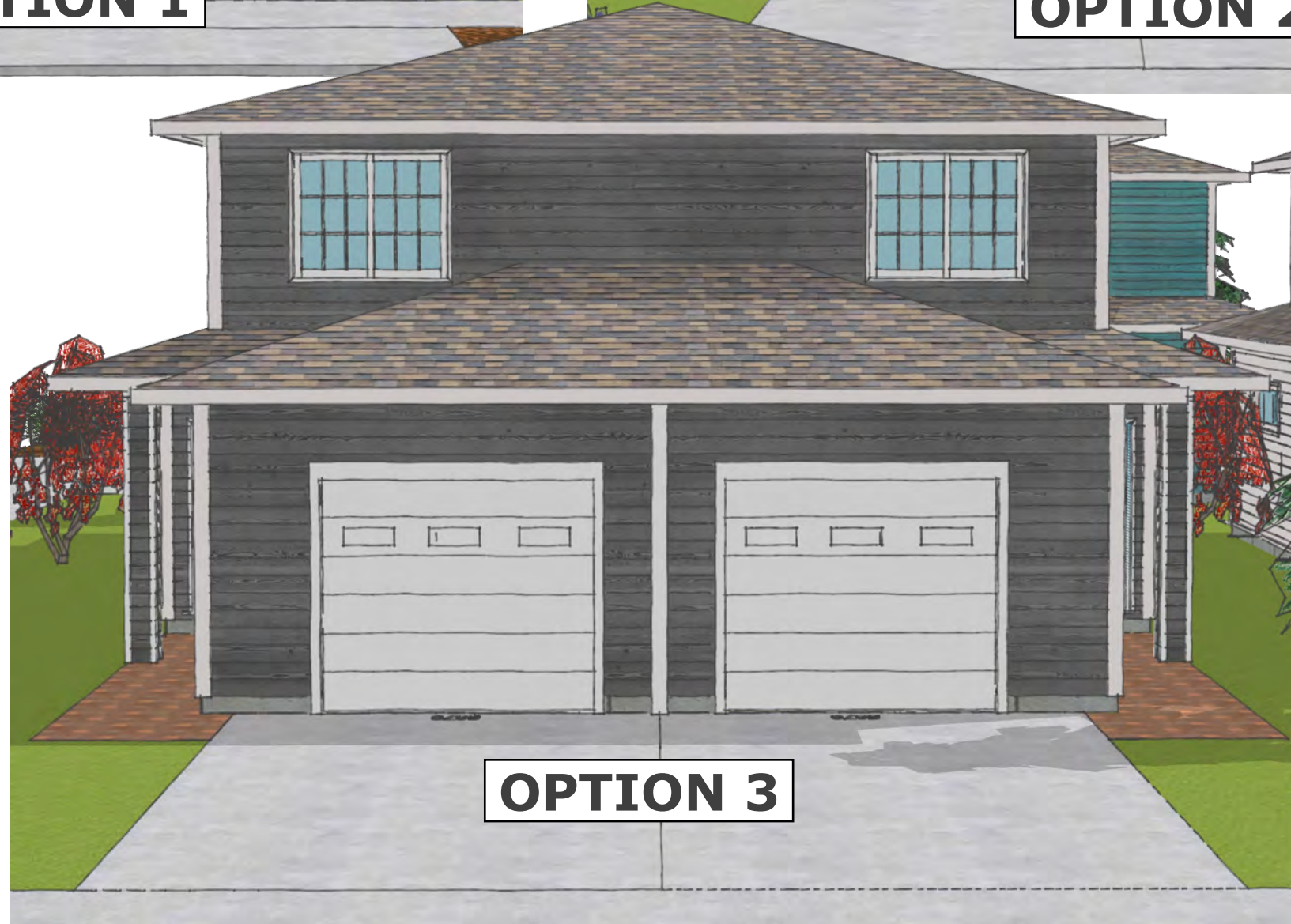




OPTION 1



OPTION 2



OPTION 3





LEAS STREET



4TH STREET

BUILDER
SCOTT IMHOLT

OWNER/PROJECT
BAY CITY LOT

REVISION DATE
September 22, 2022

TABLOID

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A STREET

SCOVEL
DESIGN
GROUP



4TH STREET

5TH STREET

TABLOID

REVISION DATE
September 22, 2022

OWNER/PROJECT
BAY CITY LOT

BUILDER
SCOTT IMHOLT

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Workforce Housing Development on the Oregon Coast

