Brookland Pointe

Johns Hopkins University
Real Estate Practicum

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CONTENTS

EXECUTIVE SUMMARY

Beltway Homes LLC, a multifamily development company located in Washington, D.C., is looking to acquire vacant land for their next luxury apartment project (use looking for a site). ASR Group approached Beltway Homes LLC about purchasing a 1.95-acre site they own in Northeastern D.C. at 85 percent of the 2008 assessed value of $5.1 million due to current market conditions. The site is zoned as a matter-of-right for multifamily residential use.

Before purchasing the site, Beltway Homes LLC hired McGuire Real Estate Services (MRES) to develop a ten-year pro forma analysis for the site and make a recommendation regarding whether to purchase the land. Based on the analysis, MSRE recommends that Beltway Homes LLC move forward with acquiring the land with the assumption that construction and permanent financing options will be available in early 2010.

Currently, ASR Group is proposing to build Brookland Square, a 263-unit, four-story, market-rate multifamily development on the site. MRES used ASR Group's basic design, adding density and amenities, to create Brookland Pointe, a 270-unit, mixed-income multifamily project. Brookland Pointe will include 32 units (12 percent) designated for low- and moderate-income households in accordance with D.C.'s inclusionary zoning rules. The development will also adhere to Enterprise's Green Communities criteria as mandated through the 2006 D.C. Green Building Act.

The pro forma analysis assumes that Beltway Homes LLC purchased the land from ASR Group for $4,335,000 and obtained a joint venture (JV) partner to provide 95 percent of the project's equity requirement with Beltway Homes LLC, as the project sponsor, providing the remaining 5 percent. The JV partner will receive an 11 percent preferred return on their equity during the construction phase and holding period. Although a 10-year cash flow was developed, MSRE selected a 7-year holding period for Brookland Pointe in order to boost the JV Partner's IRR of 15.6 percent.

The pro forma analysis commences March 2010 with the construction loan. Total construction costs are $30,667,906 with a loan-to-cost (LTC) of 65 percent and 7.5 percent interest rate. The maximum construction loan amount is $19,934,139. Total equity provided for the project is $10,978,407, including the land purchase price. During the estimated 18-month construction period, the project accrues construction loan carry plus preferred equity returns for the JV partner. Total cost per unit with carry is approximately $140,000 with total development costs of $37.9M.

Construction will complete by August 2011 and then an estimated 22-month lease-up period begins. The permanent lender will not provide financing until the project is stabilized with 85 percent occupancy. As a result, it is anticipated that the construction lender will extend the construction loan for 16 months. During this time, Beltway Homes LLC will pay interest only at 8.5 percent. Once 85 percent of the units are leased, Beltway Homes LLC will refinance the project at a 7.2 percent cap rate and allocate 95 percent of the proceeds to the JV partner and retain the balance. The interest rate on the 30-year amortizing permanent debt with a 10-year term is projected at 6.5 percent.

When compared to most new developments in the D.C. market, Brookland Pointe includes lower rents and fees. The analysis also assumes rent concessions of two-months for vacant units and one-month for on-notice units, common to the D.C. market, for over the 7-year hold. Each of the assumptions included in this report are conservative based on current market conditions and a predicted slow recovery over the next few years.

PROJECT OVERVIEW

SALIENT FEATURES

- Prime Washington, D.C. location
- Near metro station and major traffic arteries
- Zoning allows for multifamily residential development
- Low submarket vacancy
- Located along major commuting route

DESCRIPTION

ADDRESS: 2711 13th Street, NE
Washington, D.C. 20018

LOCATION: The 1.95-acre vacant site is located in the Brookland neighborhood of Ward 5 (Square 3956, Lot 801) in Northeast Washington. The Square is bounded by Rhode Island Avenue to the south, Franklin Street to the north (not pictured), 13th Street on the west and 14th Street to the east. Brentwood road cuts across the southeast corner to form a small triangular site occupied by a D.C. park.

The site is bordered by a D.C. firehouse on the east, the side yard of one single-family residence and the back yards of other single-family residences on the north. It is adjacent to low-rise commercial and low and mid-rise apartments, also in the C-2-A corridor. The site has been vacant for a number of years.

Project: Currently, ASR Group is proposing to build Brookland Square, a 263-unit, 4-story, market-rate multifamily development on the site. This proposal uses ASR Group's basic design and adds density and amenities to create Brookland Pointe, a 270-unit, mixed-income multifamily project. Brookland Pointe will include 32 units designated for low- and moderate-income households in accordance with D.C.'s inclusionary zoning (IZ) rules. The development will also adhere to Enterprise's Green Communities criteria as mandated through the 2006 D.C. Green Building Act.

The unit information is below.

Type (bed/bath)	Number of Units	Square Feet	Net Rent	Rent/S.F
1 Bedroom/1 Bath	152	576 - 624 SF	$877 - $1,273	$1.65 - $2.04
1 Bedroom/1 Bath w/Den	40	688 - 744 SF	$877 - $1,555	$1.49 - $2.09
2 Bedroom/2 Bath	78	796 - 976 SF	$963 - $2,098	$1.34 - $2.18

The property amenities include a fitness center, clubroom, business center and garage parking. In addition to monthly rent, residents will be required to pay for their own utilities, cable and internet access. They will also be responsible for a one-time amenity fee due at move-in ($200), a pet rent of $25/month (if applicable), and a monthly parking fee of $125/spot.

MARKET: Based on comparable property research, the stabilization period for Brookland Pointe is estimated to take 16 months with full lease-up at 22 months from construction completion. Over the proposed seven-year holding period, the financial analysis includes one-month free rent for on-notice units and two-months free rent for vacant units. These rent concessions are common to the Washington, D.C. apartment market as determined through the comparable property research. The rent per square foot (PSF) and fees charged to residents of Brookland Pointe are comparable to the project's primary competition, Fort Totten Station, a 308-unit multifamily project completed in 2008 also located in Northeastern Washington.

Although the economy has temporarily slowed apartment absorption in the downtown D.C. market, the Washington, D.C. metropolitan statistical area (MSA) is generally one of the strongest economies in the country. Even with recent job losses, the unemployment rate remains low compared to the national average. Modest growth is predicted for the region in 2009 followed by higher growth in 2010.

PLANNING: In terms of the 2006 D.C. Comprehensive Plan, the project is located in the Upper Northeast Planning Area (map below) encompassing 8.7 square miles, almost two-thirds of D.C.'s northeastern quadrant. Currently, residential development is the single largest land use in the Planning Area, representing about 26 percent of the total area. Of the residential land area, about 44 percent is single-family detached homes and about 41 percent is row houses and two-family houses. Apartments make up only about 15 percent of the residential land area.

ZONING: Brookland Pointe fits within the scope of the 2006 adopted Comprehensive Plan Generalized Land Use Map (GLU) designating the site partially as *moderate-density commercial* and partially as *moderate-density residential.* The site's zoning is C-2-A, permitting matter-of-right low-density development, including office, retail, and residential uses to maximum lot occupancy of 60 percent and a maximum FAR of 2.5. IZ requirements allow a development to construct 20 percent more gross floor area (GFA) than is permitted as a matter-of-right, increasing the maximum lot occupancy to 75 percent and the maximum FAR to 3.0. The 50-foot height restriction remains the same. The total bonus density allowed on the site is 42,474 square feet (SF). Total bonus density for the project is 8,630 SF resulting in 8 additional units added to ASR Group's current design. Brookland Pointe will include 221,000 SF with 67 percent lot coverage and an FAR of 2.6.

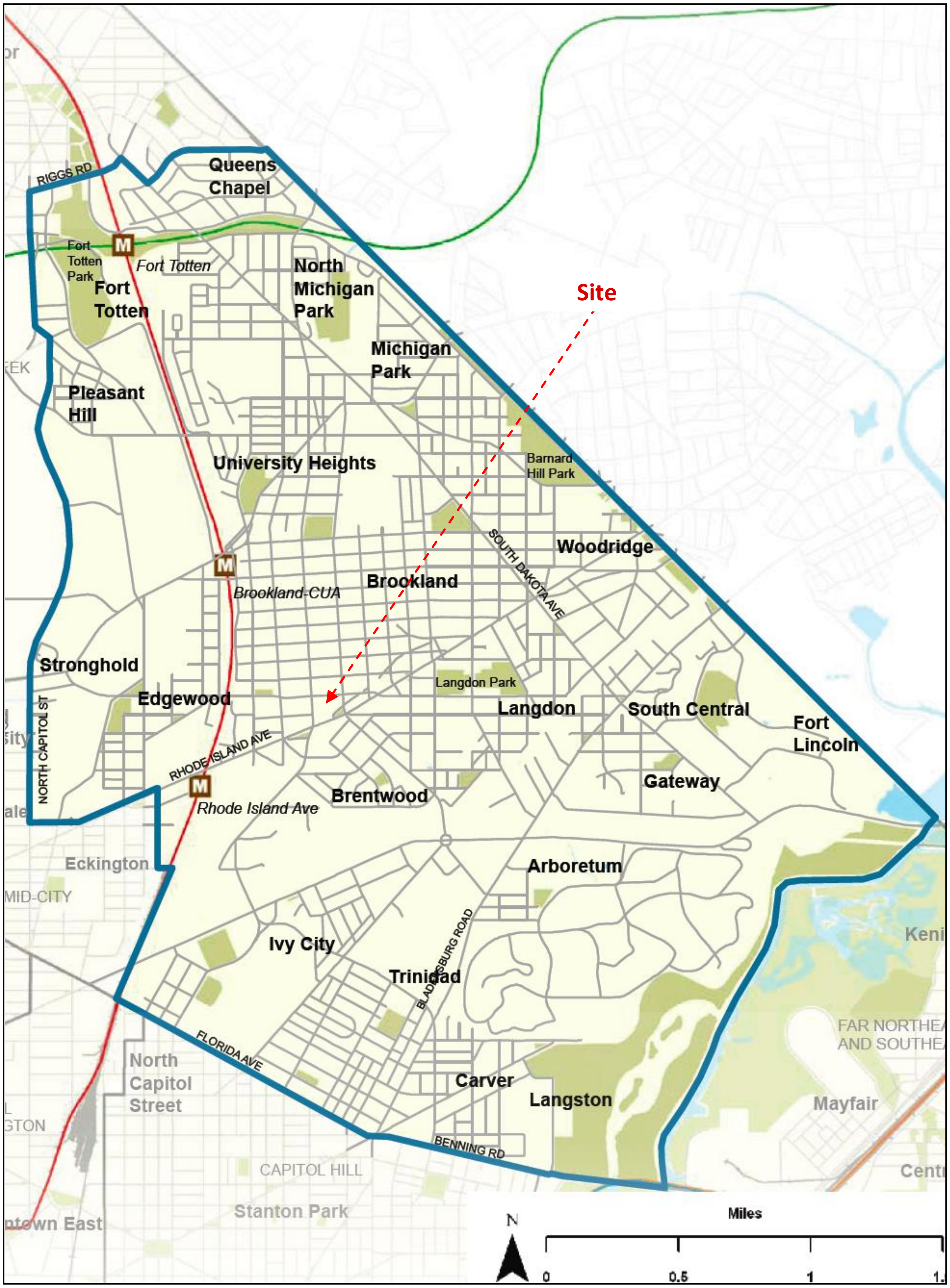
GREEN: Pursuant to the D.C. Green Building Act, new residential projects must satisfy the Green Communities criteria. The Green Communities criteria was developed collaboratively by Enterprise and a number of leading national organizations and experts for the purpose of providing a clear, cost-effective framework for all kinds of affordable housing: new construction and rehabilitation in multifamily as well as single family buildings. The criteria promote smart growth, public health, energy conservation, operational savings and sustainable building practices in affordable housing design.

The Green Criteria contains detailed information that addresses aspects of design, development and operations, such as:

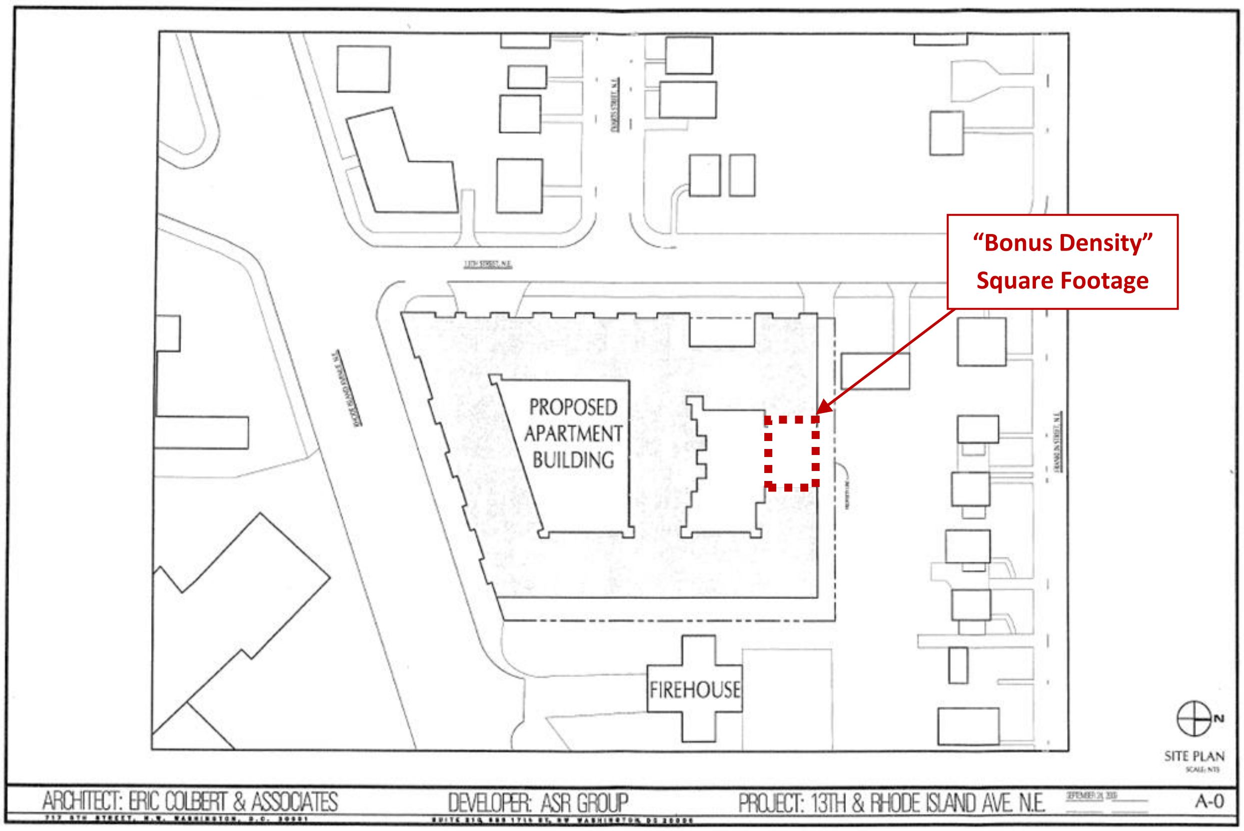
- Integrated Design
- Site, Location and Neighborhood Fabric
- Site Improvements
- Water Conservation
- Energy Efficiency
- Materials Beneficial to the Environment
- Healthy Living Environment
- Operations and Maintenance

A project must comply with each of the mandatory provisions of the Green Communities criteria. In addition, new construction projects must earn 35 points from the Optional Criteria. Brookland Pointe earns a total of 38 points from the optional criteria.

UPPER NORTHEAST PLANNING AREA



SITE PLAN


"Bonus Density"
Square Footage
PROPOSED
APARTMENT
BUILDING
FIREHOUSE
SITE PLAN
ARCHITECT: ERIC COLBERT & ASSOCIATES
DEVELOPER: ASR GROUP
PROJECT: 13TH & RHODE ISLAND AVE N.E.
A-0

MAPS

AERIAL OVERVIEW

PHOTOS

View from 13th Street

Existing 13th Street Entrance

View from Rhode Island Avenue – Back Retaining Wall

Existing Driveway – Adjacent to Firehouse

FINANCIAL INFORMATION

OVERVIEW

The financial analysis of this project commences March 2010 with the construction loan (ATTACHMENT A). Prior to this point, Beltway Home LLC is proposing to purchase the land from ASR Group for $4,335,000, 85 percent of the 2008 assessed value of $5.1 million due to current market conditions. The joint venture (JV) partner will provide equity for 95 percent of the land purchase price and Beltway Homes LLC will provide the other 5 percent. Typical JV partners in this type of deal are institutional investors. Total construction costs are $30,667,906 with a loan-to-cost (LTC) of 65 percent and 7.5 percent interest rate. The maximum construction loan amount is $19,934,139. After applying the land value as equity, the remaining equity requirement will be split between the JV partner (95 percent) and Beltway Homes LLC (5 percent). Total equity provided for the project is $10,978,407, including the land purchase price. Of this amount, the JV partner is providing $10,197,079 and $781,328 is from Beltway Homes LLC.

The JV partner will receive an 11 percent preferred return on their equity during the construction phase and 7-year holding period. During the 18-month construction period, the project accrues construction loan carry plus preferred equity returns for the JV partner. Construction will complete by August 2011 and then the estimated 22-month lease-up period begins. The permanent lender will likely not provide financing until the project is stabilized with 85 percent occupancy. As a result, Beltway Homes LLC should work with the construction lender to extend the construction loan for 16 months. During this time, Beltway Homes LLC could pay interest only on the construction loan at 8.5 percent. Once 85 percent of the units are leased, Beltway Homes LLC will refinance the project at a 7.2 percent cap rate and allocate 95 percent of the proceeds to the JV partner and retain the balance. The interest rate on the permanent debt is projected at 6.5 percent. These assumptions are included in the cash flow analysis.

Over, the 7-year hold, the JV partner's leveraged IRR is projected at 15.6 percent with a projected 7.7 percent cap rate in Year 8. Total project costs including carry for the development are $37.9 million.

INCOME AND OPERATING EXPENSES

UNIT INFORMATION

As proposed, Brookland Pointe includes 270 units, 32 of which are designated for low- and moderate-income households according to DC's inclusionary zoning (IZ). The unit information is below.

Type (bed/bath)	Number of Units	Square Feet	Net Rent	Rent/S.F
1 Bedroom/1 Bath	152	576 - 624 SF	$877 - $1,273	$1.65 - $2.04
1 Bedroom/1 Bath w/Den	40	688 - 744 SF	$877 - $1,555	$1.49 - $2.09
2 Bedroom/2 Bath	78	796 - 976 SF	$963 - $2,098	$1.34 - $2.18

INCLUSIONARY ZONING UNITS

Brookland Pointe is subject to the District's IZ requirement is because Beltway Homes LLC elected to use wood framing instead of steel construction. As discussed previously, IZ requirements allow maximum lot occupancy of 75 percent and 20 percent more gross floor area (GFA) than is permitted as a matter-of-right in exchange for setting-aside the greater of 10 percent of the GFA being devoted to residential use (22,100 SF) or 75 percent of the bonus density (6,474 SF) being utilized for inclusionary units. Fifty-percent of the inclusionary units must be set-aside for eligible households with incomes at or below 50 percent of the area median income (AMI) and the other 50 percent for eligible households between 51 percent and 80 percent of the AMI. The area median income is determined annually by the U.S. Census Bureau and released with the American Community Survey (ACS) data.

Thirty-two of the 270 units (12 percent) have been designated for low- and moderate-income families totaling 22,512 SF and meeting the minimum IZ requirement. The units are split evenly between households at or below 50 and 80 percent of the area median income (AMI). The D.C. Department of Housing and Community Development (DHCD) publish maximum rent limits for these units annually. The net rent is determined by reducing the gross rent by a utility allowance that includes utilities paid by the tenant to the utility provider.

2009 LOW- AND MODERATE-RENT LIMITS (DHCD)

Number of Bedrooms	Estimated Utility Allowance	50% of AMI Units Maximum Allowable Rent	80% of AMI Units Maximum Allowable Rent
Efficiency	$108	$899	$1,438
1	$150	$1,027	$1,643
2	$192	$1,155	$1,849

SECTION 8 HOUSING CHOICE VOUCHERS

Brookland Pointe will accept Section 8 Housing Choice Vouchers ("vouchers"). Owners can charge the maximum allowed "payment standard" as determined by the D.C. Housing Authority (DCHA), which is 10 percent more than HUD's fair market rent (FMR) calculation for the District. An estimated 65 percent of Brookland Pointe's projected rents are less than or equal to the 2010 projected maximum payment standard and therefore qualify for vouchers residents.

PROJECTED 2010 HOUSING CHOICE VOUCHER RENT LIMITS (DCHA)

	2010 FMR	Projected 2010 Payment Standard*
One-Bedroom	$1,318	$1,450
Two-Bedroom	$1,494	$1,643

*2010 Payment Standards are expected in Dec. 2009.

The housing authority will qualify tenants and issue the voucher to the property manager. The resident then pays 30 percent of their income towards the rent and the Public Housing Authority pays the remaining balance of the rent to Beltway Homes LLC. Owners must contract with the DCHA to accept voucher payments and follow inspection requirements.

