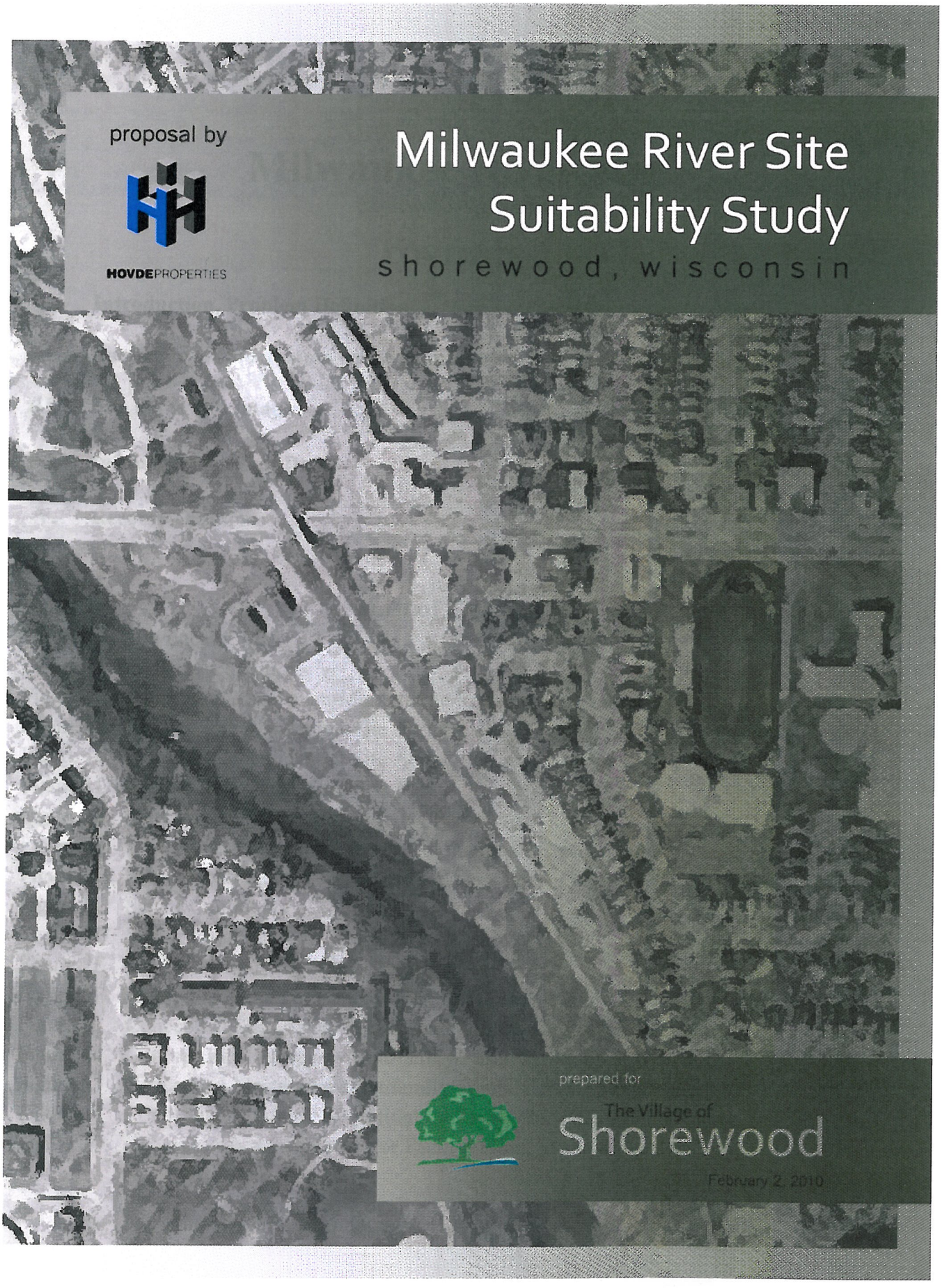
proposal by

HOVDEPROPERTIES

Milwaukee River Site Suitability Study

shorewood, wisconsin



prepared for

The Village of

Shorewood

February 2, 2010

Milwaukee River Site

Shorewood, Wisconsin

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I. Introduction and Problem Definition

The Village of Shorewood has solicited a suitability study from a private sector developer in an effort to test the market feasibility of a development site along the Milwaukee River. The Village is also interested in the amount of public financial incentive required by a developer to reach a 15% rate of return on the construction and operation of a residential real estate development. Hovde Properties, in conjunction with Baker Tilly, JLA and JJR present this Study with the expectation that it will provide the Village with pertinent data and meaningful metrics for future analysis and decision making and as a tool to attract investment, support future developers and to weigh the public good of contributing Tax Incremental Financing or other forms of governmental subsidies to this project.

II. Summary of Information and Assumptions

Property Description.

