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# **Portland Inclusionary Housing Study**

## **Internal Rate of Return Analysis -- Draft Results**

**10/7/16**

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**Table 1**  
**Results of IRR Analysis**  
**Rental Housing Prototypes: Middle Scenario**  
**Portland Inclusionary Housing Analysis**

Prototype:	MU1	MU 2	MU 3	MU 4	MU 5	CC 3 FAR	CC 6 FAR	CC 9 FAR	CC 12 FAR
Density Bonus Prototypes:			MU2 w/ DB		MU4 w/ DB		3 FAR w/ DB	6 FAR w/ DB	9 FAR/ DB
<b>Zone</b>	<b>CM1</b>	<b>CM2</b>	<b>CM2</b>	<b>CM3</b>	<b>CM3</b>	<b>CX</b>	<b>CX</b>	<b>CX</b>	<b>RX</b>
<b>FAR</b>	<b>1.5</b>	<b>2.5</b>	<b>4.0</b>	<b>3.0</b>	<b>5.0</b>	<b>3.0</b>	<b>6.0</b>	<b>9.0</b>	<b>12.0</b>
<b>Construction Type</b>	<b>Wood</b>	<b>Wood</b>	<b>Podium</b>	<b>Podium</b>	<b>Podium</b>	<b>Podium</b>	<b>Podium</b>	<b>S/C</b>	<b>S/C</b>
Site Area (SF)	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Residential Units	20	64	106	78	143	82	171	261	352
Residential Net SF	11,400	36,300	60,600	44,550	81,450	46,650	97,500	148,800	200,550
Building Efficiency Ratio	80%	80%	80%	80%	85%	85%	85%	85%	85%
Residential Gross SF	14,179	45,375	75,750	55,688	95,824	54,882	114,706	175,059	235,941
Total Net SF	12,393	39,700	64,000	47,950	85,063	50,900	101,750	153,050	203,950
Approximate Building Stories	3	4	6	5	7	3	6	9	15
<b>Incentives Modeled</b>									
<b>Mandatory: 20% at 80% AMI</b>									
Property Tax Exemption	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	All Units	All Units	All Units
CET Exemption	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units
<b>Optional: 10% at 60% AMI</b>									
Property Tax Exemption	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	All Units	All Units	All Units
CET Exemption	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units
SDC Waivers	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units
<b>Internal Rate of Return</b>									
Market Rate	15%	14%	16%	13%	15%	18%	14%	10%	11%
20% at 80% AMI With Incentives	13%	12%	13%	11%	12%	15%	14%	9%	17%
10% at 60% AMI With Incentives	13%	12%	14%	11%	13%	16%	16%	11%	19%

**Table 2**  
**Assumptions for IRR Analysis**  
**Rental Housing Prototypes: Middle Scenario**  
**Portland Inclusionary Housing Analysis**

Table: FAR Zone	Mixed Use Zones					Central City Zones			
	Table 3 1.5 CM1	Table 4 2.5 CM2	Table 5 4.0 CM2	Table 6 3.0 CM3	Table 7 5.0 CM3	Table 8 3.0 CX	Table 9 6.0 CX	Table 10 9.0 CX	Table 11 12.0 RX
Prototype:	MU1	MU 2	MU 3	MU 4	MU 5	CC 3:1	CC 6:1	CC 9:1	CC7
Density Bonus Prototypes:			MU2 w DB		MU4 w DB		CC3:1 w DB	CC6:1 w DB	CC9:1 w DB
<i>Tenure</i>	<i>Rental</i>	<i>Rental</i>	<i>Rental</i>	<i>Rental</i>	<i>Rental</i>	<i>Rental</i>	<i>Rental</i>	<i>Rental</i>	0
Site Area (SF)	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Residential Units	20	64	106	78	143	82	171	261	352
Residential Net SF	11,400	36,300	60,600	44,550	81,450	46,650	97,500	148,800	200,550
Building Efficiency Ratio	80%	80%	80%	80%	85%	85%	85%	85%	1
Residential Gross SF	14,179	45,375	75,750	55,688	95,824	54,882	114,706	175,059	235,941
Total Net SF	12,393	39,700	64,000	47,950	85,063	50,900	101,750	153,050	203,950
Approximate Building Stories	3	4	6	5	7	3	6	9	15
<b>Development Assumptions</b>									
Construction/Stabilization Period (Months)	18	18	24	24	24	24	24	36	36
Vacancy Rate, Year 1	10%	10%	10%	10%	10%	10%	10%	10%	10%
Stabilized Vacancy	5%	5%	5%	5%	5%	5%	5%	5%	5%
Value of SDC Waivers on All Units	\$306,460	\$978,392	\$1,617,968	\$1,191,584	\$2,181,404	\$1,114,654	\$2,320,337	\$3,539,567	\$4,772,344
Value of CET Exemption on All Units	\$12,159	\$38,718	\$73,956	\$54,369	\$99,402	\$56,932	\$118,989	\$210,418	\$306,561
Assumed Land Cost Per SF	\$65	\$80	\$80	\$118	\$118	\$100	\$200	\$200	\$200
Assumed Land Cost Total	\$650,000	\$1,600,000	\$1,600,000	\$2,360,000	\$2,360,000	\$2,000,000	\$4,000,000	\$4,000,000	\$4,000,000
TDC Excluding Land, Before Incentives	\$2,448,810	\$8,520,330	\$16,902,795	\$12,932,010	\$24,561,810	\$11,783,720	\$27,921,080	\$58,866,520	\$78,550,280
<b>TDC Including Land, Before Incentives</b>	<b>\$3,098,810</b>	<b>\$10,120,330</b>	<b>\$18,502,795</b>	<b>\$15,292,010</b>	<b>\$26,921,810</b>	<b>\$13,783,720</b>	<b>\$31,921,080</b>	<b>\$62,866,520</b>	<b>\$82,550,280</b>
<b>Incentives for Mandatory 20% at 80%</b>									
Property Tax Exemption	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	All Units	All Units	All Units
CET Exemption Percentage	20%	20%	20%	20%	20%	20%	20%	20%	20%
CET Exemption	(\$2,432)	(\$7,744)	(\$14,791)	(\$10,874)	(\$19,880)	(\$11,386)	(\$23,798)	(\$42,084)	(\$61,312)
<b>TDC Including Land, With Incentives</b>	<b>\$3,096,378</b>	<b>\$10,112,586</b>	<b>\$18,488,004</b>	<b>\$15,281,136</b>	<b>\$26,901,930</b>	<b>\$13,772,334</b>	<b>\$31,897,282</b>	<b>\$62,824,436</b>	<b>\$82,488,968</b>
<b>Incentives for Option 10% at 60%</b>									
Property Tax Exemption	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	Afford. Units	All Units	All Units	All Units
CET Exemption Percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
CET Exemption	(\$1,216)	(\$3,872)	(\$7,396)	(\$5,437)	(\$9,940)	(\$5,693)	(\$11,899)	(\$21,042)	(\$30,656)
SDC Waivers Percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
SDC Waivers	(\$30,646)	(\$97,839)	(\$161,797)	(\$119,158)	(\$218,140)	(\$111,465)	(\$232,034)	(\$353,957)	(\$477,234)
<b>TDC Including Land, With Incentives</b>	<b>\$3,066,948</b>	<b>\$10,018,619</b>	<b>\$18,333,603</b>	<b>\$15,167,415</b>	<b>\$26,693,729</b>	<b>\$13,666,561</b>	<b>\$31,677,147</b>	<b>\$62,491,521</b>	<b>\$82,042,390</b>
<b>Financing/Sale Assumptions</b>									
Debt Coverage Ratio	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Interest Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Amortization Term (Years)	30	30	30	30	30	30	30	30	30
Exit Cap Rate for Sale in Year 15	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%

Source: DRA.

