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EXHIBIT 5A
LCRA 5/26/21

Image Source: Revive Capital Development, LLC

TILDEN STATION

Financial But-For Analysis

April 9, 2021

EXECUTIVE SUMMARY

211-unit workforce apartment project in Martin City

PROJECT ATTRIBUTES	FINDINGS
LOCATION & CONTEXT	▪ 23.3-acre site on the south side of 135th Street between Wyandotte Street and Oak Street ▪ Site plan includes two retail pads; however, the Developer indicated that there are no immediate plans to sell or develop the pads ▪ Project is one of two multifamily projects currently proposed for the Martin City neighborhood ▪ No new multifamily residential development has been completed in Martin City in the past two decades
DEVELOPMENT PROGRAM	▪ Four-story new construction building ▪ 211 rental multifamily units with 254 surface parking spaces ▪ Amenities include a pool, barbecue areas, playgrounds, outdoor fitness areas, club area, fitness center, and business center
PROJECT BUDGET	▪ $30.1 million project ▪ Project budget includes costs associated with the purchase of the 23.3-acre Site when only 8.6 acres are required for the Project ▪ Other costs are generally in line with comparable projects and industry sources, but cannot be supported by assumed rents
FINANCING ASSUMPTIONS	▪ Project will be financed through a mix of conventional debt and private equity ▪ Developer is in preliminary discussions with potential lenders ▪ Developer's debt assumptions, including construction debt totaling 55% of Project costs and a 5% interest rate, appear conservative relative to the current financing market and comparable projects ▪ Equity investors will leverage the Opportunity Zone program
OPERATING ASSUMPTIONS	▪ Target demographic is households earning incomes of $18-20/hour, including workers from nearby distribution centers ▪ Average rent by unit type is naturally affordable to households earning 50-70% of the Kansas City median family income ▪ There are no requirements to maintain this level of affordability over the long-term ▪ There is uncertainty regarding achievable rents due to the lack of recent new multifamily development in Martin City ▪ Pro forma does not account for the future sale or development of the retail pads; should the retail parcels be sold or developed in the future, Project returns would improve

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EXECUTIVE SUMMARY

Public assistance appears to be required for the Project to be viable as presented

CONCLUSIONS		Stabilized Yield on Cost	Unleveraged IRR	Stabilized Debt Coverage Ratio	Assistance as a % of Total Costs
DEVELOPER REQUEST & BUT-FOR FINDINGS	No Assistance	5.2%	5.0%	1.33	
	Full Requested Assistance (STECM + 10 years of property tax abatement at 75%)	6.1%	6.2%	1.58	5.9%

POLICY CONSIDERATIONS

DRIVERS OF NEED FOR PUBLIC ASSISTANCE

- Market rents are affordable to households earning 50-70% of MFI
- Market rents do not appear to support the cost of new construction and the level of amenities planned for the Project
- Purchase of a 23.3-acre Site when only 8.6 acres are required for the Project

FINANCIAL IMPACT OF ASSISTANCE TO TAXING JURISDICTIONS

	Benefit to Project of Abated Property Taxes Over 10 Years (Estimated)	Property Tax Revenues to Taxing Jurisdictions Over 25 Years (Estimated)
Full Requested Assistance (STECM + 10 years of property tax abatement at 75%)	$2.4 million	$7.6 million

AFFORDABLE HOUSING CONSIDERATIONS

- Average rents at stabilization are naturally affordable to households earning 50-70% of the Kansas City median family income
- There are no requirements to maintain this level of affordability over the long-term
- Affordable housing set aside requirements do not apply to the Project, given that the public assistance request was submitted prior to the effective date of the requirement
- With on-site units or the fee-in-lieu payment, the Project would not generate sufficient returns to attract debt and equity investors, even with the full requested assistance, and would likely require additional assistance or need to be re-conceptualized to reduce costs or improve revenue generating potential

RECOMMENDED STRUCTURING OPTIONS

- EDCKC could consider requiring that the Developer maintain these affordability levels for the term of the abatement period for a certain percentage of units (i.e., 20%)
- SB Friedman recommends a check-in if/when the retail pads are subdivided, developed or sold to a third-party
  - If so, the public assistance could be recalibrated as the retail pad sales or development revenues would positively impact project returns
- Furthermore, we recommend that the property tax abatement not be applied to any future subdivided retail pads

INTRODUCTION

Scope of the But-For Analysis

SB Friedman Development Advisors (SB Friedman) was engaged by the Economic Development Corporation of Kansas City (EDCKC) to conduct a preliminary financial review of a proposed development located on the south side of 135th Street between Wyandotte Street and Oak Street in the Martin City neighborhood of Kansas City, Missouri (the "Site"). The $30.1 million Project consists of the development of a vacant parcel into 211 new construction rental residential units (the "Project").

The purpose of the analysis is to evaluate whether the Project as presented appears to need public financial assistance in order to generate sufficient returns for the Project to attract debt and equity investors. This financial "but-for" test is analytical in nature and is meant to inform a larger policy discussion regarding whether the Project meets desired public objectives.

At the direction of EDCKC, a supplemental financial analysis was conducted to test the impact of key public policy considerations regarding affordable housing.

Our review process is detailed further on the following page.

ECONOMIC DEVELOPMENT CORPORATION

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INTRODUCTION

Review Process

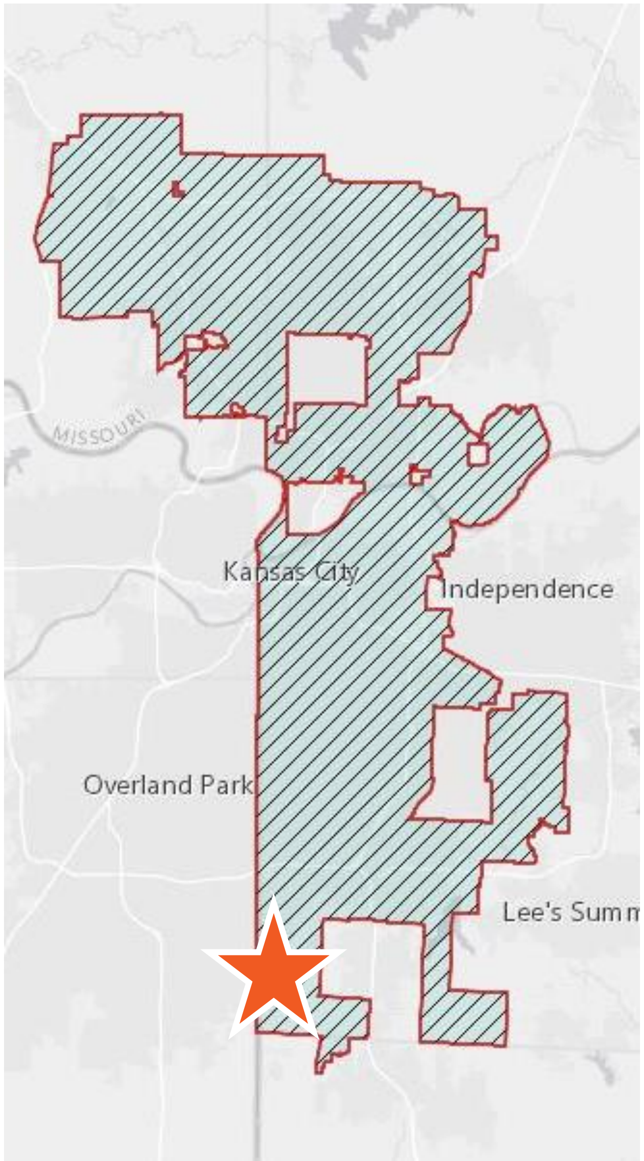
1. Review Project and Site Context	• Where is the project located? • What is the development program and mix of land uses?
2. Evaluate Development Budget	• What are the project uses? (land, construction costs, etc.) • Are project costs in line with industry benchmarks? If not, why?
3. Evaluate Financial Assumptions	• How does the developer intend to finance the project? • Has the developer exhausted all potential funding sources before requesting public assistance?
4. Evaluate Operating Assumptions	• Are revenue (e.g., rents) and expense assumptions reasonable given target tenant profile, market context and industry benchmarks?
5. Calculate Project Financial Returns	• Is the project achieving a level of financial returns that would allow it to attract the required debt and equity investment?
6. Identify Financial Gap	• Is there a demonstrable financial gap that requires public assistance to make the project successful?
7. Identify Drivers of Need for Assistance	• What project components are driving the financial gap? • Do these drivers align with larger policy goals? (affordable housing development, employment growth, supporting urban form, etc.)

