

1165R Massachusetts Avenue
Ch. 40B ZBA Submission

Section 3.2.12 Pro Forma

Please see the enclosed Pro Forma, prepared by 1165R Mass MA Property, LLC. and submitted to MassHousing on September 15, 2020.

Application for Chapter 40B Project Eligibility / Site Approval**for MassHousing-Financed and New England Fund ("NEF") Rental Projects****Section 5: FINANCIAL INFORMATION**

In order to issue Site Approval, MassHousing must find (as required by 760 CMR 56.04 (4)) that an initial pro forma has been reviewed and that the Proposed Project appears financially feasible and consistent with the Chapter 40B Guidelines, and that the Proposed Project is fundable under the applicable program.

Initial Capital Budget**Sources**

| Description | Source | Budgeted |
|----------------------|---|---------------------|
| Private Equity | Owner's Cash Equity | \$13,936,500 |
| Private Equity | Tax Credit Equity | \$0 |
| Private Equity | Developer Fee Contributed or Loaned | \$0 |
| Private Equity | Developer Overhead Contributed or Loaned | \$300,000 |
| Other Private Equity | Land Contributed or Loaned | \$3,000,000 |
| Public/Soft Debt | | \$0 |
| Subordinate Debt | | \$0 |
| Permanent Debt | Rockland Trust Bank | \$33,396,500 |
| Permanent Debt | | \$0 |
| Construction Debt | <i>for informational purposes only, not included in Sources T</i> | \$0 |
| Additional Source | | \$0 |
| Additional Source | | \$0 |
| Total Sources | | \$50,633,000 |

Pre-Permit Land Value

| Item | Budgeted |
|------------------------------|--------------|
| As-Is Market Value*: | 3,980,000.00 |
| Reasonable Carrying Costs: | \$0 |
| Total Pre-Permit Land Value: | 3,980,000.00 |

** As-Is market value to be determined by a MassHousing commissioned appraisal*

Uses (Costs)

| Item | Budgeted |
|--|---------------------|
| Acquisition Cost (Actual): | |
| Actual Acquisition Cost: Land | \$3,000,000 |
| Actual Acquisition Cost: Buildings | \$0 |
| Reasonable Carrying Costs | \$0 |
| Subtotal - Acquisition Costs | \$3,000,000 |
| Construction Costs-Building Structural Costs (Hard Costs): | |
| Building Structure Costs | \$30,114,500 |
| Hard Cost Contingency | \$1,430,000 |
| Subtotal - Building Structural Costs (Hard Costs) | \$31,544,500 |
| Construction Costs-Site Work (Hard Costs): | |
| Earth Work | \$882,500 |
| Utilities: On-Site | \$321,500 |
| Utilities: Off-Site | \$0 |
| Roads and Walks | \$513,500 |
| Site Improvement | \$62,000 |
| Lawns and Plantings | \$107,500 |
| Geotechnical Condition | \$0 |
| Environmental Remediation | \$203,000 |
| Demolition | \$591,000 |
| Unusual Site Conditions/Other Site Work | \$1,212,000 |
| Subtotal - Site Work (Hard Costs) | \$3,893,000 |
| Construction Costs-General Conditions, Builders Overhead and Profit (Hard Costs): | |
| General Conditions | \$1,883,500 |
| Builder's Overhead | \$554,500 |
| Builder's Profit | \$580,000 |
| Subtotal - General Conditions, Builder's Overhead & Profit | \$3,018,000 |
| General Development Costs (Soft Costs): | |
| Appraisal and Marketing Study <i>(not 40B "As Is" Appraisal)</i> | \$30,000 |
| Marketing and Initial Rent Up <i>(include model units if any)</i> | \$159,000 |
| Real Estate Taxes <i>(during construction)</i> | \$81,000 |
| Utility Usage <i>(during construction)</i> | \$0 |
| Insurance <i>(during construction)</i> | \$289,000 |
| Security <i>(during construction)</i> | \$0 |
| Inspecting Engineer <i>(during construction)</i> | \$45,000 |
| Construction Loan Interest | \$1,817,500 |
| Fees to Construction Lender: | \$537,500 |
| Fees to Permanent Lender: | \$0 |
| Fees to Other Lenders: | \$25,000 |

