$360,407	-$360,407	
Principal					$0	$0	$0	$0	$0	$0	$0	
Balloon Payment											-$13,729,329	
Total CF of Permanent Debt Service		-	-	-	**13,368,922**	**(360,407)**	**(360,407)**	**(360,407)**	**(360,407)**	**(360,407)**	**(14,089,736)**	-
CF to EQUITY BEFORE TAXES & DEPRECIATION		**(3,796,892)**	-	-	**338,845**	**404,313**	**461,750**	**499,001**	**537,376**	**576,907**	**5,201,697**	

VI. Financial Analysis and Capital Stack

I. Capital Stack & Financing

4. **Gantt Chart**



VI. Financial Analysis and Capital Stack

J. Investment Performance

5. **Investment Performance**: The table below outlines the projected unlevered and levered cash flows from the project and highlights key return metrics:

	Hold Total	Construction		Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RETURN PROJECTIONS											
Net Operating Income		0	-	134,499	699,253	764,720	822,157	859,408	897,783	937,314	978,036
Investment	(18,090,584)	(5,239,711)	(8,656,914)	(4,193,958)	-	-	-	-	-	-	-
Gross Sale Proceeds	18,545,212	0	-	-	-	-	-	-	-	-	18,545,212
Sales Cost	(231,815)	0	-	-	-	-	-	-	-	-	(231,815)
Unlevered Cash Flow	**6,315,983**	**(5,239,711)**	**(8,656,914)**	**(4,059,460)**	**699,253**	**764,720**	**822,157**	**859,408**	**897,783**	**937,314**	**19,291,433**
Cumulative		*(5,239,711)*	*(13,896,626)*	*(17,956,085)*	*(17,256,833)*	*(16,492,113)*	*(15,669,955)*	*(14,810,547)*	*(13,912,764)*	*(12,975,450)*	*6,315,983*
Unlevered IRR	**4.2%**										
Peak Equity	**17,956,085**										
Profit	**6,315,983**										
MOC	**1.35x**										
Unlevered Cash Flow	6,315,983	(5,239,711)	(8,656,914)	(4,059,460)	699,253	764,720	822,157	859,408	897,783	937,314	19,291,433
Debt Proceeds	26,714,701	$0	$8,656,914	$4,328,457	$13,729,329						
Debt Repayment	(27,819,066)	$0	$0	$0	-$13,729,329						-$14,089,736
Debt Amortization	-										
Debt Interest	(2,522,850)	$0	$0	$0	-$360,407	-$360,407	-$360,407	-$360,407	-$360,407	-$360,407	-$360,407
1199SEIU Grant		$1,500,000									
Levered Cash Flow	**4,188,768**	**(3,739,711)**	**(0)**	**268,997**	**338,845**	**404,313**	**461,750**	**499,001**	**537,376**	**576,907**	**4,841,290**
Cumulative		*(3,739,711)*	*(3,739,711)*	*(3,470,714)*	*(3,131,869)*	*(2,727,555)*	*(2,265,805)*	*(1,766,804)*	*(1,229,428)*	*(652,522)*	*4,188,768*
Cash-on-Cash (excluding value-add capex)		*-*	*(0.0%)*	*10.8%*	*27.8%*	*31.3%*	*34.3%*	*36.3%*	*38.4%*	*40.5%*	*155.6%*
NOI DSCR		*-*	*-*	*-*	*1.94x*	*2.12x*	*2.28x*	*2.38x*	*2.49x*	*2.60x*	*2.71x*
Levered IRR	**10.7%**										
Peak Equity	**3,739,711**										
Profit	**4,188,768**										
MOC	**2.12x**										

6. **Sensitivity Analysis:**

Sensitivity Table 1 on Equity IRR

		Exit Cap Rate				
	10.7%	5.00%	5.25%	5.50%	5.75%	6.00%
Selling Cost %	1.00%	13.52%	12.17%	10.80%	9.41%	7.96%
	1.25%	13.45%	12.10%	10.73%	9.32%	7.87%
	2.25%	13.18%	11.81%	10.41%	8.99%	7.51%
	3.25%	12.90%	11.51%	10.09%	8.64%	7.13%
	4.25%	12.61%	11.20%	9.76%	8.28%	6.74%

Sensitivity Table 2 on Equity IRR

		Permanent Interest Spread				
	10.7%	1.35%	1.85%	2.35%	3.35%	4.35%
Exit Cap Rate	5.00%	15.50%	14.49%	13.45%	11.30%	9.02%
	5.25%	14.28%	13.21%	12.10%	9.78%	7.31%
	5.50%	13.07%	11.92%	10.73%	8.22%	5.52%
	5.75%	11.84%	10.60%	9.32%	6.60%	3.62%
	6.00%	10.59%	9.26%	7.87%	4.89%	1.57%

VI. Financial Analysis and Capital Stack

K. Investment Strength,Risks, and Mitigants

Risk	Mitigant
General Market Fluctuations	• The underwriting assumes conservative rental rates and realistic operating costs • Diversification of building uses and tenants → Multifamily + Retail +Office
Lease-Up	• Property is strategically located near Johns Hopkins Medical Center → sustainable growth of potential apartment tenants • Current lack of quality retail and office space in the neighborhood → low competition of tenants
Financing Risk	• Assume conservative leverage of 70% LTV • Permanent interest rate spread of 2.35% is above current 10-year treasury rate
Competition with affordable row homes in neighborhood	• Newly constructed property will offer higher quality facilities and amenities to potential tenants, not available with existing row homes
Increasing Construction Costs	• Underwriting assume high construction costs relative to recently completed projects in the area → ability to abord higher construction costs

F. Appendices

A. Sources

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