PIONEER DEVELOPMENT COMPANY

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130 Wells Street and 570 Kattel Street Gap Funding Analysis

Town of Erie

October 9th, 2025

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Town of Erie Urban Renewal Authority
Town of Erie, Colorado

Dear Julian,

Pioneer Development Company (PDC) has been engaged by the Town of Erie Urban Renewal Authority (TOEURA) to review a redevelopment project requesting financial assistance within the Historic Old Town Urban Renewal Plan. This assistance would be provided through a public–private partnership between TOEURA and the developer and would leverage Tax Increment Financing (TIF).

The proposed redevelopment would transform the property at 130 Wells Street and 570 Kattell Street into a multi-tenant, retail-anchored destination. The plan includes a full-service restaurant as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two supporting retail shops. Together, these uses will enhance Old Town Erie's mix of dining and retail experiences, strengthen its role as a community gathering space, and attract additional activity to the district. The redevelopment is in alignment with the Historic Old Town Urban Renewal Plan, supporting objectives related to economic revitalization, destination retail and dining, and activation of the public realm. The applicant is requesting additional funding resources from TOEURA to help make this redevelopment concept feasible at this location.

The Town of Erie URA and the developer provided project information, marketing information, budgets, and pro formas that were reviewed and evaluated by this Gap Funding Report. This development review is intended to provide a third-party, objective evaluation of market assumptions and development pro formas to inform public investment decision-making. This review also evaluates TIF projections and compares this future tax revenue to the funding gap evaluated. This memorandum summarizes PDC's review and findings.

Andrew Arnold
Founder | Principal
Pioneer Development Company
Durango, Colorado

CC: Stephanie Pitts-Nagus

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Executive Summary

130 Wells Street Gap Funding Analysis:

This report evaluates the proposed 130 Wells Street and 570 Kattell Street redevelopment in Erie, Colorado and the public funding that may be required to make this project feasible. 130 Wells Street and 570 Kattell Street are underutilized parcels within the Town of Erie's Historic Old Town Urban Renewal Plan. This parcel was recently acquired by the Town of Erie's Urban Renewal Authority (TOEURA) and is being positioned for a redevelopment partnership. The proposed redevelopment would transform the site into a multi-tenant, retail-anchored destination. The concept includes a full-service restaurant as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops.

The applicant is seeking a public–private partnership with TOEURA and has submitted a Tax Increment Financing (TIF) request for consideration. This request included project information, budgets, and pro formas. The applicant maintains that but for TOEURA's assistance, the project could not proceed as envisioned. The purpose of this report is to evaluate the proposed development's feasibility and estimate the amount of TIF necessary to close the funding gap.

PDC evaluated this development on behalf of TOEURA to determine if the project exhibits a feasibility gap and if so, the level of financial support necessary to achieve market returns. This report provides a detailed analysis of the project's assumptions benchmarked to the market. It also performs a gap funding range analysis on various levels of financial assistance and examines the effect on feasibility indicators. Finally, the report estimates TIF generated by the project as proposed and compares these estimates with the identified funding gap.

After completing the analysis, the reviewers find that the **130 Wells Street and 570 Kattell Street redevelopment will require funding assistance to become financially feasible**. The project's feasibility will require a combination of property and sales tax increment reimbursement to achieve market target hurdle rates. Fortunately, the project is expected to generate TIF revenues that exceed the funding gap. **This report recommends that TOEURA negotiate a revenue sharing agreement over the life of the Historic Old Town Urban Renewal Plan where 100% of the project's property tax increment, and 40% of the project's sales tax increment, is shared back with the project until a gross funding cap is achieved or the plan sunsets. This report estimates that funding cap to equal $1.9 million.**

The gap funding assistance range and its associated target market indicators are included in the tables below.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization before debt service as % of Project Cost	6.5% to 7.0%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	7.39%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> $0

ROI Indicator	Market Target	GAP Funding Range[1]		
Estimated Gap (Stabilized Year)		***$900,000***	***$1,000,000***	***$1,100,000***
Return-on-Cost	**6.5% to 7.0%**	**6.35%**	**6.50%**	**6.66%**
IRR, Unlevered	**7.39%**	**7.07%**	**7.39%**	**7.71%**
NPV	**> $0**	**-$102,341**	**-$2,341**	**$97,659**

Tax Increment Financing Projections

The development as-proposed requires gap funding to achieve financial feasibility based on market benchmarks and current investment metrics. The developer has proposed a TIF sharing agreement with TOEURA to overcome this funding gap. This Report evaluated the Project's taxable value to determine its future property and sales tax generation.