- A Developer's Perspective

Project - 12 Unit Multifamily Workforce Housing Development - Bay City, Oregon

Housing Overview

- Six duplex-style buildings, for a total of twelve units. All units are 2 Bedroom with 1.5 Baths.
- Workforce housing commitment. A median income household in Tillamook can afford these units.
- Each unit provides a garage parking space as well as an additional driveway parking space.
- All units are sized at 800+ sqft, with in-unit laundry and private patios
- Provides a large communal backyard area - increasing the community-centered aspect of the development, while still providing individual separated living spaces with very few common walls.
- Across from the city park - with basketball and tennis courts, skate park, and playground equipment
- A high intensity residential development is well-suited on this parcel as it is in the North High Intensity zone in Bay City.



Development Philosophy and Goals

- Promote an environment for long-term tenancy
- Build a vibrant community
- Instill a sense of pride in their home
- Affordable to the average citizen
- Design housing for a wide variety of applicants

Funding Overview

- Project Costs \$3.2M
- Bank Financing \$1.8M
- Grant Funding \$50k - \$250k
- Equity Required \$1.15MM - \$1.35MM



Development Challenges on the Oregon Coast and the current economic environment

- Inflation – Labor costs as well as material costs
- Labor shortage
- Building costs – SDC Fees/Building Permits/Excise Tax
- Bank funding - Rising interest rates
- Cap rates – Market rate of return for multifamily real estate
- Significant costs/time without guarantee of success
- Land availability/cost – Zoning
- 2nd Home Values
- Restricted rental pool
- Finding investors
- Economic feasibility - costs vs. value



Development Tailwinds for Workforce Housing

- A well-known problem
- Oregon House Bill 2377 (2017) – Tillamook County Ordinance 85 – Bay City Ordinance 701
- Grant funding
- Economic recession?
- Supply/Demand housing imbalance
- Land is available



Property Profile	
Property Name	Seagulls Rest
Property Type	Multifamily Development
Property Location	4th and A St, Bay City, OR 97107
Number of Buildings	6
Site (Gross Acres)	0.57
Residential RSF	9,600
Units	12
Average SF/Unit	800
Parking	24 spaces 2.0 /unit
Office RSF	-
Retail RSF	-
Construction Start to Completion	18 months



Investment Overview	Per Unit	Total
Requested Loan Amount	161,282	1,935,380
Total Development Cost	268,803	3,225,633
Loan-to-Cost		60%
Stabilized NOI (Untrended)	13,528	162,334
Stabilized Debt Yield (Untrended)		8.39%
Stabilized DSCR (Untrended, 5.5% rate)		1.23x
Stabilized Yield on Cost (Trended)		5.34%
Exit Value at Month 120 (6.5% Cap on NTM NOI)	306,149	3,673,790

Loan Request	
Sponsor	Imholt / Palmer / City Center Development Partners
Transaction Type	Construction Perm
Loan Type	Fixed
Loan Term	10 Years
Interest Only	2.0 Years
Amortization	30 Years
Expected Funding Date	3/1/2023
Recourse / Non-Recourse	Recourse
Prepayment	2/2/2/1/1
Escrows	None

Source of Funds	% of Total	Total	
Debt	60%	1,935,380	
Equity	40%	1,290,253	
Total Sources of Funds	100%	3,225,633	
Use of Funds	% of Total	Per Unit	Total
Land	8%	20,583	247,000
Soft Costs	8%	20,633	247,598
Hard Costs	81%	218,680	2,624,160
Financing/Carry Costs	3%	8,906	106,875
Total Use of Funds	100%	268,803	3,225,633

Project Timeline		
Milestone	Date	Month
Construction Starts	3/2/2023	Month 1
Construction Finishes	8/31/2024	Month 18
Leasing Commences	9/1/2024	Month 19
Leasing Concludes	10/31/2024	Month 20
Property Stabilized	11/1/2024	Month 21
Months to Stabilization		20