PROJECT OVERVIEW

Location

The Project is located in the Martin City neighborhood of Kansas City. The neighborhood has recently experienced an increase in retail and other commercial development along with streetscape and public space improvements along its main retail corridor on East 135th Street. However, there has been little to no residential development over the past two decades and the only known residential development in the development pipeline is a proposed 180-unit development at the southeast corner of 135th Street and Holmes Road.

While the Site is located approximately 15 miles south of downtown Kansas City, it is within 10 miles of the major suburban population and employment centers of Lee's Summit, MO and Overland Park, KS and 6.5 miles southwest of the Cerner campus, a regional employment hub.



NEIGHBORHOOD:

Martin City

WARD:

6

EXISTING INCENTIVE DISTRICT:

Martin City Urban Renewal Area

Opportunity Zone #29095013405

Source: Revive Capital Development, LLC, Esri, City of Kansas City, SB Friedman

PROJECT OVERVIEW

Renderings & Site Plan

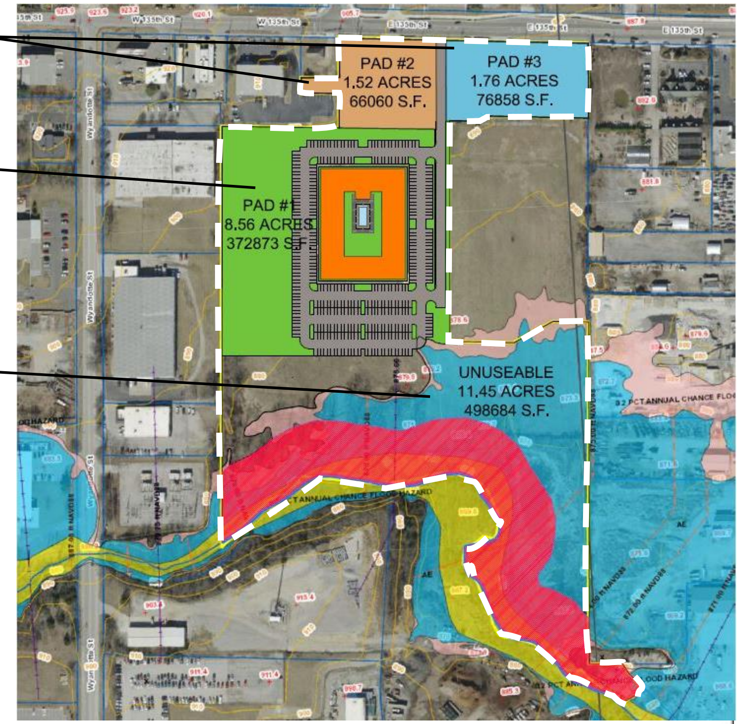
The Project is located on 23.3 acres located on the south side of 135th Street between Wyandotte Street and Oak Street. The Site is bordered by commercial development to the west, 135th Street to the north, and industrial/manufacturing to the east and south. According to the Developer, ±11.5 acres of the Site are not developable due to the presence of a waterway and required setbacks, while two pads totaling ±3.3 acres along 135th Street are reserved for future retail development. The Developer indicated there are no immediate plans for the retail development and that they are not pursuing a parcel subdivision at this time.

The proposed Site plan and Project elevation are presented below and to the right.

Pads #2 and #3
Potential Retail

Pad #1:
Project

Undevelopable



Source: Revive Capital Development, LLC

PROJECT OVERVIEW

Development Program

The Project's development program is presented to the right.

The Project, branded as **Tilden Station**, will provide 211 rental residential units. Per the Developer, the Project will feature modern motifs and maintenance free materials. Amenities include a pool, barbecue areas, children's playgrounds, outdoor fitness areas, club area, fitness center, business center and a fully landscaped courtyard with various outdoor athletic equipment stations.

MULTIFAMILY	Market-Rate Units	Income-Restricted Affordable Units
Studios	74 | 35.1%	Not subject to affordable housing requirements
1-bedroom	99 | 45.9%	
2-bedroom	38 | 18.0%	
Total	211 | 100%	

OTHER LAND USES	Units / SF / Keys	Type
Parking Spaces	254	Surface

Source: Revive Capital Development, LLC

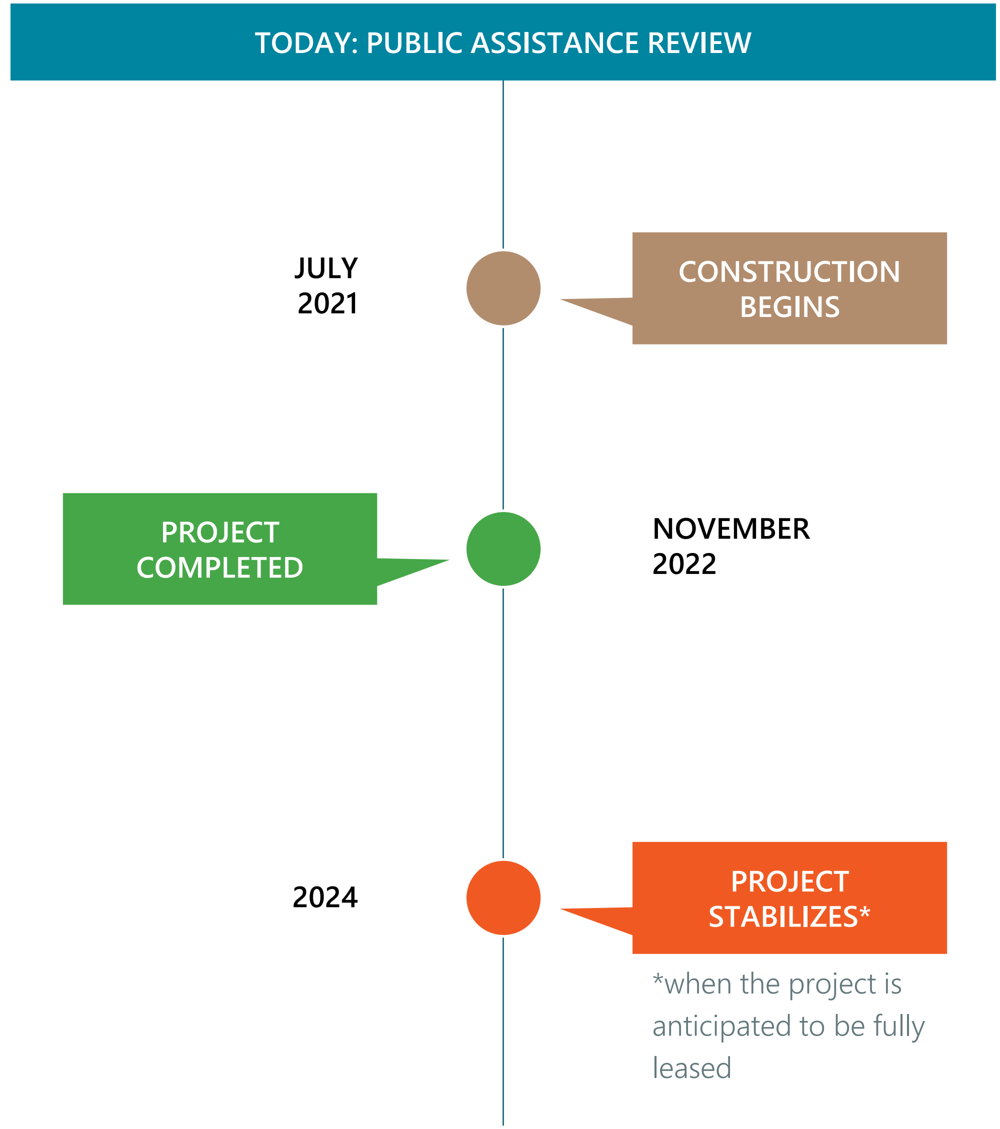
PROJECT OVERVIEW

Development Team & Schedule

The Project would be undertaken by Revive Capital Development, LLC (the "Developer").