TOEURA's Historic Old Town Urban Renewal Plan was formed in 2013 and is set to expire in 2038. This leaves 13 years during which incremental revenues can be generated, plus one additional year of property tax increment revenues. This Report's TIF projection isolates the proposed project and only estimates incremental tax revenues generated by the new development. Incremental revenues generated outside this specific development but contained within the Historic Old Town Urban Renewal Plan area are not included in these estimates.

The proposed project is estimated to generate ~$1,180,000 in property taxes and ~$1,900,000 in sales taxes over the Historic Old Town Urban Renewal Plan's remaining term. When discounted back at the current 7.00% rate used in the model, this equates to a Net Present Value of ~$633,000 in property tax increment and ~$1,050,000 in sales tax increment.

The significant amount of sales tax generated by this project should be noted. The development includes a full-service restaurant (~8,700 SF) as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops. This program mix is expected to produce strong annual sales and drive consistent taxable revenues. The developer anticipates sales growth to exceed what has been modeled in this report, 1% annual growth over the first two years versus 7% and 6% annual growth modeled by the developer. The reviewers elected to use a more conservative forecast for this report.

[1] Gap Funding is applied to Construction Equity in this analysis. Gap Funding is assumed to be Present Value.

This report recommends that TOEURA and the developer negotiate a TIF sharing agreement where shared incremental revenue (Net Present Value) meets or exceeds the estimated funding gap. Because the project as proposed is projected to generate more revenue than is necessary to close the funding gap, the report recommends TOEURA and the developer negotiate a TIF revenue sharing agreement where the net present value of future incremental cash flows equates to the targeted gap amount. This can be achieved in a variety of ways, such as sharing only a percentage of incremental sales taxes generated by the project, a percentage of incremental property taxes, or providing a total (gross) incremental tax cap limit over a set period of time. Also, TOEURA is expected to provide the land to this provide at a below market cost. If TOEURA were to require the developer to pay market rate for the land, those additional costs should be added to the overall funding gap.

After discussion with staff, it is recommended that TOEURA pursue a revenue sharing agreement where incremental sales tax and property tax is shared back with the project until the Historic Old Town Urban Renewal Plan sunsets. This report recommends that TOEURA share 100% of the project's property tax increment, and 40% of the project's sales taxes, with the project. This sharing agreement would also have a cap limit on gross property and sales tax increment revenue. Based on the model, the gross tax increment revenue generated at these sharing levels over the sharing period (2025–2038) will be an estimated $1,900,000. This estimate can be structured as the cap amount in a revenue sharing agreement.

The development's TIF forecasts are illustrated in the table below:

130 Wells and 570 Kattell Street Redevelopment Project – Tax Revenue Estimates Through 2038[2]				
Estimated Base Taxable Value	**$60,760**			
Total New Taxable Real Property Value	**$921,571**			
Total Net Taxable Value	**$860,811**			
TIF Estimates (*Rounded)*	**Gross**	**Net Present Value**	**Annual Average**	**Town of Erie Only**
Total	**$3,000,000**	**$1,660,000**	**$222,000**	**$145,900**
Property Tax (100% Share)	$1,100,000	$610,000	$87,000	$10,900
Sales Tax (100% of Town's 3.5% Rate)	$1,900,000	$1,050,000	$135,000	$135,000
130 Wells Street and 570 Kattell Street				

[2] Includes 2039 Property Tax Increment Collections, sales tax collections end in 2038. These estimates project 100% property and sales tax increment.

Background

Scope of the Review

To benchmark the proposed project to the market, PDC reviewed and provided independent research regarding the following assumptions:

- Independent verification for market assumptions presented in the development proposal,
- Construction costs estimates verification,
- Financial gap analysis,
- Market verification on commercial mortgage loan rates and terms,
- Comparison with market rate investment criteria and yield indicators,
- Assessed value appraisal and tax increment estimates,
- Potential impacts from current economic uncertainty.