The property is approximately 6.9 acres and is located in the Village of Shorewood at the southeast corner of Capitol Drive and the Milwaukee River. See Figure 1, Locator Map. The site currently consists of three parcels of land, each holding vacated buildings as indicated by Figure 1X, Existing Conditions. There is a 20 foot bluff line setback in place fronting the Milwaukee River which allows for a 4 story maximum building height. Additionally, there is a 70 foot bluff line setback which allows for 6 story maximum building height. Property setbacks along E. Capitol Drive are 15 feet while setbacks fronting Oakleaf Trail require a 10 foot property setback. Developable area (from 20 ft bluff line setback to 10 ft setback from Oak Leaf Trail right-of-way setback) = 197,263 sf (4.53 acres)

Locator Map

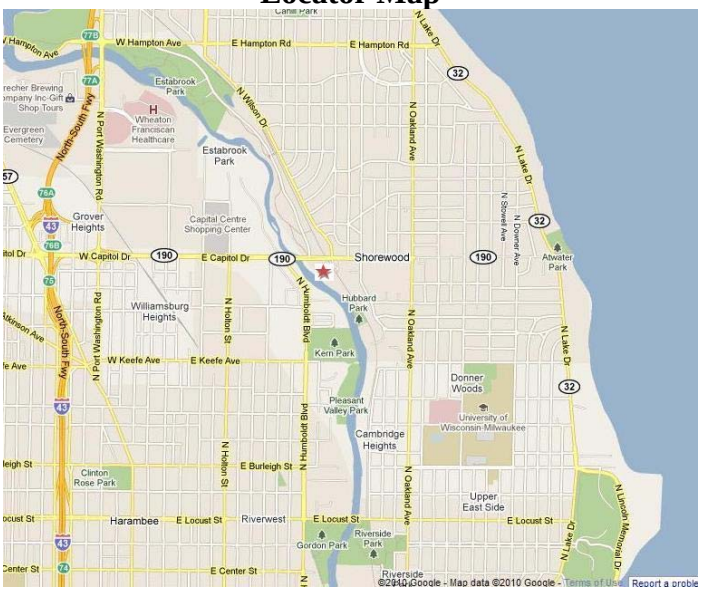

Figure 1

Existing Conditions

Figure 1X

Method

Our findings and recommendations are derived from numerous data sources including:

- A residential market analysis of supply and demand
- Multiple site plans for various combination of housing types
- Site data for each illustration including floor area, building height and parking ratios, etc.
- Building data including unit count, total gross square feet, mix of units, etc…
- 3D imaging of two site plans
- Financial data for each alternative including develop cost, revenues, phasing, absorption rates
- Financial projections including discounted cash flow analysis, pro forma income statements and projected rates of return for all scenarios.

The first step was to perform a market study to determine the demand for housing in the targeted area. The market study data provided by Baker Tilly did indicate a demand for both market rate apartments and or senior housing. See separate River Site Suitability Study Market Analysis.

After this initial step JJR, working with Hovde and the Village of Shorewood, developed several different scenarios based on the physical constraints of the site and the blighted conditions of the existing structures. After analyzing the market study and the site masterplan data, Hovde worked with JLA to develop a series of massing studies for each individual scenario based on the unit mix and building types. These are illustrated in Figures 1A, 2A, 6 and are further explained in Table 7, Unit Summary and Appendices A, B and C; Shorewood River Site Master Plan Data.

Hovde and the Village of Shorewood next eliminated several scenarios and determined that three were viable and worthy of further analysis. This analysis consisted of preparing financial

models for each of the scenarios based on revenue generated by the various unit mixes and the associated cost to develop and construct the associated structures.

The variables of cost and revenues were established based on the market study, construction cost studies done by Stevens Construction and Hovde's industry knowledge and experience. This data was used in a real estate financial analysis software program, planEASe, holding the leveraged rate of return constant over the three scenarios. This method allowed Hovde to determine what additional incentive would be required by the Village of Shorewood in the form of Tax Incremental Financing or other contributions. The "gap" amount required is considered dependent on the independent variables of cost, revenue and absorption of units in the market place. Models were created by holding the rate of return constant at 15%.

A 15% leveraged rate of return was determined to be sufficient to attract investment to the site and was based on: (1) the opportunity cost of capital in today's economy where other investments are presenting themselves, of a distressed nature, that will generate the same level of returns or better; and (2) the notion that a 15% projected leveraged rate of return will allow for the potential of a lower rate of return while allowing the developer to continue the project with a reasonable return for the risk associated with the project.

General Assumptions and Definitions

The following are basic definitions and general assumptions that were used throughout the different scenarios in the formulation of our recommendations:

- Building–Includes residential units and underground parking.
- Infrastructure–Includes all site utilities, road paving and street parking.
- Hardscape–All paving outside of road right-of-way.
- Landscape–All site landscaping associated with an individual building, plus two trailhead locations and common areas along Capitol Drive.
- Land–The parcel is approximately 6.9 acres or 300,564 Sq. Ft.
- Land Cost–$4,500,000
- Total infrastructure, demolition and hardscape/landscape cost to developer–$1,967,369
- Acquisition/Start date–September 1, 2011
- Investment Hold Period–20 Year
- Sale Price at end of the hold period–Factored by capping the last years NOI by 8% with a 4% commission expense.
- Revenue Growth factor–2.5% per year
- Expense Growth factor–2.5%

- The financing assumptions, when applicable is based on 75% of the combination of the total construction, infrastructure and land cost amortized over 25 years with a 5 year balloon payment. The initial interest rate through the balloon period is 6.5%. For years 6-20 it is assumed that the interest rate will increase to 7.5%. Hardscape and landscape cost are programmed at 75% LTV at a 7% interest rate for 15 years. See Tables 9-12, Sources and Uses Statements and Appendices G-K for further explanation of financing assumptions.

Description of Scenarios

There were seven different masterplan scenarios created for this suitability study. See Table 8, Cost Summary by Scenario for an overview. Of those seven, three were selected for further analysis. The following is a description of the three scenarios.

Scenario 1; Market Rate Apartments or Multifamily.

The multifamily scenario was modeled for maximum density and consists of four residential market rate apartment buildings with 158 units and 174,580 leasable square feet. There will be 249 parking stalls with 200 being covered.

Total construction cost is expected to be $18,079,500 for all four buildings, excluding land and infrastructure with an estimated cost per square foot of $85/SF. See Table 13, Estimated Construction Cost for Wood Frame-Multifamily and Appendix D, Suitability Analysis-Scenario 1.