RENTAL INCOME

Rents for the property were determined based on DHCD rent limits and rent per square foot (PSF) in comparable properties. Inclusionary zoning development standards determined the mix of affordable and market-rate units by specifying that affordable units must be comparable in size, exterior design, materials and finish to the market-rate units and therefore have been distributed throughout the building and across unit sizes. Many of the units currently fall below the maximum rent limits and are available for low- and moderate-income families. However, if rents increase above the DHCD limits, 32 units have been set-aside as affordable throughout the holding period.

Rents are projected to escalate 2 percent annually in Years 2 - 3 to account for slower rent growth than in stronger market conditions. However, this rate increases to 3 percent in the later years due to projected job growth, population growth in the D.C. area and an increase in non-family households, as indicated by recent census data. These projections are in line with a recent REIS Observer for the Washington market (Reis, 2009). The following chart shows the number of units per type and associated rents.

RENTAL INCOME						
				Gross		Net
Type of	Square	No. of	Rent	Rent per	Utility	Rent per
Unit	Feet	Units	PSF	Month	Allowance	Month
50% 1 BDRM-1BA	624	5	$1.65	$1,027	$150	$877
80% 1 BDRM-1BA	624	5	$2.04	$1,273	$150	$1,123
1 BDRM-1BA	624	106	$2.04	$1,273		$1,273
1 BDRM-1BA	600	20	$2.00	$1,200		$1,200
1 BDRM-1BA	616	4	$2.02	$1,244		$1,244
1 BDRM-1BA	576	12	$1.98	$1,140		$1,140
1 BDRM/1BA w/Den	724	4	$2.07	$1,499		$1,499
1 BDRM/1BA w/Den	696	8	$2.04	$1,420		$1,420
50% 1 BDRM/1BA w/Den	688	7	$1.49	$1,027	$150	$877
80% 1 BDRM/1BA w/Den	688	7	$2.03	$1,397	$150	$1,247
1 BDRM/1BA w/Den	688	2	$2.03	$1,397		$1,397
1 BDRM/1BA w/Den	744	12	$2.09	$1,555		$1,555
50% 2 BDRM-2BA	796	2	$1.45	$1,155	$192	$963
80% 2 BDRM-2BA	796	2	$2.11	$1,872	$192	$1,680
2 BDRM-2BA	796	20	$2.14	$1,703		$1,703
50% 2 BDRM-2BA	864	2	$1.34	$1,155	$192	$963
80% 2 BDRM-2BA	864	2	$1.92	$1,849	$192	$1,657
2 BDRM-2BA	864	16	$2.18	$1,884		$1,884
2 BDRM-2BA	848	16	$2.16	$1,832		$1,832
2 BDRM-2BA	976	12	$2.15	$2,098		$2,098
2 BDRM-2BA	924	6	$2.13	$1,968		$1,968
Total		**270**				
Total Low-Income Units	32					
Units @ 50% of AMI	16					
Units @ 80% of AMI	16					
Total % of Low Income	11.85%					
Total Low-Income SF	22,512					

RENT CONCESSIONS

Full lease-up is anticipated to take a little less than 2 years, with 100 percent of the units leased by June 2013. In order to attract prospective tenants, the management company will likely need to provide rent concessions common to the Washington, D.C. market including two-months free rent for vacant units and one-month free rent for on-notice units. These concessions are incorporated in the ten-year cash flow model. The effective rent schedule is included in Attachment A.

TENANT RENEWAL

With the concessions, 60 percent of the units are expected to renew each year, leaving a 40 percent turnover rate. Because this is a new product, tenant improvement costs in the early years of the project are projected at $1.50 PSF. The projected tenant improvement expenditure more than doubles to $3.50 in years 6-10 of the model to account for more substantial improvements.

SENSITIVITY ANALYSIS ONE – LOWER RENT PER SQUARE FOOT

Although the estimated rents PSF are conservative based on other rental rates being charged in the market, the possibility remains that rents could be lower than projected by the time construction is complete. A sensitivity analysis was conducted to determine how a 10 percent decrease in the projected rent PSF would impact the cash flow and JV partner's rate of return. The result was negative cash flows in Years 1 - 2, same as the current scenario. The JV partner's IRR is reduced from 15.6 to 11.3 percent, a significant drop.

SENSITIVITY ANALYSIS TWO – EXTENDED LEASE-UP

Scenario two considers how an extended lease-up period will impact cash flow and the JV partner's IRR. Currently, the stabilization period is 16 months with 85 percent of the units occupied by January 2013. Full lease-up is projected to take another 6 months with 100 percent occupancy reached by June 2013. This sensitivity analysis extends the stabilization period through 2013 with full lease-up projected for the middle of 2014. In this scenario, cash flow is again negative in Years 1 and 2 with the JV partner's IRR reduced to 6.8 percent, having a greater negative impact on the JV partner than the previous analysis. Beltway Homes LLC should consider lowering rents if unit absorption is not keeping pace with projections.

VACANCY AND CREDIT LOSS

The projected vacancy and credit loss is 8 percent with 2 percent from credit loss, which is lower than the current average national vacancy rate of 10.6 percent estimated by the U.S. Census Bureau for conventional rental housing across the country. According to the Reis Observer, third quarter stabilized vacancy rates in the Washington, D.C. market are at 5.8 percent, down from the previous quarter. This is despite the completion of 210 units in 2 projects. Reis forecasts a 2009 year-end rate of 6.3 percent for both 2009 and 2010. For 2010, a large drop in the rate to 5.3 percent is predicted.

OTHER INCOME

The development includes a one-story below grading parking garage with 138 spots. The monthly parking fee per spot included in the model is $125. This amount, which is significantly lower than monthly parking fees ($200 average) charged by other new properties. Fort Totten Station, a competitive property not far from Brookland Pointe, provides free outdoor parking with underground spots available for $50/month.

The management company should also charge a pet fee of $300 per year. Residents will be allowed to keep pets in the unit up to 40 pounds total (for example, a 10 lb. cat plus a 30 lb. dog). The pet fee will be used to offset potential property damages caused by the pet. Fifty units are projected to have pets each year.

Residents will also be responsible for a one-time amenity fee of $200 paid at move-in. The fee covers use of the fitness center, clubroom and business center. A flat screen television, pool table, cable and wireless internet will be available in the clubroom. The business center will include computers with internet access and word processing capabilities. For a charge, residents can also use available printers. This fee is substantially less than amenity fees charged by other properties that are upwards of $700 at move-in. Similar to the parking fee, For Totten Station also does not charge amenity fees, the reason for the lower price.

Each fee is projected to increase 2 percent annually beginning in Year 3 when the property is expected to reach stabilized cash flow. The fees will be used to cover internet and cable expenses, computer and printer maintenance, fitness equipment maintenance and damages caused by pets. The building's repairs & maintenance general budget will subsidize expenses exceeding the annual amenity fees collected.

UTILITIES

Residents will pay their own utilities, including gas and electricity. Each unit is equipped with their own heating, ventilation and air-conditioning (HVAC) equipment. The property will pay the water and sewer expenses that are projected to increase by 3 percent annually, in addition to common area utilities (gas and electric), that are also projected to increase 3 percent annually.

FINANCING ASSUMPTIONS

CONSTRUCTION LOAN

Beltway Homes LLC will obtain a construction loan of $19,934,139 that is 65 percent of the total construction costs of $30,667,906. The interest rate is estimated at 7.5 percent. Over the construction period, the project accrues $1,075,188 of construction loan carry plus another $1,711,091 of preferred equity returns for the JV partner bringing the total construction costs to approximately $33.5 million. At construction completion, the construction lender agreed to extend the loan for 16-months, the point at which the permanent lender will provide financing at 85 percent occupancy. During this time, Beltway Homes LLC will pay interest only at an 8.5 percent rate. These rates are conservative estimates based on rates currently being charged in the marketplace.

The construction loan will cover negative cash flow of $407,339 in Year 1 under operating reserve/startup. However, Beltway Homes LLC will be responsible for paying the $244,640 negative cash flow in Year 2. The project is expected to stabilize by the end of Year 2 and then refinance with a permanent lender in January 2013 (Year 3). At this time, the construction loan carry and JV partner preferred equity accrued during the construction period will be paid out of loan proceeds.

PERMANENT FINANCING

At the end of the projected stabilization period, the permanent take-out loan is calculated using Year 3 stabilized NOI of $3,040,338 and a projected cap rate of 7.2 percent for Class A apartment assets. With few multifamily properties being sold currently, cap rates are difficult to determine. However, with improved market conditions anticipated in 2013, 7.2 percent is a conservative estimate. Using these assumptions, the project's total value is approximately $42.2 million. The permanent lender is willing to finance 65 percent of the value at a 6.5 percent interest rate. The new loan proceeds are $26,898,545 with a debt service coverage ratio of 1.49, well over the 1.25 lender requirement. From this amount, Beltway Homes LLC must pay loan fees of 3 percent, the construction loan balance, construction loan interest carry and JV partner preferred equity return over the construction period. The JV Partner and project sponsor will split the remaining $4.2M according to the percent of their equity contribution (95/5). These proceeds will partially return the JV partner's equity contribution. The permanent loan will amortize over 30 years with a 10-year term. Annual debt service payments total $2,040,205.

If Beltway Homes LLC experiences trouble receiving a permanent loan take-out commitment when applying for the construction loan, financing is available through the Department of Housing and Urban Development's Federal Housing Administration (FHA) Section 221(2)(4) mortgage insurance program. These loans often take up to 9 months to close, include many underwriting requirements and have higher interest rates; however, the project sponsor loses some of the financing risk by receiving approval for both construction and permanent financing through the same process. The basic terms are typically 40 year amortization periods plus construction period at a fixed interest rate and no recourse.

CASH FLOWS FOR DISTRIBUTION

Each cash flow available for distribution (after debt service) will be split between the JV partner (95 percent) and project sponsor (5 percent). Over 7-years, these distributions partially return the JV partner's equity contribution of $10,197,079 and distribute cash flow to Beltway Homes LLC for managing the asset.

JV PARTNER PREFERRED RETURN – 11 PERCENT

The JV partner's 11 percent annual preferred equity return of $1,121,679 will cumulate each year, non-interest bearing. The total balance of $7,851,751 will be paid from the sale proceeds in Year 8.

SEVEN-YEAR HOLDING PERIOD

A 7-year holding period was chosen in order to boost the JV Partner's return. The projected terminal cap rate is 7.7 percent. Based on Year 8 project NOI ($3,502,142), the project's value is estimated at $45.5M, $3.3M more than the projected Year 3 value. After paying the permanent loan balance of $24,764,244, the unreturned JV equity balance of $3,210,278, and the JV partner accrued preferred return of $7,851,751, the JV partner and project sponsor agreed to split the proceeds 80/20 with 80 percent going to Beltway Homes LLC as a reward for managing the asset over the holding period.

INTERNAL RATE OF RETURN (IRR)

The JV partner is projected to receive a leveraged IRR of 15.6 percent on their equity contribution and Beltway Homes LLC will receive an IRR of 56 percent. According to representatives from large multifamily development companies such as AvalonBay who recently spoke during a conference hosted by the National Association of Home Builders, the JV Partner's IRR for Brookland Pointe is in line with returns received on other multifamily projects with a 7 to 10-year holding period.

LOW INCOME HOUSING TAX CREDIT

In order to help finance the cost of constructing the affordable units, the Low Income Housing Tax Credit ("housing credit") program was considered as a potential financing source. The housing credit program is commonly used to help offset the cost of developing affordable housing projects. Each year, the Department of Treasury allocates housing credits to allocating agencies. The allocating agencies in turn award the housing credits based upon the state's priorities and needs through the Qualified Allocation Plan (QAP). Non-profit and for-profit sponsors apply for housing credits using the QAP as a guide. Once a project is awarded an allocation of housing credits, the project sponsor takes them to the investor market to sell for equity dollars.

Investors in housing credit deals receive a dollar-for-dollar credit against their federal tax liability in exchange for equity contributions to affordable housing. Their equity contribution is used for acquisition and development costs, lowering the amount of debt a property must carry and therefore allowing lower rents to be charged and lower-income households to be served. In exchange for this equity contribution, the property's sponsors agree to keep it affordable for a minimum of 15 years. This is also the time period that owners must report to the Internal Revenue Service (IRS) the number of housing credit eligible units in their project. After the initial 15 years, the project must remain affordable for at least another 15 years (extended use period). The D.C. Department of Housing and Community Development awards points for owners that commit to keeping the project affordable for ten years or more beyond the extended use period.

At a minimum, project sponsors applying for housing credits must dedicate 20 percent of the project's units to households making 50 percent of AMI or less, or 40 percent to individuals making 60 percent of AMI or less. Income limits for the housing credit program are published annually by the U.S. Department of Housing and Urban Development (HUD). The resident cannot be charged more than 30 percent of the income limit for gross rent. The gross rent is then reduced by a utility allowance that includes utilities paid directly by the tenant to the utility provider. The estimated utility allowance is calculated based on average utility consumption multiplied by local utility rates and must be subtracted from the maximum allowable rent in order to determine the rent charged to the tenant.

There are two kinds of housing credits for which a project is eligible – 4 percent and 9 percent. The 4 percent credit is available for the costs of acquiring a building for a rehabilitation project. The 9 percent credit is available for the costs of new construction or substantial rehabilitation of a project (the latter only when a certain minimum is spent for rehabilitation).

The amount of tax credit an individual project receives is based on its qualified basis, which is calculated by following these steps –

1. Calculate total project costs.
2. Determine eligible basis by subtracting non-depreciable costs, such as land, permanent financing costs, rent reserves and marketing costs.
3. Then, multiply the eligible basis by the applicable fraction, which is the smaller of, (1) the percentage of affordable units to total units, or, (2) the percentage of square footage of the affordable units to the square footage of the total units.

Based on the minimum set-aside tests, Brookland Pointe will need to offer at least 54 units at or below 50 percent of the AMI or 108 units at or below 60 percent of the AMI. DHCD's QAP awards 20 points for projects with up to 100 low-income units. However, a project with more than 100 low-income units will receive zero points in this category, reducing the project's competitive advantage.

A cash flow scenario was created based on 60 units for households at or below 50 percent of the AMI. Although the program only requires 20 percent of the units to be set-aside for low-income families, most financial institutions that are investing in LIHTC funds today want at least a $6M investment per project, particularly in urban areas. In order to meet this minimum requirement, the number of units at or below 50 percent of the AMI was increased from 54 to 61 with an additional 16 units designated for households at or below 80 percent of the area median income in order to meet the District's inclusionary zoning regulations.

Based on this minimum investment level, it was determined that the project is eligible for $6,098,964 in housing credits. This amount was calculated by applying the following formula.

LIHTC CALCULATION	
Total Project Costs	35,100,444
Land Acquisition	(4,432,538)
Financing Costs	(163,000)
Advertising	(100,000)
Reserve	(410,000)
Eligible Basis	29,994,906
Applicable Fraction	23%
Qualified Basis	6,776,627
9 Percent Credit	9.00%
Annual Allocation Amount	609,896
Total Allocation	6,098,964
LIHTC Price ($0.85)	85%
Total LIHTC Equity	5,184,120

In this scenario, the applicable fraction in which to base the credit is the percentage of affordable units to total units (23 percent). This percentage was used to calculate the qualified basis by multiplying the eligible basis amount by 23 percent. The qualified basis amount of $6,776,627 was then multiplied by the applicable credit percentage (9 percent for new construction) to determine the annual housing credit benefit available to the equity investor over the ten-year credit claim period. DHCD multiplies the annual housing credit amount by 10 in order to determine the housing credit allocation ($6,098,964).

A housing credit syndicator indicated Brookland Pointe could attract financial institutions needing to satisfy their Community Reinvestment Act (CRA) requirements resulting in an equity price of $.85 per $1.00 of tax credit compared to non-CRA deals that are receiving between 65 and 72 cents per dollar of housing credit in today's market. The equity investor offers a lower price in order to obtain a yield of 6 of 7 percent from their investment. This price also includes syndicator fees for selling the housing credits in a fund and on-going asset management oversight. Based on this information, the final housing credit equity available to Beltway Homes LLC would be $5,184,120. In exchange for purchasing the housing credits and providing equity to the housing credit project, the investor uses both tax losses from the project and their annual tax credit benefit over ten years ($518,412) to offset their Federal tax liability.

The housing credit equity is applied towards the cost of constructing the affordable units, resulting in a lower construction loan and ultimately lower permanent financing debt service for the project. Despite these benefits, the cash flow model run for Brookland Pointe with 61 units set-aside for households at or below 50 percent of the AMI reduced the JV partner's incentive for investing in the deal.

The JV partner compared their IRR for a non-housing credit deal (15.6) with the housing credit deal (11.1) and determined they would put more equity into the housing credit deal for a lower return. The development budget for the housing credit deal is higher because it includes a higher developer fee (12 percent) and housing credit application and allocation fees ($60,919). The developer charges a higher fee in order to defer 100 percent of this amount and apply it as equity toward the deal. The deferred fee accrues interest over the 15-year compliance period and is paid out of cash flow or residual sale proceeds. This is a common practice for housing credit deals. Allocating agency often awards points for deferring part of the fee. In this case, DHCD will award 5 points for deferring 41 percent or greater of the anticipated developer fee. The project also has higher operating expenses due to on-going asset management fees paid to DHCD and higher fees paid to the management company for their expertise with housing credit compliance.

The JV partner's lower return is also a result of no sale proceeds in Year 16. Housing credit projects are subject to a sale restriction. If Beltway Homes LLC intends to sell the project after the initial 15-year compliance period, they must work with the HFA to find a buyer who will purchase the project and maintain the income and rent restrictions. After one-year, if no buyer is found, the property can transition to 100 percent market-rate over three years. DCHD will also award substantial points for projects that extend their affordability period beyond 30 years and provide a recordable purchase option or right of first refusal to a qualified nonprofit or the D.C. Housing Authority at the end of the minimum 15-year compliance period (25 points). This acquisition price shall be limited to outstanding debt and exit taxes, resulting in a lower IRR, which is unattractive to the market-rate investor.

In addition to issues mentioned above, the housing credit program is governed by complex regulations. At the end of each taxable year, Beltway Homes LLC must report their eligible basis to the Internal Revenue Service (IRS). If the IRS determines that the qualified basis has decreased, the property faces recapture and Beltway Homes LLC must repay the housing credits to the Department of Treasury. Market-rate investors in a mixed-income project are particularly sensitive to this risk in the event the recapture amount is paid using project cash flow. Housing credit equity investors may also be sensitive to the increased risk of losing their tax credit flow if the proportion of affordable units to market-rate is reduced.

The housing credit program works well for smaller, 100 percent housing credit projects. However, in the case of Brookland Pointe, the program introduces additional risk to the project through compliance requirements. It also reduces the JV partner's return on their equity investment, negatively impacting the likelihood of their investment and causing the deal not to move forward.

DEVELOPMENT INFORMATION

DEVELOPMENT OVERVIEW

ASR Group proposed to build Brookland Square, a 263-unit, 4-story, market-rate multifamily development on this 1.95-acre (84,948 SF) site located in northeastern Washington, D.C. This development plan uses ASR Group's basic design and adds density and amenities to create Brookland Pointe, a 270-unit project also with 4-stories. Brookland Pointe includes 221,000 SF with lot occupancy of 67 percent and FAR of 2.6, conforming to the zoning regulations. Wood framing with a brick façade will be used for construction. The building includes three elevators and three stairwells. 138 parking spaces are available on one-floor of below-grade parking. In addition, the units will be situated around two closed-in courtyards with benches and lighting for the residents. The development meets Enterprise's Green Communities criteria, which adds 3 percent to the total development costs and approximately $4,100 per unit. Total construction costs are $30.7M or $137.86 PSF. The total cost per unit without carry is $130,000 (ATTACHMENT B).

DUE DILIGENCE

Before acquiring the land for this development, Beltway Homes LLC and its legal counsel must conduct a detailed review of the site. A summary of the key due diligence items is provided below.

- **GENERAL INFORMATION**
  Beltway Homes LLC must obtain general information such as the address and location of the property, size of the property, applicable tax identification numbers and other governmental designations of the property. They must also confirm identify of the record owner of the property and period of ownership plus past record owners of the property.
- **TITLE AND SURVEY**
  In addition to ordering a new survey for the property, Beltway Homes LLC must obtain from ASR Group a copy of the title and survey and evaluated copies of all existing title insurance policies and reports. ASR Group should provide a copy of the deed by which they acquired its fee simple interest in the property. Beltway Homes LLC must order a new title search and obtain a title insurance commitment confirming that all mortgages, deeds of trust and other liens encumbering the property had been satisfied and released of record.
- **REAL PROPERTY TAXES AND OTHER GOVERNMENT REQUIREMENTS**
  ASR Group should provide to Beltway Homes LLC copies of current bills showing all real property taxes and other assessments. Additionally, ASR Group should confirm all applicable government impositions such as real property taxes, special assessments, water and sewer, and share the likelihood of any pending or future reassessments on the property.
- **UTILITIES**
  Beltway Homes LLC must obtain from ASR Group evidence of sources and availability of all required utilities (i.e. electricity, gas, water, sewer, telephone) and conduct an independent

investigation to confirm availability and sufficiency of all required utilities for the proposed development.