Methodology

The Developer provided a detailed TIF application, architectural plans, and development and operating proformas. The Developer also allowed PDC to interview the development team and interrogate assumptions within their pro forma. This information helped inform this Report's analysis.

The Reviewers conducted independent research into market conditions and development costs to establish a market baseline for evaluating this Project's feasibility. The development's costs were independently verified to determine their reasonableness. Projected revenues, including commercial leases, were contrasted with comparable properties throughout the local and regional market. The same method was used to compare the project's expenses, including commercial operating expenses, absorption, lease-turnover, vacancy, and financial terms to local market realities. Once these assumptions were evaluated, the Reviewers performed a sensitivity analysis on a range of gap funding scenarios. These potential financial gaps were estimated by the Reviewers through an independent rate of return analysis targeting market-based investment expectations. The Reviewers then estimated the development's future property and sales tax revenue using similar assumptions. This TIF estimate was then compared to the Gap Funding Analysis to identify the optimal range for revenue sharing.

Project Basis

Proposed Redevelopment Project (130 Wells Street and 570 Kattell Street)	
Weld County PIN	146718403007 146718403008
Weld County Account Number	R5787786 R5787886
Property Owner (Per Assessor)	Town of Erie Urban Renewal Authority
Street Address	130 Wells Street 570 Kattell Street

- The site is located at 130 Wells Street and 570 Kattell Street within the Town of Erie's municipal limits and within TOEURA's Historic Old Town Urban Renewal Plan area.
- The proposed project will redevelop the parcel into a multi-tenant, retail-anchored destination. Planned uses include a full-service restaurant (~8,700 square feet) as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops.
- No residential or office components are proposed as part of this redevelopment.
- The new development is expected to provide enhanced retail and dining opportunities in Old Town Erie, consistent with the objectives of the Historic Old Town Urban Renewal Plan.
- The developer has requested public participation through a Tax Increment Financing (TIF) agreement with TOEURA.