The Developer is a Kansas City-based entity whose recent projects include a $139 million renovation of Commerce Tower in downtown Kansas City and the $56 million renovation of the Monogram Building in downtown St. Louis.

The Developer indicated their intent to hold the property for at least 10 years so investors can realize the full gains of their investment resulting from the Project's location in an Opportunity Zone.



Source: Revive Capital Development, LLC

PROJECT OVERVIEW

Developer Request for Assistance

The Developer indicated that Project feasibility is challenged by:

- Market risk in an unproven market with no recent residential construction
- Lower revenue potential as a result of offering rents affordable to households earning incomes of $18-20/hour

Therefore, the Developer is request assistance through EDCKC, as outlined to the right.

REQUESTED ASSISTANCE

1. **Sales tax exemption on construction materials (STECM)**
2. **75% abatement of real property taxes (above current predevelopment taxes) for Years 1-10**

ESTIMATED TOTAL VALUE OF ASSISTANCE [1]

$2.4 million over 10 years

ESTIMATED TOTAL PROPERTY TAX COLLECTIONS TO TAXING JURISDICTIONS [1]

$7.6 million over 25 years

Source: Revive Capital Development, LLC, EDCKC, SB Friedman
[1] Undiscounted revenues

DEVELOPMENT BUDGET

Key Budget Line Items

The Developer provided the following information for our review:

- Site purchase and sale agreement, dated December 16, 2020
- Summary of site layout, floor plates, floor plans, construction finishes, and elevations dated December 16, 2020
- Pro forma with detailed budget of development costs and draw schedule

The Project is expected to cost $30.0 million, or approximately $142K per unit. The Developer is requesting a sales tax exemption on construction materials (STECM), which would reduce total development costs by $0.9 million.

Key budget line items are discussed further below:

- **Land Acquisition.** The Developer entered a purchase and sale agreement for the Site in December for $1.4 million ($1.38/SF of land). No as-is appraisal was available for our review. The Site is challenged by a waterway on the southern portion of the property that, according to the Developer, renders approximately 11.4 of the 23.3 acres of the Site undevelopable due to the presence of the waterway and required setbacks from the waterway. There are limited land sales in the immediate area; however, the proposed project located on the southeast corner of 135th Street and Holmes Road is currently under contract for $1.90/SF of land. Furthermore, acquisition costs as percent of TDC is within the range of comparable projects (4-7%).
- **Hard Costs.** The Developer is assuming hard costs of $24.8 million ($134/gross SF). These project costs are at the low end of comparable Kansas City projects on per gross SF basis, which is appropriate given the development typology.

COSTS	Developer Assumption	SBF Adjustment	$/unit
Total Development Costs (TDC)	$30.1M	$30.0M	$142K
Less STECM	($0.9M)	($0.9M)	
TDC After STECM	$29.2M	$29.1M	$138K

KEY BUDGET DRIVERS	Total Incl. SBF Adj.	% of TDC	$/unit or SF	Benchmark
Land Acquisition	$1.4M	4.7%	$1.38/SF	4-7% of TDC
Hard Costs	$24.8M	82.6%	$134/SF	$140-160/SF
Soft Costs	$1.5	4.9%	---	[1]
Financing Costs	$0.9M	3.1%	---	
Developer Fee	$1.1M	4.0% [2]	---	4.0% [2]
Reserves	$0.3M	1.1%	---	[1]

Source: Revive Capital Development, LLC, SB Friedman

[1] Within the benchmark range
[2] % of TDC, net of acquisition costs

DEVELOPMENT BUDGET

Key Budget Line Items | Continued

- **Developer Fee.** The Developer included a developer fee of $1.2 million (4.3% of TDC, net of acquisition). Typically, SB Friedman observes developer fees less than or equal to 4.0% of TDC (net of acquisition) in the Kansas City multifamily market. For the purpose of this analysis, SB Friedman adjusted the developer fee to 4.0% of TDC (net of acquisition) to align with comparable projects and our underwriting practices for EDCKC.

The remaining cost assumptions are in line with comparable projects in Kansas City and industry sources.

PROJECT FINANCING

Financing Sources

The Developer provided the following information for our review:

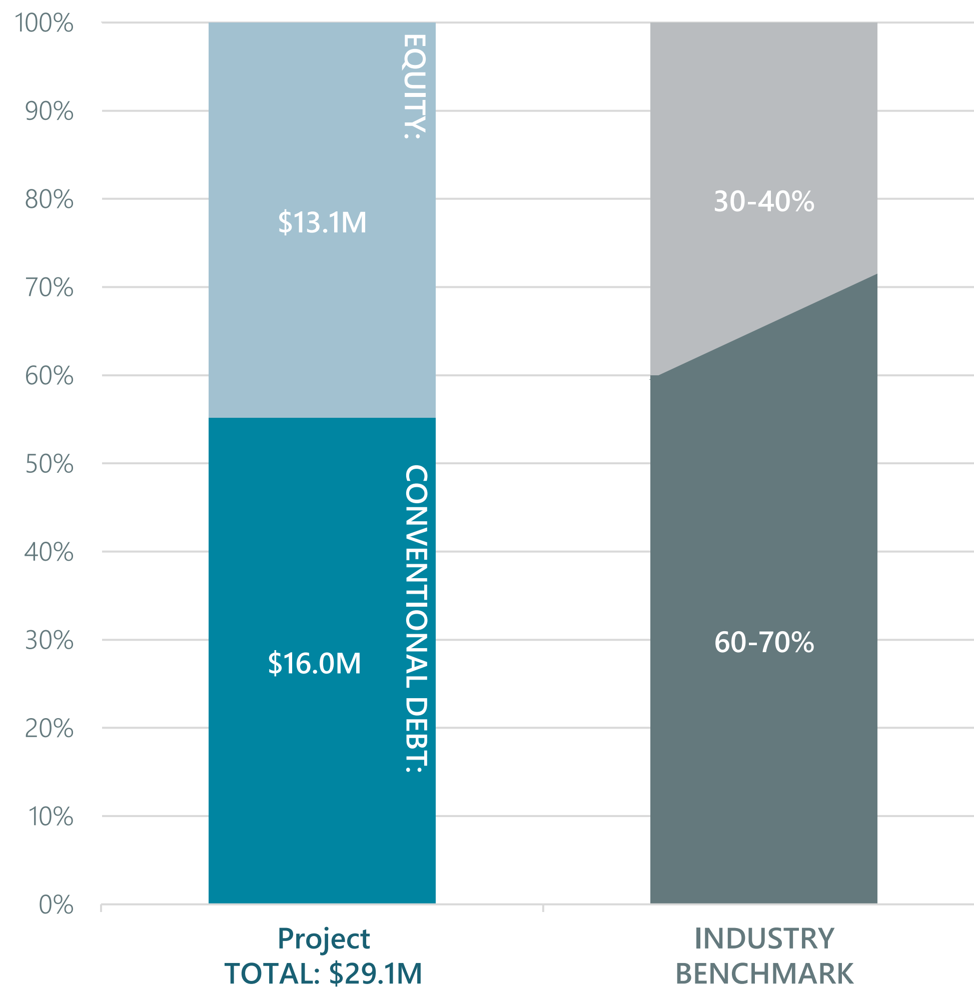
- Preliminary letter of intent with NCN Lending, LLC with proposed loan terms, dated August 21, 2020
- Projected amortization and draw schedules of conventional debt

Due to the preliminary nature of the financing, SB Friedman reviewed the Project's returns from an unleveraged perspective which evaluates overall Project feasibility and ability to secure financing rather than returns to specific investors.

