

Project Details

HMC Holdings, LLC - Staff version

Acquisition Cost	\$ 125,000.00	Hard Construction Costs	\$ 275,000.00
Current Assessed Value	\$ 10,000.00		
Loan Amount	\$ 150,000.00	Developer Equity	\$ 250,000.00
Number of Years	10	Current Property Tax	\$ 300.00
Interest Rate	7.00%	Property Type	Commercial
Loan Start Date	8/1/2019	Levy Rate	7.9873%
		Replacement Tax	Jackson 1.437%

Revenues

Gross Rent	\$ 72,000.00	Ann. Change	2%
Miscellaneous Income	\$ -	Ann. Change	1%
Vacancy			10%

Expenses

Operating Expenses	\$ 25,000.00	Ann. Change	3%
Reserves			3%

Misc Notes

Rental rate (psf)	Rental psf is not specified	Cap Rate	10.0%
Misc Inc notes	is not applicable		
First year Vacancy	50%		

IRR	
No Abatement	0.07%
10 Year Abatement	4.51%

Dropdown Menus
 Data Entry Needed

Levy Chart				
Jurisdiction	Levy	Percentage	Projected Annual Abatement	
Kansas City School District	0.049599	62.10%	\$5,245	
Kansas City	0.015806	19.79%	\$1,671	
Jackson County	0.004956	6.20%	\$524	
Kansas City Library	0.004933	6.18%	\$522	
Mental Health	0.001198	1.50%	\$127	
Blind Pension	0.0003	0.38%	\$32	
Community College	0.002343	2.93%	\$248	
Handicap Workshop	0.000738	0.92%	\$78	
	7.9873%		\$8,446	

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Real Estate Development Cash Flow Analysis WITHOUT ABATEMENT

	<u>Symbols</u>	<u>Ann. Incr.</u>	<u>YR1</u>	<u>YR2</u>	<u>YR3</u>	<u>YR4</u>	<u>YR5</u>	<u>YR6</u>	<u>YR7</u>	<u>YR8</u>	<u>YR9</u>	<u>YR10</u>	<u>YR11</u>	
REVENUES														
Gross Rent		2%	\$ 72,000	\$73,440	\$74,909	\$76,407	\$77,935	\$79,494	\$81,084	\$82,705	\$84,359	\$86,047	\$87,768	
Miscellaneous Income		1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gross Income			\$72,000	\$73,440	\$74,909	\$76,407	\$77,935	\$79,494	\$81,084	\$82,705	\$84,359	\$86,047	\$87,768	
Vacancy Contingency		10%	\$36,000	\$7,344	\$7,491	\$7,641	\$7,794	\$7,949	\$8,108	\$8,271	\$8,436	\$8,605	\$8,777	
Effective Gross Rent (EGR)			\$36,000	\$66,096	\$67,418	\$68,766	\$70,142	\$71,544	\$72,975	\$74,435	\$75,924	\$77,442	\$78,991	
EXPENSES														
Operating Expenses		3%	\$ 25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	
Property tax w/o abatement		2%	\$8,746	\$8,921	\$9,099	\$9,281	\$9,467	\$9,656	\$9,849	\$10,046	\$10,247	\$10,452	\$10,661	
Reserves (as % of EGR)		3%	\$1,080	\$1,983	\$2,023	\$2,063	\$2,104	\$2,146	\$2,189	\$2,233	\$2,278	\$2,323	\$2,370	
Total Operating Expenses			\$34,826	\$36,654	\$37,644	\$38,662	\$39,709	\$40,784	\$41,890	\$43,026	\$44,194	\$45,395	\$46,629	
	Rental psf is not specified													
Net Operating Income			\$1,174	\$29,442	\$29,774	\$30,104	\$30,433	\$30,760	\$31,086	\$31,409	\$31,730	\$32,047	\$32,362	
Debt Service (Annual Principal & Interest)			\$ 20,904	\$20,904	\$20,904	\$20,904	\$20,904	\$20,904	\$20,904	\$20,904	\$20,904	\$20,904	\$20,904	
PIL Debt Service Coverage Ratio			0.06	1.41	1.42	1.44	1.46	1.47	1.49	1.50	1.52	1.53	1.55	
Cash Flow Available for Distribution			(\$19,730)	\$8,538	\$8,870	\$9,200	\$9,529	\$9,856	\$10,182	\$10,505	\$10,826	\$11,143	\$11,458	
CASH-ON-CASH ROI														
Cash Flow		-19,730	ROI	-7.89%	3.42%	3.55%	3.68%	3.81%	3.94%	4.07%	4.20%	4.33%	4.46%	4.58%
Original Equity Investment		\$250,000												