Figures 1A-1F illustrates the site, the location of the buildings on the site, several aerials with 3D rendering from various directions and a potential ground level perspective.

The units range in size from 900 SF for a one bedroom to 1,400 SF for a three bedroom. Rental rates are expected to be from $850 per month to $1,450 per month respectively. See Table 7, Unit Summary. Absorption for these units is expected to be 8-10 units per month. Considering a 20% pre-lease on new construction, it is intended to construct buildings A and B at the same time. See Table 1, Revenue Input Calculation for Market Rate Apartments-Scenario 1. For the continued operation phase of the development, expenses including management fees are programmed at 32% of effective income.

Under this scenario, the Village would be responsible for contributing enough incentive to purchase the land, pay for all the infrastructure costs and to make an additional contribution of $1,132,631 to the developer in order to achieve the criteria of a 15% rate of return. See Table 9, Sources and Uses Summary Statement-Scenario 1

Scenario 2; Senior Housing

Scenario 2 is modeled as a Continuum of Care Campus. It provides senior independent living, memory care and senior assisted living each in its own separate building. The campus will provide a total of 176 units and 120,950 leasable square feet. There are 234 parking stalls with 167 being covered. See Table 7, Unit Summary and Appendix B Shorewood River Site Master Plan Data-Scenario 2.

Total construction cost is expected to be $16,680,750 for all three buildings, excluding land and infrastructure cost. The estimated cost per square foot for construction is $110/SF for the

Independent and Assisted Living buildings and $125/SF for the Memory Care facility. See Table 14, Estimated Construction Cost for Wood Frame- Assisted/Independent and Table 15, Estimated Construction Cost for Wood Frame-Memory Care and Appendix E, Suitability Analysis-Scenario 2.

Figures 2A-2F illustrates the site, the location of the buildings on the site, several aerials with 3D rendering from various directions and a potential ground level perspective.

The senior independent living structure totals 89,200 SF with 78 units in a four story building. The units range in size from 750 SF for a one bedroom to 1,250 SF for a three bedroom. Rental rates are expected to be from $900 per month to $1,200 per month respectively. See Table 7, Unit Summary. Absorption for these units is expected to be 5-7 units per month. See Table 2, Revenue Input Calculations for Independent Living-Scenario 2 for a further illustration of the absorption of units.

The memory care facility totals 19,750 SF with forty-five 350 square foot studios units in a one floor building. Rental rates are expected to be $3,800 per month. See Table 7, Unit Summary. Absorption for the memory care units is expected to be 3-4 units per month. See Table 3, Revenue Input Calculations for Memory Care-Scenario 2 for a further illustration of the absorption of units.

The senior assisted living building totals 40,000 SF with 53 units in a two story building. The units range in size from 400 SF for a studio to 900 SF for a two bedroom. Rental rates are expected to be from $2,850 per month to $3,650 per month respectively. See Table 7, Unit Summary. Absorption for these units is expected to be 2-3 units per month. See Table 4, Revenue Input Calculations for Assisted Living-Scenario 2 for a further illustration of the absorption of units. For the continued operation phase of the development, expenses including management fees are programmed at; (1) Independent Living at 40%, (2) Assisted Living at 65% and (3) Memory Care at 75% of effective income.

Due to different types of care being provided and a 20% pre-lease on each type, it is intended that the construction of all three buildings occur at the same time. Under this scenario, the Village would be responsible for contributing enough incentive to purchase the land and a portion of the infrastructure costs. No additional contribution to the developer is required in order to achieve the criteria of a 15% rate of return. See Table 10, Sources and Uses Summary Statement-Scenario 2

Scenario 6; Market Rate Apartments and For Sale Condominiums

Scenario 6 was included due to input from various neighborhood groups' interest in for sale condominiums. This is a mix of uses, multifamily apartment for rent and townhome condominiums for sale. The two residential market rate apartment buildings will provide 75 units and 83,840 leasable square feet. There are 37 townhomes condominiums units with 72,600 of saleable square feet. There are 229 parking stalls with 162 being covered. See Table 7, Unit Summary and Appendix C Shorewood River Site Master Plan Data-Scenario 6.

Total construction cost is expected to be $15,546,600 for all buildings, excluding land and infrastructure cost. The estimated cost per square foot for construction is $85/SF for the market

rate apartments buildings and $95/SF for the townhome condominiums. See Table 13, Estimated Construction Cost for Wood Frame- Multifamily and Table 16, Estimated Construction Cost for Wood Frame-Condominiums and Appendix F, Suitability Analysis-Scenario 6.

Figure 6 illustrates the location of the buildings on the site.

The apartment units range in size from 900 SF for a studio to 1,400 SF for a three bedroom. Rental rates are expected to be $850 per month to $1450 per month respectively. See Table 7, Unit Summary. Absorption for these units is expected to be 8-10 units per month. See Table 5, Mixed Use Portfolio Apartments Front-Scenario 6 for a further illustration of the absorption of units. For the continued operation phase of the development, expenses including management fees are programmed at 40% of effective income due to a lower number of total units managed.

There are twenty-five 1,800 SF two bedroom townhomes and twelve 2,300 SF two bedroom plus den townhome units. See Appendix C, Shorewood River Site Master Plan Data-Scenario 6. The absorption of these units in the current economy is difficult to determine. The market study done by Baker Tilly suggests that adequate demand for condominiums will not exist for another 2 years. See River Site Suitability Study Market Analysis. For the purpose of this analysis an annual absorption was estimated to be 4 units per year allowing for a sell out in approximately 9 years. The extended absorption period was effectuated by the analyst's forecast of unfavorable economic conditions relating to; an oversupply of newer condominium product on the market, a rise in interest rates, stringent bank regulations for condominium projects and home buyers, protracted high employment and the trend against homeownership in light of the high amount of recent home foreclosures.