Unit Mix								
Multifamily	Bed /Bath	Count	Size	Rent (Untrended)	Rent/Sf	Monthly Rent	Annual Rent	
Studio	0/1	-	400	1,258	3.15	-	-	
Studio Total/Avg.			400	1,258	3.15	-	-	
1 Br / 1 Ba	1/1	-	550	1,438	2.61	-	-	
1 Br / 1 Ba + Den	1/1	-	650	1,438	2.21	-	-	
1 Bedroom Total/Avg.			600	1,438	2.40	-	-	
2 Br / 1 Ba	2/1	-	750	1,795	2.39	-	-	
2 Br / 1.1 Ba	2/1	12	800	1,795	2.24	21,540	258,480	
2 Bedroom Total/Avg.		12	800	1,795	2.24	21,540	258,480	
Multifamily Total/Avg.		12	800	1,795	2.24	21,540	258,480	
Retail				Sf	Yr Rent/Sf	Monthly Rent	Annual Rent	
Retail				-	-	-	-	
Retail OpEx Reim				-	-	-	-	
Retail Total/Avg.								
Misc				Unit	Count	Rent/Unit	Monthly Rent	Annual Rent
Paid Parking (stalls)				stalls	24	-	-	-
Storage (sf)				sf	-	-	-	-
RUBS (unit)				unit	-	-	-	-
Misc. (unit)				unit	-	-	-	-
Misc Total/Avg.								
Total						21,540	258,480	

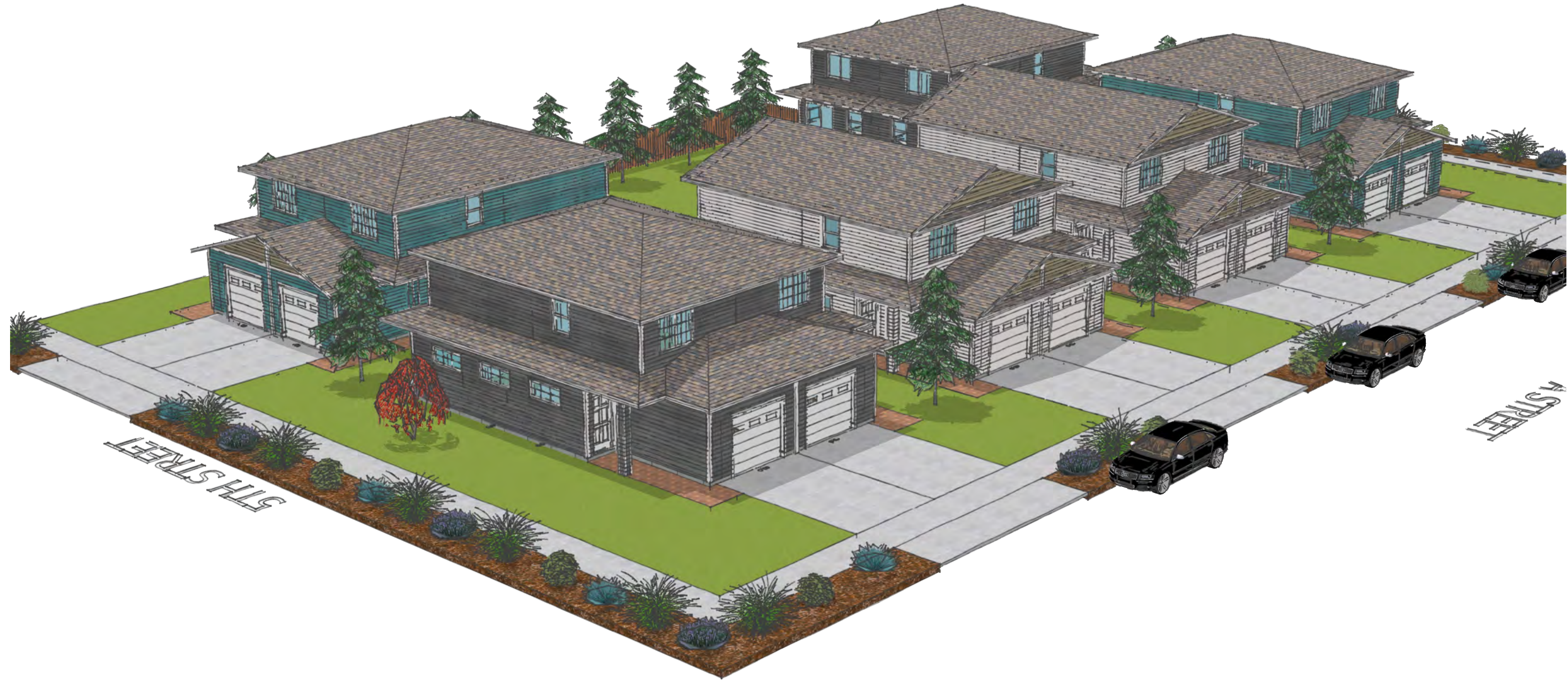
Development Budget			
Site/Land Costs	Total (\$)	Per Unit	% of Total
Pre Development Cost	5,000	417	0.2%
Land Purchase & Acquisition Cost	242,000	20,167	7.5%
Total Site/Land Costs	247,000	20,583	7.7%
Soft Costs			
Architectural & Engineering	73,000	6,083	2.3%
Building Permits	32,500	2,708	1.0%
Consultants	7,500	625	0.2%
Legal / Accounting	8,000	667	0.2%
Title/Insurance	19,000	1,583	0.6%
Third Party Inspections	10,800	900	0.3%
Real Estate Taxes	3,289	274	0.1%
Marketing & Start Up	3,000	250	0.1%
Developer Fee (1.5%)	48,000	4,000	1.5%
Management Fee	20,000	1,667	0.6%
Soft Cost Contingency (10%)	22,509	1,876	0.7%
Total Soft Costs	247,598	20,633	7.7%
Hard Costs			
Hard Costs/General Construction	2,064,000	172,000	64.0%
Other Hard Costs/ FF&E	12,000	1,000	0.4%
TI/LC's	–	–	0.0%
Construction Management Overhead (15%)	309,600	25,800	9.6%
Hard Cost Contingency (10%)	238,560	19,880	7.4%
Total Hard Costs	2,624,160	218,680	81.4%
Financing Costs			
Financing Fees/Cost	28,500	2,375	0.9%
Interest Expense/Rent Reserve/Op. Shortfall	78,375	6,531	2.4%
Total Financing Costs	106,875	8,906	3.3%
Total Development Costs	3,225,633	268,803	100.0%