Key financing assumptions are outlined below:

- **Conventional Debt.** The Developer is in preliminary discussions with lenders to secure debt financing. The debt assumptions are based on early lender conversations and previous deals. The Developer's assumptions, including construction debt totaling 55% of Project costs and a 5% interest rate, appear conservative relative to the current financing market and comparable Kansas City projects. Recent projects have assumed construction debt of 60-70% of total costs, while a 5% interest rate is at the high end of observed ranges.
- **Cash Equity.** Equity constitutes 45% of Project sources and is anticipated to be a combination of Developer and investor equity. Equity as a percent of total financing sources is high. The Developer stated that investors are seeking benefits associated with the Project's location in an Opportunity Zone. No further information regarding specific return requirements was provided.

CAPITAL STACK



Source: Revive Capital Development, LLC, SB Friedman

OPERATING ASSUMPTIONS

Revenue Assumptions

The Developer provided the following information for our review:

- Pro forma with 15-year cash-flow, operating budget and valuation assumptions
- Market survey identifying comparable projects, prepared by Greystar

We did not receive a detailed market study for the Project demonstrating demand for new residential product or achievable rents.

Key assumptions are as follows:

- According to the Developer, the target demographic is households earning incomes of $18-20/hour, including workers from nearby distribution centers.
- The Project consists of primarily studio and 1-bedroom units, accounting for 35% and 46% of units, respectively.
- Weighted average gross rent is $1,035 and $1.54/SF (in 2023 dollars)
- Units are affordable to households earning the Kansas City median family incomes (MFI) outlined below:
  - Studios: 50%
  - 1-bedrooms: 63%
  - 2-bedrooms: 70%
- While the units would be naturally affordable to these income levels when the Project opens, there are no requirements to maintain this level of affordability over the long-term.

PROJECT RENTS	Units	Unit SF	Average Rent	Rent/SF	MFI Level [1]
Studio	74	459	$794	$1.73	50%
1-bed	99	727	$1,098	$1.51	63%
2-bed	38	978	$1,399	$1.43	70%
Average/Total	**211**	**678**	**$1,035**	**$1.54**	

[1] 2020 MFI inflated by 3% annually to 2023 dollars; estimated utility costs are accounted for when calculating MFI Level. Further detail regarding our methodology is outlined in the Appendix.
Source: Revive Capital Development, LLC, City of Kansas City, HUD, SB Friedman

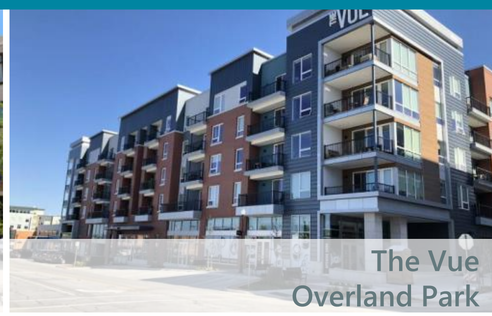
OPERATING ASSUMPTIONS

Competitive Projects

The Developer provided a series of comparable projects, presented below, in which the average effective rents were 10-23% higher on a per SF basis and significantly higher on a chunk rent basis than what the Developer is assuming for the Project. The comparable projects appeared to represent a slightly more high-end product in generally more mixed-use environments. The Developer indicated that the location of the Project would limit rent potential.

COMPETITIVE PROJECTS

Mission 106
Leawood



The Vue
Overland Park

Promontory
Overland Park

The Kessler Residences
Prairie Village

Project Name	Year Built	Unit Count & Mix [1]	Studio Units [2]			1-bedroom Units [2]			2-bedroom Units [2]		
			Unit Size (SF)	Rent/SF	Chunk Rent	Unit Size	Rent/ SF	Chunk Rent	Unit Size	Rent/ SF	Chunk Rent
Tilden Station	2023	211 (74/99/38)	459	$1.73	$794	727	$1.51	$1,098	978	$1.43	$1,399
Mission 106	2016	139 (0/59/80)	---	---	---	922	$1.69	$1,558	1324	$1.77	$2,346
The Vue	2019	219 (0/125/94)	---	---	---	792	$1.79	$1,420	1128	$1.60	$1,801
Promontory	2018	291 (0/175/116)	---	---	---	750	$1.73	$1,298	1157	$1.71	$1,979
The Kessler Residences	2018	282 (28/84/170)	597	$1.90	$1,132	854	$1.85	$1,584	1252	$1.92	$2,399
Comparables Average		-	**597**	**$1.90**	**$1,132**	**804**	**$1.77**	**$1,421**	**1,211**	**$1.76**	**$2,142**

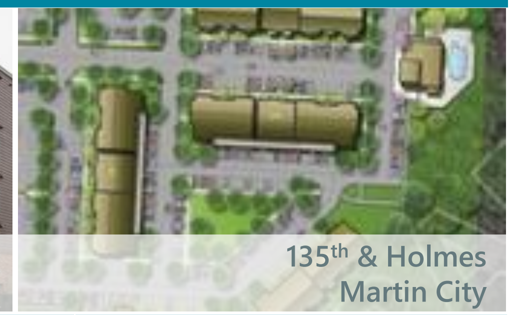
Source: CoStar, Revive Capital Development, LLC, SB Friedman
[1] Studios/1-BR/2-BR+ [2] Rents are escalated at 1.5% to 2022 dollars.

OPERATING ASSUMPTIONS

Competitive Projects

Given that the Developer is intending for the Project to be workforce housing, SB Friedman independently identified a series of comparables with lower price points and similar amenities, the key characteristics of which are presented in the table below.

COMPETITIVE PROJECTS



			Studio Units [2]			1-bedroom Units [2]			2-bedroom Units [2]		
Project Name	Year Built	Unit Count & Mix [1]	Unit Size (SF)	Rent/SF	Chunk Rent	Unit Size	Rent/ SF	Chunk Rent	Unit Size	Rent/ SF	Chunk Rent
Tilden Station	2023	211 (74/99/38)	459	$1.73	$794	727	$1.51	$1,098	978	$1.43	$1,399
The Residences at New Longview	2015	309 (0/165/144)	--	--	--	815	$1.58	$1,285	1,227	$1.47	$1,808
Villa Milano	2015	290 (0/146/144)	--	--	--	931	$1.46	$1,362	1,288	$1.42	$1,831
Summit Square	2017	308 (0/178/130)	--	--	--	802	$1.47	$1,182	1,267	$1.25	$1,579
135th & Holmes (proposed)	2023	180 (24/71/85)	592	$1.45	$858	865	$1.36	$1,175	1,146	$1.47	$1,687
Comparables Average	**-**	**-**	**592**	**$1.45**	**$858**	**847**	**$1.48**	**$1,174**	**1,242**	**$1.40**	**$1,687**

Source: CoStar, Revive Capital Development, LLC, SB Friedman
[1] Studios/1-BR/2-BR+ [2] Rents are escalated at 1.5% to 2022 dollars.

OPERATING ASSUMPTIONS

Revenues Assumptions

Key operating assumptions are discussed further below:

- **Rent Assumptions.** The Project targets a different demographic relative to newer development in the wider market area and units are, on average, 11-30% smaller than competitive product. Furthermore, the Project is over 81% studio and 1-bedroom units, which is atypical in the competitive suburban market, where projects include few studio units and a relatively even distribution of 1- and 2-bedroom units.

  The Developer did not provide a market study for the Project and indicated that Greystar assisted in developing the rent assumptions. Rents on a per SF basis are largely in line with competitive product (when rents are inflated to 2023); however, the Project offers a discount from a chunk rent perspective due to the smaller unit size. Studio and 1-bedroom per SF rents are higher than those assumed for the proposed project on the southeast corner of 135th Street and Holmes Road.

  There is some uncertainty regarding achievable rents due to the lack of new multifamily development in Martin City over the last two decades. Therefore, it is possible that the Project could outperform rent expectations if a market can be established in Martin City.

- **Parking Rents.** The Developer is assuming parking rent of $25/month/space. The majority of competitive projects outlined on the previous page provide free surface parking to their tenants.

