

# One Step at a Time

Peter Skillern, Reinvestment Partners



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# Financials: Sources & Uses

## Total Uses

Acquisition Costs \$ 110,000

## Construction Budget

Exterior Doors/ Windows \$ 22,400  
Siding 14,550  
Electric 23,000  
Plumbing 22,000  
HVAC 23,500  
Insulation 7,000  
Drywall 19,750  
Int doors, trim 11,000  
Int Paint 6,000  
Flooring 17,000  
Kitchen cab & app 21,000  
Demo/Fram Fireblock 13,000  
Parking and Landscaping 5,000  
Construction Contingency 5% 10,260

**Total Construction** \$ 215,460

## Soft Costs

Architect/Engineering Fees \$ 11,300  
Permits & Fees 1,200  
Construction Management 10% 21,546  
Carrying Costs 1,650

**Total Soft Costs** 35,696

**Total Construction Costs** \$ 251,156

**Total Uses** \$ 361,156

## Total Sources

Wells Fargo Grant \$ 100,000  
PacWest Grant \$ 50,000  
RP Equity 11,156  
Debt 200,000

**Total Sources** \$ 361,156



# Financials: Operating Pro Forma

<u>Assumptions</u>		Per unit
Yearly Rent	47,520	\$990
Occupancy Rate	90%	
Property Management	10%	
Annual Cap Reserves	1,600	\$400
Insurance	600	
Utilities	7,600	
General Maintenance/CAM	1,500	
Capital Expenditures	1,000	
Turnover Costs	2,000	
Property Acquisition	110,000	
Construction/Rehab Costs	251,156	
Revenue Growth	2.5%	
Expense Growth	2.5%	
Interest Rate	4.95%	



# Financials: Operating Pro Forma

	<u>Closing</u>	<u>Year 1</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenue</b>								
Yearly rent		-	47,520	47,520	47,520	48,708	49,926	51,174
Occupancy Rate		0.0%	75.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Total Rental Income		-	35,640	42,768	42,768	43,837	44,933	46,056
Other Income (fees)		-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>-</b>	<b>-</b>	<b>35,640</b>	<b>42,768</b>	<b>42,768</b>	<b>43,837</b>	<b>44,933</b>	<b>46,056</b>
<b>Costs</b>								
Acquisition Price	110,000							
Renovation Costs	\$	251,156						
Property Management		-	-	4,277	4,277	4,384	4,493	4,606
Utilities		750	7,700	7,700	7,893	8,090	8,292	8,499
Insurance		600	615	630	646	662	679	696
General Maintenance		300	1,500	1,538	1,576	1,615	1,656	1,697
Capital Expenditures		-	-	-	1,000	1,025	1,051	1,077
Capital Reserves		-	-	1,600	1,640	1,681	1,723	1,766
Turnover		-	-	2,000	2,050	2,101	2,154	2,208
Real Estate Taxes		-	-	-	-	-	-	-
<b>Total Project Costs Before Financing</b>	<b>110,000</b>	<b>252,806</b>	<b>9,815</b>	<b>17,745</b>	<b>19,081</b>	<b>19,558</b>	<b>20,047</b>	<b>20,549</b>
<b>Income Before Financing Expenses</b>	<b>(110,000)</b>	<b>(252,806)</b>	<b>25,825</b>	<b>25,023</b>	<b>23,687</b>	<b>24,279</b>	<b>24,886</b>	<b>25,508</b>
<b>Financing Expense</b>								
Interest on Permanent Loan	4.95%	-	15,773	15,773	15,773	15,773	15,773	15,773
Total Financing Expense		-	15,773	15,773	15,773	15,773	15,773	15,773
Total Project Costs	110,000	252,806	25,588	33,517	34,854	35,331	35,820	36,321
<b>Total Income</b>	<b>(110,000)</b>	<b>(252,806)</b>	<b>10,052</b>	<b>9,251</b>	<b>7,914</b>	<b>8,506</b>	<b>9,113</b>	<b>9,735</b>
Debt Service Coverage		0.00	1.64	1.59	1.50	1.54	1.58	1.62



# Development Team

Owner

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Developer

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REALTOR

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Lawyer

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General Contractor

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Property Manager

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# Sources of Funding

Lender

Equity

Grant

Operating Subsidy