- **HISTORIC PROPERTY DESIGNATIONS**
  ASR Group stated that the property had not been designated as historic. Beltway Homes LLC should confirm this through an independent review of property records.
- **ENVIRONMENTAL MATTERS**
  Through inspection of the site and records obtained from the seller, Beltway Homes LLC must also confirm that environmental matters, such as underground storage tanks, wetlands, critical habitats, pipelines, or hazardous materials or waste, are not present on the site.

DEVELOPMENT TEAM

It is important for Beltway Homes LLC to work with professionals experienced in multifamily design and construction. A description of the main development team members is below.

PROJECT SPONSOR: Beltway Homes LLC is responsible for obtaining financing for the project, coordinating the appropriate testing and inspections and developing the construction schedule and cost estimates. For this project, Beltway Homes LLC will designate the architect as the project manager.

ARCHITECT: The architect's main responsibilities are to design the building and supervise construction. For Brookland Pointe, the architect must have familiarity with green multifamily buildings. A Leadership in Energy and Environmental Design (LEED) accredited professional is preferred. The architect must also produce construction documents that are well coordinated with documentation from other consultants. It is important that the qualified architect be able to present suitable designs to government agencies and local interest groups in order to obtain project approval. The architect will act as Beltway Homes LLC's agent and retain the environmental consultant. In addition to green building oversight, the architect will be responsible for working with Beltway Homes LLC and general contract to ensure compliance with the Fair Housing Act accessibility requirements before the certificate of occupancy is issued.

ENVIRONMENTAL CONSULTANT: The architect will work with an environmental consultant to conduct the Phase I Environmental Assessment (required by Green Communities) that includes onsite visual inspection of the property, data review of local geology and hydrology, assessment of past land use practices with particular attention to hazardous material or waste management activities and review of local and federal regulatory agency records maintained for the site. This information will be provided in a written report. The consultant will also be responsible for reviewing Enterprises' Green Communities program, making specific recommendations for how to obtain the minimum 35 optional points for new construction and working with the District for green project approval.

MECHANICAL PLUMBING, ELECTRICAL ENGINEER: These specialized engineers will orchestrate the various mechanical, plumbing and electrical systems during the design process. They will also calculate building requirements such as heating, ventilation and air-conditioning (HVAC), plumbing lines, electrical needs, etc. Experience with green building projects will be important. In order to meet the Green Communities mandatory requirements, the HVAC system must be appropriately sized in accordance with the Air Conditioning Contractors of America Manual.

STRUCTURAL ENGINEERS: The structural engineer determines the appropriate structural system (foundation) to achieve the project's design goals and ensure safety. During their analysis, they mainly take into account safety, technical, economic and environmental concerns. Their goal is to keep the buildings structure safe without over design.

GENERAL CONTRACTOR (GC): The GC will lead the execution of the project in accordance with the contract documents. The general contractor will be responsible for the supplying of all material, labor, equipment, and services necessary for the construction of the project. To do this, it is common for the general contractor to subcontract part of the work to other persons and companies that specialize in these types of work. Beltway Homes LLC will work closely with the architect and general contractor to meet project deadlines and budget constraints. The project delivery method for this project will be Design-Bid-Build (DBB) requiring separate contracts between Beltway Homes LLC and the GC and Beltway Homes LLC and the architect. The GC will be compensated with a guaranteed maximum price (GMP), which includes actual costs plus a fee with an agreed upon maximum price.

SUBCONTRACTORS: The specialized work may be contracted out to smaller contractors.

COMPLIANCE WITH FAIR HOUSING ACCESSIBILITY REQUIREMENTS

As noted earlier, the architect is responsible for working with Beltway Homes LLC and general contractor to ensure compliance with the Fair Housing Act accessibility requirements. This law, which was enacted in 1988, requires new multifamily buildings constructed for first occupancy after March 13, 1991, and consisting of four or more units to be accessible to disabled persons. In elevator buildings, like Brookland Pointed, all units must comply with the following accessibility requirements.

1. Accessible building entrance on an accessible route
2. Accessible common and public use areas
3. Usable doors (usable by a person in a wheelchair)
4. Accessible route into and through the dwelling unit
5. Accessible light switches, electrical outlets, thermostats and other environmental controls
6. Reinforced walls in bathrooms for later installation of grab bars
7. Usable kitchens and bathrooms (maneuver in a wheelchair)

The Department of Housing and Urban Development (HUD) issued accessibility guidelines on March 6, 1991, and a supplementary design manual in August 1996 to provide guidance on complying with the law. HUD approved these documents, along with several building codes, as "safe harbors" meaning that if a builder follows design and construction standards outlined in one of the "safe harbors," then they have complied with the law. However, despite steps taken by the builder, accessibility requirements can be missed during the design or construction phase.

Fair housing groups often use HUD's accessibility guidelines and design manual as threshold criteria for bringing lawsuits against multifamily home builders for violating the law, leading to millions of dollars in legal fees and retrofitting costs. The groups are particularly looking at wheelchair "clearance" in kitchens and bathrooms and accessible routes. In order to avoid this situation, Beltway Homes LLC must ensure the building complies with the law. The architect and general contractor play an important rule by following the design guidelines and ensuring the building is constructed according to the design.

SITE DESIGN

Since the downtown in the economy, particularly the housing market, ASR Group's proposed development went through two significant financing and design revisions. First, in 2006, ASR Group received approval from the District of Columbia's Board of Zoning Adjustment (BZA) to construct a condominium project called 1300 Rhode Island Ave. The original design included 326 units, ranging from efficiencies to two-bedrooms, and 4 floors of below grade parking consisting of 264 spaces, of which 61 percent of the spaces were designated for compact cars requiring a variance from the 40 percent limit allowed by the zoning regulations. The BZA granted this variance, in addition to a special exception to include multiple terrace enclosures for penthouse units on the fourth floor and a variance to the residential recreation space requirement that is no longer a zoning requirement as of April 6, 2007.

In 2008, after determining the D.C. market could not support a condo project, the ASR Group submitted a subsequent development application to the BZA requesting approval to change the project from condominiums to apartments. At this time, they also proposed to increase the number of units from 326 to 333 by reducing some of the unit sizes more typical to apartment buildings in the area, as stated in ASR Group's application. It was likely that more units were also necessary to increase cash flow and cover additional operating expenses attributed to management and leasing, both of which were added to the new plan. During this revision, ASR Group also changed the name of the project to Brookland Square.

After receiving approval for a new design in 2008, the ASR Group submitted a second redesign in September 2009 to the BZA for approval. The new design reduced the total number of units to 263, and eliminated "penthouse" structures serving the top floor units, including spiral staircases, a roof room and roof decks. It also eliminated one level of subsurface construction by raising the elevation of the garage level, bringing down the cost to construct a below-grade parking structure.

ASR Group's latest design was used as the basis for the proposed Brookland Pointe development. However, the type of construction was changed from steel to wood-framing in order to reduce the development cost. With this change, Beltway Homes LLC was required to follow the District's inclusionary zoning rules that allowed them to increase the gross floor area constructed resulting in 270 units, 7 more than the ASR Group design that includes the replacement of the one efficiency unit with a business center.

CONFORMANCE WITH LOCAL PLANNING AND ZONING

This project fits within the scope of the 2006 adopted Comprehensive Plan Generalized Land Use Map (GLU), which designates the site partially as *moderate-density commercial* and partially as *moderate-density residential.* The definitions are below:

> **MODERATE DENSITY COMMERCIAL:** Comprehensive Plan Map designation used to show areas of retail, office, and service uses generally three to five stories in height.
>
> **MODERATE DENSITY RESIDENTIAL:** Comprehensive Plan Map designation used to show row house neighborhoods, garden apartment areas, and areas characterized by a mix of single family homes, row houses, and small apartments.

The 2006 Comprehensive Plan also outlines policy priorities for each of the city's Planning Areas. This project conforms to the policies listed under UNE-2.5 Rhode Island Avenue-Brentwood Metro Station and Corridor. This focus area includes the Metro station vicinity and the 2.7-mile corridor extending from North Capitol Street east to the Maryland line, the location of the proposed project. Specifically, Policy UNE-2.5.4: Rhode Island Avenue Corridor states a desire to *strengthen the Rhode Island Avenue corridor from 13th to 24th Street NE as a pedestrian-oriented mixed use district that better meets the needs of residents in the Brentwood, Brookland, Woodridge, and South Central neighborhoods. Infill development that combines ground floor retail and upper-story office and/or housing should be encouraged.*

ZONING

The site's zoning is C-2-A permits matter-of-right low density development including office, retail, and all kinds of residential uses to a maximum lot occupancy of 60 percent for residential use, a maximum FAR of 2.5 for residential and 1.5 FAR for other permitted uses, and a maximum height of 50 ft. However, in exchange for adhering to the District's inclusionary zoning rules and setting aside units for low- and moderate-income households, this project can build to maximum lot occupancy of 75 percent and construct an additional 20 percent gross floor area (GFA) than permitted as a matter-of-right ("bonus density") with a maximum FAR of 3.0.

The IZ requirements apply to newly constructed multiple-dwelling projects in the C-2-A zoning corridor, unless the proposed method of construction employs steel and concrete frame structures. Specifically, these rules would apply to Brookland Pointe because it is a new multiple-dwelling project, has ten or more dwelling units, and the primary method of construction is wood framing with concrete block backup. The GFA for the project is 221,000, 8,630 GFA (4 percent) more than C-2-A zoning permits for residential construction, and has a lot occupancy of 67 percent.

With 32 units, or 12 percent of the GFA set-aside for low-and moderate-income units, Brookland Pointe meets the IZ set-aside requirements. The units have been scattered throughout the building.

A summary of the zoning requirements is below.

Section	Item	Restrictions	Existing	Proposed	Relief
n/a	Lot Area		84,948 SF		
770	Height	50' + Roof Structure		48' + 10' Roof Structure	Conforms
771.2	FAR	2.5		2.6	
2604.2	Lot Occupancy	75%		67%	Conforms
2604.1	Square Footage Max.	20% Bonus Density (max. 254,844 SF)		221,000 SF	Conforms
774	Rear Yard	15'		15'	Conforms
775	Side Yard	2"/ft of ht. = 9'-8"			Conforms
776	Open Court	4"/ft of ht. = 19'-4"			Conforms
2115.2	Parking	1 space per 2 units of which 40% may be compact spaces		138 Parking Spaces	Conforms
2200	Loading	1 berth @ 55' 1 platform @ 200 SF 1 delivery space @ 20'			Conforms

For residential development, D.C. requires .5 parking spots for each unit. Brookland Pointe will offer 138 parking spaces with 40 percent (56) designated for compact cars. This conforms to the zoning code requirements.

Upon receiving an application for approval, the Board of Zoning Adjustment will submit the application the D.C. Office of Planning for coordination, review, report and impact assessment. The D.C. Office of Planning staff will provide a report with their findings and recommendations to the BZA for review prior to a hearing scheduled for the Board of Zoning Adjustment to approve or deny the application.

DEVELOPMENT BUDGET

The hard costs were estimated using RSMeans data (ATTACHMENT C). After comparing both wood framing and steel construction, it was determined that wood framing was more cost effective for a four-story residential building. According to RSMeans estimates, total hard costs using steel frame construction is approximately $28 more per square foot than total hard costs using wood framing. Total savings to the project was approximately $8M.

The base building cost of $79.74 was increased by $4.90 to account for green elements described later in this section. However, from this total, $3.66 was subtracted to account for HVAC equipment ($3,000/unit) added to furniture, fixtures and equipment (FF&E) under soft costs. In addition to the base building, the project includes one-floor of below-grade parking estimated at $19,300/spot or $2.7M total. The estimated construction costs include $281,000 for security features. The general contractor will receive 4 percent of the total hard costs for their fee and overhead. The payment and performance bond is 1.5 percent of the hard costs.

The soft costs include 8 percent of the hard costs for architecture and engineering fees and 4 percent for the developer fee. It also includes $25,000 for the environmental consultant that will help meet D.C.'s residential green building requirements and conduct the environmental assessment. A market analyst will be hired for $20,000 to develop a market study for the project. The person or organization will need to have experience with mixed-income residential feasibility analysis.

Furniture, fixtures and equipment is estimated at $1,661,754. This includes HVAC equipment, refrigerator/freezer, dishwasher, stove, microwave, garbage disposal, and stacked washer and dryer ($6,000/unit). Qualified products that have earned the Energy Star rating will be purchased. FF&E also includes $40,000 for equipment in the fitness center and community room, both located on the parking level.

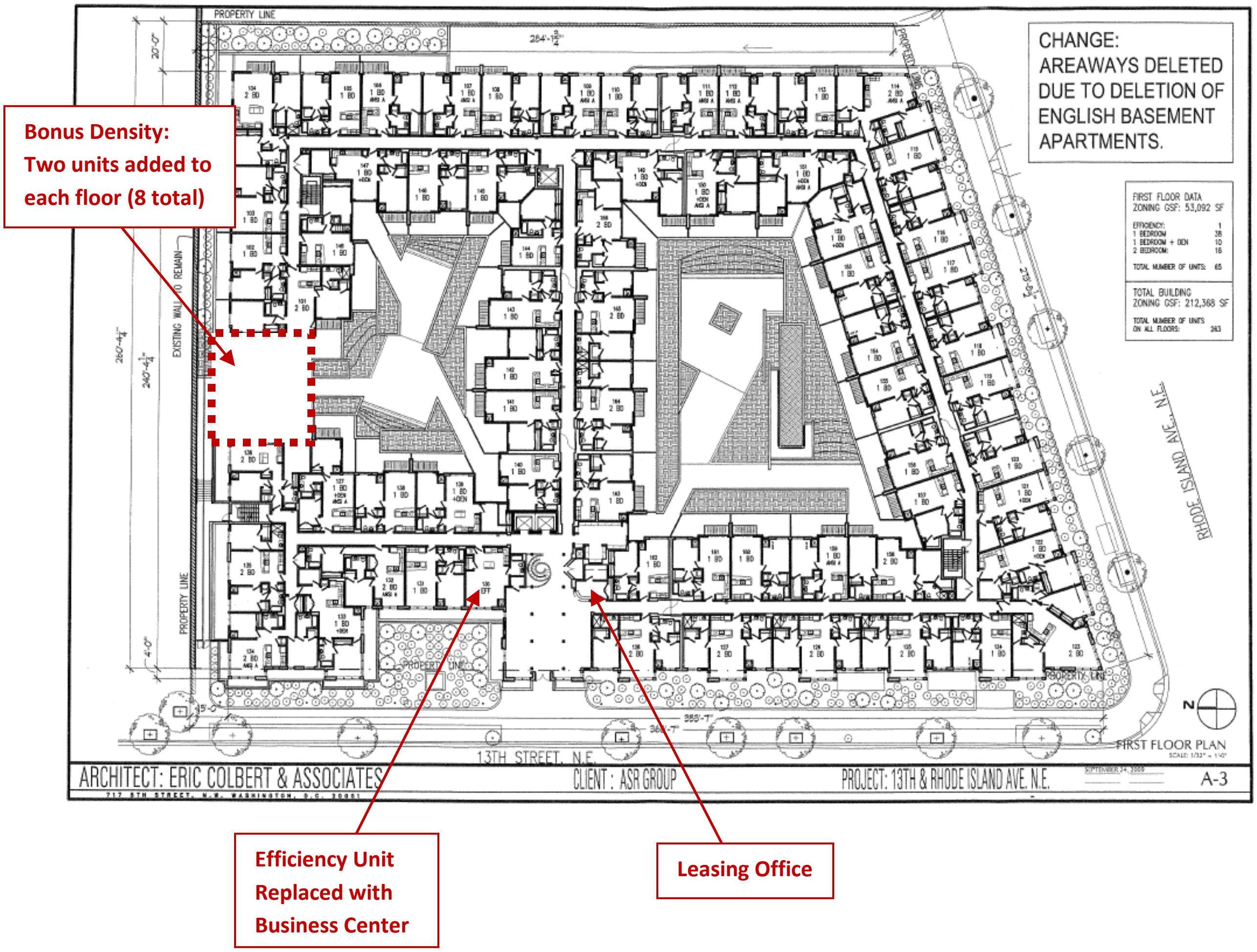
Real Estate taxes during construction (12 months) are $510,000 based on the 2008 assessed value. Other major soft costs include the operating reserve/start up ($410,000) to help cover costs during lease-up and a 5 percent contingency in the event of cost over-run. The total soft cost per square foot is $37.76.

During the construction period, the construction lender will earn 8 percent (cumulative) on the construction draws and the JV partner will receive 11 percent (cumulative) on their equity contribution bringing the total project budget with carry to $37.9M.

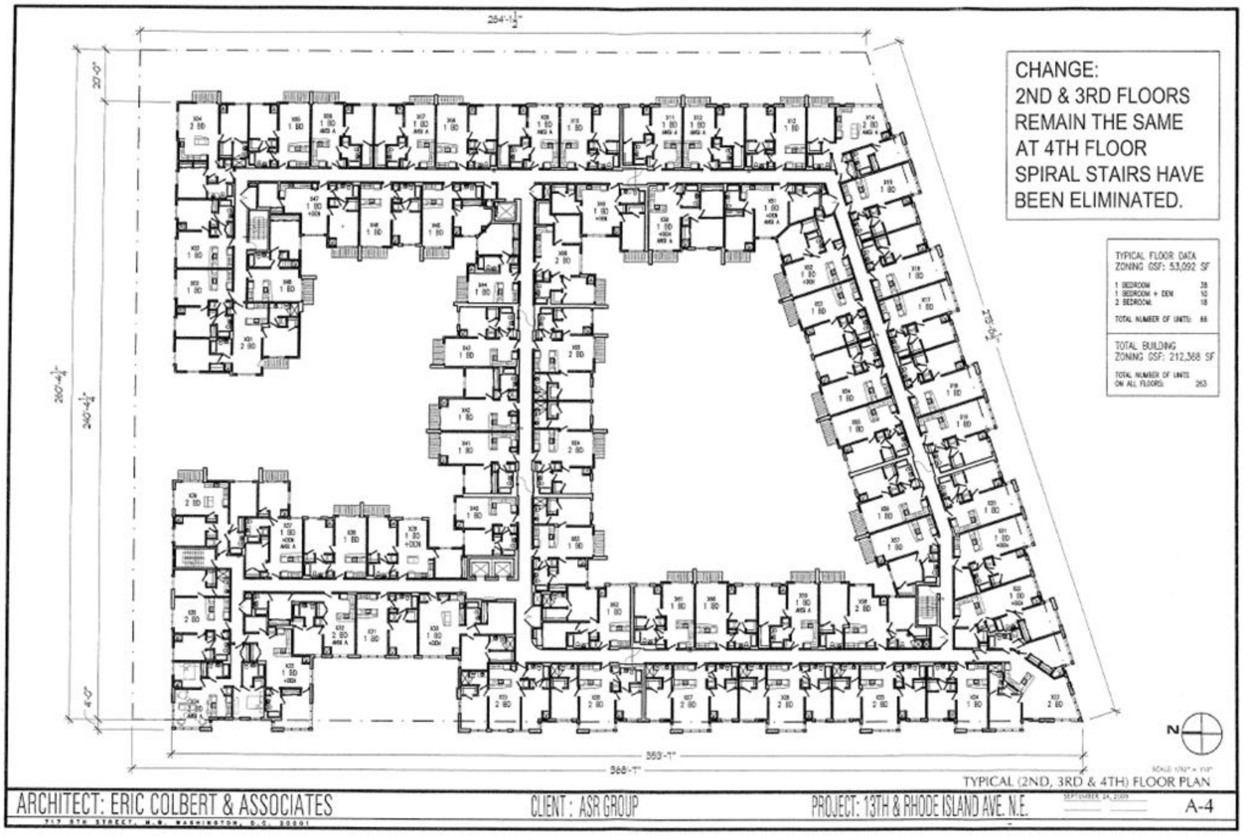
DEVELOPMENT SCHEDULE

Construction is expected to take 18 months. The construction entrance will be located on 13th Street through the existing entrance. One hundred percent of the real estate taxes, market analysis and builders risk insurance will be paid up front. Draw on the base building and general contractor fees will commence in June 2010. The other projects cost draws are projected to be fairly even over the construction period.

