

FINANCIAL WORKSHEET AND SUGGESTED FORMATS
With Notes and Instructions

For Use in the Preparation of Responses to
REQUEST FOR PROPOSALS
ORANGE UNIFIED SCHOOL DISTRICT - PERALTA SITE

Appendix C: DEVELOPMENT COST ESTIMATE - BY COMPONENT AND CONSOLIDATED

Appendix D, Page 1 of 2: FINANCIAL PROJECTION - OPERATING AND RETURNS ASSUMPTIONS

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NOTES TO APPENDIX C AND D

Appendix E: COMPARABLE PROJECT FORM

General Note

The formats presented herein represent recommendations by the issuing agency (lessor) to Proposers. They are designed to facilitate comparisons between proposals and to provide the lessor with a clear understanding of how each proposer determines what constitutes an acceptable return for the proposed project.

Supplemental or alternative presentations are not forbidden but should be explicitly identified and reconciled to this format.

Appendix C: DEVELOPMENT COST ESTIMATE - BY COMPONENT AND CONSOLIDATED (a)

	See Notes	PER UNIT	# UNITS	MEASURE	TOTAL	NOTES
Hard Costs:						
Demolition and Site Prep				Per DU, per SF or lump sum	\$	
Residential Unit Construction Costs				Per DU or per SF	\$	
Commercial Construction Costs				Per SF	\$	
Finishes (Fixtures, Plumbing, Drapes, Carpet)				Per DU or per SF	\$	
Common Area Costs				Per SF	\$	
Elevators				Per DU or lump sum	\$	
Tenant Improvement Costs (Commercial)				Per SF		
Parking Construction - Surface Lot				Per Space	\$	
Parking Construction - Structure or Tuck-under				Per Space	\$	
Landscaping				Per DU, per SF or lump sum	\$	
Off-Site Costs (Identify)				Per DU, per SF or lump sum	\$	
Other Hard Costs 1 (Identify)				Per DU, per SF or lump sum	\$	
Other Hard Costs 2 (Identify)				Per DU, per SF or lump sum	\$	
Hard Cost Contingency				% of Hard Costs	\$	
TOTAL HARD COSTS					\$	
Hard Costs as % of Total Costs					%	
Soft Costs:						
Model Unit Costs				Allowance	\$	
Initial Leasing Fees and Marketing Costs, MFR				Allowance, % of Apt Rents	\$	
Initial Leasing Fees and Marketing Costs, Commercial				Allowance, % of Comm'l Rents	\$	
Architecture / Engineering				% of Hard Costs	\$	
Permits and Fees				Allowance	\$	
Legal, Accounting, Insurance				% of Hard Costs	\$	
Other Professional Services				% of Hard Costs	\$	
Developer / OH / Project Management	(b)			% of Hard Costs	\$	
Advertising and Promotion				Allowance	\$	
Mitigation Costs (Identify)				Allowance	\$	
Loan Fees (Identify % Rate)				Calculated	\$	
Appraisal and Closing Costs				Calculated	\$	
Construction Loan Interest (Identify % Rate)				Calculated	\$	
Property Taxes During Construction				Calculated	\$	
Permanent Loan Costs				% of Perm Loan	\$	
Other Soft Costs 1 (Identify)					\$	
Other Soft Costs 2 (Identify)					\$	
Soft Cost Contingency				% of Soft Costs	\$	
TOTAL SOFT COSTS					\$	
Soft Costs as % of Total Costs					%	
TOTAL DEVELOPMENT COSTS (Rounded)					\$	

Appendix D, Page 1 of 2: FINANCIAL PROJECTION - OPERATING AND RETURNS ASSUMPTIONS (c)

ASSUMPTIONS RE: DEVELOPMENT PROGRAM AND NET OPERATING INCOME

Income Stabilization Year	
Project footprint	
Number of stories, Number of Buildings	
Total common area, sf	
Total gross sf of project	

See Notes (d)

Stabilized Apartment Revenue:

Studios	
1BD/1BA	
2BD/1BA	
2BD/2BA	
3BD/2BA	
Other	
Totals	

(e)

Stabilized NNN Commercial Revenue:

Retail 1	
Retail 2	
Other	
Totals	

(f)

Year of Stabilization	
Stabilized MFR Rent and Other Revenue Inflation	
Stabilized MFR Vacancy	
Annual Non-Refundable Fees / Laundry / Other Revs	
Stabilized Commercial Rent Inflation, Commercial Vacancy	

(h)

(i)

(j)

Operating Expenses:

Estimated Property Tax @ Stabilization	
Operating Insurance	
Property Management (% of revenues)	
Property Operations and Maintenance	
Telephone	
Energy Costs	
Other Utilities	
Marketing/Advertising	
Reserve for Replacement	
Landscaping	
Comm'l Expenses Unrecovered by CAM Charges	
Other Expenses (identify)	
Expense Inflation Factor (Excludes Prop. Taxes)	

(k)

(l)

(m)

(n)

Ground Lease:

Construction Duration, months	
Construction Period Rent	
Construction Period Rent Start, End	
Apartment Percentage Rent (% of Revenues)	
Commercial Percentage Rent (% of Revenues)	
Other (specify)	
Minimum Rent Ramp-up	
Minimum Rent - Stabilized Year	

(o)

(o)

(p)

(q)

(r)

(r)

Financing Parameters:

Permanent Financing Year Funded	
Amount Funded	
Interest Rate	
Amortization Term	

(s)

ASSUMPTIONS RE: DEVELOPER'S REQUIRED RETURN (See Return Discussion)

Required Return on Cost at Stabilization		(u)
IRR Hurdle Rate		
IRR Assumes:		-year hold and exit cap. =
Lessee Discount Rate		

	Net SF	Total	Avg Mo. Rent	Total	Total	
	# of Units	Per Unit	Net SF	Per Unit	Mo. Rent	Annual Rent

	Leasable Area (SF)	Rent Per SF	Annual Revenue	CAM Chgs Per SF (g)

	Year 1	Year 2	Year 3	Year 4

Appendix D, Page 2 of 2: FINANCIAL PROJECTION - PRO FORMA (t)

	Total Income All Years	Discounted Value All Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
MFR Revenues:												
Studios												
1BD/1BA												
2BD/1BA												
2BD/2BA												
3BD/2BA												
Other												
Non-Refundable Fees / Laundry / Other Revenue												
Gross Scheduled MFR Revenues												
Less: Vacancy, MFR												
Effective Gross MFR Revenues												
Commercial Revenues:												
Retail 1												
Retail 2												
Other												
CAM												
Gross Scheduled Comm'l Revenues												
Less: Vacancy, Comm'l												
Effective Gross Comm'l Revenues												
Operating Expenses:												
Property Tax												
Operating Insurance												
Property Management (% of revenues)												
Property Operations and Maintenance												
Telephone												
Energy Costs												
Other Utilities												
Marketing/Advertising												
Reserve for Replacement												
Landscaping												
Comm'l Expenses Unrecovered by CAM Charges												
Other Expenses (identify)												
Total Operating Expenses before Ground Rent												
Total Operating Expenses as % of Total EGR												
Ground Rent:												
Minimum Rent												
Percentage Rent:												
Apartment												
Commercial												
Other												
Total Ground Rent												
Total Operating Expenses Including Ground Rent												
Net Operating Income after Ground Rent												
NOI as % of Total Development Costs (s)												
(-) Development Costs												
(+) Permanent Loan Proceeds												
(-) Debt Service Permanent Loan												
Net Cash Flow to Lessee												

NOTES TO APPENDIX C AND D

Return Discussion

If the proposer relies only on return on cost to determine feasibility, inputs with respect to IRR calculation may be omitted. For those Proposers who also use an IRR threshold, it is critical that first that the lessor understand what is the hurdle rate used and how it is computed, e.g. sale timing and exit cap rate, and second that the lessor see an illustration of such a calculation.