**Table 3**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**CM1 Zone (Prototype MU1)**  
**Middle Cost Scenario**

Total Housing Units	20
FAR	1.50
Site Area (SF)	10,000

	Assumption	Annual Esc.	Operations																	
			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>100% Market Rate</b>																				
Annual Gross Rents	\$2.50/SF/Mo	3%			\$342,000	\$352,260	\$362,828	\$373,713	\$384,924	\$396,472	\$408,366	\$420,617	\$433,235	\$446,232	\$459,619	\$473,408	\$487,610	\$502,239	\$517,306	
Less: Vacancy	5%				(\$17,100)	(\$17,613)	(\$18,141)	(\$18,686)	(\$19,246)	(\$19,824)	(\$20,418)	(\$21,031)	(\$21,662)	(\$22,312)	(\$22,981)	(\$23,670)	(\$24,381)	(\$25,112)	(\$25,865)	
Plus: Parking Income	\$85/Space/Mo	3%			\$6,732	\$6,934	\$7,142	\$7,356	\$7,577	\$7,804	\$8,038	\$8,280	\$8,528	\$8,784	\$9,047	\$9,319	\$9,598	\$9,886	\$10,183	
Plus: Misc. Income	\$120/Unit/Yr	3%			\$2,400	\$2,472	\$2,546	\$2,623	\$2,701	\$2,782	\$2,866	\$2,952	\$3,040	\$3,131	\$3,225	\$3,322	\$3,422	\$3,524	\$3,630	
Plus: Retail Income	\$23.00/SF/Yr	3%			\$22,834	\$23,519	\$24,225	\$24,951	\$25,700	\$26,471	\$27,265	\$28,083	\$28,925	\$29,793	\$30,687	\$31,607	\$32,556	\$33,532	\$34,538	
Less: Retail Vacancy	15%				(\$3,425)	(\$3,528)	(\$3,634)	(\$3,743)	(\$3,855)	(\$3,971)	(\$4,090)	(\$4,212)	(\$4,339)	(\$4,469)	(\$4,603)	(\$4,741)	(\$4,883)	(\$5,030)	(\$5,181)	
Less: Apartment Operating Costs	\$7000/Unit/Yr	3%			(\$140,000)	(\$144,200)	(\$148,526)	(\$152,982)	(\$157,571)	(\$162,298)	(\$167,167)	(\$172,182)	(\$177,348)	(\$182,668)	(\$188,148)	(\$193,793)	(\$199,607)	(\$205,595)	(\$211,763)	
Less: Retail Operating Costs	\$10.00/SF/Yr	3%			(\$9,928)	(\$10,226)	(\$10,532)	(\$10,848)	(\$11,174)	(\$11,509)	(\$11,854)	(\$12,210)	(\$12,576)	(\$12,954)	(\$13,342)	(\$13,742)	(\$14,155)	(\$14,579)	(\$15,017)	
<b>Net Operating Income</b>					<b>\$203,513</b>	<b>\$209,618</b>	<b>\$215,907</b>	<b>\$222,384</b>	<b>\$229,056</b>	<b>\$235,927</b>	<b>\$243,005</b>	<b>\$250,295</b>	<b>\$257,804</b>	<b>\$265,538</b>	<b>\$273,505</b>	<b>\$281,710</b>	<b>\$290,161</b>	<b>\$298,866</b>	<b>\$307,832</b>	
Total Debt/Annual Debt Service	\$1,991,282				(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	(\$135,675)	
Capitalized Value (Sales Price) in Year 15		IRR																	\$5,353,595	
Equity Invest./Return on Equity	\$1,107,528	15%	(\$369,176)	(\$369,176)	(\$369,176)	\$67,838	\$73,943	\$80,232	\$86,709	\$93,380	\$100,252	\$107,330	\$114,620	\$122,129	\$129,863	\$137,829	\$146,034	\$154,486	\$163,190	\$5,525,752
Total Development Cost	\$3,098,810																			
<b>MANDATORY: 20% @ 80% MFI</b>		Annual Esc.																		
Annual Gross Rents, Market Rate Units		3%			\$279,000	\$287,370	\$295,991	\$304,871	\$314,017	\$323,437	\$333,141	\$343,135	\$353,429	\$364,032	\$374,953	\$386,201	\$397,787	\$409,721	\$422,013	
Annual Gross Rents, Inclusionary Units		2%			\$47,256	\$48,201	\$49,165	\$50,148	\$51,151	\$52,174	\$53,218	\$54,282	\$55,368	\$56,475	\$57,605	\$58,757	\$59,932	\$61,131	\$62,353	
Less: Vacancy, Market Rate Units	5%				(\$13,950)	(\$14,369)	(\$14,800)	(\$15,244)	(\$15,701)	(\$16,172)	(\$16,657)	(\$17,157)	(\$17,671)	(\$18,202)	(\$18,748)	(\$19,310)	(\$19,889)	(\$20,486)	(\$21,101)	
Less: Vacancy, Inclusionary Units	3%				(\$1,418)	(\$1,446)	(\$1,475)	(\$1,504)	(\$1,535)	(\$1,567)	(\$1,597)	(\$1,628)	(\$1,661)	(\$1,694)	(\$1,728)	(\$1,763)	(\$1,798)	(\$1,834)	(\$1,871)	
Plus: Parking Income, Market Rate Spaces		3%			\$4,692	\$4,833	\$4,978	\$5,127	\$5,281	\$5,439	\$5,602	\$5,771	\$5,944	\$6,122	\$6,306	\$6,495	\$6,690	\$6,890	\$7,097	
Plus: Misc. Income		3%			\$2,400	\$2,472	\$2,546	\$2,623	\$2,701	\$2,782	\$2,866	\$2,952	\$3,040	\$3,131	\$3,225	\$3,322	\$3,422	\$3,524	\$3,630	
Plus: Retail Income		3%			\$22,834	\$23,519	\$24,225	\$24,951	\$25,700	\$26,471	\$27,265	\$28,083	\$28,925	\$29,793	\$30,687	\$31,607	\$32,556	\$33,532	\$34,538	
Plus: Savings from PTE on Affordable Units		3%			\$6,353	\$6,543	\$6,739	\$6,942	\$7,150	\$7,364	\$7,585	\$7,813	\$8,047	\$8,289	\$0	\$0	\$0	\$0	\$0	
Less: Retail Vacancy	15%				(\$3,425)	(\$3,528)	(\$3,634)	(\$3,743)	(\$3,855)	(\$3,971)	(\$4,090)	(\$4,212)	(\$4,339)	(\$4,469)	(\$4,603)	(\$4,741)	(\$4,883)	(\$5,030)	(\$5,181)	
Less: Apartment Operating Costs		3%			(\$140,000)	(\$144,200)	(\$148,526)	(\$152,982)	(\$157,571)	(\$162,298)	(\$167,167)	(\$172,182)	(\$177,348)	(\$182,668)	(\$188,148)	(\$193,793)	(\$199,607)	(\$205,595)	(\$211,763)	
Less: Retail Operating Costs		3%			(\$9,928)	(\$10,226)	(\$10,532)	(\$10,848)	(\$11,174)	(\$11,509)	(\$11,854)	(\$12,210)	(\$12,576)	(\$12,954)	(\$13,342)	(\$13,742)	(\$14,155)	(\$14,579)	(\$15,017)	
<b>Net Operating Income</b>					<b>\$193,814</b>	<b>\$199,170</b>	<b>\$204,677</b>	<b>\$210,341</b>	<b>\$216,165</b>	<b>\$222,153</b>	<b>\$228,312</b>	<b>\$234,645</b>	<b>\$241,158</b>	<b>\$247,856</b>	<b>\$246,206</b>	<b>\$253,034</b>	<b>\$260,055</b>	<b>\$267,275</b>	<b>\$274,700</b>	
Total Debt/Annual Debt Service	\$1,896,380				(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	(\$129,209)	
Capitalized Value (Sales Price) in Year 15		IRR																	\$4,777,396	
Equity Invest./Return on Equity	\$1,199,998	13%	(\$399,999)	(\$399,999)	(\$399,999)	\$64,605	\$69,961	\$75,468	\$81,132	\$86,955	\$92,944	\$99,103	\$105,436	\$111,949	\$118,646	\$116,997	\$123,824	\$130,845	\$138,066	\$4,922,887
Total Development Cost	\$3,096,378																			
<b>OPTION: 10% @ 60% MFI</b>		Annual Esc.																		
Annual Gross Rents, Market Rate Units		3%			\$310,500	\$319,815	\$329,409	\$339,292	\$349,470	\$359,955	\$370,753	\$381,876	\$393,332	\$405,132	\$417,286	\$429,805	\$442,699	\$455,980	\$469,659	
Annual Gross Rents, Inclusionary Units		2%			\$17,256	\$17,601	\$17,953	\$18,312	\$18,678	\$19,052	\$19,433	\$19,822	\$20,218	\$20,623	\$21,035	\$21,456	\$21,885	\$22,322	\$22,769	
Less: Vacancy, Market Rate Units	5%				(\$15,525)	(\$15,991)	(\$16,470)	(\$16,965)	(\$17,474)	(\$17,998)	(\$18,538)	(\$19,094)	(\$19,667)	(\$20,257)	(\$20,864)	(\$21,490)	(\$22,135)	(\$22,799)	(\$23,483)	
Less: Vacancy, Inclusionary Units	3%				(\$518)	(\$528)	(\$539)	(\$549)	(\$560)	(\$572)	(\$583)	(\$595)	(\$607)	(\$619)	(\$631)	(\$644)	(\$657)	(\$670)	(\$683)	
Plus: Parking Income, Market Rate Spaces		3%			\$5,712	\$5,883	\$6,060	\$6,242	\$6,429	\$6,622	\$6,820	\$7,025	\$7,236	\$7,453	\$7,676	\$7,907	\$8,144	\$8,388	\$8,640	
Plus: Misc. Income		3%			\$2,400	\$2,472	\$2,546	\$2,623	\$2,701	\$2,782	\$2,866	\$2,952	\$3,040	\$3,131	\$3,225	\$3,322	\$3,422	\$3,524	\$3,630	
Plus: Retail Income		3%			\$22,834	\$23,519	\$24,225	\$24,951	\$25,700	\$26,471	\$27,265	\$28,083	\$28,925	\$29,793	\$30,687	\$31,607	\$32,556	\$33,532	\$34,538	
Plus: Savings from PTE on Affordable Units		3%			\$3,209	\$3,305	\$3,405	\$3,507	\$3,612	\$3,720	\$3,832	\$3,947	\$4,065	\$4,187	\$0	\$0	\$0	\$0	\$0	
Less: Retail Vacancy	15%				(\$3,425)	(\$3,528)	(\$3,634)	(\$3,743)	(\$3,855)	(\$3,971)	(\$4,090)	(\$4,212)	(\$4,339)	(\$4,469)	(\$4,603)	(\$4,741)	(\$4,883)	(\$5,030)	(\$5,181)	
Less: Apartment Operating Costs		3%			(\$140,000)	(\$144,200)	(\$148,526)	(\$152,982)	(\$157,571)	(\$162,298)	(\$167,167)	(\$172,182)	(\$177,348)	(\$182,668)	(\$188,148)	(\$193,793)	(\$199,607)	(\$205,595)	(\$211,763)	
Less: Retail Operating Costs		3%			(\$9,928)	(\$10,226)	(\$10,532)	(\$10,848)	(\$11,174)	(\$11,509)	(\$11,854)	(\$12,210)	(\$12,576)	(\$12,954)	(\$13,342)	(\$13,742)	(\$14,155)	(\$14,579)	(\$15,017)	
<b>Net Operating Income</b>					<b>\$192,516</b>	<b>\$198,124</b>	<b>\$203,897</b>	<b>\$209,839</b>	<b>\$215,957</b>	<b>\$222,254</b>	<b>\$228,737</b>	<b>\$235,411</b>	<b>\$242,281</b>	<b>\$249,353</b>	<b>\$252,321</b>	<b>\$259,687</b>	<b>\$267,269</b>	<b>\$275,075</b>	<b>\$283,111</b>	
Total Debt/Annual Debt Service	\$1,883,677				(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	(\$128,344)	
Capitalized Value (Sales Price) in Year 15		IRR																	\$4,923,661	
Equity Invest./Return on Equity	\$1,183,272	13%	(\$394,424)	(\$394,424)	(\$394,424)	\$64,172	\$69,780	\$75,553	\$81,496	\$87,613	\$93,911	\$100,394	\$107,067	\$113,937	\$121,010	\$123,977	\$131,343	\$138,925	\$146,731	\$5,078,428
Total Development Cost	\$3,066,948																			