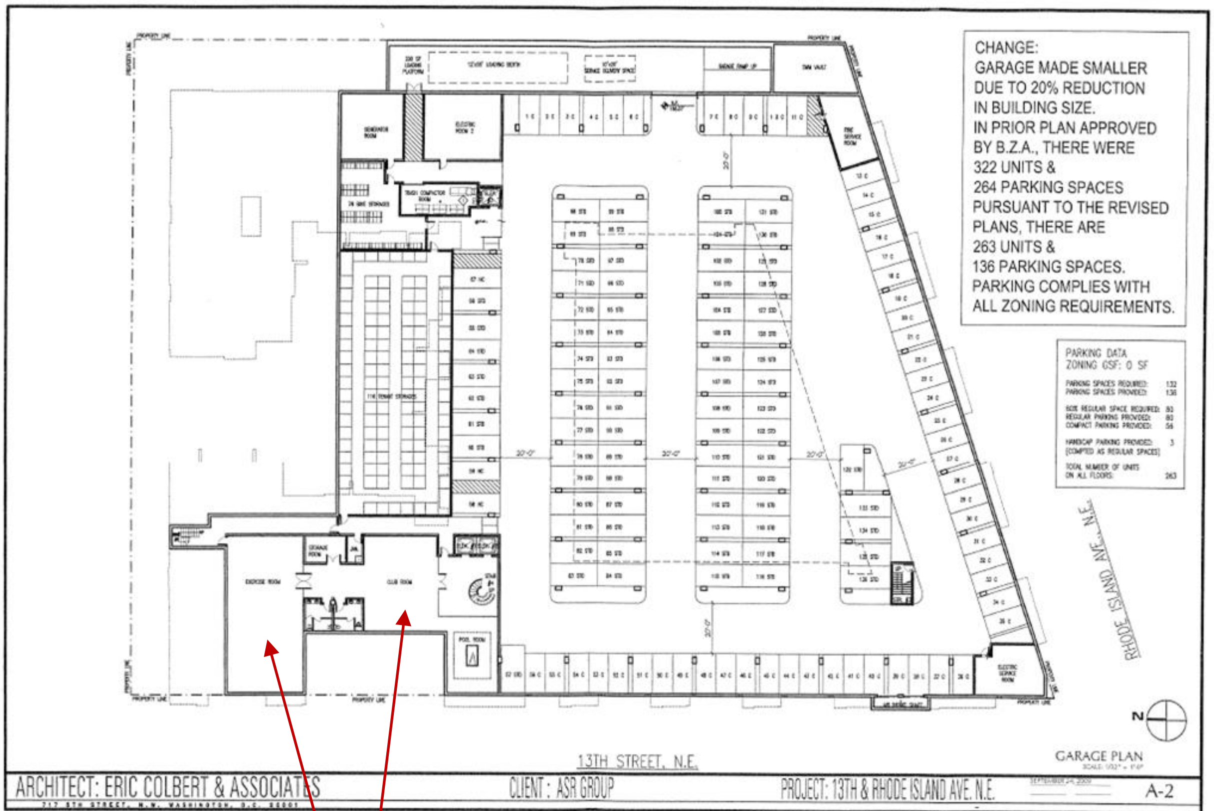
TYPICAL FLOOR PLAN – FIRST FLOOR



Typical Floor Plan – Second, Third and Fourth Floors

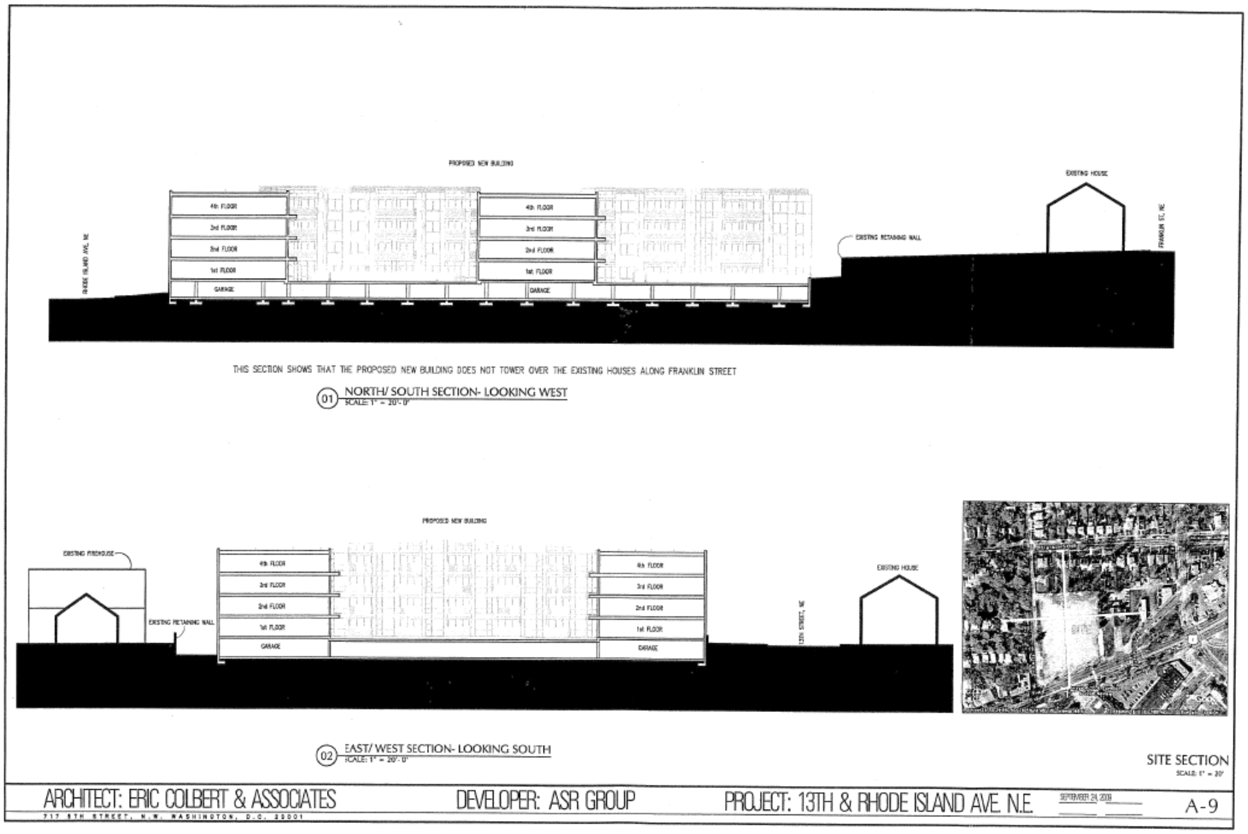


Parking Garage



Fitness Center &
Club Room w/Pool table

Elevation


PROPOSED NEW BUILDING
EXISTING HOUSE
EXISTING RETAINING WALL
4th FLOOR
3rd FLOOR
2nd FLOOR
1st FLOOR
GARAGE
THIS SECTION SHOWS THAT THE PROPOSED NEW BUILDING DOES NOT TOWER OVER THE EXISTING HOUSES ALONG FRANKLIN STREET
01 NORTH/ SOUTH SECTION- LOOKING WEST
SCALE: 1" = 20'- 0"
EXISTING FIREHOUSE
02 EAST/ WEST SECTION- LOOKING SOUTH
SCALE: 1" = 20'- 0"
SITE SECTION
ARCHITECT: ERIC COLBERT & ASSOCIATES
717 8TH STREET, N.W. WASHINGTON, D.C. 20001
DEVELOPER: ASR GROUP
PROJECT: 13TH & RHODE ISLAND AVE. N.E.
SEPTEMBER 24, 2008
A-9

GREEN COMMUNITIES CRITERIA

Pursuant to the D.C. Green Building Act, as of January 2009 applicants of private-owned residential new construction shall submit to D.C. Department of Consumer and Regulatory Affairs (DCRA) as part of each permit application the *appropriate checklist documenting the green building elements to be pursued in the respective building's construction permit.* The law requires new residential projects to satisfy the Green Communities criteria.

The Green Communities criteria was developed collaboratively by Enterprise and a number of leading national organizations and experts for the purpose of providing a clear, cost-effective framework for all kinds of affordable housing: new construction and rehabilitation in multifamily as well as single family buildings. The criteria include a number of mandatory requirements that a project must follow. In addition, new construction must achieve an additional 35 points from optional criteria items outlined on the checklist. From the categories outlined below, the project is projected to obtain 38 points from the optional criteria in order to meet the Green Communities requirements (ATTACHMENT D).

INTEGRATED DESIGN: Green Communities requires a Green Development Plan outlining the integrated design process (IDP) used to plan for the development. IDP is defined by the U.S. Department of Energy as the process which multiple disciplines and seemingly unrelated aspects of design are integrated in a manner that permits synergistic benefits to be realized. It is a process that helps differentiate green building design from the design of conventional buildings. The goal is to achieve high performance and multiple benefits at lower cost than the total for all components combined. IDP involves Beltway Homes LLC, the general contractor, architect, engineers and operation people, including property managers. The maximum benefit of IDP occurs when the decision to use an integrated process is made prior to the design process. A charrette will be organized in order to bring together the community, owner, design professionals, contractors and engineers to ensure everyone is on board with the project. This process will be outlined in the Green Development Plan, in addition to feedback received during the charrette.

SITE, LOCATION AND NEIGHBORHOOD FABRIC: This category includes many mandatory and optional criteria. From the mandatory requirements, a site map will be provided demonstrating the project is located with access to existing infrastructure and is bordering existing development. The project is also located within a short distance to community and retail facilities. It is not located within or near an environmentally sensitive area. In this category, the project receives 26 points from optional criteria for high-density, compact development; connecting the project to the surrounding neighborhood with sidewalks; orienting the building to make the greatest use of passive solar heating and cooling; and locating near public transportation (metrorail and bus).

SITE IMPROVEMENTS: In addition to mandatory requirements such as conducting a Phase I Environmental Assessment selecting non-invasive plan species for the landscaping, the project receives 5 points in this category for labeling all storm drains or storm inlets to clearly indicate where the drain or inlet leads.

WATER CONSERVATION: This category requires the installation of water-conserving appliances and fixtures. Brookland Pointe will receive an additional 5 points for installing water-conserving fixtures reducing water usage beyond the mandatory criteria.

ENERGY EFFICIENCY: Many of the criteria listed under this category are mandatory. Brookland Pointe must meet Energy Star standards and provide Energy Star clothes washers, dishwashers and refrigerators. The project must also install efficient interior and exterior lighting systems, including Energy Star or high-efficiency commercial grade fixtures in all common areas and outdoors.

MATERIALS BENEFICIAL TO THE ENVIRONMENT: Brookland Pointe receives 5 points under this category for developing and implementing a waste management plan to reduce the amount of material sent to the landfill by at least 25 percent. The project will also receive 5 points for committing to use at least 25 percent (by cost) wood products and materials that are salvaged wood, engineered framing materials or certified in accordance with the Forest Stewardship Council. Other optional points the project will receive are for providing water-permeable walkways and using light-colored, solar-reflective materials to reduce the site's heat-island effect.

HEALTHY LIVING ENVIRONMENT: Brookland Pointe meets the mandatory criteria in this category such as using low or no volatile organic compound (VOC) paints and primers and appropriately sizing the heating, ventilation and air-conditioning (HVAC) system in accordance with the Air Conditioning Contractors of America Manual. The project will receive 2 points for enforcing a "no smoking" policy.

OPERATIONS AND MAINTENANCE: Beltway Homes LLC will create operations and maintenance manuals instructing tenants and the management company on how to maintain the building's green elements. The management company will also be instructed to provide a new resident orientation covering components of the tenant manual.

IMPACT OF GREEN ELEMENTS ON HARD COSTS

Due to the project's location, Brookland Pointe is able to meet many of the mandatory and optional criteria without an impact on the development budget. However, the following line items have been adjusted to reflect increased development costs.

- The base building cost of $79.74 was increased by 6 percent ($4.90) totaling $84.64. This includes the increased cost of green elements such as energy efficient central HVAC equipment, light bulbs and shell materials. It also accounts for solar-reflective roof coverings, low-VOC paints, permeable walkways and water conserving plumbing fixtures (table below).
- To account for individual HVAC units, $3.66 was subtracted from the base building estimate of $84.64 and added to the FF&E budget item ($3,000/unit).
- An Environmental Consultant has been hired for $25,000 to conduct the Phase I Environment assessment and make recommendations for how to meet the Green Communities criteria. This soft cost line item also includes the District's green building fee of $.002 per SF of constructed space ($442) and cost of conducting the Phase I Environmental.

The total construction costs are increased by $1.1 million for meeting the Green Communities Criteria, approximately a 3 percent increase on the total project costs not including construction carry. The additional per unit cost is $4,103.

GREEN DEVELOPMENT COST ADJUSTMENTS				
Hard Costs (PSF)	**RSMeans**	**"Green" Estimate**	**Difference**	**% Increase**
Floor Construction	$5.80	$6.84	$1.04	18%
Exterior Walls	$2.32	$2.60	$0.28	12%
Exterior Windows	$0.62	$0.68	$0.06	10%
Exterior Doors	$0.62	$0.68	$0.06	10%
Roof Coverings	$0.66	$0.73	$0.07	11%
Wall Finishes	$2.35	$2.47	$0.12	5%
Plumbing Fixtures	$5.77	$6.64	$0.87	15%
Water Distribution	$0.35	$0.40	$0.05	15%
Energy Supply & Cooling System	$12.71	$14.61	$1.91	15%
Lighting	$6.52	$6.85	$0.33	5%
Permeable Walkways	$0.00	$0.11	$0.11	100%
Total			**$4.90**	
Soft Costs (PSF)				
FF&E: Unit HVAC Equipment		$3.66	$3.66	100%
Environmental Consultant		$0.11	$0.11	100%
Total			**$3.77**	
Base Building Estimate	**$79.74**	**PSF**		
Green Adjustment	**$4.90**	**PSF**		
Subtract FF&E	**$3.66**	**PSF**		
Total Base Building	**$80.98**	**PSF**		
Total Cost of Green Elements	**$1,107,900**			
Per Unit Cost	**$4,103**			
Percent of Total Project Costs	**3%**			

LEASING PLAN

PRE-LEASING

A management company with experience leasing mixed-income developments, particularly experience with D.C.'s inclusionary zoning requirements, will be hired to manage Brookland Pointe. The contract will begin six months prior to scheduled completion in order to market the property and undertake pre-leasing activities with the intention to pre-lease at least 25 percent of the units prior to construction completion. The management company has an initial budget of $100,000 for marketing that is reduced to $35,000 in Year 2. Marketing will include advertisements and signs located. Lease-up is expected to take a little less than two years beginning in September 2011.

MANAGEMENT FEE

The management company will collect rent each month and retain a monthly fee of $10,000. This fee covers two staff positions, a leasing agent ($65,000) and an administrative assistant ($40,000). The management company will retain the balance for their fee. This amount is estimated to increase 3 percent annually.

RENT CONCESSIONS

In order to attract prospective residents, the management company is permitted to offer rent concessions, which is common to the Washington, D.C. market. Two-months free rent is offered for vacant units and one-month free rent for on-notice residents. The effective rent schedule is included in the financial analysis (ATTACHMENT A).

OTHER INCOME

The managers will also collect pet, parking and amenity fees that are considered income to the property. Traditionally, pet fees have been collected as a deposit and then returned to the tenant once they vacated the unit minus any amount assessed for damage. However, it is becoming more common in the Washington, D.C. market to charge a pet fee, which is also used to cover potential property damages but is not returned to the tenant once they leave.

GREEN FEATURES

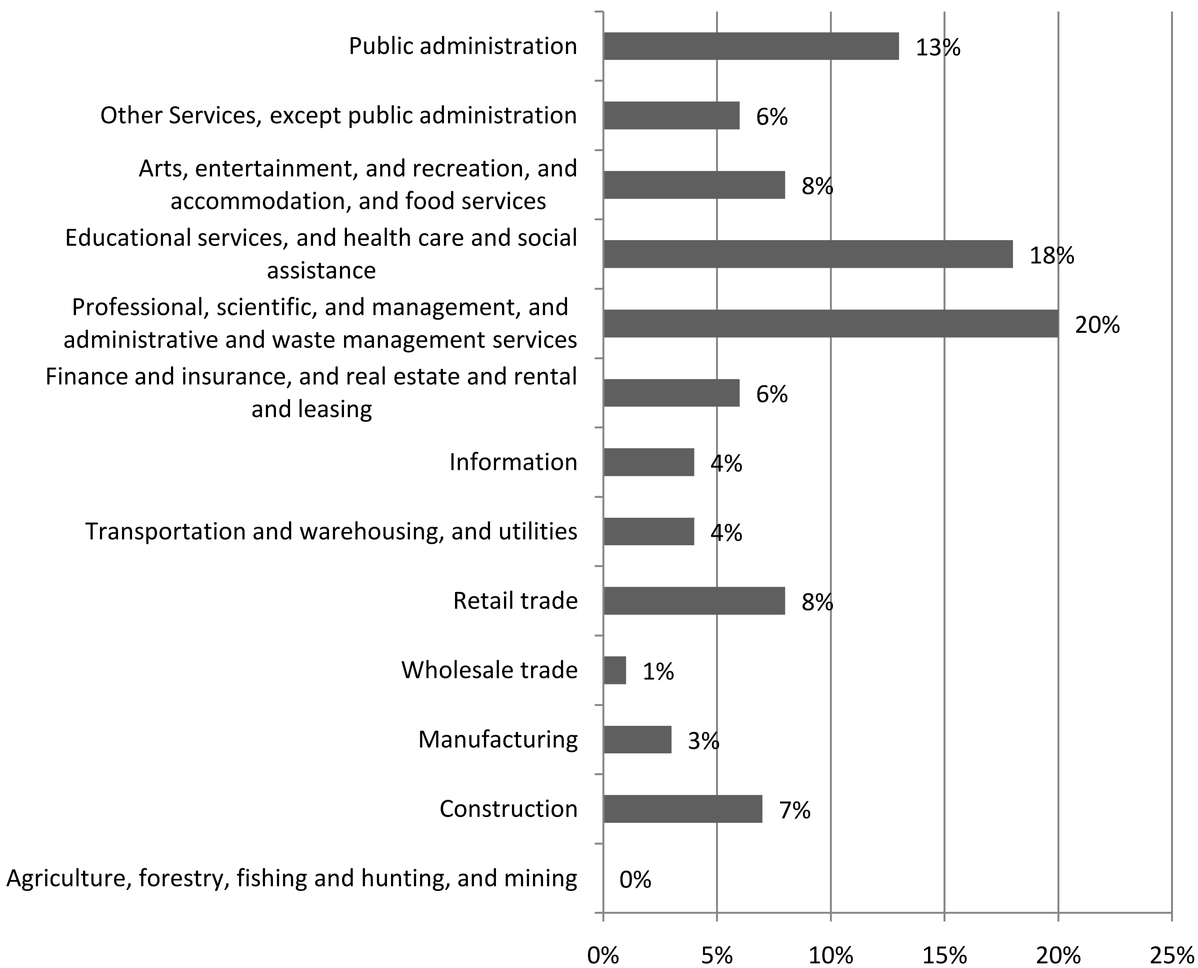
Daily management responsibilities include monitoring the building's security (electronic key access at each entrance), respond to tenant complaints, and alert Beltway Homes LLC to issues that must be addressed by Beltway Homes LLC. They will also work with building and ground maintenance contractors to ensure the property is maintained and the green features, such as native plant landscaping, are preserved. The managers will also be responsible for educating the residents on maintaining the building's green building elements. At the time residents sign their lease, the manager will provide a resident manual with the green building information, which will include a list of products, such as energy efficient light bulbs and earth-friendly cleaning products and paints (low-VOC) that are important to keeping the project in conformance with the Green Communities criteria. The property managers will also inform the residents on the property's recycling program and no smoking policy.

MARKET ANALYSIS

REGIONAL OVERVIEW

The Washington, D.C. metropolitan statistical area (MSA) includes the District of Columbia, 15 surrounding counties, and six independent cities in Maryland, Virginia and West Virginia. The MSA has a diverse economy with strong private and public sectors. Many firms seeking national and global exposure and access to the Federal government consider the Washington region an ideal location. The region is also home to over 6,600 trade associations. According to the U.S. Census Bureau's American Community Survey (ACS), in 2008, approximately 3 million people were employed in the Washington region. The following chart shows the percentage of employment by industry.

Employment by Industry in Washington Metro Area (2008 ACS)



Industries such as professional and business services, education and health services, public administration and retail employed more than half of the labor force. Approximately 23 percent of the labor force is Federal, state, or local government workers. The 2008 median household income in Washington Metro Area was $85,824.

With the presence of the Federal government, several institutions of higher education, and medical centers, the Washington region's economy will remain strong. Despite the recent economic downturn, the Washington region continues to maintain a relatively low unemployment rate. In a December 2009 economic news release, the U.S. Bureau of Labor Statistics reported that the Washington MSA was among the most populous metropolitan areas with a low unemployment rate of 6.3 percent compared to a national unemployment rate of 10 percent. According to REIS, the Washington MSA lost 40,400 jobs (1.3 percent) from August 2008 to 2009.

The Metropolitan Washington Council of Governments is projecting the region's population to grow steadily through 2030, adding an average of approximately 64,000 persons a year. Population will be spurred by the long-term strength of the region's economy. The Washington, D.C. MSA also has high rates of in-migration and international immigration. However, there may be declines in average household size less rapid than previously anticipated. The region's population 65 years of age and older will more than double from 2000 estimates to 2030, while the number of children will increase by about 30 percent during the period.

The Partnership for Public service, a nonprofit that helps find candidates for Federal jobs, released a report in September 2009 listing projected hires for hundreds of agencies between now and 2012 (Where the Jobs Are 2009). If their projections are accurate, the Federal government will hire approximately 120,000 people for jobs in the region over the next few years creating significant demand for additional housing units.

WASHINGTON, D.C. MARKET AREA

Although the development will benefit from market dynamics impacting the Washington MSA, Washington, D.C. is the primary market area. The site's proximity to Capitol Hill, universities and the central business district make it a prime location for households seeking employment or education opportunities within the city.

HIGHLIGHTS FROM THE 2008 ACS (ONE-YEAR ESTIMATE):

- Median age is under 35 years old
- Percentage of nonfamily households is increasing
- Over one-third of population takes public transportation to work
- Sixty-one percent households in Washington, D.C live in multi-unit structures
- Majority of housing stock is over 20 years old

POPULATION

Washington, D.C. had a total population of 592,000 in 2008, of which 53 percent were females and 47 percent were males. The median age was 34.9 years. Nineteen percent of the population was under 18 years and 12 percent was 65 years and older.