The sale price for the 1,800 SF units is $321,396. The sale price for the 2,300 SF units is $386,396. This number is calculated by multiplying the square footage of the units by $130/SF, sale value of unit, and adding the land and infrastructure per unit allocation of $87,396.

The cost of land and infrastructure improvements were divided equally, with half the cost allocated to market rate apartment and half allocated to for sale townhome condominiums.

Under the multifamily portion of Scenario 6, the Village of Shorewood would be responsible for contributing enough incentive to purchase the land, pay for all the infrastructure costs and to make an additional contribution of $1,401,315 to the developer in order to achieve the criteria of a 15% rate of return. Under the condominium portion of Scenario 6 the Village of Shorewood would be responsible for contributing enough incentive to purchase a portion of the land in order to achieve a criterion of a 15% rate of return. See Tables 11 and 12, Sources and Uses Statement Scenario-6.

III. Site Plans and Images

The following illustrations were provided by JJR and JLA and are referenced throughout the document.

Masterplan-Market Rate Residential on Entire Site

Figure 1A

Market Rate Residential-Site Aerial

Figure 1B

Market Rate Residential-Site Aerial

Figure 1C

Market Rate Residential-Site Aerial

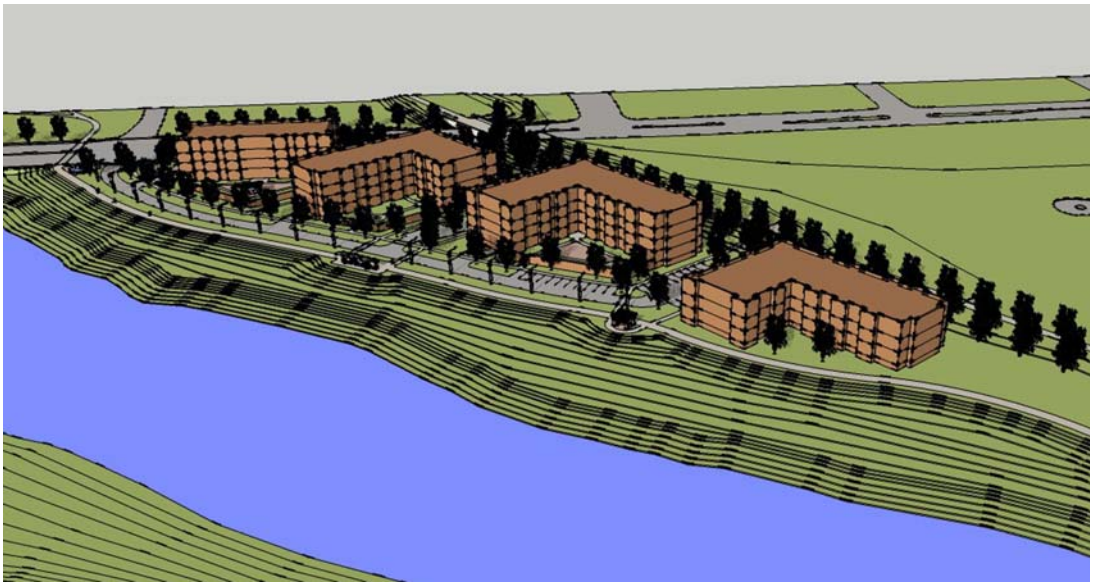

Figure 1D

Market Rate Residential-Ground Level Perspective

Figure 1F

Conceptual Masterplan-Senior Continuum of Care Facility

Figure 2A

Senior Continuum of Care-Site Aerial

Figure 2B

Senior Continuum of Care-Site Aerial

Figure 2C

Senior Continuum of Care-Site Aerial

Figure 2D

Senior Continuum of Care Facility-Site Aerial

Figure 2E

Senior Continuum of Care Facility-Ground Level Prospective

Figure 2F

Conceptual Masterplan-Senior Facility/Front, Multifamily/Rear

Figure 3

Conceptual Masterplan- Multifamily/Front, Senior Facility/Rear

Figure 4

Conceptual Masterplan-Multifamily/Fronts, Rentals Townhome/Rear

Figure 5

Conceptual Masterplan-Multifamily/Fronts, For-Sale Townhome/Rear

Figure 6

Conceptual Masterplan-Senior Facility/Front, Multifamily Rear

Figure 7

IV. Infrastructure Cost Details

Our partner, JJR, has provided an estimated cost allocation detail for the development of the Shorewood Riverfront Parcel, minus the building costs. See Appendix L, Estimated Infrastructure/Demolition/Site Preparation Cost.

The items detailed in this estimate include site preparation, access drives, hardscape, landscape, storm sewer, water main, sanitary sewer and design and contingency fees. Based on these estimates, the total cost of this infrastructure project is $1,967,369. This figure is used in all scenarios throughout the analysis.

Note on Sanitary Sewer and Water System Improvement Issues

Based on initial review of the existing public utility systems and associated capacities, there appear to be no known physical limitations restricting parcel redevelopment. However, the Village sanitary sewer system is part of the Milwaukee Metropolitan Sewerage District which, as part of their planning for continued service and expansion, allocates numeric capacity to various sanitary service basin areas. The site is located in a basin that is considered to be at maximum capacity and therefore, development of the parcel may be restricted to meet sanitary capacity thresholds and/or require the development of on-site infrastructure to reduce peak flow rates below prescribed thresholds. To promote and expedite site redevelopment, the Village should proactively work with potential developer and MMSD to identify opportunities to transfer capacity from an adjoining sewerage basin and/or investigate other means of increasing basin capacity.