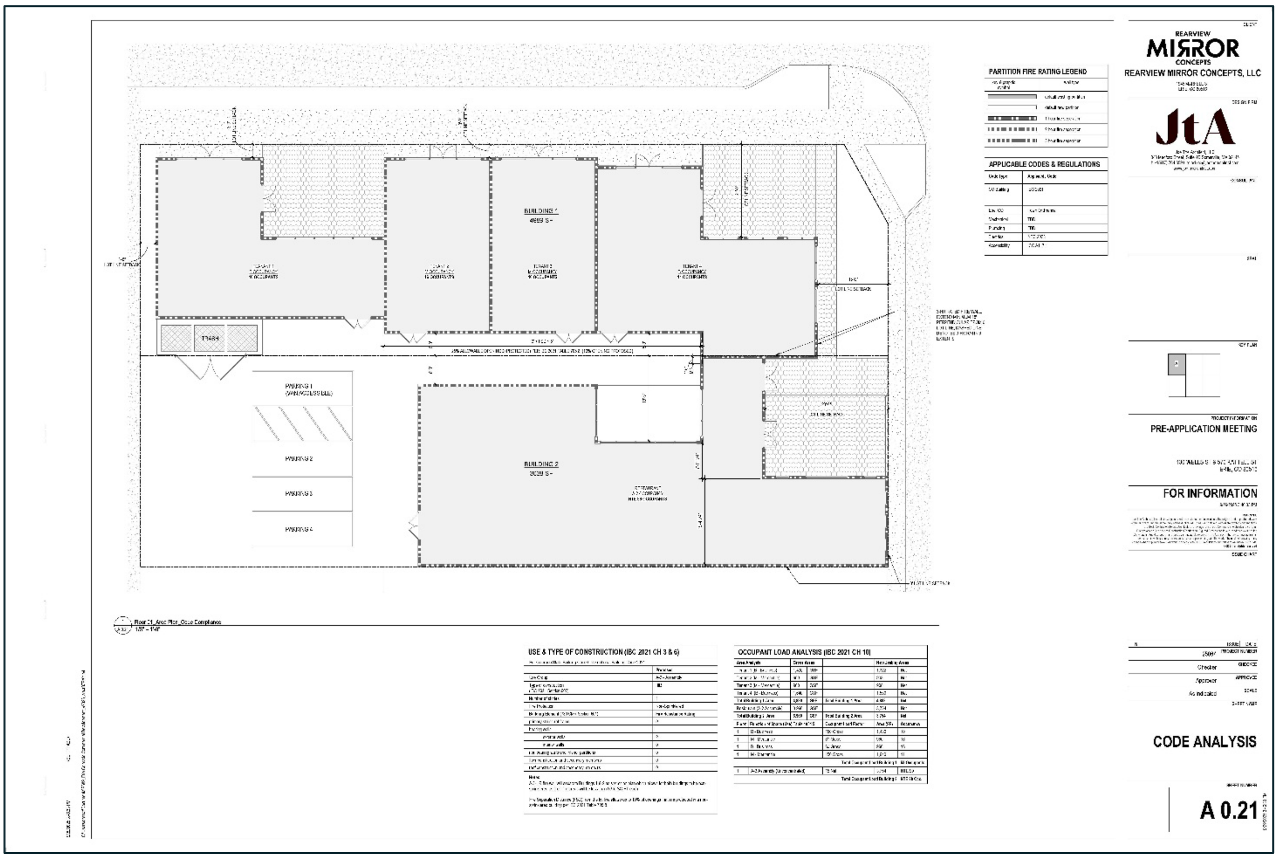

Figure 1 – Proposed Development Architectural Plans.

Project Assumptions

Development Program

The Reviewers have evaluated this proposed development from the perspective of an open market. This analysis assumes that the proposed restaurant expansion is being developed as a for-lease product.

The following chart compares the as-proposed development proforma assumptions with PDC's market-derived assumptions.

Assumptions	As Proposed	Market Estimate	Comments
Use Type			
Residential Units	0	-	No Residential is being proposed.
Commercial Retail	8,700 SF	-	The Reviewers assume that commercial space will be leased to maximize NOI. Commercial leases are assumed NNN.
Commercial Component			
Commercial Retail Leasing Rates Per Square Foot	$27-$32	$30.58 psf	The redevelopment is structured as a multi-tenant retail project anchored by a full-service restaurant of approximately 8,700 square feet, with additional tenants including an ice cream shop, a bakery/coffee shop, and two retail shops. Because this project will be owner-driven and focused on food and beverage uses, traditional comparable lease rates are difficult to establish. Available market information indicates that retail rents in the Boulder/Erie submarket average approximately $30.58 per square foot. Given the project's scale, its position at a central Old Town Erie location, and its mix of destination dining and retail uses, the reviewers estimate that lease rates in line with or slightly above submarket averages are appropriate for this project. This estimate is based on a comparison of commercial retail space leases and expenses in the market area and within comparable mixed-use properties. Assumes NNN leases.
Commercial Retail Operating Expenses	$11.00 psf	$11.00 psf	Operating expenses based on comparable properties and estimated taxes. Developer is also owner and did provide operating expenses that were translated in a PSF basis.
Growth Rate			The Reviewers growth rate is based on interviews with the Developer. Reviewers assume 3% annualized growth rates for revenue and expenses.
Revenue	3%	3%	
Expenses	3%	3%	
Financing Component			
Debt			
Loan: Value Ratio	N/A	60% - 70%	The developer did not provide financing terms as part of their pro forma. Reviewers assume that developers are self-financing development.
Interest Rate	N/A	6.75%	

Amortization	N/A	20-30 Years	
Capitalization Rates			
Stabilized – Retail	N/A	6.50%	Economic and market conditions in Denver Metro, Boulder, and Greely submarkets outperform national and west region averages by ~25 basis points. Retail cap rates, especially for food service tenants, are forecast to remain stable in the coming years. The going-in (stabilized) cap rate used in this Review reflects these market expectations. Typically, exit cap rates (at asset liquidation) are 50 to 150 basis points higher than going-in rates. The reviewers used a 75-basis point increase for liquidated capitalization rates.
Liquidated – Retail	N/A	7.50%	
Return on Investment Metrics			
Target Yield			
Yield Rate (IRR Unlevered)	n/a	6.5% to 7.0%	Market-based target yield rates are used to estimate the financial gap. These yield rates represent a blended return based on market surveys for retail commercial property investments. The NPV is calculated using the blended pre-tax yield rate. This is the rate of interest that discounts pre-tax cash flows received on an unlevered investment back to a present value that is exactly equal to the original equity investment.
Return on Cost	n/a	7.39%	
Net Present Value	n/a	> 0	
Development Cost			
Development Cost	**$5,218,192**	**$4,390,000**	The Reviewer's estimated development cost is based on the project concept as understood by the Reviewer using cost guide approximations. The Developer's estimated development costs include business expenses, which are outside the scope of a Gap Analysis. The Reviewer's cost estimate only includes acquisition and hard costs, expenses deemed TIF eligible. The Developer's cost estimate was used in estimating the feasibility gap.