Project Name	Project Amenities
Tilden Station	Pool, barbecue areas, children's playgrounds, outdoor fitness areas, club area, fitness center, business center, and fully landscaped courtyard with various outdoor athletic equipment stations
The Residences at New Longview	Pool, grill, picnic area, fitness center, clubhouse, business center, tanning salon, car wash area, media center/movie theatre
Villa Milano	Pool, clubhouse, lounge, fitness center, sundeck
Summit Square	Grill, clubhouse, fitness center
135th & Holmes (proposed)	Pool, basketball court, fitness center, clubhouse, dog washing station

Source: CoStar, SB Friedman

- **Retail Pad Sale Proceeds.** The Project site plan includes two retail pads, totaling 3.3 acres, fronting 135th Street. The Developer indicated that there are no immediate plans to sell or develop the pads and is not pursuing a parcel subdivision at this time. Should the parcels be sold in the future, this would improve Project returns, since the Project is carrying the acquisition costs of the entire Site.

OPERATING ASSUMPTIONS

Other Key Operating Assumptions

Other key operating assumptions are discussed further below:

- **Revenue Escalation and Expense Inflation.** The Developer is assuming an annual rent escalation of 2% starting in 2023, which is in line with typical assumptions from comparable projects in Kansas City and elsewhere. The Developer is assuming annual expense inflation of 2%, which is in line with comparable projects in Kansas City and matches the assumed revenue escalation rate.
- **Stabilized Vacancy.** The Developer is assuming a stabilized vacancy of 7%, which is higher relative to other projects in the market and our typical underwriting parameters for EDCKC. For the purposes of sizing public assistance, SB Friedman adjusted the stabilized vacancy rate to 5%.
- **Expense Assumptions.** The Developer is assuming operating expenses of ±$4,000 per unit, which is within the range observed in Kansas City for comparable multifamily projects ($4,200/unit/year average).
- **Real Estate Taxes.** The Developer is assuming an assessed value of $19,300 per unit. The value is within the range of comparable projects in Kansas City ($18,000 to $25,000/unit). The Developer is assuming that real estate taxes will inflate 2% annually. At the direction of EDCKC, the annual escalation was adjusted to 2% biennially.
- **Terminal Cap Rate.** The Developer is assuming a terminal cap rate of 8%, which is substantially higher than multifamily cap rates observed in recent comparable projects and industry publications. For the purposes of sizing public assistance, SB Friedman adjusted the terminal cap rate to 6.5%, which is at the high end of the overserved range (5.75-6.5%).

OPERATING ASSUMPTION	Developer Assumption	SBF Adjustment	Benchmark
Revenue Escalation	2.0% annually	---	2-3%
Vacancy	7%	5%	5%
Operating Expenses	$4,000/unit/ year	---	$4,200/unit/ year (average)
Expense Inflation	2.0% annually	---	2-3%
Real Estate Taxes	$19,300 AV/unit	---	$18,000-25,000/unit
Real Estate Tax Escalation	2.0% annually	2.0% biennially	2.0% biennially
Terminal Cap Rate	8.0%	6.5%	5.75-6.5%

Source: Revive Capital Development, LLC, CoStar, Other Sources, SB Friedman

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PROJECTED FINANCIAL RETURNS

Pro Forma Adjustments for But-For Analysis

For the purposes of evaluating a project's need for public financial assistance, SB Friedman at times adjusts a project's budget, financing and operating assumptions when the developer's assumptions are outside of market and industry benchmarks. This approach:

- Allows SB Friedman to evaluate the need for assistance based on market parameters
- Introduces consistency in underwriting and evaluating requests for assistance
- Guards against over-subsidizing for project-specific assumptions that do not align with the market.

For this Project, SB Friedman made the adjustments outlined to the right.

ASSUMPTION	Developer Assumption	SBF Adjustment	Justification
Developer Fee	4.3%	4.0%	Incorporates standard EDCKC assumption
Vacancy	7%	5%	Incorporates standard EDCKC assumption
Real Estate Tax Escalation	2.0% annually	2.0% biennially	Aligns with local assessment practices
Terminal Cap Rate	8.0%	6.5%	Recent KC projects

PROJECTED FINANCIAL RETURNS

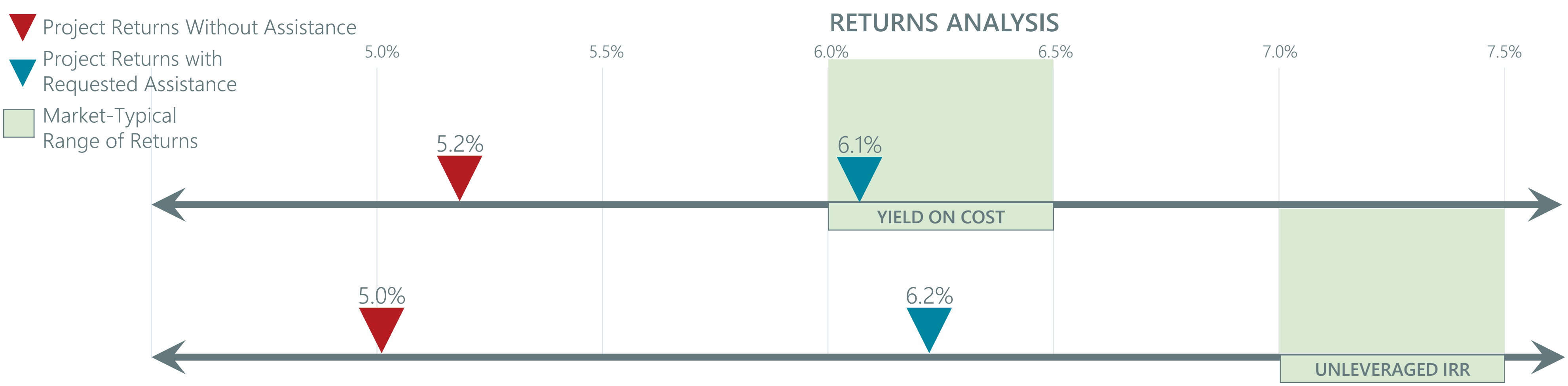
Conclusions of But For Analysis

The results of the financial analysis are illustrated below. Without assistance, the Project generates a stabilized yield on cost of 5.2% and an unleveraged IRR of 5.0%. To be a viable, a Project of this type would typically be expected to achieve a yield on cost between 6.0-6.5% and an unleveraged IRR between 7.0-7.5%.

With the full amount of requested assistance, the stabilized yield on cost increases to 6.1% and the unleveraged IRR increases to 6.2%.

Detailed return calculations are included in the Appendix.

With the requested assistance, the Project achieves a yield on cost that is at the low end of the benchmark range. The Developer stated an intent to hold the Project over the long term. In many situations where a long-term hold is contemplated, a developer will look at stabilized yield on cost as the primary indicator of project viability. Furthermore, the Developer stated that equity investors will leverage the Site's location in an Opportunity Zone; therefore, lower returns are likely acceptable to investors given the tax benefits associated with the Opportunity Zone program.



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PROJECTED FINANCIAL RETURNS

Impact to Taxing Jurisdictions

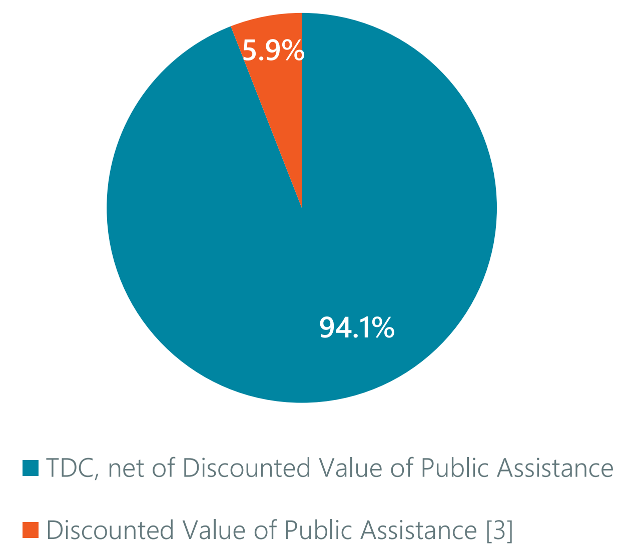
TOTAL ESTIMATED PROPERTY TAXES GENERATED BY THE PROJECT [1]

$10.0 million over 25 years

BENEFIT TO PROJECT OF ABATED PROPERTY TAXES OVER 10 YEARS (ESTIMATED)	PROPERTY TAX REVENUES TO TAXING JURISDICTIONS OVER 25 YEARS (ESTIMATED)
FULL REQUESTED ASSISTANCE (10 YEARS OF ABATEMENT)	
$2.4 million	$7.6 million

ASSISTANCE AS A PERCENT OF TOTAL COSTS [2]

FULL REQUESTED ASSISTANCE



[1] Assumed property taxes generated over 10-years were reviewed by EDCKC. It is outside of SB Friedman's engagement to independently project property taxes.