- (a) This sheet should be provided for each component and/or phase of the project as appropriate, with costs stated in today's dollars. Project-wide costs (e.g., demolition) may be allocated with the allocation method indicated. It is assumed that any commercial space is ancillary to the MFR; if this is not the case, this sheet is to be provided separately for such commercial product. A consolidated version that sums all component sheets should also be provided.
- (b) This is intended to be reflect recovery of actual developer's cost and not a developer fee; allocated corporate overhead should not be included except with a detailed narrative account indicating that it, too, is recovery of costs specific to the project.
- (c) This sheet to be provided for each component and/or phase, as appropriate.
- (d) Identify stabilized rents in year of stabilization.
- (e) Identify other unit configurations, e.g. Penthouse, as necessary. **Note specifically that if the proposer is including any affordable units in the project, then "Other Units" should be expanded to show the number and rent of each type of affordable unit, and proposers may also wish to show separate vacancy rates for market rate and affordable units.**
- (f) It is anticipated that commercial space is small compared to MFR; thus differentiation of commercial rents may not be warranted.
- (g) The lessor understands that most or all leases will be NNN but would like to understand the extent to which actual operating expenses associated with commercial space exceed CAM charges. Therefore please show CAM charges as revenue with any unrecovered costs indicated in the expense detail.
- (h) State stabilization year in relative terms (e.g., Year 3).
- (i) If vacancy and annual rent inflation rates pre-stabilization are different than stabilized, please indicate. If "Other Revenue" inflation is different, please indicate.
- (j) If categories of Other Revenues are material (e.g., 5% or more of total revenues), please list separately. Can state as a dollar amount or as percent of apartment revenues, either total or per unit.
- (k) Expenses can be stated as dollar amounts or as percentages of total revenues.
- (l) This line item is for ongoing advertising and leasing costs, not initial marketing costs which should be included in the development cost estimate.
- (m) It is anticipated tha commercial space is small compared to MFR and thus commercial operating expenses are covered In the MFR expense line items. This line item is intended to be any commerical expenses not covered by CAM charges.
- (n) If Other Expenses are material (e.g., 5% or more of total expenses), please list separately.
- (o) Proposers should indicate the annual amount for "construction" rent, and the duration of these payments.
- (p) Proposers generally will be expected to pay at least "prevailing" percentage rents on a current basis and should provide detailed explanations and justification for proposing any lower initial rates, which explanations should also address how the lessor ultimately recovers any shortfalls from full rent from day one.
- (q) Please state commercial Percentage Rent as a % of the space rents collected by the lessee, rather than a % of the sales revenues of the subtenant.
- (r) Proposers may propose a ramp-up in Minimum Rent if necessary to achieve target return.
- (s) Permanent financing parameters may be omitted if the proposer will rely solely or primarily on measures of unleveraged return to determine acceptability.
- (t) Proposers may submit projections past 10 years if needed to show IRR calculations. This sheet should be provided for each component and/or phase, plus a consolidated version summing all.
- (u) This measure is a critical element in project feasibility and the proposer should provide a detailed discussion of the required threshold, when it must be achieved, and the extent to which the threshold cited differs from general industry standards.

Appendix E: COMPARABLE PROJECT FORM

To be completed for each comparable project cited in the proposal as relevant experience.

Name of Responding Entity _____

Project Name _____	
Location _____	
Development Dates (Construction Start) _____	First Opening _____
Project Description _____	
Approximate Total Cost _____	
What was the proposer's role in project? _____	
Did the development team include other members? _____	
If so, Name _____	Role _____
_____	_____

Components and Sizes:		
Residential (du's, sq. ft., description) _____	Office (sq. ft.) _____	
	Retail (sq. ft.) _____	
Other land uses (describe) _____		
Total land area occupied _____		

Public Participation In:	Check here if completely private <input type="checkbox"/>
Financial Aid (Grant) _____	Financial Aid (Loan) _____
Fee Waiver _____	Tax Waiver _____
Special Entitlements _____	Expedited Processing _____

Ownership and Financing Structure:	
Name of original owner _____	
Original ownership percentage of respondent _____	
Current owner (if different) _____	
Current ownership percentage of respondent _____	
Financing Structure (describe) _____	

References:			
Private Parties			
	Name	Title	Phone
Property Management			
Construction Lender			
Permanent Lender			
Key Rental Tenant (if applicable)			
Other			
Public Officials			
	Name	Title	Phone
Function or relationship			