1. Source: CoStar, RERC; Realtyrates.com; RS Means; Zillow; CBRE; DMCAR; NAR, Commercial Real Estate Finance Co. of America, CommercialLoanDirect.com, Integra Realty Resources, Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau; RealPage, fixr.com, Statista: Denver, Fannie Mae, EV Studio, ARGUS College, Pioneer Development Company.

Estimated Feasibility Gap

Based on investor surveys and market data reviewed by PDC, the following target rates are used to proxy investment hurdle rates of return. In other words, it is assumed the cash flow projections must yield rates within the following ranges to be considered attractive to the market. Return-on-Investment (ROI) estimates are based upon stabilization in 2028, designated as Year 2 of the Proforma.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization before debt service as % of Project Cost	6.5% to 7.0%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	7.39%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> $0

The following Gap Funding range analysis illustrates the application of total GAP funding against construction cost during the first year of construction.

ROI Indicator	Market Target	GAP Funding Range[3]		
Estimated Gap (Stabilized Year)		***$900,000***	***$1,000,000***	***$1,100,000***
Return-on-Cost	**6.5% to 7.0%**	**6.35%**	**6.50%**	**6.66%**
IRR, Unlevered	**7.39%**	**7.07%**	**7.39%**	**7.71%**
NPV	**> $0**	**-$102,341**	**$2,341**	**$97,659**

The development project as proposed indicates a financial gap of approximately **$1,000,000**. The gap funding range analysis reveals that the project will begin to achieve market target rates for "return-on-cost," unleveraged IRR, and Net Present Value at this level of support. To achieve market target rates, this gap funding estimate is assumed to be applied to construction equity. The funding, therefore, is estimated as a net present value of at least **$1,000,000**. This review estimates that the project will achieve target market hurdle rates only with this level of public funding.

Because the developer is proposing a TIF reimbursement agreement, this agreement should be structured so that its future tax increment cash flows, when discounted back at current lending rates, equates to approximately **$1,000,000 in present value**.

[3] Gap Funding is applied to Construction Equity in this analysis. Gap Funding is assumed to be Present Value.

Feasibility Gap Analysis

The proposed development has unique challenges that were considered in this analysis. This section will provide an explanation of these challenges and how they were considered by the analysis when estimating potential funding gaps.

Retail Component

The project's commercial retail component features a new multi-tenant redevelopment anchored by a full-service restaurant of approximately 8,700 square feet, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops. Because the developer will also serve as the owner-operator of portions of the project, the pro forma does not include traditional lease expenses for the anchor tenant. For this reason, the Reviewers estimated a lease value that would be associated with this space if it were leased at market rates. This estimate was used to help assess the funding gap relative to development costs and market benchmarks.

The Reviewers determined that this location, once redeveloped and activated with destination dining and retail, could command a lease rate in line with or slightly above the broader Erie market average. A weighted market analysis of commercial retail and restaurant properties between 10- and 25-miles surrounding Erie indicates an average lease rate of $30.58 per square foot. This figure is based on multiple data points, including:

- $36.08 PSF for retail spaces between 6,000–10,000 SF within a 10-mile radius of Erie (22 properties).
- $31.19 PSF for restaurants between 6,000–10,000 SF within a 25-mile radius of Erie (14 properties).
- $29.53 PSF for all retail between 6,000–10,000 SF within a 25-mile radius (117 properties).
- $28.26 PSF for restaurants between 6,000–10,000 SF within a 10-mile radius (3 properties).