Source: DRA

**Table 4**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**CM2 Zone (Prototype MU2)**  
**Middle Cost Scenario**

Total Housing Units	64
FAR	2.50
Site Area (SF)	20,000

			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>100% Market Rate</b>	<i>Assumption</i>	<i>Annual Esc.</i>																		
Annual Gross Rents	\$2.50/SF/Mo	3%				\$1,089,000	\$1,121,670	\$1,155,320	\$1,189,980	\$1,225,679	\$1,262,449	\$1,300,323	\$1,339,333	\$1,379,513	\$1,420,898	\$1,463,525	\$1,507,431	\$1,552,654	\$1,599,233	\$1,647,210
Less: Vacancy	5%					(\$54,450)	(\$56,084)	(\$57,766)	(\$59,499)	(\$61,284)	(\$63,122)	(\$65,016)	(\$66,967)	(\$68,976)	(\$71,045)	(\$73,176)	(\$75,372)	(\$77,633)	(\$79,962)	(\$82,361)
Plus: Parking Income	\$85/Space/Mo	3%				\$21,542	\$22,189	\$22,854	\$23,540	\$24,246	\$24,974	\$25,723	\$26,494	\$27,289	\$28,108	\$28,951	\$29,820	\$30,714	\$31,636	\$32,585
Plus: Misc. Income	\$120.00/Unit/Yr	3%				\$7,680	\$7,910	\$8,148	\$8,392	\$8,644	\$8,903	\$9,170	\$9,445	\$9,729	\$10,021	\$10,321	\$10,631	\$10,950	\$11,278	\$11,617
Plus: Retail Income	\$23.00/SF/Yr	3%				\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285
Less: Retail Vacancy	15%					(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)
Less: Apartment Operating Costs	\$7000/Unit/Yr	3%				(\$448,000)	(\$461,440)	(\$475,283)	(\$489,542)	(\$504,228)	(\$519,355)	(\$534,935)	(\$550,983)	(\$567,513)	(\$584,538)	(\$602,075)	(\$620,137)	(\$638,741)	(\$657,903)	(\$677,640)
Less: Retail Operating Costs	\$10.00/SF/Yr	3%				(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)
<b>Net Operating Income</b>						<b>\$648,242</b>	<b>\$667,690</b>	<b>\$687,720</b>	<b>\$708,352</b>	<b>\$729,603</b>	<b>\$751,491</b>	<b>\$774,035</b>	<b>\$797,256</b>	<b>\$821,174</b>	<b>\$845,809</b>	<b>\$871,184</b>	<b>\$897,319</b>	<b>\$924,239</b>	<b>\$951,966</b>	<b>\$980,525</b>
Total Debt/Annual Debt Service	\$6,342,755					(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)	(\$432,162)
Capitalized Value (Sales Price) in Year 15		<i>IRR</i>																		\$17,052,605
Equity Invest./Return on Equity	\$3,777,575	14%				\$216,081	\$235,528	\$255,559	\$276,190	\$297,441	\$319,329	\$341,874	\$365,095	\$389,012	\$413,648	\$439,022	\$465,157	\$492,077	\$519,804	\$17,600,968
Total Development Cost	\$10,120,330																			
<b>MANDATORY: 20% @ 80% MFI</b>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units	3%					\$886,500	\$913,095	\$940,488	\$968,702	\$997,764	\$1,027,696	\$1,058,527	\$1,090,283	\$1,122,992	\$1,156,681	\$1,191,382	\$1,227,123	\$1,263,937	\$1,301,855	\$1,340,911
Annual Gross Rents, Inclusionary Units	2%					\$144,744	\$147,639	\$150,592	\$153,603	\$156,676	\$159,809	\$163,005	\$166,265	\$169,591	\$172,982	\$176,442	\$179,971	\$183,570	\$187,242	\$190,987
Less: Vacancy, Market Rate Units	5%					(\$44,325)	(\$45,655)	(\$47,024)	(\$48,435)	(\$49,888)	(\$51,385)	(\$52,926)	(\$54,514)	(\$56,150)	(\$57,834)	(\$59,569)	(\$61,356)	(\$63,197)	(\$65,093)	(\$67,046)
Less: Vacancy, Inclusionary Units	3%					(\$4,342)	(\$4,429)	(\$4,518)	(\$4,608)	(\$4,700)	(\$4,794)	(\$4,890)	(\$4,988)	(\$5,088)	(\$5,189)	(\$5,293)	(\$5,399)	(\$5,507)	(\$5,617)	(\$5,730)
Plus: Parking Income, Market Rate Spaces	3%					\$16,442	\$16,936	\$17,444	\$17,967	\$18,506	\$19,061	\$19,633	\$20,222	\$20,829	\$21,454	\$22,097	\$22,760	\$23,443	\$24,146	\$24,871
Plus: Misc. Income	3%					\$7,680	\$7,910	\$8,148	\$8,392	\$8,644	\$8,903	\$9,170	\$9,445	\$9,729	\$10,021	\$10,321	\$10,631	\$10,950	\$11,278	\$11,617
Plus: Retail Income	3%					\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285
Plus: Savings from PTE on Affordable Units	3%					\$19,941	\$20,539	\$21,156	\$21,790	\$22,444	\$23,117	\$23,811	\$24,525	\$25,261	\$26,019	\$0	\$0	\$0	\$0	\$0
Less: Retail Vacancy	15%					(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)
Less: Apartment Operating Costs	3%					(\$448,000)	(\$461,440)	(\$475,283)	(\$489,542)	(\$504,228)	(\$519,355)	(\$534,935)	(\$550,983)	(\$567,513)	(\$584,538)	(\$602,075)	(\$620,137)	(\$638,741)	(\$657,903)	(\$677,640)
Less: Retail Operating Costs	3%					(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)
<b>Net Operating Income</b>						<b>\$611,110</b>	<b>\$628,040</b>	<b>\$645,449</b>	<b>\$663,351</b>	<b>\$681,762</b>	<b>\$700,695</b>	<b>\$720,166</b>	<b>\$740,190</b>	<b>\$760,783</b>	<b>\$781,961</b>	<b>\$776,943</b>	<b>\$798,539</b>	<b>\$820,750</b>	<b>\$843,592</b>	<b>\$867,083</b>
Total Debt/Annual Debt Service	\$5,979,435					(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)	(\$407,407)
Capitalized Value (Sales Price) in Year 15		<i>IRR</i>																		\$15,079,707
Equity Invest./Return on Equity	\$4,133,152	12%				\$203,703	\$220,633	\$238,042	\$255,945	\$274,355	\$293,288	\$312,759	\$332,783	\$353,376	\$374,554	\$396,336	\$418,722	\$441,714	\$465,314	\$15,539,384
Total Development Cost	\$10,112,586																			
<b>OPTION: 10% @ 60% MFI</b>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units	3%					\$967,500	\$996,525	\$1,026,421	\$1,057,213	\$1,088,930	\$1,121,598	\$1,155,246	\$1,189,903	\$1,225,600	\$1,262,368	\$1,300,239	\$1,339,246	\$1,379,424	\$1,420,806	\$1,463,431
Annual Gross Rents, Inclusionary Units	2%					\$62,304	\$63,550	\$64,821	\$66,118	\$67,440	\$68,789	\$70,164	\$71,568	\$72,999	\$74,459	\$75,948	\$77,467	\$79,017	\$80,597	\$82,209
Less: Vacancy, Market Rate Units	5%					(\$48,375)	(\$49,826)	(\$51,321)	(\$52,861)	(\$54,446)	(\$56,080)	(\$57,762)	(\$59,495)	(\$61,280)	(\$63,118)	(\$65,012)	(\$66,962)	(\$68,971)	(\$71,040)	(\$73,172)
Less: Vacancy, Inclusionary Units	3%					(\$1,869)	(\$1,907)	(\$1,945)	(\$1,984)	(\$2,023)	(\$2,064)	(\$2,105)	(\$2,147)	(\$2,190)	(\$2,234)	(\$2,278)	(\$2,324)	(\$2,370)	(\$2,418)	(\$2,466)
Plus: Parking Income, Market Rate Spaces	3%					\$18,482	\$19,037	\$19,608	\$20,196	\$20,802	\$21,426	\$22,069	\$22,731	\$23,413	\$24,115	\$24,839	\$25,584	\$26,351	\$27,142	\$27,956
Plus: Misc. Income	3%					\$7,680	\$7,910	\$8,148	\$8,392	\$8,644	\$8,903	\$9,170	\$9,445	\$9,729	\$10,021	\$10,321	\$10,631	\$10,950	\$11,278	\$11,617
Plus: Retail Income	3%					\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285
Plus: Savings from PTE on Affordable Units	3%					\$9,953	\$10,252	\$10,559	\$10,876	\$11,202	\$11,538	\$11,885	\$12,241	\$12,608	\$12,987	\$0	\$0	\$0	\$0	\$0
Less: Retail Vacancy	15%					(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)
Less: Apartment Operating Costs	3%					(\$448,000)	(\$461,440)	(\$475,283)	(\$489,542)	(\$504,228)	(\$519,355)	(\$534,935)	(\$550,983)	(\$567,513)	(\$584,538)	(\$602,075)	(\$620,137)	(\$638,741)	(\$657,903)	(\$677,640)
Less: Retail Operating Costs	3%					(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)
<b>Net Operating Income</b>						<b>\$600,145</b>	<b>\$617,545</b>	<b>\$635,455</b>	<b>\$653,890</b>	<b>\$672,866</b>	<b>\$692,397</b>	<b>\$712,502</b>	<b>\$733,197</b>	<b>\$754,498</b>	<b>\$776,425</b>	<b>\$785,619</b>	<b>\$808,451</b>	<b>\$831,953</b>	<b>\$856,146</b>	<b>\$881,048</b>
Total Debt/Annual Debt Service	\$5,872,149					(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)	(\$400,097)
Capitalized Value (Sales Price) in Year 15		<i>IRR</i>																		\$15,322,576
Equity Invest./Return on Equity	\$4,146,470	12%				\$200,048	\$217,448	\$235,358	\$253,793	\$272,769	\$292,300	\$312,405	\$333,100	\$354,401	\$376,328	\$398,882	\$422,057	\$445,852	\$470,276	\$15,803,528
Total Development Cost	\$10,018,619																			