HOUSEHOLD COMPOSITION

In 2008, there were 250,000 households in Washington, D.C. The average household size was 2.2 people. Families made up 43 percent of the households. This estimate includes both married-couple families (22 percent) and other families (21 percent). Nonfamily households made up 57 percent of all households, which is an increase over 2007 (56.9 percent) and 2006 (56.6 percent). Most of the nonfamily households were people living alone, but some were composed of people living in households in which no one was related to the householder.

EMPLOYMENT BY INDUSTRY

In 2008, among the most common occupations in Washington, D.C. were: Management, professional, and related occupations (56 percent); Sales and office occupations (20 percent); Service occupations (16 percent); Production, transportation, and material moving occupations (5 percent); and Construction, extraction, maintenance and repair occupations (3 percent). Twenty-six percent of the Washington, D.C. labor force was Federal, state, or local government workers.

TRAVEL TO WORK

Thirty-seven percent of Washington city, D.C. workers drove to work alone in 2008, 7 percent carpooled, 36 percent took public transportation, and 16 percent used other means. The remaining 5 percent worked at home. Among those who commuted to work, it took them on average 29.5 minutes to get to work.

INCOME

The median household income in Washington, D.C. was $57,936. The median income for nonfamily households was $51,612, an increase over 2007. Based on median income and a maximum rent of 30 percent of a household's income, nonfamily households can afford up to $1,290 per month. Family households can afford up to $1,448 per month. The majority of Brookland Pointe's proposed rents fall under these limits.

Eighty-one percent of the households received earnings and 16 percent received retirement income other than Social Security. Nineteen percent of the households received Social Security. The average income from Social Security was $11,869. According to the 2008 ACS, these income sources are not mutually exclusive; that is, some households received income from more than one source.

HOUSING CHARACTERISTICS

Washington, D.C. had a total of 285,000 housing units, 12 percent of which were vacant. Of the total housing units, 39 percent was in single-unit structures, 61 percent was in multi-unit structures, and less than 0.5 percent was mobile homes. Eight percent of the housing units were built after 1990.

HOUSING COSTS

In 2008, the median monthly housing costs for mortgaged owners was $2,218, non-mortgaged owners $557, and renters $1,011. In Washington, D.C. thirty-eight percent of owners with mortgages, 15 percent of owners without mortgages, and 47 percent of renters spent 30 percent or more of household income on housing.

WASHINGTON, D.C. APARTMENT OUTLOOK

In a Third Quarter 2009 market performance report produced by Delta Associates, a real estate research and advisory firm, Class A absorption in the Washington, D.C. apartment market will remain strong, but vacancy is expected to steadily rise through 2010 (Delta Associates, Third Quarter 2009). The pipeline will continue to shrink due to difficulty obtaining financing. More information from the Delta Associate's report is below.

- The region's stabilized vacancy rate for Class A and B apartments increased to 4.9 percent from 3 percent a year ago.
- Rents decreased 3 percent over the past 12 months, compared to growth of 1.1 percent in preceding year.
- Annual Net Absorption of both Class A and B apartments dropped significantly from prior quarters due to acceleration of dis-absorption of Class B apartments. Class A absorption also dropped to 7,267 units per year, but remained strong compared to the nation. Average monthly absorption at new projects was 15 units per project per month, largely a result of concessions at newly delivered projects and a continued trend toward renting vs. owning.
- Concessions at Class A projects continued to edge higher, to 6.3 percent of face rent compared to a year ago when they were 4.3 percent of face rent. This upward trend began in the first quarter of 2007 as the market became more competitive.
- After the pipeline ballooned to 36,951 units in December 2007, it began a cyclical decline and has continued downward to 18,090 as of third quarter 2009. This downward trend will continue over the next few quarters due to the difficulty of obtaining credit.
- Investment sales are down from previous years. More land to construct new apartments is being sold, an indicator of a slow-down in the pipeline of oncoming supply in the next year.

REIS provided a similar outlook for the Washington region in the November 13, 2009 REIS Observer. However, REIS also reports that the D.C. residents have been hit hard, with high unemployment rates across many of the Wards. Ward 5, the location of Brookland Pointe, currently has an unemployment rate of 15.5 percent. Small job growth across the District is expected over the next few years.

UPPER NORTHEAST PLANNING AREA

In terms of the 2006 D.C. Comprehensive Plan, the project is located in the Upper Northeast Planning Area encompassing 8.7 square miles, almost two-thirds of D.C.'s northeastern quadrant. North Capitol Street and the CSX railroad tracks form the Planning Area's western boundary with Florida Avenue, Benning Road, and the Anacostia waterfront forming the southern boundary. The northern/eastern border is Eastern Avenue at the District of Columbia line.

Upper Northeast is principally known as a residential community, with stable single-family neighborhoods including Brookland. However, the mix of uses in Upper Northeast is particularly diverse compared to other parts of the city. The Planning Area contains the largest concentration of industrial land uses in the District of Columbia, following the CSX rail lines north and east from Union Station. It includes three Universities—the Catholic University of America (CUA), Trinity University, and Gallaudet University and two hospitals—Providence and the Hospital for Sick Children. Upper Northeast is also home to several large federal properties, including the Brentwood Postal Facility. Several major arterial streets, including New York Avenue, Rhode Island Avenue, South Dakota Avenue, Bladensburg Road, Michigan Avenue, and Riggs Road cross the Planning Area. The Area also includes the Fort Totten, Brookland/CUA and Rhode Island Avenue-Brentwood Metrorail stations, served by Metro's Red Line.

Currently, residential development is the single largest land use in the Planning Area, representing about 26 percent of the total area. Of the residential land area, about 44 percent is developed with single-family detached homes and about 41 percent is row houses and two-family houses. Apartments make up only about 15 percent of the residential land area. Commercial and industrial uses make up about 10 percent of the Upper Northeast's land area. Much of this space consists of warehouse and distribution facilities, light manufacturing, automotive services, and service businesses such as construction suppliers and printers. These uses tend to congregate along the New York Avenue, Bladensburg Road, Brentwood Road, Florida Avenue, V Street, and West Virginia Avenue, as well as the area between the Rhode Island and Fort Totten metro stations and other locations long the heavy rail/Metro corridor. Commercial uses include neighborhood-oriented shopping districts and larger shopping center like the Home Depot and Giant located within walking distance of the site. Institutional land makes up 13 percent of the Planning Area, one of the largest percentages in the city. Most of this total is associated with colleges, universities, and religious institutions.

According to the 2006 Comprehensive Plan, Upper Northeast shares some of the same challenges facing other parts of the District. The area's poverty, crime, and unemployment rates are all above the city average. Schools are aging and some will likely close due to under-enrollment. Many parts of the area lack access to open space, parks, and retail services. The area has a large population of seniors, many with special transportation, housing, and health care needs. The Planning Area also faces the challenge of an increasingly unaffordable housing market.

RHODE ISLAND AVENUE

December 2008, the Deputy Mayor for Planning and Economic Development released the "Rhode Island Avenue Great Streets Plan." The plan provides an analysis of Rhode Island Avenue from 3rd Street to Eastern Ave. including the project's site at the corner of 13th and Rhode Island Ave. NE.

According to the plan's residential market analysis, most new for-sale product in the area comes in the form of condominiums that have been converted from apartments. However, most have ceased sales, and are instead leasing units given the challenging market conditions. The active condominium projects were selling studios, 1 bedroom and 2 bedrooms primarily between 500 and 900 SF, and ranging in price from $150,000 to $350,000. The report states that most people who are buying in the Rhode Island Avenue area were previously renting in other more expensive areas in Washington, D.C. or the Arlington, VA area.

At the time of this report, no new rental projects were actively leasing in the immediate area. The closest NE new apartment building was located at the Fort Totten Metro Station. In the study area, there were numerous older mid-rise market-rate apartment buildings and a few mid-rise to high-rise subsidized apartment buildings. At the upper range, the rents were from $1,200 - $2,200/month for well-managed apartments near Catholic University. Apartment units along the Rhode Island Avenue corridor typically achieved rents between $725 to $1,200 or $1.40 - $2.25 per SF. The average occupancy throughout the corridor was 90 percent. The proposed rents for Brookland Pointe fall within this range.

COMPARABLES

Brookland Pointe's target market includes households seeking developments built within the last few years. The prospective residents want to locate near metro stations in the following Washington, D.C. submarkets: Northeast, Capitol Hill, Capitol Riverfront and East End. Brookland Pointe is located in the Northeast submarket. The 9 properties included in the comparable study were selected based upon the criteria listed above, in addition to comparable amenities to the proposed project. These projects are also located within or a short distance from the central business district with a commuting time of less than 30 minutes by car or metro.

Competitive project surveys were sent to each of the properties, only Fort Totten Station and Massachusetts Court completed the questions. The other property information was gathered from apartment search websites such as rent.com, apartmentshowcase.com and apartmentguide.com.

Highlights from the comparable property research:

- The only new development in the Northeast Submarket is Fort Totten Station
- Fort Totten Station's rental rates are lower than rates in other submarkets; the property also has a low vacancy rate of 4 percent compared to market research data
- A representative from Fort Totten Station stated a need for more new development in the Northeastern submarket
- The lease-up period varies from a little less than one-year to two-years
- Apartments in the East End charge the most rent PSF
- The proposed unit sizes for Brookland Pointe are small compared to unit sizes in other properties and are most similar to unit mix and size in Fort Totten Station
- Most property amenities are the same, however, Brookland Pointe will not include a pool
- Two or three months free rent on vacant units is common for the properties included in the research
- Rent does not include utilities, cable and internet charges; residents are responsible for additional charges
- Non-refundable pet fees and monthly pet rent are charged instead of deposits

Competitive Project Survey Form – Property #1

Project: Fort Totten Station Apartments
Location: 5210 3rd Street, NE
Washington, DC 20011
Submarket: Northeast
Year built: 2008
Rentable Building Area: 77,720 SF
Typical Floor Size: 17,098 SF
Number of Buildings: 3
Number of Floors: 5 floors each bldg.
Number of units: 308
Market Rate: 308
Low Income: N/A
Vacant units: 12 (4%)
Driving Distance from Site: 2.7 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
Studio	771 SF	$1,540	$2.00
1 Bedroom/1 Bath	624 – 987 SF	$1,273 - $2,039	$2.04 - $2.07
1 Bedroom/1 Bath w/Den	869 – 877 SF	$1,859 - $1,992	$2.14 - $2.27
2 Bedroom/2 Bath	946 – 1,024 SF	$1,920 - $2,279	$2.03 - $2.23

1. **Property Amenities**
   Free parking, fitness center, clubroom, pool, business center, lounge with WiFi
2. **What does the rent include?**
   Parking; washer and dryer
3. **Additional charges?**
   Pet deposit: $250, Pet Privilege Fee: $250, Pet Rent: $25/month
4. **How long was the initial lease-up period?**
   Less than 2 years
5. **What were the lease-up challenges and rental concessions?**
   Rental concession of 2 months free rent on vacant units and 1 month free on-notice units
6. **How would you describe the state of the Southeast rental market?**
   In need of more new apartments in the NE part of Washington, D.C.
7. **Over the next couple of years, do you expect the rental market to stay the same, improve or weaken?**
   The market will improve.

Competitive Project Survey Form – Property #2

Project: Senate Square
Location: 201 I St NE, Washington, DC 20002
Submarket: Capitol Hill
Year built: 2007
Land Area: 0.79
Rentable Building Area: 229,566 SF
Typical Floor Size: 33,669 SF
Number of Floors: 12
Number of units: 432 (two towers)
Vacant units: 69 (16 percent)
Driving Distance from Site: 2.3 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
1 Bed/1 Bath	700 SF	$1,643	$2.35
1 Bed/1 Bath w/Den	857 SF	$1,820	$2.12
1 Bed/1.5 Bath	866 SF	$1,640	$1.89
1 Bed/1.5 Bath w/Den	934 SF	$1,900	$2.03
1 Bed/2 Bath w/Den	857 SF	$1,875	$2.19
2 Bed/1 Bath	896 SF	$2,050	$2.29
2 Bed/2 Bath	1,273 SF	$2,540	$2.00
2 Bed/2 Bath w/Den	1,426 SF	$2,950	$2.07
2 Bed/2.5 Bath w/Den	1,831 SF	$3,775	$2.06
Studio	738 SF	$1,625	$2.20

1. **Property Amenities**
   Pool, fitness center, theater, business center, clubroom
2. **What does the rent include?**
   Only rent, resident pays own utilities, cable, and internet
3. **Additional charges?**
   Pet Fee: $400 (non-refundable), Pet Rent: $25/month; Parking: $200/month
4. **Current rental concessions?**
   Amenity reduced to $700, reduced rent on certain units, security deposit waived

Competitive Project Survey Form – Property #3

Project: Capitol Yards at Jefferson
Location: 70 Eye St, SE,
Washington, DC 20002
Submarket: Capitol Riverfront
Year built: 2008
Land Area: 1.8825
Rentable Building Area: 480,000 SF
Typical Floor Size: 40,000 SF
Number of Floors: 12
Number of units: 448
Driving Distance from Site: 2.4 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
Studio	529 – 608 SF	$1,595 - $1,655	$3.01 - $2.72
1 Bedroom	744 – 841 SF	$1,985 - $2,125	$2.67 - $2.53
1 Bedroom/1 Bath w/Den	838 – 875 SF	$2,235 - $2,270	$2.67 - $2.59
2 Bedroom/2 Bath	973 – 1251 SF	$2,555 - $3,125	$2.68 - $2.50
2 Bedroom/2 Bath w/Den	1,374 SF	$3,410	$2.48

1. **Property Amenities**
   Conference and business center, pool, theater, fitness center, clubroom, parking
2. **Additional Charges?**
   Parking fee: $200 - $275/month
3. **Current rental concessions?**
   Three months free on 14-month lease with only $250.00 for the month of December. Free parking.

Competitive Project Survey Form – Property #4

Project: Onyx Apartments
Location: 101 L St, SE,
Washington, DC 20003
Submarket: Capitol Riverfront
Year built: 2008
Rentable Building Area: 202,241 SF
Typical Floor Size: 13,690 SF
Number of Floors: 13
Number of units: 266
Driving Distance from Site: 2.2 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
Studio	550 - 575 SF	$1,675 - $1,710	$3.05 - $2.97
1 Bedroom/1 Bath	616 - 642 SF	$1,850 - $2,025	$3.00 - $3.15
1 Bedroom/1 Bath w/Den	727 - 950 SF	$2,075 - $2,150	$2.85 - $2.26
2 Bedroom/2 Bath	795 - 913 SF	$2,600 - $2,700	$3.27 - $2.96
2 Bedroom/2 Bath w/Den	1,008 – 1,121 SF	$2,975 - $3,275	$2.95 - $2.92

1. **Property Amenities**
   Pool, clubroom, fitness center, parking, storage, WiFi in common areas,
2. **What does the rent include?**
   Only rent
3. **Additional charges?**
   Security deposit: $300 to $599, Amenity fee: $350; Pet fee: $400, Pet rent: $30/month; Parking: $225/month; Extra storage: $75/month

Competitive Project Survey Form – Property #5

Project: 909 at Capitol Yards
Location: 909 New Jersey Ave, SE, Washington, DC 20001
Submarket: Capitol Riverfront
Year built: 2009
Rentable Building Area: 30,196 SF
Typical Floor Size: 3,019 SF
Number of Floors: 14
Number of units: 237
Driving Distance from Site: 4.9 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
Studio	492 – 967 SF	$1,645 - $1,985	$3.34 - $2.05
1 Bedroom/1 Bath	741 – 953 SF	$2,155 - $2,455	$2.91 - $2.57
2 Bedroom/1 Bath	1,197 SF	$2,635	$2.20
2 Bedroom/2 Bath	1,068 – 1,328 SF	$2,850 - $3,245	$2.67 - $2.44

1. **Property Amenities**
   Pool, theater, fitness center, parking
2. **Additional charges?**
   Parking: $200/month; Pet fee: $250, Pet deposit: $250, Pet rent: $45/month
3. **Current rental concessions?**
   Up to 3 months free rent and free parking

Competitive Project Survey Form – Property #6

Project: Axiom at Capitol Yards
Location: 100 I Street, SE, Washington, DC 20003
Submarket: Capitol Riverfront
Year built: 2008
Number of Floors: 12
Number of units: 246
Driving Distance from Site: 4.5 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
Studio	534 – 736 SF	$1,595 - $1,745	$2.99 - $2.37
1 Bedroom/1 Bath	726 – 778 SF	$1,865 - $2,295	$2.57 - $2.95
1 Bedroom/1 Bath w/Den	881 – 933 SF	$2,355 - $2,465	$2.67 - $2.64
1 Bedroom/2 Bath w/Den	938 – 945 SF	$2,535 - $2,540	$2.70 - $2.69
2 Bedroom/2 Bath	1,040 – 1,200 SF	$2,725 - $3,215	$2.62 - $2.68
2 Bedroom/2 Bath w/Den	1,365 SF	$3,395 - $3,595	$2.49 - $2.63

1. **Property Amenities**
   Parking, fitness center, clubroom, pool, business center
2. **What does the rent include?**
   Only rent, resident is responsible for utilities, cable, internet
3. **Additional charges?**
   Parking: $200/month; Pet deposit: $500, Pet rent: $40/month
4. **Current rental concessions?**
   Up to three months free rent and free parking.

Competitive Project Survey Form – Property #7

Project: Andover House Apartments
Location: 1200 14th St, NW, Washington, DC 20005
Submarket: East End
Year built: 2004
Rentable Building Area: 273,996 SF
Typical Floor Size: 22,833
Number of Floors: 12
Number of units: 171
Driving Distance from Site: 3.3 miles

Unit Information: (Only Includes Available Floor plans)

Unit Name	Type (bed/bath)	Square Feet	Rent	Rent/S.F
Bancroft	1 Bed/1 Bath	732 SF	$2,245	$3.07
Webster	1 Bed/1 Bath	762 SF	$2,417 - $4,056	$3.17 - $5.32
Durham	1 Bed/1 Bath	839 SF	$2,599 - $3,335	$3.10 - $3.97
Fairview	1 Bed/1 Bath	968 SF	$2,693 - $4,508	$2.78 - $4.66
Glenbrook	2 Bed/2 Bath	1,128 SF	$3,077 - $5,032	$2.72 - $4.46
Jackson	2 Bed/2 Bath	1,262 SF	$3,374 - $5,243	$2.67 - $4.15
Kirkwood	2 Bed/2.5 Bath	1,500 SF	$4,321 - $6,469	$2.88 - $4.31

1. **Property Amenities**
   Business center, clubhouse, fitness center, storage units
2. **Additional charges?**
   Pet Fee: $500 (non-refundable), Pet Rent: $40/pet/month

Competitive Project Survey Form – Property #8

Project: Massachusetts Court
Location: 300 H St NW, Washington, DC 20001
Submarket: East End
Year built: 2004
Land Area:
Rentable Building Area: 200,000 SF
Typical Floor Size: 20,000 SF
Number of Floors: 14 max.
Number of units: 371
Market Rate: 371
Low Income: N/A
Vacant units: 26 (7%)
Driving Distance from Site: 3.2 miles

Unit Information: (52 Floor Plans Available)

Unit Name	Type (bed/bath)	Square Feet	Rent	Rent/S.F
Evermay	Studio	524 - 566 SF	$1,618 - $1,858	$3.08 - $3.28
Healy	Studio	754 SF	$1,945	$2.58
Healy	Studio	795 - 900 SF	$2,065 - $2,230	$2.60 - $2.48
Alban	1 Bedroom/1 Bath	652 - 819 SF	$1,890 - $2,376	$2.90 - $2.90
Healy	1 Bedroom/1 Bath	1,013 SF	$2,485 - $2,500	$2.45 - $2.47
Belmont	1 Bed/1 Bath w/Den	774 – 843 SF	$2,265 - $2,440	$2.93 - $2.89
Carlyle	2 Bedroom/2 Bath	997 – 1,167 SF	$2,774 - $3,335	$2.78 - $2.86
Dumbarton	2 Bed/2 Bath w/Den	1,153 - 1,162 SF	$3,186 - $3,311	$2.76 - $2.85
Ellington	Loft Studio	520 – 620 SF	$1,630 - $1,785	$3.13 - $2.88
Armstrong	Loft 1 Bedroom/1 Bath	665 - 706 SF	$1,957 - $2,191	$2.94 - $3.10
Armstrong	1 Bed/1 Bath 2 Level Loft	847 – 902 SF	$2,307 - $2,586	$2.72 - $2.87
Brubeck	1 Bed/1 Bath 2 Level Loft	1,004 SF	$2,648 - $2,789	$2.64 - $2.78
Dali	2 Bed/2 Bath 2 Level Loft	1,207 – 1,315 SF	$3,089 - $3,354	$2.56 - $2.55

1. **What does the rent include?**
   Only rent
2. **Property Amenities?**
   Pool/sauna, fitness center, clubroom, theater, business center, parking garage, storage
3. **Additional charges**?
   Resident pays cable and internet; parking is $195/month; Pet rent is $400 or more depending on credit (paid upfront) then $25 per month; $600 amenity rent (one-time fee/unit) that is currently reduced to $200; trash removal is $10/month; storage is $25 - $100 depending on size
4. **How long was the initial lease-up period?**
   Approximately one year or less

5. **What were the lease-up challenges and rental concessions?**
   One month free rent during initial lease-up, currently offering 1 month free rent
6. **How would you describe the state of the Washington, D.C. rental market?**
   There are much more apartment buildings/ condo buildings in the area than a few years ago so there is a lot more competition. Overall the recession has not hit Washington, D.C. as hard as some other states in USA.
7. **Over the next couple of years, do you expect the rental market to stay the same, improve or weaken?**
   Stay the same or improve.