Taken together, these comparables support the $30.58 PSF weighted market average used in this analysis. Given the subject property's location in Old Town Erie and its program mix, the reviewers estimate that the 130 Wells Street redevelopment could reasonably command a lease rate of $30.58 per square foot NNN, slightly outperforming the market benchmark.

It was therefore assumed that the entire development program would be treated as leasable retail space. Being both the property owner and the anchor tenant, it was necessary to apply a lease rate that could be justified by projected retail and restaurant sales. Given this assumption, the reviewers used $30.58 per square foot as the asking rent, assuming a triple net (NNN) structure. Expenses, including CAM, insurance, and taxes, are assumed at $11.00 per square foot, with annual rent and expense escalations of 3%.

It should be noted that Erie's commercial retail market remains in transition. Property values continue to rise across real estate types, largely driven by residential development, while construction costs in Colorado remain high. Lease rates and capitalization rates, however, have not kept pace with these cost increases. This imbalance continues to suppress real estate investment yields in Erie, making it challenging to justify new commercial retail projects. Developments such as 130 Wells Street and 570 Kattell Street are therefore considered catalytic, with the potential to help shift market data and establish a stronger basis for future commercial leasing in Erie's Historic Old Town district.

Development Risk

Project proformas are projections and always carry market and other risks impacting costs, operations, and ROI. In reviewing this project, the following risks are summarized amongst other potential risks:

- Increased competition and prolonged inflation may decrease sales and increase financial risks with both the business and development;
- Retail sales may be overstated. The project's weighted average sales per square foot equal $517. This represents a high performing retail business in the Carbon Valley. If the restaurant and its retail tenants fails to generate sales at this level, it will likely be unable to provide the gap funding necessary for market feasibility.
- Capitalization Rates may be lower than can be realized, making the gap higher than expected;
- Potential Rent Concessions as a deduction to asking rents may become more common in the market;
- Public participation by the Town of Erie Urban Renewal Authority and the Town of Erie may be limited; and
- Current economic uncertainty.

Tax Increment Financing Projections

This Gap Funding analysis also evaluated the proposed development's tax projections. These projections were then used to estimate the amount of tax increment financing (TIF) that is likely to be generated by this project. This TIF forecast considers Weld County assessments, the property's overlapping millage rate, and the Town of Erie's existing tax rate.

The Reviewers estimated TIF by assuming that 130 Wells Street and 570 Kattell Street is a singular Urban Renewal Plan area. This approach isolated the development's existing base value and forecast future property and sales tax increment based only on new development and activity at this site.

The Reviewer's estimate the Project's base taxable value at $60,7600. The proposed redevelopment is projected to increase this to a total taxable value of $921,571, representing an incremental taxable value of $860,811. This taxable value does not represent the cost to develop the project or its market value. Instead, this taxable represents the equalized commercial assessments, which generally run 70%–80% of market value.

The Historic Old Town Urban Renewal Plan is set to expire in 2038, meaning that 2038 is the final year the Project can generate incremental revenue. The reviewers also assume that 100% of the property's overlapping millage rate is eligible for TIF. Sales tax was forecast using the Town of Erie's 3.5% sales tax rate. The Reviewers modeled property and sales tax increment based on these assumptions. The model was adjusted for inflation and biennial reassessments. The Project is expected to generate approximately $1,100,000 in property tax increment and $1,900,000 in sales tax increment over the next 13 years, until the Plan area sunsets in 2038. When discounted at a 7.0% rate, this forecast equates to $610,000 in property tax TIF (present value) and $1,050,000 in sales tax TIF (present value).

These present value TIF estimates are instructive when compared to the Project's estimated gap funding requirement. The Reviewers estimate that the Project has a $1,000,000 funding gap, which is a present value estimate. These TIF forecasts can be compared with the funding gap to strategize a revenue sharing structure that makes the project feasible.