Similar to the sewer system in the area, there appears to be inadequate water distribution facilities serving portions of the district. There may be a need to construct, alter, rebuild or expand the water system infrastructure to provide adequate water to this parcel.

V. Recommendations

It is our recommendation that the Village of Shorewood pursue the Senior Continuum of Care Scenario 2. This is based on the initial market study data provided by Baker Tilly showing strong demand and limited supply of new senior care facilities in the targeted market. This was further substantiated by the positive financial analysis modeling done on the masterplan data for this particular scenario. The decision was also corroborated by a significantly lower incentive requirement for this scenario over Scenario 1 Market Rate Residential. The rents received for senior care facilities is considerably higher than rents received through market rate apartments. The higher demand for senior housing calls for the construction of senior care units over market rate due to the fact that the cost to produce both types of units are relatively similar, while the income is substantially higher for the senior care units providing for more profit and a higher rate of return for the developer, therefore requiring a lower contribution from the Village of Shorewood. During the period of this study, with limited exposure to the market, the Village of Shorewood has had several inquiries related to Senior Continuum of Care development indicating a global interest in this product type. The stated recommendations and the information provided within this report will allow the Village of Shorewood to be more informed when negotiating with developers interested in pursuing a real estate development project on the Milwaukee River Site.

Revenue Input Calculations for Market Rate Apartment- Scenario 1			
Absorbtion Period-1	**Number of Units**	**Rent per Month**	**Annual Rent**
6/1/2012			
1 Bedroom	20	$850	**$204,000**
2 Bedroom	12	$1,100	**$158,400**
3 Bedroom	0	$1,450	**$0**
Total	**32**		**$362,400**
Absorbtion Period-2	**Number of Units**	**Rent per Month**	**Annual Rent**
1/1/2013			
1 Bedroom	11	$850	**$112,200**
2 Bedroom	24	$1,100	**$316,800**
3 Bedroom	8	$1,450	**$139,200**
Total	**43**		**$568,200**
Absorbtion Period-3	**Number of Units**	**Rent per Month**	**Annual Rent**
7/1/2013			
1 Bedroom	20	$850	**$204,000**
2 Bedroom	23	$1,100	**$303,600**
3 Bedroom	8	$1,450	**$139,200**
Total	**51**		**$646,800**
Absorbtion Period-3	**Number of Units**	**Rent per Month**	**Annual Rent**
2/1/2014			
1 Bedroom	8	$850	**$81,600**
2 Bedroom	18	$1,100	**$237,600**
3 Bedroom	6	$1,450	**$104,400**
Total	**32**		**$423,600**

Table 1

Revenue Input Calculations for Independent Living- Scenario 2			
Absorbtion Period-1	**Number of Units**	**Rent per Month**	**Annual Rent**
7/1/2012			
1 Bedroom	7	$900	**$75,600**
2 Bedroom	7	$1,000	**$84,000**
3 Bedroom	2	$1,200	**$28,800**
Total	**16**		**$188,400**
Absorbtion Period-2	**Number of Units**	**Rent per Month**	**Annual Rent**
2/1/2013			
1 Bedroom	16	$900	**$172,800**
2 Bedroom	17	$1,000	**$204,000**
3 Bedroom	3	$1,200	**$43,200**
Total	**36**		**$420,000**
Absorbtion Period-3	**Number of Units**	**Rent per Month**	**Annual Rent**
6/1/2013			
1 Bedroom	9	$900	**$97,200**
2 Bedroom	14	$1,000	**$168,000**
3 Bedroom	3	$1,200	**$43,200**
Total	**26**		**$308,400**

Table 2

Revenue Input Calculations for Memory Care- Scenario 2			
Absorbtion Period-1	**Number of Units**	**Rent per Month**	**Annual Rent**
7/1/2012			
Studios	9	$3,800	**$410,400**
Total	**9**		**$410,400**
Absorbtion Period-2	**Number of Units**	**Rent per Month**	**Annual Rent**
2/1/2013			
Studios	18	$3,800	**$820,800**
Total	**18**		**$820,800**
Absorbtion Period-3	**Number of Units**	**Rent per Month**	**Annual Rent**
8/1/2013			
Studios	18	$3,800	**$820,800**
Total	**18**		**$820,800**

Table 3

Revenue Input Calculations for Assisted Living- Scenario 2			
Absorbtion Period-1	**Number of Units**	**Rent per Month**	**Annual Rent**
7/1/2012			
Studio	2	$2,850	**$68,400**
1 Bedroom	8	$3,000	**$288,000**
2 Bedroom	1	$3,650	**$43,800**
Total	**11**		**$400,200**
Absorbtion Period-2	**Number of Units**	**Rent per Month**	**Annual Rent**
2/1/2013			
Studio	2	$2,850	**$68,400**
1 Bedroom	9	$3,000	**$324,000**
2 Bedroom	1	$3,650	**$43,800**
Total	**12**		**$436,200**
Absorbtion Period-3	**Number of Units**	**Rent per Month**	**Annual Rent**
8/1/2013			
Studio	2	$2,850	**$68,400**
1 Bedroom	9	$3,000	**$324,000**
2 Bedroom	1	$3,650	**$43,800**
Total	**12**		**$436,200**
Absorbtion Period-4	**Number of Units**	**Rent per Month**	**Annual Rent**
2/1/2014			
Studio	1	$2,850	**$34,200**
1 Bedroom	10	$3,000	**$360,000**
2 Bedroom	1	$3,650	**$43,800**
Total	**12**		**$438,000**
Absorbtion Period-5	**Number of Units**	**Rent per Month**	**Annual Rent**
8/1/2014			
Studio	0	$2,850	**$0**
1 Bedroom	6	$3,000	**$216,000**
2 Bedroom	0	$3,650	**$0**
Total	**6**		**$216,000**