Capital Stack	
LTC	60.0%
Equity	\$1,050,253
Grant	\$240,000
Debt	\$1,935,380
Total	\$3,225,633

Sources & Uses			
	Total	% of Total	Per Unit
Uses			
Acquisition Costs	247,000	8%	20,583
Soft Costs	247,598	8%	20,633
Hard Costs	2,624,160	81%	218,680
Financing Costs	106,875	3%	8,906
Total Uses	\$3,225,633	100%	\$268,803
Sources			
Equity	1,290,253	40%	107,521
Debt	1,935,380	60%	161,282
Total Sources	\$3,225,633	100%	\$268,803

Valuation Analysis	Untrended	Stabilized (Trended)	Maturity (Trended, NTM)
Cost/Valuation Gap	Year 1	Year 3	Year 10
Net Operating Income	162,334	172,220	238,796
Implied Cap Rate	6.00%	6.00%	6.50%
Cost	3,225,633		
Value (w/o tax abatement)	2,705,562		
Value (includes 10y Tax abatement)	2,938,523	3,103,292	3,673,790
Cost vs. Value Gap	(287,110)		
Grant Funding (20k/Unit)	240,000		
Loan Request		Per Unit	Total (\$)
Total Loan Request		161,282	1,935,380
Term			10 Years
Interest Only			2.0 Years
Amortization			30 Years
All-In Rate			5.50%
Annual Debt Service (Interest Only)			106,446
Annual Debt Service (Amortizing)			131,866
Loan Ratios	Untrended	Stabilized (Trended)	Maturity (Trended, NTM)
Return on Cost	5.03%	5.34%	7.40%
Loan to Cost	60%		
Loan to Value	66%	62%	53%
Debt Service Coverage Ratio (IO)	1.53x	1.62x	2.24x
Debt Service Coverage Ratio (Amort)	1.23x	1.31x	1.81x
Debt Yield	8.4%	8.9%	12.3%