Competitive Project Survey Form – Property #9

Project: The V Apartments at CityVista
Location: 460 L St, NW, Washington, DC 20001
Submarket: East End
Year built: 2008
Land Area: 2.47
Number of Floors: 8
Number of units: 244
Driving Distance from Site: 2.8 miles

Unit Information:

Type (bed/bath)	Square Feet	Rent	Rent/S.F
Studio	394 - 619 SF	$1,545 - $1,930	$3.92 - $3.12
1 Bedroom/1 Bath	619 - 792 SF	$1,910 - $2,355	$3.09 - $2.97
2 Bedroom/1 Bath	947 SF	$2,915	$3.08
2 Bedroom/2 Bath	792 – 1,298 SF	$2,735 - $3,860	$3.45 - $2.97

1. **Property Amenities**
   Fitness center, conference room, business center, parking garage, storage space, clubroom
2. **Additional charges?**
   Parking: $200/month

PROPOSED DEVELOPMENTS

According to the Rhode Island Avenue Great Streets Plan, there are 14 residential projects planned or proposed in or adjacent to the primary market area totaling 13,000 new residential units. According to the REIS Observer, 2,100 units are planned for delivery over the next three years in the Anacostia/Northeast D.C. submarket.

The projects listed below are on or adjacent to Rhode Island Avenue.

RHODE ISLAND STATION

- At current metro parking lot
- 274 apartment units, 20 percent affordable, ground-floor retail

RHODE ISLAND AVENUE GATEWAY

- At 4th Street and Rhode Island Avenue
- 170 apartments

116 T STREET

- 184 units planned

CONCLUSION

ASR Group's site is a prime location for new multifamily development. Although the rents are low compared to other submarkets, Brookland Pointe is projected to provide a decent return to its JV partner equity investor and project sponsor, Beltway Homes LLC. Despite the current economic crisis, the Washington region remains relatively resilient with the presence of the Federal Government. Limited job and rent growth is projected over the next few years with vacancy rates continuing to decline. Several projects are proposed within proximity to the Rhode Island Avenue metro station, including ASR Group's Brookland Square. Once complete, these projects will have a revitalizing impact on the area, having a positive impact on the Northeastern D.C. rental market. Assuming Beltway Homes LLC has access to construction and permanent financing options, Beltway Homes LLC should acquire this property based on the conservative assumptions used in this analysis.

ATTACHMENT A – FINANCIAL ANALYSIS

GENERAL INFORMATION

Project Name: Brookland Pointe

Total Acres	1.95	
Total SF (land)	84,948	SF
FAR	2.6	
Lot Occupancy	57,119	SF
% of Lot Occupancy	67%	
Bonus Density	8,630	SF
Total GSF	221,000	SF
Total Unit SF	186,248	SF
Common Area	34,752	SF
Core Factor	15.72%	
# of Apartments	270	
Cost per Unit w/out Carry	$130,002	
Cost per Unit w/Carry	$140,321	
# of Low-Income	32	
% of Low-Income Units	11.85%	
Total Low-Income SF	22,512	SF
Total Low-Income Required	22,100	SF
# of Parking Spaces	138	
Rent Up Begins	9/1/2011	
Construction Start	3/1/2010	
Completion Date	8/31/2011	
Stabilization:		
1st Year	2013	
1st Month	1/1/2013	

DEVELOPMENT COSTS

Land	$4,432,538
Base Building	$17,894,417
1 Floor Below-Grade Parking	$2,695,510
3rd Party Inspectors	$17,000
Utility Fees	$115,000
Building Permits	$50,000
General Contractor Fees (3% of HC)	$623,158
General Contractor Overhead (2% of HC)	$415,439
Bond (1.5% of HC)	$311,579
Advertising	$100,000
Appraisal	$5,000
Architecture and Engineering (8% of HC)	$1,661,754
Furniture, Fixtures & Equipment (FF&E)	$1,719,600
Market Analysis	$20,000
Environmental Consultant and Fees	$25,000
Development Fee (4% of HC)	$830,877
Title Insurance	$20,000
Builders Risk Insurance (.024% of HC)	$498,526
Legal and Settlement	$100,000
Loan Fees	$163,000
Real Estate Taxes During Const	$510,000
Transfer Tax	$64,272
Recording Tax	$385,042
Operating Reserve / Start Up	$410,000
Interest Reserve	$700,000
Contingency (5%)	$1,327,732
Bank Inspection Fee	$5,000
Total Budget	$35,100,444
Construction Loan Interest Carry	$1,075,188
JV Partner Accrued Equity Carry	$1,711,091
Total Project Costs w/Carry	**$37,886,723**

FINANCING ASSUMPTIONS

Required Equity	$10,978,407
Sponsor Equity	$781,328
JV Partner Equity	$10,197,079
JV Preferred Return	11%
Construction Loan	$19,934,139
Conventional Loan	$26,898,545
Interest Rate (Principal)	6.50%
Payment	$2,040,205
Term	10
Amortize	30
Commences	1/1/2013

ASSUMPTIONS

Income			Escalation
Rent Escalation (Years 2 - 3)	2%		
Rent Escalation Years (4 - 7)	3%		
Vacancy/Credit Loss	8%		
Parking Fee	125	year	2%
Pet Fee	300	year	2%
Amenity Fee	200	at move-in	2%

Operating Expenses	Cost	Annual	Escalation
Common Area Utilities	2.59	PSF	3%
Water & Sewer	0.464	PSF	3%
Repairs & Maintenance	0.37	PSF	3%
Ground Maintenance	0.10	PSF	3%
Advertising/Marketing	0.15	PSF	3%
Administrative	0.12	PSF	3%
Real Estate Taxes	0.85	per $100	3%
Insurance	0.23	PSF	3%
Submetering Fee		Unit/Month	3%
Management Fee	10,000	Month	3%

Capital Reserves		
Tenant Improvements (1-5)	1.50	PSF
Tenant Improvements (6-10)	3.00	PSF
Turnover Rate	40%	
Renewal Rate	60%	
Replacement Reserves	200	Unit

Stabilization Period	16	months

LTV	65%
Construction Loan Interest Rate	8.00%
Perm Interest Rate	6.50%

Cap Rate	7.20%
Terminal Cap Rate	7.70%
Brokerage Fee	3.00%

RENTAL INCOME

Type of Unit	Square Feet	No. of Units	Rent PSF	Gross Rent per Month	Utility Allowance	Net Rent per Month	Total Rent per Month	Total Annual Rent	Year 2-3 Rent Escalation	Year 4 - 7 Rent Escalation
50% 1 BDRM-1BA	624	5	$1.65	$1,027	$150	$877	$4,385	$52,620	2%	3%
80% 1 BDRM-1BA	624	5	$2.04	$1,273	$150	$1,123	$5,615	$67,378	2%	3%
1 BDRM-1BA	624	106	$2.04	$1,273		$1,273	$134,934	$1,619,205	2%	3%
1 BDRM-1BA	600	20	$2.00	$1,200		$1,200	$24,000	$288,000	2%	3%
1 BDRM-1BA	616	4	$2.02	$1,244		$1,244	$4,977	$59,727	2%	3%
1 BDRM-1BA	576	12	$1.98	$1,140		$1,140	$13,686	$164,229	2%	3%
1 BDRM/1BA w/Den	724	4	$2.07	$1,499		$1,499	$5,995	$71,937	2%	3%
1 BDRM/1BA w/Den	696	8	$2.04	$1,420		$1,420	$11,359	$136,305	2%	3%
50% 1 BDRM/1BA w/Den	688	7	$1.49	$1,027	$150	$877	$6,139	$73,668	2%	3%
80% 1 BDRM/1BA w/Den	688	7	$2.03	$1,397	$150	$1,247	$8,726	$104,718	2%	3%
1 BDRM/1BA w/Den	688	2	$2.03	$1,397		$1,397	$2,793	$33,519	2%	3%
1 BDRM/1BA w/Den	744	12	$2.09	$1,555		$1,555	$18,660	$223,914	2%	3%
50% 2 BDRM-2BA	796	2	$1.45	$1,155	$192	$963	$1,926	$23,112	2%	3%
80% 2 BDRM-2BA	796	2	$2.11	$1,872	$192	$1,680	$3,360	$40,320	2%	3%
2 BDRM-2BA	796	20	$2.14	$1,703		$1,703	$34,069	$408,826	2%	3%
50% 2 BDRM-2BA	864	2	$1.34	$1,155	$192	$963	$1,926	$23,112	2%	3%
80% 2 BDRM-2BA	864	2	$1.92	$1,849	$192	$1,657	$3,314	$39,768	2%	3%
2 BDRM-2BA	864	16	$2.18	$1,884		$1,884	$30,136	$361,636	2%	3%
2 BDRM-2BA	848	16	$2.16	$1,832		$1,832	$29,307	$351,683	2%	3%
2 BDRM-2BA	976	12	$2.15	$2,098		$2,098	$25,181	$302,170	2%	3%
2 BDRM-2BA	924	6	$2.13	$1,968		$1,968	$11,809	$141,705	2%	3%
Total		270					382,296	4,587,550		

Total Low-Income Units	32
Units @ 50% of AMI	16
Units @ 80% of AMI	16
Total % of Low Income	11.85%
Total Low-Income SF	22,512

LEASE-UP SCHEDULE

Month	Percentage Leased	No. of Units	Rental Income	Other Income
Sep-11	25%	68	79,768	5,688
Oct-11	30%	81	95,722	6,825
Nov-11	35%	95	111,675	7,963
Dec-11	40%	108	127,629	9,100
Total Year 1			414,793	29,575
Jan-12	43%	116	137,201	9,783
Feb-12	45%	122	143,582	10,238
Mar-12	47%	127	149,964	10,693
Apr-12	50%	135	159,536	11,375
May-12	53%	143	169,108	12,058
Jun-12	58%	157	185,062	13,195
Jul-12	65%	176	207,397	14,788
Aug-12	70%	189	223,350	15,925
Sep-12	75%	203	258,487	15,038
Oct-12	78%	211	268,826	15,639
Nov-12	82%	221	282,612	16,441
Dec-12	85%	230	292,952	17,043
Total Year 2			2,478,078	89,863
Jan-13	88%	238	303,291	17,997
Feb-13	90%	243	310,184	18,406
Mar-13	92%	248	317,077	18,815
Apr-13	95%	257	327,417	19,428
May-13	98%	265	337,756	20,042
Jun-13	100%	270	344,649	20,451
Jul-13	100%	270	344,649	20,451
Aug-13	100%	270	344,649	20,451
Sep-13	100%	270	344,649	20,451
Oct-13	100%	270	344,649	20,451
Nov-13	100%	270	344,649	20,451
Dec-13	100%	270	344,649	20,451
Total Year 3			4,008,271	237,845

OTHER INCOME

Parking Fee	125	per month
# of spots	138	
Total	17,000	per month
	204,000	per year
Pet Rent	25	per month
# of units	50	
Total	1,250	per month
	15,000	per year
Amenity Fee	200	move-in fee
	16.67	per month
# of units	270	
Total	4,500	per month
40% Turnover	21,600	per year

RENT CONCESSIONS

Type of Unit	Square Feet	No. of Units	One-Month Free Rent (On-Notice) Effective Rent PSF	Effective Rent	Monthly Effective Rent	Annual Effective Rent	Two-Months Free Rent (Vacant) Effective Rent PSF	Effective Rent	Monthly Effective Rent	Annual Effective Rent
50% 1 BDRM-1BA	624	5	$1.29	$804	$4,020	$48,235	$1.29	$731	$3,654	$43,850
50% 1 BDRM-1BA	624	5	$1.65	$1,029	$5,147	$61,763	$1.65	$936	$4,679	$56,148
1 BDRM-1BA	624	106	$1.87	$1,167	$123,689	$1,484,271	$1.87	$1,061	$112,445	$1,349,338
1 BDRM-1BA	600	20	$1.83	$1,100	$22,000	$264,000	$1.83	$1,000	$20,000	$240,000
1 BDRM-1BA	616	4	$1.85	$1,141	$4,563	$54,750	$1.85	$1,037	$4,148	$49,773
1 BDRM-1BA	576	12	$1.82	$1,045	$12,545	$150,543	$1.82	$950	$11,405	$136,858
1 BDRM/1BA w/Den	724	4	$1.90	$1,374	$5,495	$65,942	$1.90	$1,249	$4,996	$59,947
1 BDRM/1BA w/Den	696	8	$1.87	$1,302	$10,412	$124,946	$1.87	$1,183	$9,466	$113,587
50% 1 BDRM/1BA w/Den	688	7	$1.17	$804	$5,627	$67,529	$1.17	$731	$5,116	$61,390
80% 1 BDRM/1BA w/Den	688	7	$1.66	$1,143	$7,999	$95,991	$1.66	$1,039	$7,272	$87,265
1 BDRM/1BA w/Den	688	2	$1.86	$1,280	$2,561	$30,726	$1.86	$1,164	$2,328	$27,933
1 BDRM/1BA w/Den	744	12	$1.92	$1,425	$17,105	$205,255	$1.92	$1,296	$15,550	$186,595
50% 2 BDRM-2BA	796	2	$1.11	$883	$1,766	$21,186	$1.11	$803	$1,605	$19,260
80% 2 BDRM-2BA	796	2	$1.93	$1,540	$3,080	$36,960	$1.93	$1,400	$2,800	$33,600
2 BDRM-2BA	796	20	$1.96	$1,561	$31,230	$374,757	$1.96	$1,420	$28,391	$340,688
50% 2 BDRM-2BA	864	2	$1.02	$883	$1,766	$21,186	$1.02	$803	$1,605	$19,260
80% 2 BDRM-2BA	864	2	$1.76	$1,519	$3,038	$36,454	$1.76	$1,381	$2,762	$33,140
2 BDRM-2BA	864	16	$2.00	$1,727	$27,625	$331,500	$2.00	$1,570	$25,114	$301,363
2 BDRM-2BA	848	16	$1.98	$1,679	$26,865	$322,376	$1.98	$1,526	$24,422	$293,069
2 BDRM-2BA	976	12	$1.97	$1,924	$23,082	$276,989	$1.97	$1,749	$20,984	$251,808
2 BDRM-2BA	924	6	$1.95	$1,804	$10,825	$129,896	$1.95	$1,722	$10,333	$123,992
Total		270		$27,133	$350,438	$4,205,254		$24,748	$319,072	$3,828,863

Blended Income	$4,054,698	per year
	$337,891	per month

INVESTMENT ANALYSIS

Total Property Acquisition			
Land Purchase Price		$	4,335,000
Plus Acquisition Costs:			
Estimated Closting Costs	2.25%		97,538
Total Acquisition Cost		$	**4,432,538**

Construction Financing	Const. Loan
Total Construction Costs	$30,667,906
LTC	65%
Loan	$19,934,139
Required Equity	$10,733,767
Land Equity	$4,432,538
JV Partner Equity	$5,986,168
Sponsor Equity	$315,061
Interest Rate	7.50%

Equity Capital	Preferred Return	% Equity	Initial	Add Equity	Total
Total Equity Required to Close		**100%**	**$ 4,432,538**	**$ 6,545,870**	**$ 10,978,407**
Third Party Equity	11.00%	95%	$ 4,210,911	$ 5,986,168	**$ 10,197,079**
Sponsor Equity		5%	$ 221,627	$ 559,702	**$ 781,328**

Total Development Cost including Interest Carry $ 37,886,723

DETAILED CASH FLOW

	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
INCOME	**Ending**	**2,011**	**2,012**	**2,013**	**2,014**	**2,015**	**2,016**	**2,017**	**2,018**	**2,019**	**2,020**	**2,021**
Potential Gross Revenue		414,793	2,478,078	4,008,271	4,128,520	4,252,375	4,379,946	4,511,345	4,646,685	4,786,086	4,929,668	5,077,558
Other Income	241,573	29,575	89,863	237,845	232,193	236,837	241,573	246,405	251,333	256,360	261,487	266,717
Vacancy/Credit Loss	246,405	8,887	205,435	339,689	348,857	359,137	369,722	380,620	391,841	403,396	415,292	427,542
Potential Gross Income		435,481	2,362,505	3,906,427	4,011,855	4,130,075	4,251,798	4,377,130	4,506,177	4,639,050	4,775,863	4,916,733
EXPENSES												
Common Area Utilities		30,026	92,779	95,563	98,430	101,383	104,424	107,557	110,784	114,107	117,530	121,056
Water & Sewer		34,211	105,711	108,883	112,149	115,514	118,979	122,548	126,225	130,012	133,912	137,929
Repairs & Maintenance		27,501	84,979	87,528	90,154	92,859	95,645	98,514	101,469	104,513	107,649	110,878
Ground Maintenance		7,367	22,763	23,446	24,149	24,874	25,620	26,389	27,180	27,996	28,835	29,701
Advertising/Marketing			34,145	35,169	36,224	37,311	38,430	39,583	40,770	41,993	43,253	44,551
Administrative		8,840	27,316	28,135	28,979	29,848	30,744	31,666	32,616	33,595	34,603	35,641
Real Estate Taxes			298,354	307,304	316,524	326,019	335,800	345,874	356,250	366,938	377,946	389,284
Insurance		16,575	51,217	52,753	54,336	55,966	57,645	59,374	61,155	62,990	64,880	66,826
Submetering Fee		0	0	0	0	0	0	0	0	0	0	0
Management Fee		100,000	123,600	127,308	131,127	135,061	139,113	143,286	147,585	152,012	156,573	161,270
Net Operating Income		210,962	1,521,642	3,040,338	3,119,783	3,211,241	3,305,399	3,402,338	3,502,142	3,604,894	3,710,682	3,819,597
CAPITAL EXPENDITURES												
Tenant Improvements			17,880	44,700	111,749	111,749	223,498	223,498	223,498	223,498	223,498	
Replacement Reserves		54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	
Cash Before Debt Service		156,962	1,449,762	2,941,638	2,954,035	3,045,492	3,027,901	3,124,841	3,224,644	3,327,396	3,433,184	
LOAN PAYMENT												
Total		564,801	1,694,402	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	
Principal				300,652	320,787	342,271	365,193	389,651	415,747	443,590	473,298	
Interest		564,801	1,694,402	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	2,040,205	
Net Cash Flow for Distribution		-407,839	-244,640	600,781	593,042	663,016	622,503	694,985	768,692	843,601	919,681	

Capital Event (Loan Proceeds)	4,178,127
Total for Distribution	4,178,127

Permanent Loan		**NOI Year 3**
NOI (Capitalization Rate)	**7.20%**	3,040,338
Gross Valuation		42,226,915
Gross Valuation / SF		191
Loan Costs	2.00%	-844,538
Net Valuation		41,382,377
New Loan Proceeds	65.00%	26,898,545
Repay Existing Debt		-19,934,139
Repay Loan Accrued Interest		-1,075,188
Repay Equity Accrued Interest		-1,711,091
Net Proceeds of Refinance / Sale		4,178,127
Interest Rate		6.50%
Debt Service		2,040,205
DSCR		1.49

SEVEN-YEAR HOLD ANALYSIS

Stabilized Value		**NOI Year 8**
Capitalization Rate	**7.70%**	3,502,142
Gross Valuation		45,482,360
Gross Valuation / SF		206
Brokerage Fee	3.00%	-1,364,471
Net Valuation		44,117,889
Repay Permanent Loan		-24,764,244
JV Equity Return Due		-3,212,248
JV Partner Preferred Return Due		-7,851,751
Net Proceeds of Sale		8,289,646

JV Equity Partner Cashflows		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Due on Sale**
Accrued 11% Preferred Return Due		1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	7,851,751
11% Preferred Return Paid									
Excess Cash Flow Split		3,969,220		570,742	563,390	629,865	591,378	660,235	3,212,248
Total JV Equity Partner Cashflows	-10,197,079	3,969,220	0	2,281,833	656,863	724,195	686,572	756,303	12,721,928
Internal Rate of Return	**15.6%**								
Sponsor Cash Flows									
Annual Return									
Total JV Equity Partner Cashflows	-781,328	1,039,783	-244,640	30,039	29,652	33,151	31,125	34,749	6,631,717
Internal Rate of Return	**55.5%**								

TEN-YEAR HOLD ANALYSIS

Stabilized Value		**NOI Year 11**
Capitalization Rate	**8.00%**	3,819,597
Gross Valuation		47,744,960
Gross Valuation / SF		216
Brokerage Fee	3.00%	-1,432,349
Net Valuation		46,312,611
Repay Permanent Loan		-23,847,356
JV Equity Return Due		-806,872
JV Partner Preferred Return Due		-11,216,787
Net Proceeds of Sale		10,441,596