Source: DRA

**Table 5**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**CM2 Zone (Prototype MU3)**  
**Middle Cost Scenario**

Total Housing Units	106
FAR	4.00
Site Area (SF)	20,000

			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>100% Market Rate</b>	<i>Assumption</i>	<i>Annual Esc.</i>																		
Annual Gross Rents	\$2.75/SF/Mo	3%																		
Less: Vacancy	5%																			
Plus: Parking Income	\$150/Space/Mo	3%																		
Plus: Misc. Income	\$120/Unit/Yr	3%																		
Plus: Retail Income	\$23.00/SF/Yr	3%																		
Less: Retail Vacancy	15%																			
Less: Apartment Operating Costs	\$7000/Unit/Yr	3%																		
Less: Retail Operating Costs	\$10.00/SF/Yr	3%																		
<b>Net Operating Income</b>			<b>\$1,265,964</b>	<b>\$1,303,943</b>	<b>\$1,343,061</b>	<b>\$1,383,353</b>	<b>\$1,424,854</b>	<b>\$1,467,599</b>	<b>\$1,511,627</b>	<b>\$1,556,976</b>	<b>\$1,603,685</b>	<b>\$1,651,796</b>	<b>\$1,701,350</b>	<b>\$1,752,390</b>	<b>\$1,804,962</b>	<b>\$1,859,111</b>	<b>\$1,914,884</b>			
<b>Total Debt/Annual Debt Service</b>																				
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																		
<b>Equity Invest./Return on Equity</b>		<b>16%</b>	<b>(\$2,038,639)</b>	<b>(\$2,038,639)</b>	<b>(\$2,038,639)</b>	\$421,988	\$459,967	\$499,085	\$539,377	\$580,878	\$623,623	\$667,651	\$713,000	\$759,709	\$807,820	\$857,374	\$908,414	\$960,986	\$1,015,135	\$34,373,241
<b>Total Development Cost</b>			<b>\$18,502,795</b>																	
<b>MANDATORY: 20% @ 80% MFI</b>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units	3%																			
Annual Gross Rents, Inclusionary Units	2%																			
Less: Vacancy, Market Rate Units	5%																			
Less: Vacancy, Inclusionary Units	3%																			
Plus: Parking Income, Market Rate Spaces	3%																			
Plus: Misc. Income	3%																			
Plus: Retail Income	3%																			
Plus: Savings from PTE on Affordable Units	3%																			
Less: Retail Vacancy	15%																			
Less: Apartment Operating Costs	3%																			
Less: Retail Operating Costs	3%																			
<b>Net Operating Income</b>			<b>\$1,603,800</b>	<b>\$1,651,914</b>	<b>\$1,701,471</b>	<b>\$1,752,516</b>	<b>\$1,805,091</b>	<b>\$1,859,244</b>	<b>\$1,915,021</b>	<b>\$1,972,472</b>	<b>\$2,031,646</b>	<b>\$2,092,595</b>	<b>\$2,155,373</b>	<b>\$2,220,034</b>	<b>\$2,286,635</b>	<b>\$2,355,234</b>	<b>\$2,425,891</b>			
<b>Total Debt/Annual Debt Service</b>																				
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																		
<b>Equity Invest./Return on Equity</b>		<b>13%</b>	<b>(\$2,382,208)</b>	<b>(\$2,382,208)</b>	<b>(\$2,382,208)</b>	\$386,371	\$418,677	\$451,903	\$486,075	\$521,221	\$557,370	\$594,549	\$632,789	\$672,121	\$712,576	\$702,008	\$743,243	\$785,654	\$829,277	\$28,641,524
<b>Total Development Cost</b>			<b>\$18,488,004</b>																	
<b>OPTION: 10% @ 60% MFI</b>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units	3%																			
Annual Gross Rents, Inclusionary Units	2%																			
Less: Vacancy, Market Rate Units	5%																			
Less: Vacancy, Inclusionary Units	3%																			
Plus: Parking Income, Market Rate Spaces	3%																			
Plus: Misc. Income	3%																			
Plus: Retail Income	3%																			
Plus: Savings from PTE on Affordable Units	3%																			
Less: Retail Vacancy	15%																			
Less: Apartment Operating Costs	3%																			
Less: Retail Operating Costs	3%																			
<b>Net Operating Income</b>			<b>\$1,811,700</b>	<b>\$1,866,051</b>	<b>\$1,922,033</b>	<b>\$1,979,694</b>	<b>\$2,039,084</b>	<b>\$2,100,257</b>	<b>\$2,163,265</b>	<b>\$2,228,162</b>	<b>\$2,295,007</b>	<b>\$2,363,858</b>	<b>\$2,434,773</b>	<b>\$2,507,817</b>	<b>\$2,583,051</b>	<b>\$2,660,543</b>	<b>\$2,740,359</b>			
<b>Total Debt/Annual Debt Service</b>																				
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																		
<b>Equity Invest./Return on Equity</b>		<b>14%</b>	<b>(\$2,242,970)</b>	<b>(\$2,242,970)</b>	<b>(\$2,242,970)</b>	\$395,341	\$430,064	\$465,812	\$502,615	\$540,504	\$579,512	\$619,671	\$661,017	\$703,583	\$747,406	\$765,343	\$810,979	\$857,963	\$906,335	\$30,379,449
<b>Total Development Cost</b>			<b>\$18,333,603</b>																	