General Development Costs (Soft Costs) - *continued*

| Item | Budgeted |
|---|--------------------|
| Architecture / Engineering | \$1,450,000 |
| Survey, Permits, etc. | \$120,500 |
| Clerk of the Works | \$0 |
| Construction Manager | \$0 |
| Bond Premiums | \$0 |
| Environmental Engineer | \$168,000 |
| Legal | \$623,000 |
| Title <i>(including title insurance)</i> and Recording | \$53,000 |
| Accounting and Cost Certification <i>(incl. 40B)</i> | \$20,000 |
| Relocation | \$0 |
| 40B Site Approval Processing Fee | \$2,500 |
| 40B Techical Assistance / Mediation Fee | \$9,000 |
| 40B Land Appraisal Cost <i>(as-is value)</i> | \$6,000 |
| 40B Final Approval Processing Fee | \$29,700 |
| 40B Subsidizing Agency Cost Certification Examination Fee | \$0 |
| 40B Monitoring Agent Fee | \$0 |
| MIP | \$0 |
| Credit Enhancement | \$0 |
| Letter of Credit Fees | \$2,500 |
| Tax Credit Allocation Fee | \$0 |
| Other Financing Fees | \$0 |
| Development Consultant | \$35,500 |
| Other Consultant: FF&E | \$508,300 |
| Other Consultant: Affordable Lottery Expense | \$90,000 |
| Syndication Costs | \$0 |
| Soft Cost Contingency | \$318,000 |
| Other Development Costs: | \$257,500 |
| Subtotal - General Development Costs (Soft Costs) | \$6,677,500 |
| Developer Fee and Overhead: | |
| Develper Fee | \$1,733,500 |
| Developer Overhead | \$300,000 |
| Subtotal Developer Fee and Overhead | \$2,033,500 |
| Capitalized Reserves: | |
| Development Reserves | \$176,500 |
| Initial Rent Up Reserves | \$290,000 |
| Operating Reserves | \$0 |
| Net Worth Account | \$0 |
| Other Capitalized Reserves | \$0 |

Subtotal - Capitalized Reserves

\$466,500

Summary of Subtotals

| Item | Budgeted |
|--|--------------|
| Acquisition Costs (Actual): | \$3,000,000 |
| Building Structural Costs (Hard Costs) | \$31,544,500 |
| Site Work (Hard Costs) | \$3,893,000 |
| General Conditions, Builder's Overhead & Profit (Hard Costs) | \$3,018,000 |
| Developer Fee and Overhead | \$2,033,500 |
| General Development Costs (Soft Costs) | \$6,677,500 |
| Capitalized Reserves | \$466,500 |
| Total Development Costs (TDC) | \$50,633,000 |

Summary

| | |
|------------------|--------------|
| Total Sources | \$50,633,000 |
| Total Uses (TDC) | \$50,633,000 |

| | |
|--|--|
| Projected Developer Fee and Overhead*: | \$2,033,500 |
| Maximum Allowable Developer Fee and Overhead:**: | \$3,494,375 |
| Projected Developer Fee and Overhead Equals | 58.00% of Maximum Allowable Fee and Overhead |

** Note in particular the provisions of Section IV.B.5.a of the Guidelines, which detail the tasks (i) for which a developer may or may not receive compensation beyond the Maximum Allowable Developer Fee and Overhead and (ii) the costs of which must, if the tasks were performed by third parties, be included within the Maximum Allowable Developer Fee and Overhead.*

*** Please consult the most recent DHCD Qualified Allocation Plan (QAP) to determine how to calculate the maximum allowable developer fee and overhead. If you have any questions regarding this calculation, please contact MassHousing.*

END of SECTION