Table 4

Mixed Use Portfolio, Apartments Front- Scenario 6			
Absorption Period -1	**Number of Units**	**Rent per Month**	**Annual Rent**
7/1/2012			
1 Bedroom	16	$ 850	**$ 163,200**
2 Bedroom	16	$ 1,100	**$ 211,200**
3 Bedroom	0	$ 1,450	**$ -**
Total	**32**		**$ 374,400**
Mixed Use Portfolio, Apartments Front- Scenario 6			
Absorption Period -2	**Number of Units**	**Rent per Month**	**Annual Rent**
1/1/2013			
1 Bedroom	11	$850	**$112,200**
2 Bedroom	24	$1,100	**$316,800**
3 Bedroom	8	$1,450	**$139,200**
Total	**43**		**$568,200**

Table 5

Mixed Use Portfolio, Condominiums Rear- Scenario 6				
Condominium Units	**Number of Units**	**Square Footage**	**Price per SF**	**Sale Price**
1/1/2013				
2 Bedroom	25	1800	**$95**	**$4,275,000**
2 Bedroom + Den	12	2300	**$95**	**$2,622,000**
Total	**37**			**$6,897,000**

Table 6

Unit Summary														
Scenario No.		Project Description		Metric		Studio		One Bedrm.		Two Bedrm.		Three Bedrm.		Total
1		**Market Rate Apartments**												
		Market Rate Apartments		Number of Units		0		59		77		22		158
		(MRA)		Ave. Sq. Feet / Unit		x		832		1,194		1,400		
				Ave. Monthly Rent / Unit		x		$850		$1,100		$1,450		
2		**Senior Living Campus**												
		Senior - Indep. Living		Number of Units		0		32		38		8		78
				Ave. Sq. Feet / Unit		x		800		1,000		1,250		
				Ave. Monthly Rent / Unit		x		$900		$1,000		$1,200		
		Senior - Assisted Living		Number of Units		7		42		4		0		53
				Ave. Sq. Feet / Unit		400		600		900		x		
				Ave. Monthly Rent / Unit		$2,850		$3,000		$3,650		x		
		Senior - Memory Care		Number of Units		45		0		0		0		45
				Ave. Sq. Feet / Unit		350		x		x		x		
				Ave. Monthly Rent / Unit		$3,800		x		x		x		
		Senior Scenario - Totals		Number of Units		52		74		42		8		176
				Ave. Sq. Feet / Unit		x		x		x		x		
				Ave. Monthly Rent / Unit		x		x		x		x		
6		**Market Rate Apartments and For Sale Townhouses**												
		Market Rate Apartments		Number of Units		0		27		40		8		75
				Ave. Sq. Feet / Unit		x		900		1,208		1,400		
				Ave. Monthly Rent / Unit		x		$850		$1,100		$1,450		
		For Sale Townhouses		Number of Units		0		0		37		0		37
				Ave. Sq. Feet / Unit		x		x		1,962		x		
				Ave. Purchase Price		x		x		$342,468		x		
		MRA / Townhouse Totals		Number of Units		0		27		77		8		112
				Ave. Sq. Feet / Unit		x		900		1,570		1,400		

Table 7

Cost Summary by Scenario							
Scenario No.	Project Description	Land	Infra-structure	Building	Total	Potential Village Subsidy	IRR Before Tax
Fully Analyzed Options							
1	Market Rate Apartments (MRA)	4,500,000	1,967,369	18,079,500	24,546,869	$7,600,000	15%
2	Senior Campus	4,500,000	1,967,369	16,680,750	23,148,119	$4,600,000	15%
6	MRA (Front) / For Sale Townhomes (Back)	4,500,000	1,967,369	18,087,600	24,554,969	$5,985,000	15%
Other Considered Options							
3	Senior Front / MRA Back	4,500,000	1,967,369	16,360,975	22,828,344		
4	MRA Front / Senior Back	4,500,000	1,967,369	15,607,850	22,075,219		
5	MRA (Front) / Lease Townhomes (Back)	4,500,000	1,967,369	16,635,600	23,102,969		
7	Senior Fronting Capitol Drive / MRA (Back)	4,500,000	1,967,369	14,667,775	21,135,144		

Note - All units are lease (rental) basis except "for sale" townhouses in Scenario 6

Table 8

Sources and Uses Summary Statement- Scenario 1				
Sources				
Owners Equity				$4,519,875.00
Construction Financing				$13,559,625.00
TIF Funds				$7,600,000.00
Total Sources				**$25,679,500.00**
Uses				
Purchases of Milwaukee River Site				$4,500,000.00
Infrastructure, Hard/Landscape Cost				$1,967,369.00
Hard Construction Cost				$17,175,525.00
Development Soft Cost				$903,975.00
Additional Cost to Developer to Achieve 15% IRR				$1,132,631.00
Total Uses				**$25,679,500.00**

Table 9

Sources and Uses Summary Statement- Scenario 2				
Sources				
Owners Equity				$4,637,030
Construction Financing				$12,510,563
Infrastructure,Hard/Landscape Financing				$1,400,527
TIF Funds				$4,600,000
Total Sources				**$23,148,119**
Uses				
Purchases of Milwuakee River Site				$4,500,000
Infrastructure,Hard/Landscape Cost				$1,967,369
Hard Construction Cost				$15,846,713
Development Soft Cost				$834,038
Additional Cost to Developer to Achieve 15% IRR				$0.00
Total Uses				**$23,148,119**