Source: DRA

**Table 6**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**CM3 Zone (Prototype MU4)**  
**Middle Cost Scenario**

Total Housing Units	78
FAR	3.00
Site Area (SF)	20,000

		Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
<b>100% Market Rate</b>	<i>Assumption Annual Esc.</i>																			
Annual Gross Rents	\$2.75/SF/Mo 3%				\$1,470,150	\$1,514,255	\$1,559,682	\$1,606,473	\$1,654,667	\$1,704,307	\$1,755,436	\$1,808,099	\$1,862,342	\$1,918,212	\$1,975,759	\$2,035,031	\$2,096,082	\$2,158,965	\$2,223,734	
Less: Vacancy	5%				(\$73,508)	(\$75,713)	(\$77,984)	(\$80,324)	(\$82,733)	(\$85,215)	(\$87,772)	(\$90,405)	(\$93,117)	(\$95,911)	(\$98,788)	(\$101,752)	(\$104,804)	(\$107,948)	(\$111,187)	
Plus: Parking Income	\$150/Space/Mo 3%				\$46,332	\$47,722	\$49,154	\$50,628	\$52,147	\$53,711	\$55,323	\$56,983	\$58,692	\$60,453	\$62,266	\$64,134	\$66,058	\$68,040	\$70,081	
Plus: Misc. Income	\$120/Unit/Yr 3%				\$9,360	\$9,641	\$9,930	\$10,228	\$10,535	\$10,851	\$11,176	\$11,512	\$11,857	\$12,213	\$12,579	\$12,956	\$13,345	\$13,745	\$14,158	
Plus: Retail Income	\$23.00/SF/Yr 3%				\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285	
Less: Retail Vacancy	15%				(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)	
Less: Apartment Operating Costs	\$7000/Unit/Yr 3%				(\$546,000)	(\$562,380)	(\$579,251)	(\$596,629)	(\$614,528)	(\$632,964)	(\$651,953)	(\$671,511)	(\$691,656)	(\$712,406)	(\$733,778)	(\$755,792)	(\$778,465)	(\$801,819)	(\$825,874)	
Less: Retail Operating Costs	\$10.00/SF/Yr 3%				(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)	
<b>Net Operating Income</b>					<b>\$938,805</b>	<b>\$966,969</b>	<b>\$995,978</b>	<b>\$1,025,857</b>	<b>\$1,056,633</b>	<b>\$1,088,332</b>	<b>\$1,120,982</b>	<b>\$1,154,611</b>	<b>\$1,189,249</b>	<b>\$1,224,927</b>	<b>\$1,261,675</b>	<b>\$1,299,525</b>	<b>\$1,338,511</b>	<b>\$1,378,666</b>	<b>\$1,420,026</b>	
<b>Total Debt/Annual Debt Service</b>	\$9,185,772				(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	(\$625,870)	
<b>Capitalized Value (Sales Price) in Year 15</b>	IRR																		\$24,696,105	
<b>Equity Invest./Return on Equity</b>	\$6,106,238 13%	<b>(\$2,035,413)</b>	<b>(\$2,035,413)</b>	<b>(\$2,035,413)</b>	\$312,935	\$341,099	\$370,108	\$399,987	\$430,763	\$462,462	\$495,112	\$528,741	\$563,380	\$599,057	\$635,805	\$673,655	\$712,641	\$752,796	\$25,490,261	
<b>Total Development Cost</b>	<b>\$15,292,010</b>																			
<b>MANDATORY: 20% @ 80% MFI</b>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units	3%				\$1,163,250	\$1,198,148	\$1,234,092	\$1,271,115	\$1,309,248	\$1,348,526	\$1,388,981	\$1,430,651	\$1,473,570	\$1,517,777	\$1,563,311	\$1,610,210	\$1,658,516	\$1,708,272	\$1,759,520	
Annual Gross Rents, Inclusionary Units	2%				\$194,976	\$198,876	\$202,853	\$206,910	\$211,048	\$215,269	\$219,575	\$223,966	\$228,445	\$233,014	\$237,675	\$242,428	\$247,277	\$252,222	\$257,267	
Less: Vacancy, Market Rate Units	5%				(\$58,163)	(\$59,907)	(\$61,705)	(\$63,556)	(\$65,462)	(\$67,426)	(\$69,449)	(\$71,533)	(\$73,679)	(\$75,889)	(\$78,166)	(\$80,511)	(\$82,926)	(\$85,414)	(\$87,976)	
Less: Vacancy, Inclusionary Units	3%				(\$5,849)	(\$5,966)	(\$6,086)	(\$6,207)	(\$6,331)	(\$6,458)	(\$6,587)	(\$6,719)	(\$6,853)	(\$6,990)	(\$7,130)	(\$7,273)	(\$7,418)	(\$7,567)	(\$7,718)	
Plus: Parking Income, Market Rate Spaces	3%				\$33,732	\$34,744	\$35,786	\$36,860	\$37,966	\$39,105	\$40,278	\$41,486	\$42,731	\$44,013	\$45,333	\$46,693	\$48,094	\$49,537	\$51,023	
Plus: Misc. Income	3%				\$9,360	\$9,641	\$9,930	\$10,228	\$10,535	\$10,851	\$11,176	\$11,512	\$11,857	\$12,213	\$12,579	\$12,956	\$13,345	\$13,745	\$14,158	
Plus: Retail Income	3%				\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285	
Plus: Savings from PTE on Affordable Units	3%				\$28,243	\$29,091	\$29,964	\$30,862	\$31,788	\$32,742	\$33,724	\$34,736	\$35,778	\$36,851	\$0	\$0	\$0	\$0	\$0	\$0
Less: Retail Vacancy	15%				(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)	
Less: Apartment Operating Costs	3%				(\$546,000)	(\$562,380)	(\$579,251)	(\$596,629)	(\$614,528)	(\$632,964)	(\$651,953)	(\$671,511)	(\$691,656)	(\$712,406)	(\$733,778)	(\$755,792)	(\$778,465)	(\$801,819)	(\$825,874)	
Less: Retail Operating Costs	3%				(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)	
<b>Net Operating Income</b>					<b>\$852,020</b>	<b>\$875,689</b>	<b>\$900,031</b>	<b>\$925,064</b>	<b>\$950,809</b>	<b>\$977,286</b>	<b>\$1,004,516</b>	<b>\$1,032,522</b>	<b>\$1,061,325</b>	<b>\$1,090,949</b>	<b>\$1,083,460</b>	<b>\$1,113,659</b>	<b>\$1,144,717</b>	<b>\$1,176,660</b>	<b>\$1,209,513</b>	
<b>Total Debt/Annual Debt Service</b>	\$8,336,623				(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	(\$568,013)	
<b>Capitalized Value (Sales Price) in Year 15</b>	IRR																		\$21,035,009	
<b>Equity Invest./Return on Equity</b>	\$6,944,513 11%	<b>(\$2,314,838)</b>	<b>(\$2,314,838)</b>	<b>(\$2,314,838)</b>	\$284,007	\$307,676	\$332,017	\$357,051	\$382,796	\$409,273	\$436,503	\$464,509	\$493,312	\$522,936	\$515,447	\$545,646	\$576,704	\$608,647	\$21,676,509	
<b>Total Development Cost</b>	<b>\$15,281,136</b>																			
<b>OPTION: 10% @ 60% MFI</b>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units	3%				\$1,316,700	\$1,356,201	\$1,396,887	\$1,438,794	\$1,481,957	\$1,526,416	\$1,572,209	\$1,619,375	\$1,667,956	\$1,717,995	\$1,769,535	\$1,822,621	\$1,877,299	\$1,933,618	\$1,991,627	
Annual Gross Rents, Inclusionary Units	2%				\$71,124	\$72,546	\$73,997	\$75,477	\$76,987	\$78,527	\$80,097	\$81,699	\$83,333	\$85,000	\$86,700	\$88,434	\$90,202	\$92,006	\$93,847	
Less: Vacancy, Market Rate Units	5%				(\$65,835)	(\$67,810)	(\$69,844)	(\$71,940)	(\$74,098)	(\$76,321)	(\$78,610)	(\$80,969)	(\$83,398)	(\$85,900)	(\$88,477)	(\$91,131)	(\$93,865)	(\$96,681)	(\$99,581)	
Less: Vacancy, Inclusionary Units	3%				(\$2,134)	(\$2,176)	(\$2,220)	(\$2,264)	(\$2,310)	(\$2,356)	(\$2,403)	(\$2,451)	(\$2,500)	(\$2,550)	(\$2,601)	(\$2,653)	(\$2,706)	(\$2,760)	(\$2,815)	
Plus: Parking Income, Market Rate Spaces	3%				\$40,932	\$42,160	\$43,425	\$44,728	\$46,069	\$47,451	\$48,875	\$50,341	\$51,851	\$53,407	\$55,009	\$56,659	\$58,359	\$60,110	\$61,913	
Plus: Misc. Income	3%				\$9,360	\$9,641	\$9,930	\$10,228	\$10,535	\$10,851	\$11,176	\$11,512	\$11,857	\$12,213	\$12,579	\$12,956	\$13,345	\$13,745	\$14,158	
Plus: Retail Income	3%				\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285	
Plus: Savings from PTE on Affordable Units	3%				\$14,708	\$15,149	\$15,604	\$16,072	\$16,554	\$17,050	\$17,562	\$18,089	\$18,631	\$19,190	\$0	\$0	\$0	\$0	\$0	\$0
Less: Retail Vacancy	15%				(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)	
Less: Apartment Operating Costs	3%				(\$546,000)	(\$562,380)	(\$579,251)	(\$596,629)	(\$614,528)	(\$632,964)	(\$651,953)	(\$671,511)	(\$691,656)	(\$712,406)	(\$733,778)	(\$755,792)	(\$778,465)	(\$801,819)	(\$825,874)	
Less: Retail Operating Costs	3%				(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)	
<b>Net Operating Income</b>					<b>\$871,325</b>	<b>\$896,775</b>	<b>\$922,975</b>	<b>\$949,946</b>	<b>\$977,712</b>	<b>\$1,006,297</b>	<b>\$1,035,724</b>	<b>\$1,066,019</b>	<b>\$1,097,207</b>	<b>\$1,129,315</b>	<b>\$1,142,604</b>	<b>\$1,176,041</b>	<b>\$1,210,464</b>	<b>\$1,245,903</b>	<b>\$1,282,388</b>	
<b>Total Debt/Annual Debt Service</b>	\$8,525,517				(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	(\$580,883)	
<b>Capitalized Value (Sales Price) in Year 15</b>	IRR																		\$22,302,395	
<b>Equity Invest./Return on Equity</b>	\$6,641,897 11%	<b>(\$2,213,966)</b>	<b>(\$2,213,966)</b>	<b>(\$2,213,966)</b>	\$290,442	\$315,892	\$342,091	\$369,063	\$396,829	\$425,413	\$454,841	\$485,135	\$516,323	\$548,431	\$561,720	\$595,157	\$629,581	\$665,020	\$23,003,899	
<b>Total Development Cost</b>	<b>\$15,167,415</b>																			