10 Year Proforma	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Year 1 Apr-2024	Year 2 Apr-2025	Year 3 Apr-2026	Year 4 Apr-2027	Year 5 Apr-2028	Year 6 Apr-2029	Year 7 Apr-2030	Year 8 Apr-2031	Year 9 Apr-2032	Year 10 Apr-2033	Year 11 Apr-2034	Total	
	Per Unit	Untrended	Stabilized			Reversion						Reversion	
Rent Growth			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	10.0%	
KEY STATISTICS													
Total Units	12	12	12	12	12	12	12	12	12	12	12	12	
Average Monthly Rent/Occ. Size	2.24	2.31	2.38	2.45	2.53	2.60	2.68	2.76	2.84	2.93	3.22		
Average Monthly Rent/Occ. Unit	1,795	1,849	1,904	1,961	2,020	2,081	2,143	2,208	2,274	2,342	2,576		
Income													
Gross Multifamily Rent	21,540	258,480	266,234	274,221	282,448	290,922	299,649	308,639	317,898	327,435	337,258	370,984	
Retail	-	-	-	-	-	-	-	-	-	-	-	-	
Retail OpEx Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	
Total Rental Income	21,540	258,480	266,234	274,221	282,448	290,922	299,649	308,639	317,898	327,435	337,258	370,984	
Other Income													
Parking (stalls)	-	-	-	-	-	-	-	-	-	-	-	-	
Storage (sf)	-	-	-	-	-	-	-	-	-	-	-	-	
RUBS (unit)	-	-	-	-	-	-	-	-	-	-	-	-	
Misc. (unit)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Other Income	-	-	-	-	-	-	-	-	-	-	-	-	
less vacancy													
Multifamily Vacancy	(1,077)	(12,924)	(13,312)	(13,711)	(14,122)	(14,546)	(14,982)	(15,432)	(15,895)	(16,372)	(16,863)	(18,549)	
Office Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	
Retail Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	
Total Vacancy	(1,077)	(12,924)	(13,312)	(13,711)	(14,122)	(14,546)	(14,982)	(15,432)	(15,895)	(16,372)	(16,863)	(18,549)	
<i>Effective Vacancy</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Effective Gross Income	20,463	245,556	252,923	260,510	268,326	276,375	284,667	293,207	302,003	311,063	320,395	352,434	
Operating Expenses													
Repairs & Maintenance	1,023	12,278	12,646	13,026	13,416	13,819	14,233	14,660	15,100	15,553	16,020	16,500	
Turnover	50	600	618	637	656	675	696	716	738	760	783	806	
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	
General & Administrative	390	4,680	4,820	4,965	5,114	5,267	5,425	5,588	5,756	5,928	6,106	6,290	
Payroll	-	-	-	-	-	-	-	-	-	-	-	-	
Property Management Fees	1,637	19,644	20,234	20,841	21,466	22,110	22,773	23,457	24,160	24,885	25,632	28,195	
Utilities	360	4,320	4,450	4,583	4,721	4,862	5,008	5,158	5,313	5,472	5,637	5,806	
Real Estate Taxes	3,025	36,300	37,389	38,511	39,666	40,856	42,082	43,344	44,644	45,984	47,363	48,784	
Property Insurance	250	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	
Office Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	
Retail Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	
CapEx	200	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131	3,225	
Total Operating Expenses	6,935	83,222	85,719	88,291	90,939	93,667	96,477	99,372	102,353	105,423	108,586	113,638	
Expense Ratio	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	
Net Operating Income	13,528	162,334	167,204	172,220	177,386	182,708	188,189	193,835	199,650	205,639	211,809	238,796	
Cash Flow/ Investor Return Metrics													
Tax Abatement	36,300	37,389	38,511	39,666	40,856	42,082	43,344	44,644	45,984	47,363		416,139	
Debt Service (Principal)	(26,071)	(27,542)	(29,096)	(30,737)	(32,471)	(34,302)	(36,237)	(38,281)	(40,440)	(42,722)		(337,898)	
Debt Service (Interest)	(105,795)	(104,325)	(102,771)	(101,130)	(99,396)	(97,564)	(95,629)	(93,585)	(91,426)	(89,145)		(980,767)	
Total Investor Cash Flow (IRR)	(1,050,253)	66,767	72,726	78,864	85,186	91,698	98,404	105,313	112,428	119,757	127,305	2,169,117	
Cash-on-Cash Return	6.36%	6.92%	7.51%	8.11%	8.73%	9.37%	10.03%	10.70%	11.40%	12.12%		13.0%	
Return on Equity Capital	8.84%	9.55%	10.28%	11.04%	11.82%	12.64%	13.48%	14.35%	15.25%	16.19%			



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