Table 10

Sources and Uses Summary Statement Scenario 6- Mulitfamily				
Sources				
Owners Equity				$2,162,400
Construction Financing				$6,487,200
TIF Funds				$4,635,000
Total Sources				**$13,284,600**
Uses				
Purchases of Milwuakee River Site (1/2 of total land cost)				$2,250,000
Infrastructure,Hard/Landscape Cost (1/2 of Infrast. Cost)				$983,685
Hard Construction Cost				$8,217,120
Development Soft Cost				$432,480
Additional Cost to Developer to Achieve 15% IRR				$1,401,315
Total Uses				**$13,284,600**

Table 11

Sources and Uses Summary Statement Scenario 6- Condos				
Sources				
Owners Equity				$2,195,171
Construction Financing				$5,172,750
Land Financing				$675,000
Infrastructure,Hard/Landscape Financing				$737,764
TIF Funds				$1,350,000
Total Sources				**$10,130,685**
Uses				
Purchases of Milwuakee River Site (1/2 of total land cost)				$2,250,000
Infrastructure,Hard/Landscape Cost (1/2 of Infrast. Cost)				$983,685
Hard Construction Cost				$6,552,150
Development Soft Cost				$344,850
Additional Cost to Developer to Achieve 15% IRR				$0.00
Total Uses				**$10,130,685**

Table 12

Estimated Construction Cost For Wood Frame-Multifamily		
Description of Work	**$/SF**	**% of Total**
Target $/SF	**$85.000**	
Soft Cost		
Architectural & Design	$2.13	2.50%
MEPS Engineering	$0.51	0.60%
Legal/Accounting	$0.38	0.45%
Permits/Approvals	$0.29	0.34%
Park Fee	$0.28	0.33%
Appraisal	$0.13	0.15%
Surveys	$0.09	0.11%
Soils Test/Environmental	$0.13	0.15%
Insurance	$0.19	0.22%
Subtotal	**$4.12**	**5%**
Hard Cost		
Earthwork and Site Utilities	$1.81	2.13%
Asphalt Paving	$0.61	0.72%
Foundation Sub drainage, Foundation Wall Insulation	$0.57	0.67%
Site Furnishings	$0.09	0.10%
Landscaping	$0.09	0.10%
Cast-in-Place Concrete	$7.28	8.56%
Curb & Gutter	$1.05	1.23%
Structural Precast Concrete	$4.15	4.88%
Gypsum Floor Underlayment	$0.81	0.95%
Masonry	$1.82	2.14%
Structural Steel, Metal Fabrications	$1.13	1.33%
Aluminum Railings	$1.06	1.24%
Rough & Finish Carpentry	$11.97	14.08%
Building Insulation	$1.22	1.43%
Asphalt Shingle Roof	$1.46	1.71%
Gutters & Downspouts	$1.38	1.62%
Siding, Soffit & Fascia	$2.55	3.00%
Joint Sealants	$1.22	1.43%
Frames, Doors, Finish Hardware	$2.39	2.81%
Overhead Door	$0.16	0.19%
Windows, Patio Doors	$1.83	2.15%
Aluminum Storefront & Glazing	$0.49	0.57%
Drywall	$4.13	4.86%
Flooring	$1.58	1.86%
Painting	$1.17	1.38%
Specialties	$1.38	1.62%
Residential Appliances	$2.22	2.61%
Cabinets, Countertops, Window Sills	$2.30	2.71%
Window Treatments	$0.15	0.18%
Fire Protection	$1.43	1.68%
Plumbing	$5.03	5.92%
HVAC	$4.90	5.76%
Electrical	$5.36	6.30%
General Conditions & Fees	$6.14	7.22%
Subtotal	$80.88	95%
Total	**$85**	**100%**

Table 13

Estimated Construction Cost For Wood Frame-Assisted/Independent		
Description of Work	**$/SF**	**% of Total**
Target $/SF	**$110.000**	
Soft Cost		
Architectural & Design	$2.75	2.50%
MEPS Engineering	$0.66	0.60%
Legal/Accounting	$0.50	0.45%
Permits/Approvals	$0.37	0.34%
Park Fee	$0.36	0.33%
Appraisal	$0.17	0.15%
Surveys	$0.12	0.11%
Soils Test/Environmental	$0.17	0.15%
Insurance	$0.24	0.22%
Subtotal	**$5.33**	**5%**
Hard Cost		
Earthwork and Site Utilities	$2.34	2.13%
Asphalt Paving	$0.79	0.72%
Foundation Sub drainage, Foundation Wall Insulation	$0.74	0.67%
Site Furnishings	$0.11	0.10%
Landscaping	$0.11	0.10%
Cast-in-Place Concrete	$9.42	8.56%
Curb & Gutter	$1.35	1.23%
Structural Precast Concrete	$5.37	4.88%
Gypsum Floor Underlayment	$1.05	0.95%
Masonry	$2.35	2.14%
Structural Steel, Metal Fabrications	$1.47	1.33%
Aluminum Railings	$1.37	1.24%
Rough & Finish Carpentry	$15.49	14.08%
Building Insulation	$1.58	1.43%
Asphalt Shingle Roof	$1.88	1.71%
Gutters & Downspouts	$1.79	1.62%
Siding, Soffit & Fascia	$3.30	3.00%
Joint Sealants	$1.58	1.43%
Frames, Doors, Finish Hardware	$3.09	2.81%
Overhead Door	$0.21	0.19%
Windows, Patio Doors	$2.36	2.15%
Aluminum Storefront & Glazing	$0.63	0.57%
Drywall	$5.34	4.86%
Flooring	$2.04	1.86%
Painting	$1.51	1.38%
Specialties	$1.79	1.62%
Residential Appliances	$2.87	2.61%
Cabinets, Countertops, Window Sills	$2.98	2.71%
Window Treatments	$0.20	0.18%
Fire Protection	$1.85	1.68%
Plumbing	$6.51	5.92%
HVAC	$6.34	5.76%
Electrical	$6.93	6.30%
General Conditions & Fees	$7.94	7.22%
Subtotal	$104.67	95%
Total	**$110**	**100%**