Source: DRA

**Table 7**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**CM3 Zone (Prototype MU5)**  
**Middle Cost Scenario**

Total Housing Units	143
FAR	5.00
Site Area (SF)	20,000

			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15		
<b>100% Market Rate</b>	<i>Assumption</i>	<i>Annual Esc.</i>																				
Annual Gross Rents	\$3.00/SF/Mo	3%			\$2,932,200	\$3,020,166	\$3,110,771	\$3,204,094	\$3,300,217	\$3,399,223	\$3,501,200	\$3,606,236	\$3,714,423	\$3,825,856	\$3,940,632	\$4,058,851	\$4,180,616	\$4,306,035	\$4,435,216			
Less: Vacancy	5%				(\$146,610)	(\$151,008)	(\$155,539)	(\$160,205)	(\$165,011)	(\$169,961)	(\$175,060)	(\$180,312)	(\$185,721)	(\$191,293)	(\$197,032)	(\$202,943)	(\$209,031)	(\$215,302)	(\$221,761)			
Plus: Parking Income	\$200/Space/Yr	3%			\$113,256	\$116,654	\$120,153	\$123,758	\$127,471	\$131,295	\$135,234	\$139,291	\$143,469	\$147,773	\$152,207	\$156,773	\$161,476	\$166,320	\$171,310			
Plus: Misc. Income	\$120/Unit/Yr	3%			\$17,160	\$17,675	\$18,205	\$18,751	\$19,314	\$19,893	\$20,490	\$21,105	\$21,738	\$22,390	\$23,062	\$23,753	\$24,466	\$25,200	\$25,956			
Plus: Retail Income	\$23.00/SF/Yr	3%			\$83,088	\$85,580	\$88,148	\$90,792	\$93,516	\$96,321	\$99,211	\$102,187	\$105,253	\$108,410	\$111,663	\$115,013	\$118,463	\$122,017	\$125,677			
Less: Retail Vacancy	15%				(\$12,463)	(\$12,837)	(\$13,222)	(\$13,619)	(\$14,027)	(\$14,448)	(\$14,882)	(\$15,328)	(\$15,788)	(\$16,262)	(\$16,749)	(\$17,252)	(\$17,769)	(\$18,303)	(\$18,852)			
Less: Apartment Operating Costs	\$8000/Unit/Yr	3%			(\$1,144,000)	(\$1,178,320)	(\$1,213,670)	(\$1,250,080)	(\$1,287,582)	(\$1,326,210)	(\$1,365,996)	(\$1,406,976)	(\$1,449,185)	(\$1,492,661)	(\$1,537,440)	(\$1,583,564)	(\$1,631,070)	(\$1,680,003)	(\$1,730,403)			
Less: Retail Operating Costs	\$10.00/SF/Yr	3%			(\$36,125)	(\$37,209)	(\$38,325)	(\$39,475)	(\$40,659)	(\$41,879)	(\$43,135)	(\$44,429)	(\$45,762)	(\$47,135)	(\$48,549)	(\$50,005)	(\$51,506)	(\$53,051)	(\$54,642)			
<b>Net Operating Income</b>					<b>\$1,806,505</b>	<b>\$1,860,701</b>	<b>\$1,916,522</b>	<b>\$1,974,017</b>	<b>\$2,033,238</b>	<b>\$2,094,235</b>	<b>\$2,157,062</b>	<b>\$2,221,774</b>	<b>\$2,288,427</b>	<b>\$2,357,080</b>	<b>\$2,427,792</b>	<b>\$2,500,626</b>	<b>\$2,575,645</b>	<b>\$2,652,914</b>	<b>\$2,732,501</b>			
<b>Total Debt/Annual Debt Service</b>	<b>\$17,675,828</b>																					
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																				
<b>Equity Invest./Return on Equity</b>	<b>\$9,245,982</b>	<b>15%</b>			<b>(\$3,081,994)</b>	<b>(\$3,081,994)</b>	<b>(\$3,081,994)</b>	\$602,168	\$656,364	\$712,185	\$769,680	\$828,901	\$889,898	\$952,725	\$1,017,437	\$1,084,090	\$1,152,743	\$1,223,455	\$1,296,289	\$1,371,308	\$1,448,577	\$49,049,929
<b>Total Development Cost</b>	<b>\$26,921,810</b>																					
<b>MANDATORY: 20% @ 80% MFI</b>		<i>Annual Esc.</i>																				
Annual Gross Rents, Market Rate Units		3%			\$2,354,400	\$2,425,032	\$2,497,783	\$2,572,716	\$2,649,898	\$2,729,395	\$2,811,277	\$2,895,615	\$2,982,483	\$3,071,958	\$3,164,117	\$3,259,040	\$3,356,811	\$3,457,516	\$3,561,241			
Annual Gross Rents, Inclusionary Units		2%			\$339,720	\$346,514	\$353,445	\$360,514	\$367,724	\$375,078	\$382,580	\$390,231	\$398,036	\$405,997	\$414,117	\$422,399	\$430,847	\$439,464	\$448,253			
Less: Vacancy, Market Rate Units	5%				(\$117,720)	(\$121,252)	(\$124,889)	(\$128,636)	(\$132,495)	(\$136,470)	(\$140,564)	(\$144,781)	(\$149,124)	(\$153,598)	(\$158,206)	(\$162,952)	(\$167,841)	(\$172,876)	(\$178,062)			
Less: Vacancy, Inclusionary Units	3%				(\$10,192)	(\$10,395)	(\$10,603)	(\$10,815)	(\$11,032)	(\$11,252)	(\$11,477)	(\$11,707)	(\$11,941)	(\$12,180)	(\$12,424)	(\$12,672)	(\$12,925)	(\$13,184)	(\$13,448)			
Plus: Parking Income, Market Rate Spaces	3%				\$86,856	\$89,462	\$92,146	\$94,910	\$97,757	\$100,690	\$103,711	\$106,822	\$110,027	\$113,327	\$116,727	\$120,229	\$123,836	\$127,551	\$131,377			
Plus: Misc. Income	3%				\$17,160	\$17,675	\$18,205	\$18,751	\$19,314	\$19,893	\$20,490	\$21,105	\$21,738	\$22,390	\$23,062	\$23,753	\$24,466	\$25,200	\$25,956			
Plus: Retail Income	3%				\$83,088	\$85,580	\$88,148	\$90,792	\$93,516	\$96,321	\$99,211	\$102,187	\$105,253	\$108,410	\$111,663	\$115,013	\$118,463	\$122,017	\$125,677			
Plus: Savings from PTE on Affordable Units	3%				\$54,474	\$56,109	\$57,792	\$59,526	\$61,311	\$63,151	\$65,045	\$66,997	\$69,006	\$71,077	\$0	\$0	\$0	\$0	\$0			
Less: Retail Vacancy	15%				(\$12,463)	(\$12,837)	(\$13,222)	(\$13,619)	(\$14,027)	(\$14,448)	(\$14,882)	(\$15,328)	(\$15,788)	(\$16,262)	(\$16,749)	(\$17,252)	(\$17,769)	(\$18,303)	(\$18,852)			
Less: Apartment Operating Costs	3%				(\$1,144,000)	(\$1,178,320)	(\$1,213,670)	(\$1,250,080)	(\$1,287,582)	(\$1,326,210)	(\$1,365,996)	(\$1,406,976)	(\$1,449,185)	(\$1,492,661)	(\$1,537,440)	(\$1,583,564)	(\$1,631,070)	(\$1,680,003)	(\$1,730,403)			
Less: Retail Operating Costs	3%				(\$36,125)	(\$37,209)	(\$38,325)	(\$39,475)	(\$40,659)	(\$41,879)	(\$43,135)	(\$44,429)	(\$45,762)	(\$47,135)	(\$48,549)	(\$50,005)	(\$51,506)	(\$53,051)	(\$54,642)			
<b>Net Operating Income</b>					<b>\$1,615,198</b>	<b>\$1,660,359</b>	<b>\$1,706,808</b>	<b>\$1,754,584</b>	<b>\$1,803,725</b>	<b>\$1,854,270</b>	<b>\$1,906,259</b>	<b>\$1,959,736</b>	<b>\$2,014,743</b>	<b>\$2,071,324</b>	<b>\$2,056,317</b>	<b>\$2,113,989</b>	<b>\$2,173,312</b>	<b>\$2,234,332</b>	<b>\$2,297,099</b>			
<b>Total Debt/Annual Debt Service</b>	<b>\$15,803,974</b>																					
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																				
<b>Equity Invest./Return on Equity</b>	<b>\$11,097,955</b>	<b>12%</b>			<b>(\$3,699,318)</b>	<b>(\$3,699,318)</b>	<b>(\$3,699,318)</b>	\$538,399	\$583,560	\$630,010	\$677,785	\$726,926	\$777,471	\$829,461	\$882,937	\$937,944	\$994,526	\$979,518	\$1,037,191	\$1,096,513	\$1,157,533	\$39,949,551
<b>Total Development Cost</b>	<b>\$26,901,930</b>																					
<b>OPTION: 10% @ 60% MFI</b>		<i>Annual Esc.</i>																				
Annual Gross Rents, Market Rate Units		3%			\$2,651,400	\$2,730,942	\$2,812,870	\$2,897,256	\$2,984,174	\$3,073,699	\$3,165,910	\$3,260,888	\$3,358,714	\$3,459,476	\$3,563,260	\$3,670,158	\$3,780,262	\$3,893,670	\$4,010,480			
Annual Gross Rents, Inclusionary Units		2%			\$122,892	\$125,350	\$127,857	\$130,414	\$133,022	\$135,683	\$138,396	\$141,164	\$143,988	\$146,867	\$149,805	\$152,801	\$155,857	\$158,974	\$162,153			
Less: Vacancy, Market Rate Units	5%				(\$132,570)	(\$136,547)	(\$140,644)	(\$144,863)	(\$149,209)	(\$153,685)	(\$158,296)	(\$163,044)	(\$167,936)	(\$172,974)	(\$178,163)	(\$183,508)	(\$189,013)	(\$194,684)	(\$200,524)			
Less: Vacancy, Inclusionary Units	3%				(\$3,687)	(\$3,760)	(\$3,836)	(\$3,912)	(\$3,991)	(\$4,070)	(\$4,152)	(\$4,235)	(\$4,320)	(\$4,406)	(\$4,494)	(\$4,584)	(\$4,676)	(\$4,769)	(\$4,865)			
Plus: Parking Income, Market Rate Spaces	3%				\$101,256	\$104,294	\$107,422	\$110,645	\$113,965	\$117,383	\$120,905	\$124,532	\$128,268	\$132,116	\$136,080	\$140,162	\$144,367	\$148,698	\$153,159			
Plus: Misc. Income	3%				\$17,160	\$17,675	\$18,205	\$18,751	\$19,314	\$19,893	\$20,490	\$21,105	\$21,738	\$22,390	\$23,062	\$23,753	\$24,466	\$25,200	\$25,956			
Plus: Retail Income	3%				\$83,088	\$85,580	\$88,148	\$90,792	\$93,516	\$96,321	\$99,211	\$102,187	\$105,253	\$108,410	\$111,663	\$115,013	\$118,463	\$122,017	\$125,677			
Plus: Savings from PTE on Affordable Units	3%				\$28,776	\$29,639	\$30,528	\$31,444	\$32,388	\$33,359	\$34,360	\$35,391	\$36,453	\$37,546	\$0	\$0	\$0	\$0	\$0			
Less: Retail Vacancy	15%				(\$12,463)	(\$12,837)	(\$13,222)	(\$13,619)	(\$14,027)	(\$14,448)	(\$14,882)	(\$15,328)	(\$15,788)	(\$16,262)	(\$16,749)	(\$17,252)	(\$17,769)	(\$18,303)	(\$18,852)			
Less: Apartment Operating Costs	3%				(\$1,144,000)	(\$1,178,320)	(\$1,213,670)	(\$1,250,080)	(\$1,287,582)	(\$1,326,210)	(\$1,365,996)	(\$1,406,976)	(\$1,449,185)	(\$1,492,661)	(\$1,537,440)	(\$1,583,564)	(\$1,631,070)	(\$1,680,003)	(\$1,730,403)			
Less: Retail Operating Costs	3%				(\$36,125)	(\$37,209)	(\$38,325)	(\$39,475)	(\$40,659)	(\$41,879)	(\$43,135)	(\$44,429)	(\$45,762)	(\$47,135)	(\$48,549)	(\$50,005)	(\$51,506)	(\$53,051)	(\$54,642)			
<b>Net Operating Income</b>					<b>\$1,675,727</b>	<b>\$1,724,806</b>	<b>\$1,775,335</b>	<b>\$1,827,354</b>	<b>\$1,880,910</b>	<b>\$1,936,047</b>	<b>\$1,992,812</b>	<b>\$2,051,254</b>	<b>\$2,111,423</b>	<b>\$2,173,369</b>	<b>\$2,198,473</b>	<b>\$2,262,974</b>	<b>\$2,329,381</b>	<b>\$2,397,750</b>	<b>\$2,468,141</b>			
<b>Total Debt/Annual Debt Service</b>	<b>\$16,396,218</b>																					
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																				
<b>Equity Invest./Return on Equity</b>	<b>\$10,297,511</b>	<b>13%</b>			<b>(\$3,432,504)</b>	<b>(\$3,432,504)</b>	<b>(\$3,432,504)</b>	\$558,576	\$607,655	\$658,184	\$710,203	\$763,759	\$818,896	\$875,661	\$934,103	\$994,272	\$1,056,218	\$1,081,321	\$1,145,823	\$1,212,230	\$1,280,599	\$42,924,187
<b>Total Development Cost</b>	<b>\$26,693,729</b>																					

Source: DRA



**Table 8**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**Central City 3 FAR (Prototype CC 3:1)**  
**Middle Cost Scenario**