Additional detail is included in the Appendix.

[2] Discounted value of assistance includes all sources, including STECM and property tax abatements of 75% in Years 1-10.

POLICY-RELATED SENSITIVITY ANALYSES

Income-Restricted Affordable Housing

In January 2021, the City Council approved an ordinance requiring that primarily residential projects requesting public assistance either:

1. Provide on-site affordable units such that 10% of total units are affordable to households earning 70% of the HUD-defined median family income (MFI) for Kansas City; and an additional 10% of total units are affordable to households at 30% MFI; or

2. Make a payment to the City in lieu of the affordable housing unit provision in the amount of 110% of the actual costs of housing unit construction needed to achieve the 20% of the total number of units on site.

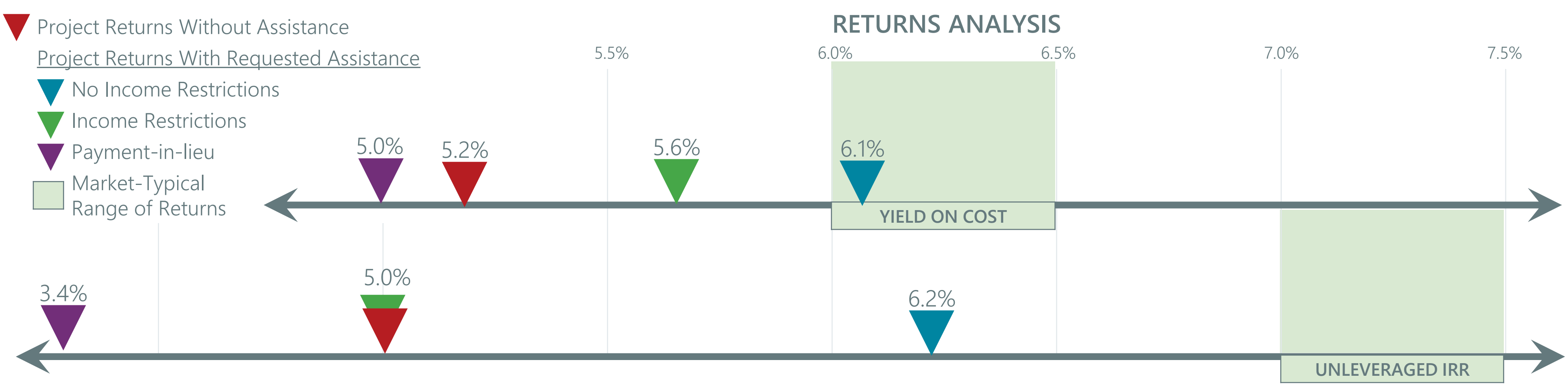
The requirements do not apply to Project, given that the public assistance request was submitted prior to the effective date of the requirement. However, at the direction of EDCKC, SB Friedman tested the impact of the requirements on the Project's financial returns, as illustrated below.

TOTAL UNITS	INCOME-RESTRICTED UNITS
211	43

IMPACT OF ON-SITE UNITS ON RENT ASSUMPTIONS	
DEVELOPER'S GROSS RENT	GROSS RENT WITH INCOME LIMITS
$1.54	$1.45

IMPACT OF FEE-IN-LIEU ON PROJECT COSTS	
SBF ADJUSTED BUDGET ASSUMPTION	TOTAL COSTS WITH FEE-IN-LIEU
$29.1 million	$6.7 million

Under either scenario, the Project would not generate sufficient returns to attract debt and equity investors and would likely require additional assistance or need to be re-conceptualized to reduce costs or improve revenue generating potential.



CONCLUSIONS

The Developer is requesting:

- Sales tax exemption on construction materials (STECM)
- 75% abatement of real property taxes (above current predevelopment taxes) generated for 10 years

The but-for analysis indicates that the Project, as presented, would require public assistance to be financially viable and attract debt and equity investors. The factors contributing to the Project's need for assistance include:

- Market rents that are affordable to households earning 50-70% of MFI and do not appear to support the cost of new construction and the level of amenities planned for the Project; and
- Purchase of a 23.3-acre Site when only 8.6 acres are required for the Project.

With the requested assistance, the Project achieves a yield on cost that is at the low end of the benchmark range. The Developer stated an intent to hold the Project over the long term in order to take full advantage of the Opportunity Zone tax benefits available to investors in the Project. In many situations where a long-term hold is contemplated, a developer will look at stabilized yield on cost as the primary indicator of project viability. Furthermore, lower returns are likely acceptable to investors given the tax benefits associated with the Opportunity Zone program.

RECOMMENDED STRUCTURING OPTIONS

The Project's financial gap is largely attributable to the assumed rents, which are affordable to households earning 50-70% of MFI. However, there is uncertainty regarding achievable rents in the market and no requirement to maintain this level of affordability over the long-term. EDCKC could consider requiring that the Developer maintain these affordability levels for the term of the abatement period for a certain percentage of units (i.e., 20%).

SB Friedman recommends a check-in if/when the retail pads are subdivided, developed or sold to a third-party. If so, the public assistance could be recalibrated as the retail pad sales or development revenues would positively impact project returns. Furthermore, we recommend that the property tax abatement not be applied to any future subdivided retail pads.

LIMITATIONS OF OUR ENGAGEMENT

Our deliverable is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and meetings/teleconferences with the Economic Development Corporation of Kansas City and the Developer during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the deliverable. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our deliverable, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise analyses or the deliverable to reflect events or conditions that occur subsequent to the date of the deliverable. These events or conditions include, without limitation, economic growth trends, governmental actions, changes in state statute, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed Project.

Our deliverable is intended solely for your information, for purposes of reviewing a request for financial assistance, and is not a recommendation to issue bonds or other securities. The deliverable should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the deliverable nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors without our prior written consent.

We acknowledge that upon submission to EDCKC, the deliverable may become a public document within the meaning of the Missouri Sunshine Law. Nothing in these limitations is intended to block the disclosure of the documents under such Act.

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METHODOLOGY

Development Budget & Financing Assumptions

Each budget component is benchmarked against a set of industry estimates and local comparables to determine if costs are reasonable relative to projects of similar scale and level of finish. If budget line items are identified to be outside of benchmark ranges, SB Friedman adjusts costs such that the project's request for assistance can be evaluated and sized appropriately.

SB Friedman uses two primary cost metrics that allow for comparison of the development budget to comparable projects:

- Costs per gross square foot (SF)
- Costs as a percentage of total development costs (TDC)

Similarly, financing assumptions are benchmarked against industry data sources and local comparables to determine if the assumptions align with current financing markets.