JV Equity Partner Cashflows												**Due on Sale**
Accrued 11% Preferred Return Due		1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	1,121,679	11,216,787
11% Preferred Return Paid												
Excess Cash Flow Split		3,969,220		570,742	563,390	629,865	591,378	660,235	730,258	801,421	873,697	806,872
Total JV Equity Partner Cashflows	(10,197,079)	3,969,220	0	2,281,833	563,390	629,865	591,378	660,235	730,258	801,421	873,697	14,111,978
Internal Rate of Return	**14.2%**											

Sponsor Cash Flows												**Sale Proceeds**
Annual Return												
Total JV Equity Partner Cashflows	(536,688)	1,039,783	-244,640	30,039	29,652	33,151	31,125	34,749	38,435	42,180	45,984	8,353,277
Internal Rate of Return	**77.3%**											

Construction Loan (Interest Only)

Principal	$19,934,139	
Interest Rate	8.50%	
Term	1	yr
Months	12	
Beginning Month	9	
Beginning Year	2011	
Monthly Payment	$141,200	
Annual Payment	$1,694,402	

Month	Payment	Principal
1	141,200	19,934,139
2	141,200	19,934,139
3	141,200	19,934,139
4	141,200	19,934,139
5	141,200	19,934,139
6	141,200	19,934,139
7	141,200	19,934,139
8	141,200	19,934,139
9	141,200	19,934,139
10	141,200	19,934,139
11	141,200	19,934,139
12	141,200	19,934,139
13	141,200	19,934,139
14	141,200	19,934,139
15	141,200	19,934,139
16	141,200	19,934,139
Total	2,259,202	

Permanent Take-Out Loan

Principal	$26,898,545	
Monthly Interest Rate	0.542%	
Term	10	yrs
Months	360	
Beginning Month	1	
Beginning Year	2013	
Monthly Payment	$170,017	
Annual Payment	$2,040,205	

Month	Payment	Principal	Interest	Ending Balance	Balance at Sale
				26,898,545	
1	170,017	24,317	145,700	26,874,228	
2	170,017	24,448	145,569	26,849,780	
3	170,017	24,581	145,436	26,825,199	
4	170,017	24,714	145,303	26,800,485	
5	170,017	24,848	145,169	26,775,637	
6	170,017	24,982	145,035	26,750,655	
7	170,017	25,118	144,899	26,725,537	
8	170,017	25,254	144,763	26,700,283	
9	170,017	25,391	144,627	26,674,893	
10	170,017	25,528	144,489	26,649,365	
11	170,017	25,666	144,351	26,623,698	
12	170,017	25,805	144,212	26,597,893	Year 3
13	170,017	25,945	144,072	26,571,948	
14	170,017	26,086	143,931	26,545,862	
15	170,017	26,227	143,790	26,519,635	
16	170,017	26,369	143,648	26,493,266	
17	170,017	26,512	143,505	26,466,754	
18	170,017	26,656	143,362	26,440,099	
19	170,017	26,800	143,217	26,413,299	
20	170,017	26,945	143,072	26,386,354	
21	170,017	27,091	142,926	26,359,263	
22	170,017	27,238	142,779	26,332,025	
23	170,017	27,385	142,632	26,304,639	
24	170,017	27,534	142,483	26,277,106	Year 4
25	170,017	27,683	142,334	26,249,423	
26	170,017	27,833	142,184	26,221,590	
27	170,017	27,983	142,034	26,193,607	
28	170,017	28,135	141,882	26,165,472	
29	170,017	28,287	141,730	26,137,184	
30	170,017	28,441	141,576	26,108,744	
31	170,017	28,595	141,422	26,080,149	
32	170,017	28,750	141,267	26,051,399	
33	170,017	28,905	141,112	26,022,494	
34	170,017	29,062	140,955	25,993,432	
35	170,017	29,219	140,798	25,964,213	
36	170,017	29,378	140,639	25,934,835	Year 5
37	170,017	29,537	140,480	25,905,298	
38	170,017	29,697	140,320	25,875,602	
39	170,017	29,858	140,160	25,845,744	
40	170,017	30,019	139,998	25,815,725	
41	170,017	30,182	139,835	25,785,543	
42	170,017	30,345	139,672	25,755,197	
43	170,017	30,510	139,507	25,724,688	
44	170,017	30,675	139,342	25,694,012	
45	170,017	30,841	139,176	25,663,171	
46	170,017	31,008	139,009	25,632,163	

47	170,017	31,176	138,841	25,600,987	
48	170,017	31,345	138,672	25,569,642	Year 6
49	170,017	31,515	138,502	25,538,127	
50	170,017	31,686	138,332	25,506,441	
51	170,017	31,857	138,160	25,474,584	
52	170,017	32,030	137,987	25,442,554	
53	170,017	32,203	137,814	25,410,351	
54	170,017	32,378	137,639	25,377,973	
55	170,017	32,553	137,464	25,345,420	
56	170,017	32,729	137,288	25,312,691	
57	170,017	32,907	137,110	25,279,784	
58	170,017	33,085	136,932	25,246,699	
59	170,017	33,264	136,753	25,213,435	
60	170,017	33,444	136,573	25,179,991	Year 7
61	170,017	33,625	136,392	25,146,365	
62	170,017	33,808	136,209	25,112,558	
63	170,017	33,991	136,026	25,078,567	
64	170,017	34,175	135,842	25,044,392	
65	170,017	34,360	135,657	25,010,032	
66	170,017	34,546	135,471	24,975,486	
67	170,017	34,733	135,284	24,940,753	
68	170,017	34,921	135,096	24,905,831	
69	170,017	35,111	134,907	24,870,721	
70	170,017	35,301	134,716	24,835,420	
71	170,017	35,492	134,525	24,799,928	
72	170,017	35,684	134,333	24,764,244	Year 8
73	170,017	35,877	134,140	24,728,367	
74	170,017	36,072	133,945	24,692,295	
75	170,017	36,267	133,750	24,656,028	
76	170,017	36,464	133,553	24,619,564	
77	170,017	36,661	133,356	24,582,903	
78	170,017	36,860	133,157	24,546,043	
79	170,017	37,059	132,958	24,508,984	
80	170,017	37,260	132,757	24,471,724	
81	170,017	37,462	132,555	24,434,262	
82	170,017	37,665	132,352	24,396,597	
83	170,017	37,869	132,148	24,358,728	
84	170,017	38,074	131,943	24,320,654	Year 9
85	170,017	38,280	131,737	24,282,374	
86	170,017	38,488	131,530	24,243,886	
87	170,017	38,696	131,321	24,205,190	
88	170,017	38,906	131,111	24,166,285	
89	170,017	39,116	130,901	24,127,168	
90	170,017	39,328	130,689	24,087,840	
91	170,017	39,541	130,476	24,048,299	
92	170,017	39,755	130,262	24,008,543	
93	170,017	39,971	130,046	23,968,572	
94	170,017	40,187	129,830	23,928,385	
95	170,017	40,405	129,612	23,887,980	
96	170,017	40,624	129,393	23,847,356	Year 10
		3,051,189	13,270,453		23,847,356

ATTACHMENT B – DEVELOPMENT BUDGET AND SCHEDULE

DEVELOPMENT BUDGET

Land Acquisition		**PSF**
Land	$4,432,538	
Total Land Acquisition	**$4,432,538**	**$20.06**
Hard Costs		**PSF**
Base Building	$17,894,417	$80.97
1 Floor Below-Grade Parking	$2,695,510	$12.20
3rd Party Inspectors	$17,000	$0.08
Utility Fees	$115,000	$0.52
Building Permits	$50,000	$0.23
Total Hard Costs	**$20,771,927**	**$93.99**
General Construction Costs		**PSF**
General Contractor Fees (3% of HC)	$623,158	$2.82
General Contractor Overhead (2% of HC)	$415,439	$1.88
Bond (1.5% of HC)	$311,579	$1.41
Total General Construction Costs	**$1,350,175**	**$6.11**
Soft Costs		**PSF**
Advertising	$100,000	$0.45
Appraisal	$5,000	$0.02
Architecture and Engineering (8% of HC)	$1,661,754	$7.52
Furniture, Fixtures & Equipment (FF&E)	$1,719,600	$7.60
Market Analysis	$20,000	$0.09
Environmental Consultant and Fees	$25,000	$0.11
Development Fee (4% of HC)	$830,877	$3.76
Title Insurance	$20,000	$0.09
Builders Risk Insurance (.024% of HC)	$498,526	$2.26
Legal and Settlement	$100,000	$0.45
Loan Fees	$163,000	$0.01
Real Estate Taxes During Const	$510,000	$2.31
Transfer Tax	$64,272	$0.29
Recording Tax	$385,042	$1.74
Operating Reserve / Start Up	$410,000	$1.86
Interest Reserve	$700,000	$3.17
Contingency (5%)	$1,327,732	$6.01
Bank Inspection Fee	$5,000	$0.02
Total Soft Costs	**$8,545,804**	**$37.76**
Total Budget	**$35,100,444**	**$157.92**
Construction Loan Interest Carry	$1,075,188	
JV Partner Accrued Equity Carry	$1,711,091	
Total Project Costs w/Carry	**$37,886,723**	

CONSTRUCTION INTEREST RATE SCHEDULE

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
		Mar-10	**Apr-10**	**May-10**	**Jun-10**	**Jul-10**	**Aug-10**	**Sep-10**	**Oct-10**	**Nov-10**
Base Building	17,894,417	0	0	(894,721)	(894,721)	(1,431,553)	(1,431,553)	(1,431,553)	(1,431,553)	(1,789,442)
1 Floor Below-Grade Parking	2,695,510	0	0	(134,776)	(134,776)	(215,641)	(215,641)	(215,641)	(215,641)	(269,551)
3rd Party Inspectors	17,000	(850)	(850)	(850)	(850)	(1,020)	(1,020)	(1,020)	(1,020)	(1,020)
Utility Fees	115,000	0	0	(5,750)	(5,750)	(9,200)	(9,200)	(9,200)	(9,200)	(11,500)
Building Permits	50,000	(2,500)	(2,500)	(2,500)	(2,500)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
General Contractor Fees (3% of HC)	623,158	0	0	(31,158)	(31,158)	(49,853)	(49,853)	(49,853)	(49,853)	(62,316)
General Contractor Overhead (2% of HC)	415,439	0	0	(20,772)	(20,772)	(33,235)	(33,235)	(33,235)	(33,235)	(41,544)
Bond (1.5% of HC)	311,579	0	0	(15,579)	(15,579)	(24,926)	(24,926)	(24,926)	(24,926)	(31,158)
Advertising	100,000	0	0	0	0	0	0	0	0	0
Appraisal	5,000	0	0	0	0	0	0	0	0	0
Architecture and Engineering (8% of HC)	1,661,754	(83,088)	(83,088)	(83,088)	(83,088)	(99,705)	(99,705)	(99,705)	(99,705)	(99,705)
Furniture, Fixtures & Equipment (FF&E)	1,719,600	0	0	0	0	0	0	(171,960)	(171,960)	(137,568)
Market Analysis	20,000	(20,000)	0	0	0	0	0	0	0	0
Environmental Consultant and Fees	25,000	(1,250)	(1,250)	(1,250)	(1,250)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Development Fee (4% of HC)	830,877	(41,544)	(41,544)	(41,544)	(41,544)	(49,853)	(49,853)	(49,853)	(49,853)	(49,853)
Title Insurance	20,000	(20,000)	0	0	0	0	0	0	0	0
Builders Risk Insurance (.024% of HC)	498,526	(498,526)	0	0	0	0	0	0	0	0
Legal and Settlement	100,000	(5,000)	(5,000)	(5,000)	(5,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Loan Fees	163,000	(8,150)	(8,150)	(8,150)	(8,150)	(9,780)	(9,780)	(9,780)	(9,780)	(9,780)
Real Estate Taxes During Const	510,000	(510,000)	0	0	0	0	0	0	0	0
Transfer Tax	64,272	(3,214)	(3,214)	(3,214)	(3,214)	(3,856)	(3,856)	(3,856)	(3,856)	(3,856)
Recording Tax	385,042	(19,252)	(19,252)	(19,252)	(19,252)	(23,103)	(23,103)	(23,103)	(23,103)	(23,103)
Operating Reserve / Start Up	410,000	0	0	0	0	0	0	0	0	0
Interest Reserve	700,000	(35,000)	(35,000)	(35,000)	(35,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)
Contingency (5%)	1,327,732	(66,387)	(66,387)	(66,387)	(66,387)	(79,664)	(79,664)	(79,664)	(79,664)	(79,664)
Bank Inspection Fee	5,000	0	0	0	0	0	0	0	0	0
Total Construction Costs	30,667,906	(1,314,760)	(266,234)	(1,368,989)	(1,368,989)	(2,083,889)	(2,083,889)	(2,255,849)	(2,255,849)	(2,662,559)
Construction Loan Amount	19,934,139	(854,594)	(173,052)	(889,843)	(889,843)	(1,354,528)	(1,354,528)	(1,466,302)	(1,466,302)	(1,730,663)
Project Equity										
Beginning Balance			10,197,079	10,290,552	10,384,882	10,480,077	10,576,144	10,673,092	10,770,929	10,869,662
11% Interest		1,711,091	93,473	94,330	95,195	96,067	96,948	97,837	98,734	99,639
Ending Balance			10,290,552	10,384,882	10,480,077	10,576,144	10,673,092	10,770,929	10,869,662	10,969,301
Construction Debt		19,934,139								
Prior Advances			0	859,935	1,039,443	1,941,344	2,848,882	4,229,681	5,619,110	7,129,696
Period Advance			854,594	173,052	889,843	889,843	1,354,528	1,354,528	1,466,302	1,466,302
7.50% Accrued Interest		1,075,188	5,341	6,456	12,058	17,695	26,271	34,901	44,284	53,725

TOTAL CONSTRUCTION COSTS with CARRY 33,454,185

Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18		
Dec-10	**Jan-11**	**Feb-11**	**Mar-11**	**Apr-11**	**May-11**	**Jun-11**	**Jul-11**	**Aug-11**		**TOTAL**
(1,789,442)	(1,252,609)	(894,721)	(894,721)	(894,721)	(715,777)	(715,777)	(715,777)	(715,777)	$	(17,894,417)
(269,551)	(188,686)	(134,776)	(134,776)	(134,776)	(107,820)	(107,820)	(107,820)	(107,820)	$	(2,695,510)
(1,020)	(1,020)	(1,020)	(1,020)	(1,020)	(850)	(850)	(850)	(850)	$	(17,000)
(11,500)	(8,050)	(5,750)	(5,750)	(5,750)	(4,600)	(4,600)	(4,600)	(4,600)	$	(115,000)
(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(2,500)	(2,500)	(2,500)	(2,500)	$	(50,000)
(62,316)	(43,621)	(31,158)	(31,158)	(31,158)	(24,926)	(24,926)	(24,926)	(24,926)	$	(623,158)
(41,544)	(29,081)	(20,772)	(20,772)	(20,772)	(16,618)	(16,618)	(16,618)	(16,618)	$	(415,439)
(31,158)	(21,811)	(15,579)	(15,579)	(15,579)	(12,463)	(12,463)	(12,463)	(12,463)	$	(311,579)
0	0	0	(15,000)	(15,000)	(15,000)	(15,000)	(20,000)	(20,000)	$	(100,000)
0	0	0	0	0	0	0	0	(5,000)	$	(5,000)
(99,705)	(99,705)	(99,705)	(99,705)	(99,705)	(83,088)	(83,088)	(83,088)	(83,088)	$	(1,661,754)
(137,568)	(137,568)	(137,568)	(137,568)	(137,568)	(137,568)	(137,568)	(137,568)	(137,568)	$	(1,719,600)
0	0	0	0	0	0	0	0	0	$	(20,000)
(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,250)	(1,250)	(1,250)	(1,250)	$	(25,000)
(49,853)	(49,853)	(49,853)	(49,853)	(49,853)	(41,544)	(41,544)	(41,544)	(41,544)	$	(830,877)
0	0	0	0	0	0	0	0	0	$	(20,000)
0	0	0	0	0	0	0	0	0	$	(498,526)
(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(5,000)	(5,000)	(5,000)	(5,000)	$	(100,000)
(9,780)	(9,780)	(9,780)	(9,780)	(9,780)	(8,150)	(8,150)	(8,150)	(8,150)	$	(163,000)
0	0	0	0	0	0	0	0	0	$	(510,000)
(3,856)	(3,856)	(3,856)	(3,856)	(3,856)	(3,214)	(3,214)	(3,214)	(3,214)	$	(64,272)
(23,103)	(23,103)	(23,103)	(23,103)	(23,103)	(19,252)	(19,252)	(19,252)	(19,252)	$	(385,042)
0	0	0	(9,963)	(9,963)	(9,963)	(9,963)	(9,963)	(360,800)	$	(410,615)
(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(35,000)	(35,000)	(35,000)	(35,000)	$	(700,000)
(79,664)	(79,664)	(79,664)	(79,664)	(79,664)	(66,387)	(66,387)	(66,387)	(66,387)	$	(1,327,732)
0	0	0	0	0	0	0	0	(5,000)	$	(5,000)
(2,662,559)	(2,000,906)	(1,559,804)	(1,584,767)	(1,584,767)	(1,310,969)	(1,310,969)	(1,315,969)	(1,676,806)	$	(30,668,521)
(1,730,663)	(1,300,589)	(1,013,872)	(1,030,098)	(1,030,098)	(852,130)	(852,130)	(855,380)	(1,089,924)	$	(19,934,539)

Percent Complete	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Base Building	0%	0%	5%	5%	8%	8%	8%	8%	10%
1 Floor Below-Grade Parking	0%	0%	5%	5%	8%	8%	8%	8%	10%
3rd Party Inspectors	5%	5%	5%	5%	6%	6%	6%	6%	6%
Utility Fees	0%	0%	5%	5%	8%	8%	8%	8%	10%
Building Permits	5%	5%	5%	5%	6%	6%	6%	6%	6%
General Contractor Fees (3% of HC)	0%	0%	5%	5%	8%	8%	8%	8%	10%
General Contractor Overhead (2% of HC)	0%	0%	5%	5%	8%	8%	8%	8%	10%
Bond (1.5% of HC)	0%	0%	5%	5%	8%	8%	8%	8%	10%
Advertising	0%	0%	0%	0%	0%	0%	0%	0%	0%
Appraisal	0%	0%	0%	0%	0%	0%	0%	0%	0%
Architecture and Engineering (8% of HC)	5%	5%	5%	5%	6%	6%	6%	6%	6%
Furniture, Fixtures & Equipment (FF&E)	0%	0%	0%	0%	0%	0%	10%	10%	8%
Market Analysis	100%	0%	0%	0%	0%	0%	0%	0%	0%
Environmental Consultant and Fees	5%	5%	5%	5%	6%	6%	6%	6%	6%
Development Fee (4% of HC)	5%	5%	5%	5%	6%	6%	6%	6%	6%
Title Insurance	100%	0%	0%	0%	0%	0%	0%	0%	0%
Builders Risk Insurance (.024% of HC)	100%	0%	0%	0%	0%	0%	0%	0%	0%
Legal and Settlement	5%	5%	5%	5%	6%	6%	6%	6%	6%
Loan Fees	5%	5%	5%	5%	6%	6%	6%	6%	6%
Real Estate Taxes During Const	100%	0%	0%	0%	0%	0%	0%	0%	0%
Transfer Tax	5%	5%	5%	5%	6%	6%	6%	6%	6%
Recording Tax	5%	5%	5%	5%	6%	6%	6%	6%	6%
Operating Reserve / Start Up	0%	0%	0%	0%	0%	0%	0%	0%	0%
Interest Reserve	5%	5%	5%	5%	6%	6%	6%	6%	6%
Contingency (5%)	5%	5%	5%	5%	6%	6%	6%	6%	6%
Bank Inspection Fee	0%	0%	0%	0%	0%	0%	0%	0%	0%

Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Total
10%	7%	5%	5%	5%	4%	4%	4%	4%	100%
10%	7%	5%	5%	5%	4%	4%	4%	4%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
10%	7%	5%	5%	5%	4%	4%	4%	4%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
10%	7%	5%	5%	5%	4%	4%	4%	4%	100%
10%	7%	5%	5%	5%	4%	4%	4%	4%	100%
10%	7%	5%	5%	5%	4%	4%	4%	4%	100%
0%	0%	0%	15%	15%	15%	15%	20%	20%	100%
0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
8%	8%	8%	8%	8%	8%	8%	8%	8%	100%
0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
0%	0%	0%	2%	2%	2%	2%	2%	88%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
6%	6%	6%	6%	6%	5%	5%	5%	5%	100%
0%	0%	0%	0%	0%	0%	0%	0%	100%	100%

ATTACHMENT C – CONSTRUCTION COST ESTIMATES

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	Square Foot Cost Estimate Report
Estimate Name:	**Brookland Pointe**
Building Type:	**Apartment, 1-4 Story with Face Brick with Concrete Block Back-up / Wood Joists**
Location:	**National Average**
Story Count:	**4**
Story Height (L.F.):	**10**
Floor Area (S.F.):	**221000**
Labor Type:	**Union**
Basement Included:	**No**
Data Release:	**Year 2009**
Cost Per Square Foot:	**$79.74**
Building Cost:	**$17,622,500**

Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.
Parameters are not within the ranges recommended by RSMeans.