TOEURA's position on revenue sharing has traditionally been to share a portion of a project's property and/or sales tax increment, generated by the project, with that project. This is typically structured as a revenue sharing agreement where a percentage of the project's TIF is reimbursed to the developer, capped at a not-to-exceed amount. This report recommends that TOEURA pursue a revenue sharing agreement where incremental property and sales tax is shared back with the project until the Historic Old Main Urban Renewal Plan sunsets. This sharing agreement should also include a cap limit on gross property and sales tax increment revenue. Based on the model, the gross tax increment needed to close the funding gap over this period is $1.9 million. The forecast estimates that this gross amount can be achieved by sharing 100% of the project's property tax, and 40% of the project's sales tax increment with the project. The $1.9 million can serve as the cap for a revenue sharing agreement designed to equate to the project's estimated present value funding gap.

These recommendations are purely financial in nature and do not consider the political feasibility of the project or its revenue sharing strategies.

Conclusion

The Reviewer's conclusion is that the developer's request for Gap Funding assistance is reasonable, given current market conditions and the project's costs. The Erie market remains particularly challenging from a commercial retail investment standpoint. Property values and construction costs are high, yet data on achievable lease rates and investment yields remains limited. It will take catalytic developments, such as the one being proposed at 130 Wells Street and 570 Kattell Street, to shift this investment narrative and better underscore the commercial retail opportunities in Erie.

From a regulatory and Urban Renewal Plan standpoint, the proposed project has been designed to align with TOEURA's vision for this Urban Renewal Plan area and achieve the highest and best use of the site. However, the current proposal is unable to achieve market feasibility without additional funding assistance.

In conclusion, it is the reviewer's opinion that a feasibility gap does exist for the development as proposed, and that this gap is approximately **$1,000,000**. After discussion with staff, **it is recommended that TOEURA pursue a revenue sharing agreement where incremental sales tax and property tax is shared back with the project until the Historic Old Town Urban Renewal Plan sunsets**. This report **recommends that TOEURA share 100% of the project's property tax increment, and 40% of the project's sales taxes,** with the project. This sharing agreement would also have a cap limit on gross property and sales tax increment revenue. Based on the model, the gross tax increment revenue generated at these sharing levels over the sharing period (2025–2038) will be an estimated $1,900,000. This estimate can be structured as the cap amount in a revenue sharing agreement.

Appendix

Gap Funding Summary

Scenario:
130 Wells Street Gap Funding Model

PROJECT SUMMARY

Property Summary	
Residential Units	0
Rentable SF	8,700
Total Development Cost	$5,218,192
Development Cost per Rentable Square Foot	$600
Construction Equity	$1,826,367
ConstructionDebt	$3,391,825

Construction Loan Summary

[redacted]

Proforma	
Year Stabilized	2
Stabilized NOI	$274,333
Stabilized Cap Rate	6.50%
Stabilized Proforma Value	$4,220,515
Stabilized Value Per RSF	$485
Reversion Value	$4,772,578
Reversion Cap Rate	7.50%
Growth Rate	3.00%

GAP FUNDING - applied to contruction equity	**$1,000,000**

Feasibility Indicators (10 yr hold)		Market Target Rate
Cost/Value*	123.6%	
Return on Cost*	6.50%	6.50% to 7.00%
IRR on Project (unleveraged)	7.39%	7.39%
NPV	$ (2,341)	7.39%
*Stabilized Year 3		

OPERATING PROFORMA

Proforma Year	**CONSTRUCT**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Investment												
Construction Equity	(1,826,367)											
Construction Debt	(3,391,825)											
Construction Cost	**(5,218,192)**											
Operating Income												
Net Income from Property Operations	$0	$109,761	$274,333	$282,564	$291,040	$299,772	$308,765	$318,028	$327,569	$337,396	$347,517	$357,943
Resi/Comm Land Sales	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GAP Funding	*$1,000,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI	**$1,000,000**	**$109,761**	**$274,333**	**$282,564**	**$291,040**	**$299,772**	**$308,765**	**$318,028**	**$327,569**	**$337,396**	**$347,517**	**$357,943**
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)	**($4,218,192)**	**$109,761**	**$274,333**	**$282,564**	**$291,040**	**$299,772**	**$308,765**	**$318,028**	**$327,569**	**$337,396**	**$5,024,643**	**$357,943**
Rates of Return Analysis												
IRR on Project (unleveraged)	**7.39%**											
Return on Cost		2.10%	6.50%	6.70%	6.90%	7.11%	7.32%	7.54%	7.77%	8.00%	8.24%	8.49%
xNet Present Value	($2,341)											