COMPONENT	Description	Benchmarking
Acquisition Costs	• Land purchase price	• Recent local land sales
Site Preparation Costs	• Earthwork and grading • Remediation costs • Infrastructure and utilities	• Industry benchmarks, adjusted based on site conditions
Hard Construction Costs	• Costs of vertical construction, including materials, labor, finishes, etc.	• Local comparables, construction cost estimates
Parking Construction Costs	• Parking type and costs (surface, structured, underground) per space	• Local comparables, construction cost estimates
Soft Construction Costs	• Third party fees (architect, engineers, legal, etc.) • Permits	• Industry benchmarks, local comparables
Financing Costs	• Loan origination fees	• Industry benchmarks, local comparables
Developer Fees	• Compensation to Project developer team	• Industry benchmarks, local comparables
Reserves and Other Costs	• Capital reserves • Carrying costs	• Industry benchmarks, local comparables
Financing Assumptions	• Loan amount • Amortization, interest rate, term	• Industry benchmarks, local comparables

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METHODOLOGY

Operating Assumptions

SB Friedman evaluates developers' cash flow assumptions relative to market comparables, recent projects in Kansas City, and, when available, third-party market studies submitted by the developers.

Key operating assumptions are benchmarked against a set of industry estimates and local comparables to determine if assumptions are reasonable relative to current market conditions and projects of similar scale and level of finish. If operating assumptions are identified to be outside of benchmark ranges, SB Friedman adjusts the assumptions such that the project's request for assistance can be evaluated and sized appropriately.

ASSUMPTION	Description	Benchmarking
Project Rents	• Multifamily rents (per unit and per SF) • Retail rents (per SF) • Office rents (per SF)	• Local market comparables
Parking Revenues	• Parking revenues (per space per month)	• Local market comparables
Other Revenues	• Administrative fees, application fees, etc.	• Local market comparables
Vacancy and Credit Loss	• Stabilized occupancy rate and rent collections loss	• Local market conditions
Absorption Rate	• Pace at which units/SF is leased up	• Local market conditions
Revenue Escalation Rate	• Annual revenue increase	• Industry benchmarks, local comparables
Operating Expenses	• Maintenance, management, utilities, etc.	• Industry benchmarks, local comparables
Real Estate Taxes	• Annual property tax revenues	• Local comparables
Expense Escalation Rate	• Annual expense cost increase	• Industry benchmarks, local comparables
Terminal Capitalization Rate	• Rate used to value the project at the assumed reversion (end of the analysis period)	• Industry benchmarks, local comparables
Cost of Sale	• Costs associated with disposition at the assumed reversion (end of the analysis period)	• Industry benchmarks, local comparables

METHODOLOGY

Financial Returns Analysis

SB Friedman prepares independent projections of Project financial returns. Returns are evaluated with and without requested public assistance and are compared to market-appropriate, risk-adjusted rates of return to evaluate the Project's need for assistance.

Benchmark return ranges are based on industry sources, information obtained from active developers and equity providers, and SB Friedman's past experience.

For projects with multiple land uses, SB Friedman establishes a range of market-appropriate, risk-adjusted rates of return by land use, which are then weighted in aggregate to each land use's percentage of stabilized net operating income.

UNLEVERAGED RETURNS		LEVERAGED RETURNS	
UNLEVERAGED INTERNAL RATE OF RETURN (IRR)	STABILIZED YIELD ON COST	LEVERAGED INTERNAL RATE OF RETURN (IRR)	STABILIZED CASH ON CASH RETURN
This is the rate of return or discount rate for a Project, accounting for initial expenditures to construct the Project (total Project costs) and ongoing cash inflows (annual net operating income [NOI] before debt service), as well as a hypothetical sale of the Project at the end of the analysis period.	This metric is calculated by dividing NOI before debt service in the first year of stabilized operations by total Project costs and is an indicator of the annual overall return on investment for the Project's financing structure. Stabilized yield on cost calculations include only investment properties, and therefore excludes any for-sale product.	This is the annualized rate of return the Project's equity investors would be Projected to realize over their full investment period, including an assumed hypothetical sale of the Project at the end of the analysis period.	This metric indicates the annual cash return to equity investors once the Project reaches stabilization and is calculated by dividing net cash flow (after debt service) in the first year of stabilized operations by the total initial equity investment. Stabilized cash-on-cash calculations only include investment properties, excluding for-sale residential.

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DETAILED SOURCES & USES

Development Budget & Financing Assumptions

Uses/Development Costs	Developer Budget	SBF Adjusted Budget $	% of TDC	$/GSF	$/Unit	$/Land SF
Acquisition Costs						
Land	$1,400,000	$1,400,000				
Total Acquisition Costs	**$1,400,000**	**$1,400,000**	4.7%	$8	$6,635	$1
Hard Construction Costs						
Construction Contract	$23,620,000	$23,620,000				
Hard Cost Contingency	$1,181,000.00	$1,181,000				
Total Hard Construction Costs	**$24,801,000**	**$24,801,000**	82.6%	$134	$117,540	
Soft Costs						
A&E	$944,800	$944,800				
Permits & Fees	$250,000	$250,000				
Survey	$10,000	$10,000				
Market Study	$5,000	$5,000				
Appraisal	$5,000	$5,000				
Marketing	$25,000	$25,000				
RE Taxes	$75,000	$75,000				
Professional Fees	$75,000	$75,000				
Soft Cost Contingency	$69,490	$69,490				
Total Soft Costs	**$1,459,290**	**$1,459,290**	4.9%	$8	$6,916	
Financing Costs						
Loan Fees	$165,621	$165,621				
Construction Interest	$714,242	$714,242				
Financing Cost Contingency	$43,993	$43,993				
Total Financing Costs	**$923,857**	**$923,857**	3.1%	$5	$4,378	
Developer Fees						
Developer Fees	$1,181,000	$1,096,980				
Total Developer Fees	**$1,181,000**	**$1,096,980**	3.7%	$6	$5,199	
Reserves and Other Costs						
Working Capital Reserve	$331,243	$331,243				
Affordable Housing Fee In-Lieu		$0				
Total Reserves and Other Costs	**$331,243**	**$331,243**	1.1%	$2	$1,570	
TOTAL DEVELOPMENT COSTS (before STECM)	**$30,096,390**	**$30,012,370**	100.0%	$162	$142,239	
Less STECM Adjustment	$877,955	$877,955				
TOTAL DEVELOPMENT COSTS (with STECM)	**$29,218,434**	**$29,134,414**		$158	$138,078	

Source: Revive Capital Development, LLC, SB Friedman

RETURNS WITHOUT ASSISTANCE

Assumes Developer receives no public assistance

			STABILIZATION								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
NO ASSISTANCE	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Development Sources											
Conventional Debt	-$16,562,140										
Cash Equity	-$13,450,230										
Net Operating Income		$1,510,768	$1,547,750	$1,578,705	$1,617,180	$1,649,524	$1,689,554	$1,723,345	$1,764,993	$1,800,292	$1,843,622
Payout of Capital Reserves		$331,243									
Reversion Proceeds (Year 10)											$28,062,768
TOTAL		**$1,842,011**	**$1,547,750**	**$1,578,705**	**$1,617,180**	**$1,649,524**	**$1,689,554**	**$1,723,345**	**$1,764,993**	**$1,800,292**	**$29,906,390**
Development Uses											
Debt Service		$1,161,847	$1,161,847	$1,161,847	$1,161,847	$1,161,847	$1,161,847	$1,161,847	$1,161,847	$1,161,847	$1,161,847
Debt Repayment (Year 10)											$12,243,475
Equity Distribution		$680,164	$385,902	$416,857	$455,333	$487,677	$527,707	$561,498	$603,145	$638,445	$16,501,067
TOTAL		**$1,842,011**	**$1,547,750**	**$1,578,705**	**$1,617,180**	**$1,649,524**	**$1,689,554**	**$1,723,345**	**$1,764,993**	**$1,800,292**	**$29,906,390**
Debt Coverage Ratio		1.59	1.33	1.36	1.39	1.42	1.45	1.48	1.52	1.55	1.59
Unleveraged Cash Flow - No Assistance											
Total Project Costs	-$30,012,370										
Net Operating Income		$1,510,768	$1,547,750	$1,578,705	$1,617,180	$1,649,524	$1,689,554	$1,723,345	$1,764,993	$1,800,292	$1,843,622
Reversion Proceeds (Year 10)											$28,062,768
TOTAL	**-$30,012,370**	**$1,510,768**	**$1,547,750**	**$1,578,705**	**$1,617,180**	**$1,649,524**	**$1,689,554**	**$1,723,345**	**$1,764,993**	**$1,800,292**	**$29,906,390**
Annual Yield on Cost		5.0%	5.2%	5.3%	5.4%	5.5%	5.6%	5.7%	5.9%	6.0%	6.1%
Unleveraged IRR	5.0%										