Table 14

Estimated Construction Cost For Wood Frame-Memory Care		
Description of Work	**$/SF**	**% of Total**
Target $/SF	**$125.000**	
Soft Cost		
Architectural & Design	$3.13	2.50%
MEPS Engineering	$0.75	0.60%
Legal/Accounting	$0.56	0.45%
Permits/Approvals	$0.43	0.34%
Park Fee	$0.41	0.33%
Appraisal	$0.19	0.15%
Surveys	$0.14	0.11%
Soils Test/Environmental	$0.19	0.15%
Insurance	$0.27	0.22%
Subtotal	**$6.06**	**5%**
Hard Cost		
Earthwork and Site Utilities	$2.66	2.13%
Asphalt Paving	$0.90	0.72%
Foundation Sub drainage, Foundation Wall Insulation	$0.84	0.67%
Site Furnishings	$0.13	0.10%
Landscaping	$0.13	0.10%
Cast-in-Place Concrete	$10.70	8.56%
Curb & Gutter	$1.54	1.23%
Structural Precast Concrete	$6.10	4.88%
Gypsum Floor Underlayment	$1.19	0.95%
Masonry	$2.67	2.14%
Structural Steel, Metal Fabrications	$1.66	1.33%
Aluminum Railings	$1.55	1.24%
Rough & Finish Carpentry	$17.60	14.08%
Building Insulation	$1.79	1.43%
Asphalt Shingle Roof	$2.14	1.71%
Gutters & Downspouts	$2.03	1.62%
Siding, Soffit & Fascia	$3.75	3.00%
Joint Sealants	$1.79	1.43%
Frames, Doors, Finish Hardware	$3.51	2.81%
Overhead Door	$0.24	0.19%
Windows, Patio Doors	$2.69	2.15%
Aluminum Storefront & Glazing	$0.71	0.57%
Drywall	$6.07	4.86%
Flooring	$2.32	1.86%
Painting	$1.72	1.38%
Specialties	$2.03	1.62%
Residential Appliances	$3.26	2.61%
Cabinets, Countertops, Window Sills	$3.39	2.71%
Window Treatments	$0.22	0.18%
Fire Protection	$2.10	1.68%
Plumbing	$7.40	5.92%
HVAC	$7.21	5.76%
Electrical	$7.88	6.30%
General Conditions & Fees	$9.02	7.22%
Subtotal	$118.94	95%
Total	**$125**	**100%**

Table 15

Estimated Construction Cost For Wood Frame-Condominiums		
Description of Work	**$/SF**	**% of Total**
Target $/SF	**$95.000**	
Soft Cost		
Architectural & Design	$2.38	2.50%
MEPS Engineering	$0.57	0.60%
Legal/Accounting	$0.43	0.45%
Permits/Approvals	$0.32	0.34%
Park Fee	$0.31	0.33%
Appraisal	$0.14	0.15%
Surveys	$0.10	0.11%
Soils Test/Environmental	$0.14	0.15%
Insurance	$0.21	0.22%
Subtotal	**$4.61**	**5%**
Hard Cost		
Earthwork and Site Utilities	$2.02	2.13%
Asphalt Paving	$0.68	0.72%
Foundation Sub drainage, Foundation Wall Insulation	$0.64	0.67%
Site Furnishings	$0.10	0.10%
Landscaping	$0.10	0.10%
Cast-in-Place Concrete	$8.13	8.56%
Curb & Gutter	$1.17	1.23%
Structural Precast Concrete	$4.64	4.88%
Gypsum Floor Underlayment	$0.90	0.95%
Masonry	$2.03	2.14%
Structural Steel, Metal Fabrications	$1.27	1.33%
Aluminum Railings	$1.18	1.24%
Rough & Finish Carpentry	$13.38	14.08%
Building Insulation	$1.36	1.43%
Asphalt Shingle Roof	$1.63	1.71%
Gutters & Downspouts	$1.54	1.62%
Siding, Soffit & Fascia	$2.85	3.00%
Joint Sealants	$1.36	1.43%
Frames, Doors, Finish Hardware	$2.67	2.81%
Overhead Door	$0.18	0.19%
Windows, Patio Doors	$2.04	2.15%
Aluminum Storefront & Glazing	$0.54	0.57%
Drywall	$4.61	4.86%
Flooring	$1.77	1.86%
Painting	$1.31	1.38%
Specialties	$1.54	1.62%
Residential Appliances	$2.48	2.61%
Cabinets, Countertops, Window Sills	$2.57	2.71%
Window Treatments	$0.17	0.18%
Fire Protection	$1.60	1.68%
Plumbing	$5.63	5.92%
HVAC	$5.48	5.76%
Electrical	$5.99	6.30%
General Conditions & Fees	$6.86	7.22%
Subtotal	$90.39	95%
Total	**$95**	**100%**

Table 16