<p>Calculating Projected Annual Taxes</p> <p>Acquisition Cost \$125,000 add 60% of project costs \$165,000 equals Projected Market Value \$290,000 <u>Property Type Rate</u> <u>32%</u> equals Projected Assessed Value \$92,800 <u>times levy rate and repl. tax (if comm)</u> <u>9.4243%</u> equals Projected Property Taxes \$8,746</p>	<p>Developer's Assumptions</p> <p>\$125,000 Acquisition Cost \$275,000 Rehab Cost</p> <p>Rental psf is not specified Misc. Inc. is not applicable 3% annual increase in Operating Expenses 2% annual increase in Gross Rent 50% vacancy for first year Taxes calculated based on 2% annual increases</p>	<p>Construction Costs</p> <p>\$275,000 Projected Rehab Costs 60% "Discount to" Factor \$165,000 New Added Value</p> <p>Cap Rate Year 11 NOI Reversion Value 10.0% \$32,362 \$323,622</p>	<p>Total Project Costs</p> <p>\$125,000 Acquisition Cost \$275,000 Project Rehab Costs \$400,000 Total Project Costs</p> <p>Cumulative Cash Flow Years 1-10 \$68,919</p>
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Developer Investment	\$ (250,000)												
Annual Yield	\$ (19,730)	\$ 8,538	\$ 8,870	\$ 9,200	\$ 9,529	\$ 9,856	\$ 10,182	\$ 10,505	\$ 10,826	\$ 11,143			
Hypothetical Sale												\$ 323,622	
Debt Retirement												\$ (141,103)	
Developer Cash Flow	\$ (269,730)	\$ 8,538	\$ 8,870	\$ 9,200	\$ 9,529	\$ 9,856	\$ 10,182	\$ 10,505	\$ 10,826	\$ 11,143			
IRR													0.07%

Tax Saving Analysis

Total MV \$290,000
 Total AV \$92,800
 Tax Rate 9.4243%

Year	Assessed Value Upon Completion	Current Assessed Value	Difference Abated and Current	Tax Savings 25/100%	Tax Savings 10-15	Tax Savings 10-10	Tax Savings 10-5	Tax Savings Chapter 99
2013	\$92,800	\$10,000	\$82,800	\$7,803	\$7,803	\$7,803	\$7,803	\$7,803
2014	\$94,656	\$10,200	\$84,456	\$7,959	\$7,959	\$7,959	\$7,959	\$7,959
2015	\$94,656	\$10,200	\$84,456	\$7,959	\$7,959	\$7,959	\$7,959	\$7,959
2016	\$96,549	\$10,404	\$86,145	\$8,119	\$8,119	\$8,119	\$8,119	\$8,119
2017	\$96,549	\$10,404	\$86,145	\$8,119	\$8,119	\$8,119	\$8,119	\$8,119
2018	\$98,480	\$10,612	\$87,868	\$8,281	\$8,281	\$8,281	\$8,281	\$8,281
2019	\$98,480	\$10,612	\$87,868	\$8,281	\$8,281	\$8,281	\$8,281	\$8,281
2020	\$100,450	\$10,824	\$89,625	\$8,447	\$8,447	\$8,447	\$8,447	\$8,447
2021	\$100,450	\$10,824	\$89,625	\$8,447	\$8,447	\$8,447	\$8,447	\$8,447
2022	\$102,459	\$11,041	\$91,418	\$8,615	\$8,615	\$8,615	\$8,615	\$8,615
2023	\$102,459	\$11,041	\$91,418	\$8,615	\$4,308	\$4,308	\$4,308	
2024	\$104,508	\$11,262	\$93,246	\$8,788	\$4,394	\$4,394	\$4,394	
2025	\$104,508	\$11,262	\$93,246	\$8,788	\$4,394	\$4,394	\$4,394	
2026	\$106,598	\$11,487	\$95,111	\$8,964	\$4,482	\$4,482	\$4,482	
2027	\$106,598	\$11,487	\$95,111	\$8,964	\$4,482	\$4,482	\$4,482	
2028	\$108,730	\$11,717	\$97,013	\$9,143	\$4,571	\$4,571		
2029	\$108,730	\$11,717	\$97,013	\$9,143	\$4,571	\$4,571		
2030	\$110,905	\$11,951	\$98,954	\$9,326	\$4,663	\$4,663		
2031	\$110,905	\$11,951	\$98,954	\$9,326	\$4,663	\$4,663		
2032	\$113,123	\$12,190	\$100,933	\$9,512	\$4,756	\$4,756		
2033	\$113,123	\$12,190	\$100,933	\$9,512	\$4,756			
2034	\$115,385	\$12,434	\$102,951	\$9,702	\$4,851			
2035	\$115,385	\$12,434	\$102,951	\$9,702	\$4,851			
2036	\$117,693	\$12,682	\$105,010	\$9,896	\$4,948			
2037	\$117,693	\$12,682	\$105,010	\$9,896	\$4,948			
Net Present Value of Tax Savings			7%	\$99,752	\$78,520	\$73,366	\$66,472	\$57,289
			8%	\$90,991	\$72,841	\$68,674	\$62,837	\$54,690
			9%	\$83,393	\$67,830	\$64,455	\$59,504	\$52,267