		% of Total	Cost Per S.F.	Cost
A Substructure		3.30%	$2.66	$587,500
A1010	**Standard Foundations**		$0.85	$187,500
	Strip footing, concrete, reinforced, load 14.8 KLF, soil bearing capacity 6 KSF, 12" deep x 32" wide			
	Strip footing, concrete, reinforced, load 18.4 KLF, soil bearing capacity 6 KSF, 12" deep x 40" wide			
	Spread footings, 3000 PSI concrete, load 150K, soil bearing capacity 6 KSF, 5' - 6" square x 18" deep			
A1030	**Slab on Grade**		$1.46	$323,000
	Slab on grade, 4" thick, light industrial, reinforced			
A2010	**Basement Excavation**		$0.04	$9,500
	Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage			
A2020	**Basement Walls**		$0.31	$67,500
	Foundation wall, CIP, 4' wall height, direct chute, .099 CY/LF, 4.8 PLF, 8" thick			
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick			
B Shell		14.20%	$11.36	$2,509,500
B1010	**Floor Construction**		$5.80	$1,281,500
	Steel column, W8, 150 KIPS, 10' unsupported height, 35 PLF			
	Floor, wood joist, 2 x 12 @12" O.C., 1/2" CDX subfloor			
B1020	**Roof Construction**		$1.65	$365,000
	Wood roof, truss, 4/12 slope, 24" O.C., 30' to 43' span			
B2010	**Exterior Walls**		$2.32	$513,500
	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill			
B2020	**Exterior Windows**		$0.62	$136,500
	Windows, aluminum, sliding, standard glass, 5' x 3'			
B2030	**Exterior Doors**		$0.30	$66,500
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-6" x 7'-0" opening			

B3010	**Roof Coverings**		$0.66	$146,500
	Asphalt roofing, strip shingles, premium laminated, multi-layered, Class A, 4" slope, 260-300 lbs/SQ			
	Flashing, aluminum, no backing sides, .019"			
	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick			
C Interiors		**34.50%**	**$27.51**	**$6,080,000**
C1010	**Partitions**		$5.58	$1,233,500
	Metal partition, 5/8"fire rated gypsum board face, 1/4" sound deadening gypsum board, 2-1/2" @ 24", same opposite face, no insulation			
	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"			
	Add for the following: taping and finishing			
	1/2" fire ratedgypsum board, taped & finished, painted on metal furring			
C1020	**Interior Doors**		$7.52	$1,661,500
	Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, solid core			
	Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, hollow core			
	Locksets, heavy duty cylindrical, non-keyed, passage			
	Locksets, heavy duty cylindrical, keyed, single cylinder function			
C1030	**Fittings**		$2.64	$582,500
	Cabinets, residential, wall, two doors x 48" wide			
C2010	**Stair Construction**		$0.67	$148,000
	Stairs, wood, prefab box type, oak treads, wood rails 3'-6" wide, 14 risers			
C3010	**Wall Finishes**		$2.35	$518,500
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats			
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats			
	Vinyl wall covering, fabric back, medium weight			
	Ceramic tile, thin set, 4-1/4" x 4-1/4"			
C3020	**Floor Finishes**		$5.05	$1,116,000
	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 24 oz			
	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz			
	Carpet, padding, add to above, minimum			
	Carpet, padding, add to above, maximum			
	Vinyl, composition tile, minimum			
	Vinyl, composition tile, maximum			
	Tile, ceramic natural clay			
C3030	**Ceiling Finishes**		$3.71	$820,000
	Gypsum board ceilings, 1/2" fire rated gypsum board, painted and textured finish, 7/8"resilient channel furring, 24" OC support			
D Services		**47.90%**	**$39.75**	**$8,784,971**
D1010	**Elevators and Lifts**		$6.25	$1,381,471
	Hydraulic passenger elevator, 3500 lb., 3 floors, 10' story height, 125 FPM			
D2010	**Plumbing Fixtures**		$5.77	$1,275,000
	Kitchen sink w/trim, countertop, PE on CI, 24" x 21", single bowl			
	Laundry sink w/trim, PE on CI, black iron frame, 24" x 20", single compt			
	Service sink w/trim, PE on CI, corner floor, 28" x 28", w/rim guard			
	Bathroom, lavatory & water closet, 2 wall plumbing, stand alone			
	Bathroom, three fixture, 2 wall plumbing, lavatory, water closet & bathtub, stand alone			
D2020	**Domestic Water Distribution**		$0.35	$77,500
	Gas fired water heater, residential, 100< F rise, 30 gal tank, 32 GPH			
D2040	**Rain Water Drainage**		$0.03	$7,500
	Roof drain, DWV PVC, 4" diam, diam, 10' high			
	Roof drain, DWV PVC, 4" diam, for each additional foot add			

D3010	**Energy Supply**		**$7.85**	**$1,735,500**
	Apartment building heating system, fin tube radiation, forced hot water, 20,000 SF area,200,000 CF vol			
D3030	**Cooling Generating Systems**		**$8.52**	**$1,884,000**
	Packaged chiller, air cooled, with fan coil unit, medical centers, 20,000 SF, 46.66 ton			
D4010	**Sprinklers**		**$2.73**	**$602,500**
	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF			
	Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF			
D5010	**Electrical Service/Distribution**		**$0.27**	**$59,500**
	Service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 600 A			
	Feeder installation 600 V, including RGS conduit and XHHW wire, 600 A			
	Switchgear installation, incl switchboard, panels & circuit breaker, 600 A			
D5020	**Lighting and Branch Wiring**		**$6.52**	**$1,442,000**
	Receptacles incl plate, box, conduit, wire, 10 per 1000 SF, 1.2 watts per SF			
	Wall switches, 2.5 per 1000 SF			
	Miscellaneous power, 2 watts			
	Central air conditioning power, 3 watts			
	Motor installation, three phase, 200 V, 15 HP motor size			
	Incandescent fixtures recess mounted, type A, 1 watt per SF, 8 FC, 6 fixtures per 1000 SF			
D5030	**Communications and Security**		**$1.27**	**$281,000**
	Communication and alarm systems, fire detection, non-addressable, 25 detectors, includes outlets, boxes, conduit and wire			
	Internet wiring, 2 data/voice outlets per 1000 S.F.			
D5090	**Other Electrical Systems**		**$0.19**	**$43,000**
	Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW			
E Equipment & Furnishings		**0.00%**	**$0.00**	**$0**
E1090	**Other Equipment**		**$0.00**	**$0**
SubTotal		**100%**	**$81.28**	**$17,961,971**
Total Building Cost			**$79.74**	**$17,622,500**

ATTACHMENT D – GREEN BUILDING CHECKLIST

Green Communities Criteria Checklist

Revised February 2008

Developer Name: **ASG Development**

Project Name: **Brookland Pointe**

Address (Street/City/State): **2711 13th Street, NE Washington, DC 20018**

Yes	No			Maximum Points
Yes	No	**Integrated Design**		
X		**1.1**	**Green Development Plan** Submit Green Development Plan outlining the integrated design approach used for this development that demonstrates involvement of the entire development team.	Mandatory
Yes	No	**Site, Location and Neighborhood Fabric**		
X		**2.1a** LH	**Smart Site Location: Proximity to Existing Development** Provide site map demonstrating that the development is located on a site with access to existing roads, water, sewers and other infrastructure within or contiguous (having at least 25 percent of the perimeter bordering) to existing development.	Mandatory *except infill site or rehabs*
X		**2.1b** LH	**Smart Site Location: Protecting Environmental Resources - New Construction** Do not locate new development within 100 feet of wetlands, critical slope areas, land identified as habitat for a threatened or endangered species; or on land previously used as public park land, land identified as prime farmland, or with elevation at or below the 100-year floodplain.	Mandatory *except infill site or rehabs*
X		**2.1c** LH	**Smart Site Location: Proximity to Services - New Construction** Locate projects within a ¼ mile of at least two, or ½ mile of at least four community and retail facilities.	Mandatory *except infill site or rehabs*
X		**2.2**	**Compact Development: New Construction** Achieve densities for new construction of at least six units per acre for detached/semi-detached houses; 10 for town homes; 15 for apartments.	Mandatory *except rehabs*
X		**2.3**	**Walkable Neighborhoods: Sidewalks andPathways** Connect project to the pedestrian grid. Include sidewalks or other all-weather pathways within a multifamily property or single-family subdivision linking residential development to public spaces, open spaces and adjacent development.	Mandatory
X		**2.4a** LH	**Smart Site Location: Passive Solar Heating/Cooling** Orient building to make the greatest use of passive solar heating and cooling.	4
	X	**2.4b**	**Smart Site Location: Grayfield, Brownfield or Adaptive Reuse Site** Locate the project on a grayfield, brownfield or adaptive reuse site.	10
X		**2.5** LH	**Compact Development** Increase average minimum densities to meet or exceed: seven units per acre for detached/semi-detached; 12 units for town homes; and 20 units for apartments.	5
X		**2.6**	**Walkable Neighborhoods: Connections to Surrounding Neighborhood** Provide a site plan demonstrating at least three separate connections from the development to sidewalks or all-weather pathways in surrounding neighborhoods.	5
X		**2.7** LH	**Transportation Choices** Locate project within ¼ mile radius of adequate public transit service, or ½ mile radius from an adequate fixed rail or ferry station	12

Yes	No	Site Improvements		
X		**3.1**	**Environmental Remediation** Conduct a Phase I Environmental Site Assessment and provide a plan for abatement if necessary.	Mandatory
X		**3.2** LH	**Erosion and Sedimentation Control** Implement EPA's Best Management Practices for erosion and sedimentation control during construction referring to the EPA document, Storm Water Management for Construction Activities.	Mandatory
X		**3.3** LH	**Landscaping** Provide a tree or plant list certified by the Architect or Landscape Architect, that the selection of new trees and plants are appropriate to the site's soils and microclimate and do not include invasive species. Locate plants to provide shading in the summer and allow for heat gain in the winter.	Mandatory *if providing landscaping*
	X	**3.4** LH	**Surface Water Management** Capture, retain, infiltrate and/or harvest the first ½ inch of rainfall that falls in a 24-hour period.	5
X		**3.5**	**Storm Drain Labels** Label all storm drains or storm inlets to clearly indicate where the drain or inlet leads.	2
Yes	No	**Water Conservation**		
X		**4.1a** LH	**Water-Conserving Appliances and Fixtures: New Construction** Install water-conserving fixtures with the following minimum specifications: toilets – 1.3 GPF; showerheads – 2.0 GPM; kitchen faucets – 2.0 GPM; bathroom faucets – 2.0 GPM	Mandatory
X		**4.1b** LH	**Water-Conserving Appliances and Fixtures: Moderate Rehabilitation** Install water-conserving fixtures with the following minimum specifications *for toilets and shower heads* and follow requirements for other fixtures wherever and whenever they are replaced: toilets – 1.3 GPF; showerheads – 2.0 GPF; kitchen faucets – 2.0 GPM; bathroom faucets – 2.0 GPM.	Mandatory
	X	**4.1c** LH	**Water-Conserving Appliances and Fixtures** Install water-conserving fixtures with the following minimum specifications: toilets – 1.1 GPF; showerheads – 1.75 GPM; kitchen faucets – 2.0 GPM; bathroom faucets – 1.5 GPM	5
	X	**4.2** LH	**Efficient Irrigation** If irrigation is necessary, use recycled gray water, roof water, collected site run-off, water from a municipal recycled water system, or a highly efficient irrigation system including all the following: system designed by EPA Water Sense professional; plant beds with a drip irrigation system; separately zoned turf and bedding types; a watering zone timer/controller; moisture sensor controller.	Mandatory *if irrigation is necessary*
Yes	No	**Energy Efficiency**		
X		**5.1a** LH	**Efficient Energy Use: New Construction** Meet Energy Star standards (single family and low rise residential); exceed ASHRAE 90.1-2004 by 15 percent; California-exceed Title 24 by 15 percent; Oregon, Washington, Idaho and Montana--meet Northwest Energy Star	Mandatory
	X	**5.1b**	**Efficient Energy Use: Moderate & Substantial Rehabilitation** Perform an energy analysis of existing building condition, estimate costs of improvements, implement measures that will improve building energy performance by 15 percent from pre-renovation figures.	Mandatory
X		**5.2** LH	**Energy Star Appliances** If providing appliances, install Energy Star clothes washers, dishwashers and refrigerators,	Mandatory *if providing appliances*

Yes	No	Criterion	Description	Points
X		5.3a LH	**Efficient Lighting: Interior** Install the Energy Star Advanced Lighting Package in all interior units and use Energy Star or high-efficiency commercial grade fixtures in all common areas and outdoors.	Mandatory
X		5.3b LH	**Efficient Lighting: Exterior** Install daylight sensors or timers on all outdoor lighting, including front and rear porch lights in single family homes.	Mandatory
X		5.4	**Electricity Meter** Install individual or sub-metered electric meters.	Mandatory *(see full criteria for exceptions)*
		5.5 LH	**Additional Reductions in Energy Use** Exceed the relevant Energy Star HERS score for low-rise residential buildings or exceed other standards by increased percentages.	Optional *(see full criteria)*
	X	5.6a LH	**Renewable Energy** Install PV panels, wind turbines or other renewable energy source to provide at least 10 percent of the project's estimated electricity demand.	15
	X	5.6b	**Photovoltaic (PV) Ready** Site, design, engineer and wire the development to accommodate installation of PV in the future.	2
Yes	No	**Materials Beneficial to the Environment**		
	X	6.1 LH	**Construction Waste Management** Develop and implement a construction waste management plan to reduce the amount of material sent to the landfill by at least 25 percent.	5
	X	6.2 LH	**Recycled Content Material** Use materials with recycled content; provide calculation for recycled content percentage based on cost or value of recycled content in relation to total materials for project. Minimum recycled material must be 5 percent	14
X		6.3 LH	**Certified, Salvaged and Engineered Wood** Commit to using at least 25 percent (by cost) wood products and materials that are salvaged wood, engineered framing materials or certified in accordance with the Forest Stewardship Council.	5
X		6.4a LH	**Water-Permeable Walkways** Use water-permeable materials in 50 percent or more of walkways.	5
	X	6.4b LH	**Water-Permeable Parking Areas** Use water-permeable materials in 50 percent or more of paved parking areas.	5
X		6.5a LH	**Reduce Heat-Island Effect: Roofing** Use Energy Star-compliant and high-emissive roofing or install a "green" (vegetated) roof for at least 50 percent of the roof area; or a combination of high-albedo and vegetated roof covering 75 percent of the roof area.	5
X		6.5b LH	**Reduce Heat-Island Effect: Paving** Use light-colored, high-albedo materials and/or an open-grid pavement with a minimum Solar Reflective Index of 0.6 over at least 30 percent of the site's hardscaped area.	5
	X	6.5c LH	**Reduce Heat-Island Effect: Plantings** Locate trees or other plantings to provide shading for at least 50 percent of sidewalks, patios and driveways within 50 feet of a home.	5

Yes	No	Healthy Living Environment		
X		7.1 LH	**Low / No Volatile Organic Compounds (VOC) Paints and Primers** Specify that all interior paints and primers must comply with current Green Seal standards for low VOC limits.	Mandatory
X		7.2 LH	**Low / No VOC Adhesives and Sealants** Specify that all adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. Caulks and sealants must comply with Regulation 8, Rule 51 of the Bay Area Air Quality Management District.	Mandatory
X		7.3	**Urea Formaldehyde-free Composite Wood** Use particleboard and MDF that is certified compliant with the ANSI A208.1 and A208.2. If using nonrated composite wood, all exposed edges and sides must be sealed with low-VOC sealants.	Mandatory
X		7.4 LH	**Green Label Certified Floor Coverings** Do not install carpets in below grade living spaces, entryways, laundry rooms, bathrooms, kitchens or utility rooms. If using carpet, use the Carpet and Rug Institute's Green Label certified carpet, pad and carpet adhesives.	Mandatory *if providing floor coverings*
X		7.5a LH	**Exhaust Fans – Bathroom** Install Energy Star-labeled bathroom fans that exhaust to the outdoors and are connected to a light switch and are equipped with a humidistat sensor or timer, *or* operate continuously.	Mandatory
X		7.5b LH	**Exhaust Fans – Kitchen: New Construction & Substantial Rehabilitation** Install power vented fans or range hoods that exhaust to the exterior.	Mandatory
	X	7.5c	**Exhaust Fans – Kitchen: Moderate Rehabilitation** Install power vented fans or range hoods that exhaust to the exterior.	5
X		7.6a LH	**Ventilation: New Construction & Substantial Rehabilitation** Install a ventilation system for the dwelling unit, providing adequate fresh air per ASHRAE 62.1-2007 for residential buildings above 3 stories or ASHRAE 62.2 for single family and low-rise multifamily dwellings.	Mandatory
	X	7.6b	**Ventilation: Moderate Rehabilitation** Install a ventilation system for the dwelling unit, providing adequate fresh air per ASHRAE 62.1-2007 for residential buildings above 3 stories or ASHRAE 62.2 for single family and low-rise multifamily dwellings.	10
X		7.7 LH	**HVAC Sizing** Size heating and cooling equipment in accordance with the Air Conditioning Contractors of America Manual, Parts J and S, ASHRAE handbooks, or equivalent software.	Mandatory
X		7.8	**Water Heaters: Mold Prevention** Use tankless hot water heaters or install conventional hot water heaters in rooms with drains or catch pans with drains piped to the exterior of the dwelling and with non-water sensitive floor coverings.	Mandatory
X		7.9a	**Materials in Wet Areas: Surfaces** In wet areas, use materials that have smooth, durable, cleanable surfaces. Do not use mold-propagating materials such as vinyl wallpaper and unsealed grout.	Mandatory
X		7.9b	**Materials in Wet Areas: Tub and Shower Enclosures** Use fiberglass or similar enclosure or, if using any form of grouted material, use backing materials such as cement board, fiber cement board or equivalent (i.e., not paper-faced).	Mandatory

Yes	No	Item	Description	Points
X		7.10a	**Basements and Concrete Slabs: Vapor Barrier** Provide vapor barrier under all slabs. For concrete floors either in basements or on-grade slab install a capillary break of 4 four inches of gravel over soil. Cover all gravel with 6 millimeter polyethylene sheeting moisture barrier with joints lapped one foot or more. On interior below grade walls, avoid using separate vapor barrier or below grade vertical insulation.	Mandatory
X		7.10b LH	**Basements and Concrete Slabs – Radon: New Construction & Substantial Rehabilitation** In EPA Zone 1 and 2 areas, install passive radon-resistant features below the slab along with a vertical vent pipe with junction box available, if an active system should prove necessary. For substantial rehab, introduce radon-reduction measures if elevated levels of radon are detected.	Mandatory
X		7.11	**Water Drainage** Provide drainage of water to the lowest level of concrete away from windows, walls and foundations.	Mandatory
X		7.12 LH	**Garage Isolation** Provide a continuous air barrier between the conditioned (living) space and any unconditioned garage space. In single-family houses with attached garages, install a CO alarm inside the house on the wall that is attached to the garage and outside the sleeping area, and do not install air handling equipment in the garage.	Mandatory
X		7.13 LH	**Clothes Dryer Exhaust** Clothes dryers must be exhausted directly to the outdoors.	Mandatory
X		7.14 LH	**Integrated Pest Management** Seal all wall, floor and joint penetrations with low VOC caulking. Provide rodent-proof and corrosion-proof screens (e.g., copper or stainless steel mesh) for large openings.	Mandatory
X		7.15	**Lead-Safe Work Practices: Moderate & Substantial Rehabilitation** For properties built before 1978, use lead-safe work practices during renovation, remodeling, painting and demolition.	Mandatory
	X	7.16	**Healthy Flooring Materials: Alternative Sources** Use non-vinyl, non-carpet floor coverings in all rooms.	5
X		7.17	**Smoke-free Building** Enforce a "no smoking" policy in all common and individual living areas in all buildings. See full criteria for "common area" definition.	2
X		7.18 LH	**Combustion Equipment (includes space & water-heating equipment)** Specify power vented or combustion sealed equipment. Install one hard-wired CO detector for each sleeping area, minimum one per floor.	Mandatory
Yes	No	**Operations and Maintenance**		
X		8.1 LH	**Building Maintenance Manual** Provide a manual that includes the following: a routine maintenance plan; instructions for all appliances, HVAC operation, water-system turnoffs, lighting equipment, paving materials and landscaping, pest control and other systems that are part of each occupancy unit; an occupancy turnover plan that describes the process of educating the tenant about proper use and maintenance of all building systems	Mandatory
X		8.2 LH	**Occupant's Manual** Provide a guide for homeowners and renters that explains the intent, benefits, use and maintenance of green building features, along with the location of transit stops and other neighborhood conveniences, and encourages additional green activities such as recycling, gardening and use of healthy cleaning materials, alternate measures for pest control, and purchase of green power.	Mandatory

X		**8.3** LH	**Homeowner and New Resident Orientation** Provide a walk-through and orientation to the homeowner or new resident using the Occupant Manual from 8-2 above that reviews the building's green features, operations and maintenance along with neighborhood conveniences.	Mandatory
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