Total Housing Units	82
FAR	3.00
Site Area (SF)	20,000

			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
<b>100% Market Rate</b>	<i>Assumption</i>	<i>Annual Esc.</i>																			
Annual Gross Rents	\$2.75/SF/Mo	3%			\$1,539,450	\$1,585,634	\$1,633,203	\$1,682,199	\$1,732,665	\$1,784,644	\$1,838,184	\$1,893,329	\$1,950,129	\$2,008,633	\$2,068,892	\$2,130,959	\$2,194,888	\$2,260,734	\$2,328,556		
Less: Vacancy	5%				(\$76,973)	(\$79,282)	(\$81,660)	(\$84,110)	(\$86,633)	(\$89,232)	(\$91,909)	(\$94,666)	(\$97,506)	(\$100,432)	(\$103,445)	(\$106,548)	(\$109,744)	(\$113,037)	(\$116,428)		
Plus: Parking Income	\$150/Space/Mo	3%			\$73,800	\$76,014	\$78,294	\$80,643	\$83,063	\$85,554	\$88,121	\$90,765	\$93,488	\$96,292	\$99,181	\$102,156	\$105,221	\$108,378	\$111,629		
Plus: Misc. Income	\$120/Unit/Yr	3%			\$9,840	\$10,135	\$10,439	\$10,752	\$11,075	\$11,407	\$11,749	\$12,102	\$12,465	\$12,839	\$13,224	\$13,621	\$14,029	\$14,450	\$14,884		
Plus: Retail Income	\$23.00/SF/Yr	3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856		
Less: Retail Vacancy	15%				(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)		
Less: Apartment Operating Costs	\$7000/Unit/Yr	3%			(\$574,000)	(\$591,220)	(\$608,957)	(\$627,225)	(\$646,042)	(\$665,423)	(\$685,386)	(\$705,948)	(\$727,126)	(\$748,940)	(\$771,408)	(\$794,550)	(\$818,387)	(\$842,938)	(\$868,227)		
Less: Retail Operating Costs	\$10.00/SF/Yr	3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)		
<b>Net Operating Income</b>					<b>\$1,012,705</b>	<b>\$1,043,086</b>	<b>\$1,074,379</b>	<b>\$1,106,610</b>	<b>\$1,139,808</b>	<b>\$1,174,003</b>	<b>\$1,209,223</b>	<b>\$1,245,499</b>	<b>\$1,282,864</b>	<b>\$1,321,350</b>	<b>\$1,360,991</b>	<b>\$1,401,821</b>	<b>\$1,443,875</b>	<b>\$1,487,191</b>	<b>\$1,531,807</b>		
<b>Total Debt/Annual Debt Service</b>	<b>\$9,908,855</b>																				
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																		\$26,640,125	
<b>Equity Invest./Return on Equity</b>	<b>\$3,874,865</b>	<b>18%</b>			<b>(\$1,291,622)</b>	<b>(\$1,291,622)</b>	<b>(\$1,291,622)</b>	\$337,568	\$367,949	\$399,242	\$431,473	\$464,672	\$498,866	\$534,086	\$570,363	\$607,728	\$646,214	\$685,854	\$726,684	\$768,739	\$812,055
<b>Total Development Cost</b>	<b>\$13,783,720</b>																				\$27,496,795
<b>MANDATORY: 20% @ 80% MFI</b>	<i>Assumption</i>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units		3%			\$1,217,700	\$1,254,231	\$1,291,858	\$1,330,614	\$1,370,532	\$1,411,648	\$1,453,997	\$1,497,617	\$1,542,546	\$1,588,822	\$1,636,487	\$1,685,582	\$1,736,149	\$1,788,234	\$1,841,881		
Annual Gross Rents, Inclusionary Units		2%			\$206,484	\$210,614	\$214,826	\$219,122	\$223,505	\$227,975	\$232,535	\$237,185	\$241,929	\$246,767	\$251,703	\$256,737	\$261,872	\$267,109	\$272,451		
Less: Vacancy, Market Rate Units	5%				(\$60,885)	(\$62,712)	(\$64,593)	(\$66,531)	(\$68,527)	(\$70,582)	(\$72,700)	(\$74,881)	(\$77,127)	(\$79,441)	(\$81,824)	(\$84,279)	(\$86,807)	(\$89,412)	(\$92,094)		
Less: Vacancy, Inclusionary Units	3%				(\$6,195)	(\$6,318)	(\$6,445)	(\$6,574)	(\$6,705)	(\$6,839)	(\$6,976)	(\$7,116)	(\$7,258)	(\$7,403)	(\$7,551)	(\$7,702)	(\$7,856)	(\$8,013)	(\$8,174)		
Plus: Parking Income, Market Rate Spaces		3%			\$54,000	\$55,620	\$57,289	\$59,007	\$60,777	\$62,601	\$64,479	\$66,413	\$68,406	\$70,458	\$72,571	\$74,749	\$76,991	\$79,301	\$81,680		
Plus: Misc. Income		3%			\$9,840	\$10,135	\$10,439	\$10,752	\$11,075	\$11,407	\$11,749	\$12,102	\$12,465	\$12,839	\$13,224	\$13,621	\$14,029	\$14,450	\$14,884		
Plus: Retail Income		3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856		
Plus: Savings from PTE on Affordable Units		3%			\$32,488	\$33,462	\$34,466	\$35,500	\$36,565	\$37,662	\$38,792	\$39,956	\$41,154	\$42,389	\$0	\$0	\$0	\$0	\$0		
Less: Retail Vacancy	15%				(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)		
Less: Apartment Operating Costs		3%			(\$574,000)	(\$591,220)	(\$608,957)	(\$627,225)	(\$646,042)	(\$665,423)	(\$685,386)	(\$705,948)	(\$727,126)	(\$748,940)	(\$771,408)	(\$794,550)	(\$818,387)	(\$842,938)	(\$868,227)		
Less: Retail Operating Costs		3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)		
<b>Net Operating Income</b>					<b>\$920,020</b>	<b>\$945,617</b>	<b>\$971,943</b>	<b>\$999,017</b>	<b>\$1,026,862</b>	<b>\$1,055,500</b>	<b>\$1,084,954</b>	<b>\$1,115,247</b>	<b>\$1,146,404</b>	<b>\$1,178,449</b>	<b>\$1,167,748</b>	<b>\$1,200,339</b>	<b>\$1,233,859</b>	<b>\$1,268,335</b>	<b>\$1,303,794</b>		
<b>Total Debt/Annual Debt Service</b>	<b>\$9,001,971</b>																				
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																			\$22,674,672
<b>Equity Invest./Return on Equity</b>	<b>\$4,770,362</b>	<b>15%</b>			<b>(\$1,590,121)</b>	<b>(\$1,590,121)</b>	<b>(\$1,590,121)</b>	\$306,673	\$332,271	\$358,596	\$385,671	\$413,516	\$442,154	\$471,608	\$501,901	\$533,057	\$565,103	\$554,402	\$586,993	\$620,513	\$654,988
<b>Total Development Cost</b>	<b>\$13,772,334</b>																				\$23,365,120
<b>OPTION: 10% @ 60% MFI</b>	<i>Assumption</i>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units		3%			\$1,386,000	\$1,427,580	\$1,470,407	\$1,514,520	\$1,559,955	\$1,606,754	\$1,654,956	\$1,704,605	\$1,755,743	\$1,808,416	\$1,862,668	\$1,918,548	\$1,976,105	\$2,035,388	\$2,096,449		
Annual Gross Rents, Inclusionary Units		2%			\$71,124	\$72,546	\$73,997	\$75,477	\$76,987	\$78,527	\$80,097	\$81,699	\$83,333	\$85,000	\$86,700	\$88,434	\$90,202	\$92,006	\$93,847		
Less: Vacancy, Market Rate Units	5%				(\$69,300)	(\$71,379)	(\$73,520)	(\$75,726)	(\$77,998)	(\$80,338)	(\$82,748)	(\$85,230)	(\$87,787)	(\$90,421)	(\$93,133)	(\$95,927)	(\$98,805)	(\$101,769)	(\$104,822)		
Less: Vacancy, Inclusionary Units	3%				(\$2,134)	(\$2,176)	(\$2,220)	(\$2,264)	(\$2,310)	(\$2,356)	(\$2,403)	(\$2,451)	(\$2,500)	(\$2,550)	(\$2,601)	(\$2,653)	(\$2,706)	(\$2,760)	(\$2,815)		
Plus: Parking Income, Market Rate Spaces		3%			\$66,600	\$68,598	\$70,656	\$72,776	\$74,959	\$77,208	\$79,524	\$81,910	\$84,367	\$86,898	\$89,505	\$92,190	\$94,956	\$97,804	\$100,738		
Plus: Misc. Income		3%			\$9,840	\$10,135	\$10,439	\$10,752	\$11,075	\$11,407	\$11,749	\$12,102	\$12,465	\$12,839	\$13,224	\$13,621	\$14,029	\$14,450	\$14,884		
Plus: Retail Income		3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856		
Plus: Savings from PTE on Affordable Units		3%			\$17,034	\$17,545	\$18,071	\$18,613	\$19,172	\$19,747	\$20,339	\$20,949	\$21,578	\$22,225	\$0	\$0	\$0	\$0	\$0		
Less: Retail Vacancy	15%				(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)		
Less: Apartment Operating Costs		3%			(\$574,000)	(\$591,220)	(\$608,957)	(\$627,225)	(\$646,042)	(\$665,423)	(\$685,386)	(\$705,948)	(\$727,126)	(\$748,940)	(\$771,408)	(\$794,550)	(\$818,387)	(\$842,938)	(\$868,227)		
Less: Retail Operating Costs		3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)		
<b>Net Operating Income</b>					<b>\$945,752</b>	<b>\$973,434</b>	<b>\$1,001,933</b>	<b>\$1,031,274</b>	<b>\$1,061,480</b>	<b>\$1,092,577</b>	<b>\$1,124,593</b>	<b>\$1,157,554</b>	<b>\$1,191,488</b>	<b>\$1,226,424</b>	<b>\$1,239,501</b>	<b>\$1,275,845</b>	<b>\$1,313,262</b>	<b>\$1,351,785</b>	<b>\$1,391,446</b>		
<b>Total Debt/Annual Debt Service</b>	<b>\$9,253,746</b>																				
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																			\$24,199,064
<b>Equity Invest./Return on Equity</b>	<b>\$4,412,815</b>	<b>16%</b>			<b>(\$1,470,938)</b>	<b>(\$1,470,938)</b>	<b>(\$1,470,938)</b>	\$315,251	\$342,933	\$371,432	\$400,773	\$430,979	\$462,076	\$494,092	\$527,053	\$560,987	\$595,923	\$609,000	\$645,344	\$682,761	\$721,284
<b>Total Development Cost</b>	<b>\$13,666,561</b>																				\$24,960,009