Source: Revive Capital Development, LLC, SB Friedman

RETURNS WITH FULL REQUESTED ASSISTANCE

Assumes Developer receives STECM & 10 years of 75% property tax abatement

			STABILIZATION								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
FULL ASSISTANCE	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Development Sources											
Conventional Debt	-$16,077,646										
Cash Equity	-$13,056,769										
Net Operating Income		$1,510,768	$1,547,750	$1,578,705	$1,617,180	$1,649,524	$1,689,554	$1,723,345	$1,764,993	$1,800,292	$1,843,622
Payout of Capital Reserves		$331,243	$0								
Savings from Property Tax Assistance		$231,260	$231,260	$236,335	$236,335	$241,511	$241,511	$246,790	$246,790	$252,176	$252,176
Reversion Proceeds (Year 10)											$28,062,768
TOTAL		**$2,073,271**	**$1,779,010**	**$1,815,039**	**$1,853,515**	**$1,891,035**	**$1,931,065**	**$1,970,136**	**$2,011,783**	**$2,052,468**	**$30,158,566**
Development Uses											
Debt Service		$1,127,860	$1,127,860	$1,127,860	$1,127,860	$1,127,860	$1,127,860	$1,127,860	$1,127,860	$1,127,860	$1,127,860
Debt Repayment (Year 10)											$11,885,315
Equity Distribution		$945,411	$651,150	$687,180	$725,655	$763,175	$803,205	$842,276	$883,923	$924,608	$17,145,391
TOTAL		**$2,073,271**	**$1,779,010**	**$1,815,039**	**$1,853,515**	**$1,891,035**	**$1,931,065**	**$1,970,136**	**$2,011,783**	**$2,052,468**	**$30,158,566**
Debt Coverage Ratio		1.84	1.58	1.61	1.64	1.68	1.71	1.75	1.78	1.82	1.86
Unleveraged Cash Flow - Full Assistance											
Total Project Costs	-$29,134,414										
Net Operating Income		$1,510,768	$1,547,750	$1,578,705	$1,617,180	$1,649,524	$1,689,554	$1,723,345	$1,764,993	$1,800,292	$1,843,622
Savings from Property Tax Assistance		$231,260	$231,260	$236,335	$236,335	$241,511	$241,511	$246,790	$246,790	$252,176	$252,176
Reversion Proceeds (Year 10)											$28,062,768
TOTAL	**-$29,134,414**	**$1,742,028**	**$1,779,010**	**$1,815,039**	**$1,853,515**	**$1,891,035**	**$1,931,065**	**$1,970,136**	**$2,011,783**	**$2,052,468**	**$30,158,566**
Annual Yield on Cost		**6.0%**	**6.1%**	**6.2%**	**6.4%**	**6.5%**	**6.6%**	**6.8%**	**6.9%**	**7.0%**	**7.2%**
Unleveraged IRR	**6.2%**										

Source: Revive Capital Development, LLC, SB Friedman

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ESTIMATED VALUE OF ABATEMENT – FULL REQUEST

Assumes Developer receives STECM & 10 years of 75% property tax abatement

Abatement Year	Calendar Year	Property Taxes Before Abatement	Recommended Abatement %	Property Taxes After Abatement	Estimated Abatement Benefit to Project
1	2023	$338,313	75.0%	$107,053	$231,260
2	2024	$338,313	75.0%	$107,053	$231,260
3	2025	$345,079	75.0%	$108,745	$236,335
4	2026	$345,079	75.0%	$108,745	$236,335
5	2027	$351,981	75.0%	$110,470	$241,511
6	2028	$351,981	75.0%	$110,470	$241,511
7	2029	$359,021	75.0%	$112,230	$246,790
8	2030	$359,021	75.0%	$112,230	$246,790
9	2031	$366,201	75.0%	$114,025	$252,176
10	2032	$366,201	75.0%	$114,025	$252,176
11	2033	$373,525	0.0%	$373,525	$0
12	2034	$380,996	0.0%	$380,996	$0
13	2035	$388,615	0.0%	$388,615	$0
14	2036	$396,388	0.0%	$396,388	$0
15	2037	$404,316	0.0%	$404,316	$0
16	2038	$412,402	0.0%	$412,402	$0
17	2039	$420,650	0.0%	$420,650	$0
18	2040	$429,063	0.0%	$429,063	$0
19	2041	$437,644	0.0%	$437,644	$0
20	2042	$446,397	0.0%	$446,397	$0
21	2043	$455,325	0.0%	$455,325	$0
22	2044	$464,431	0.0%	$464,431	$0
23	2045	$473,720	0.0%	$473,720	$0
24	2046	$483,194	0.0%	$483,194	$0
25	2047	$492,858	0.0%	$492,858	$0
Total, Years 1-25 (Undisc		**$9,980,715**		**$7,564,572**	**$2,416,143**

Years 1-10	**$3,521,190**		**$1,105,048**	**$2,416,143**
Years 11-25	**$6,459,524**		**$6,459,524**	**$0**

Source: Revive Capital Development, LLC, SB Friedman

INCOME-RESTRICTED AFFORDABLE HOUSING

Set-Aside Analysis Inputs

Income Limits Household Size	2023 MFI	2023 100% MFI	30% MFI	70% MFI
1	$60,300	$60,300	$18,000	$42,200
2	$68,000	$68,000	$20,400	$47,600
3	$77,300	$77,300	$23,100	$54,100
4	$87,000	$87,000	$26,100	$60,900

[1] Assumes 3.0% escalation from 2020 HUD Income Limits

2023 Max Rents Household Size	2023 100% MFI	30% MFI	70% MFI
1 Studios	$1,510	$450	$1,060
2 1-bedrooms	$1,700	$510	$1,190
3 2-bedrooms	$1,940	$580	$1,360
4 3-bedrooms	$2,180	$660	$1,530

2023 Max Rents, Net of Utilities Household Size	2023 100% MFI	30% MFI	70% MFI
1 Studios	$1,420	$360	$970
2 1-bedrooms	$1,600	$410	$1,090
3 2-bedrooms	$1,810	$450	$1,230
4 3-bedrooms	$2,020	$500	$1,370

Monthly Apartment Rental Income		100% Market Rate	80% Market Rate	10% at 70% MFI	10% at 30% MFI
Studios	74	$58,761	$47,009	$7,178	$2,664
1-bedrooms	99	$108,679	$86,943	$10,791	$4,059
2-bedrooms	38	$53,145	$42,516	$4,674	$1,710
3-bedrooms	0	$0	$0	$0	$0
Total	211	$220,585	$176,468	$22,643	$8,433
Rent/RSF		**$1.54**			**$1.45**

FEE IN LIEU PAYMENT		
Total Units		211
20% Income-Restricted Requirement		43
TDC per Unit		$142,239
Required Premium	110%	$156,463
Fee in Lieu Payment		**$6,727,891**

[1] Based on 2020 Maximum Household Incomes, as reported by HUD

- Maximum Affordable Rents are calculated by multiplying the Maximum Household Income at each MFI threshold by 30% (assuming that spending 30% of one's annual income on housing is affordable) and dividing by 12 months.
- Maximum Affordable Rents by unit size are based on a household size of 1 for studios, 2 for 1BR units, 3 for 2BR units, and 4 for 3BR units.
- Maximum Affordable Rents are adjusted to account for utilities using the 2020 HUD Utility Allowance Schedules
- Maximum Household Incomes, Maximum Affordable Rents, and Utility Allowance Schedules were inflated to 2023 dollars using a 3% annual inflation factor based on previous guidance from the City of Kansas City

Source: Revive Capital Development, LLC, City of Kansas City, HUD, SB Friedman

Source: EDCKC, Revive Capital Development, LLC, SB Friedman, US Department of Housing and Urban Development