Source: DRA

**Table 9**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**Central City 6 FAR (Prototype CC 6:1)**  
**Middle Cost Scenario**

Total Housing Units	171
FAR	6.00
Site Area (SF)	20,000

			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
<b>100% Market Rate</b>	<i>Assumption</i>	<i>Annual Esc.</i>																			
Annual Gross Rents	\$2.75/SF/Mo	3%			\$3,217,500	\$3,314,025	\$3,413,446	\$3,515,849	\$3,621,325	\$3,729,964	\$3,841,863	\$3,957,119	\$4,075,833	\$4,198,108	\$4,324,051	\$4,453,772	\$4,587,386	\$4,725,007	\$4,866,757		
Less: Vacancy	5%				(\$160,875)	(\$165,701)	(\$170,672)	(\$175,792)	(\$181,066)	(\$186,498)	(\$192,093)	(\$197,856)	(\$203,792)	(\$209,905)	(\$216,203)	(\$222,689)	(\$229,369)	(\$236,250)	(\$243,338)		
Plus: Parking Income	\$150/Space/Mo	3%			\$153,900	\$158,517	\$163,273	\$168,171	\$173,216	\$178,412	\$183,765	\$189,278	\$194,956	\$200,805	\$206,829	\$213,034	\$219,425	\$226,007	\$232,788		
Plus: Misc. Income	\$120/Unit/Yr	3%			\$20,520	\$21,136	\$21,770	\$22,423	\$23,095	\$23,788	\$24,502	\$25,237	\$25,994	\$26,774	\$27,577	\$28,404	\$29,257	\$30,134	\$31,038		
Plus: Retail Income	\$23.00/SF/Yr	3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856		
Less: Retail Vacancy	15%				(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)		
Less: Apartment Operating Costs	\$7000/Unit/Yr	3%			(\$1,197,000)	(\$1,232,910)	(\$1,269,897)	(\$1,307,994)	(\$1,347,234)	(\$1,387,651)	(\$1,429,281)	(\$1,472,159)	(\$1,516,324)	(\$1,561,814)	(\$1,608,668)	(\$1,656,928)	(\$1,706,636)	(\$1,757,835)	(\$1,810,570)		
Less: Retail Operating Costs	\$10.00/SF/Yr	3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)		
<b>Net Operating Income</b>					<b>\$2,074,633</b>	<b>\$2,136,871</b>	<b>\$2,200,978</b>	<b>\$2,267,007</b>	<b>\$2,335,017</b>	<b>\$2,405,068</b>	<b>\$2,477,220</b>	<b>\$2,551,536</b>	<b>\$2,628,082</b>	<b>\$2,706,925</b>	<b>\$2,788,133</b>	<b>\$2,871,777</b>	<b>\$2,957,930</b>	<b>\$3,046,668</b>	<b>\$3,138,068</b>		
<b>Total Debt/Annual Debt Service</b>					<b>\$21,299,330</b>																
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																			
<b>Equity Invest./Return on Equity</b>		<b>14%</b>	<b>(\$3,873,917)</b>	<b>(\$3,873,917)</b>	<b>(\$3,873,917)</b>	\$691,544	\$753,783	\$817,889	\$883,919	\$951,929	\$1,021,979	\$1,094,131	\$1,168,448	\$1,244,994	\$1,323,837	\$1,405,044	\$1,488,688	\$1,574,842	\$1,663,579	\$56,330,072	
<b>Total Development Cost</b>					<b>\$31,921,080</b>																
<b>MANDATORY: 20% @ 80% MFI</b>	<i>Assumption</i>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units		3%			\$2,583,900	\$2,661,417	\$2,741,260	\$2,823,497	\$2,908,202	\$2,995,448	\$3,085,312	\$3,177,871	\$3,273,207	\$3,371,403	\$3,472,546	\$3,576,722	\$3,684,024	\$3,794,544	\$3,908,381		
Annual Gross Rents, Inclusionary Units		2%			\$410,604	\$418,816	\$427,192	\$435,736	\$444,451	\$453,340	\$462,407	\$471,655	\$481,088	\$490,710	\$500,524	\$510,534	\$520,745	\$531,160	\$541,783		
Less: Vacancy, Market Rate Units	5%				(\$129,195)	(\$133,071)	(\$137,063)	(\$141,175)	(\$145,410)	(\$149,772)	(\$154,266)	(\$158,894)	(\$163,660)	(\$168,570)	(\$173,627)	(\$178,836)	(\$184,201)	(\$189,727)	(\$195,419)		
Less: Vacancy, Inclusionary Units	3%				(\$12,318)	(\$12,564)	(\$12,816)	(\$13,072)	(\$13,334)	(\$13,600)	(\$13,872)	(\$14,150)	(\$14,433)	(\$14,721)	(\$15,016)	(\$15,316)	(\$15,622)	(\$15,935)	(\$16,253)		
Plus: Parking Income, Market Rate Spaces		3%			\$116,100	\$119,583	\$123,170	\$126,866	\$130,672	\$134,592	\$138,629	\$142,788	\$147,072	\$151,484	\$156,029	\$160,710	\$165,531	\$170,497	\$175,612		
Plus: Misc. Income		3%			\$20,520	\$21,136	\$21,770	\$22,423	\$23,095	\$23,788	\$24,502	\$25,237	\$25,994	\$26,774	\$27,577	\$28,404	\$29,257	\$30,134	\$31,038		
Plus: Retail Income		3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856		
Plus: Savings from PTE on All Units		3%			\$343,811	\$354,125	\$364,749	\$375,691	\$386,962	\$398,571	\$410,528	\$422,844	\$435,529	\$448,595	\$0	\$0	\$0	\$0	\$0		
Less: Retail Vacancy	15%				(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)		
Less: Apartment Operating Costs		3%			(\$1,197,000)	(\$1,232,910)	(\$1,269,897)	(\$1,307,994)	(\$1,347,234)	(\$1,387,651)	(\$1,429,281)	(\$1,472,159)	(\$1,516,324)	(\$1,561,814)	(\$1,608,668)	(\$1,656,928)	(\$1,706,636)	(\$1,757,835)	(\$1,810,570)		
Less: Retail Operating Costs		3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)		
<b>Net Operating Income</b>					<b>\$2,177,009</b>	<b>\$2,238,337</b>	<b>\$2,301,424</b>	<b>\$2,366,323</b>	<b>\$2,433,086</b>	<b>\$2,501,768</b>	<b>\$2,572,423</b>	<b>\$2,645,111</b>	<b>\$2,719,889</b>	<b>\$2,796,819</b>	<b>\$2,876,911</b>	<b>\$2,959,625</b>	<b>\$3,045,360</b>	<b>\$3,133,214</b>	<b>\$3,224,288</b>	<b>\$3,318,682</b>	
<b>Total Debt/Annual Debt Service</b>					<b>\$21,301,040</b>																
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																			
<b>Equity Invest./Return on Equity</b>		<b>14%</b>	<b>(\$3,532,081)</b>	<b>(\$3,532,081)</b>	<b>(\$3,532,081)</b>	\$725,670	\$786,997	\$850,085	\$914,984	\$981,747	\$1,050,428	\$1,121,084	\$1,193,771	\$1,268,549	\$1,345,480	\$962,571	\$1,030,133	\$1,099,625	\$1,171,103	\$48,130,949	
<b>Total Development Cost</b>					<b>\$31,897,282</b>																
<b>OPTION: 10% @ 60% MFI</b>	<i>Assumption</i>	<i>Annual Esc.</i>																			
Annual Gross Rents, Market Rate Units		3%			\$2,875,950	\$2,962,229	\$3,051,095	\$3,142,628	\$3,236,907	\$3,334,014	\$3,434,035	\$3,537,056	\$3,643,167	\$3,752,462	\$3,865,036	\$3,980,987	\$4,100,417	\$4,223,430	\$4,350,132		
Annual Gross Rents, Inclusionary Units		2%			\$159,504	\$162,694	\$165,948	\$169,267	\$172,652	\$176,105	\$179,627	\$183,220	\$186,884	\$190,622	\$194,434	\$198,323	\$202,290	\$206,335	\$210,462		
Less: Vacancy, Market Rate Units	5%				(\$143,798)	(\$148,111)	(\$152,555)	(\$157,131)	(\$161,845)	(\$166,701)	(\$171,702)	(\$176,853)	(\$182,158)	(\$187,623)	(\$193,252)	(\$199,049)	(\$205,021)	(\$211,171)	(\$217,507)		
Less: Vacancy, Inclusionary Units	3%				(\$4,785)	(\$4,881)	(\$4,978)	(\$5,078)	(\$5,180)	(\$5,283)	(\$5,389)	(\$5,497)	(\$5,607)	(\$5,719)	(\$5,833)	(\$5,950)	(\$6,069)	(\$6,190)	(\$6,314)		
Plus: Parking Income, Market Rate Spaces		3%			\$135,900	\$139,977	\$144,176	\$148,502	\$152,957	\$157,545	\$162,272	\$167,140	\$172,154	\$177,319	\$182,638	\$188,117	\$193,761	\$199,574	\$205,561		
Plus: Misc. Income		3%			\$20,520	\$21,136	\$21,770	\$22,423	\$23,095	\$23,788	\$24,502	\$25,237	\$25,994	\$26,774	\$27,577	\$28,404	\$29,257	\$30,134	\$31,038		
Plus: Retail Income		3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856		
Plus: Savings from PTE on All Units		3%			\$354,106	\$364,730	\$375,672	\$386,942	\$398,550	\$410,506	\$422,822	\$435,506	\$448,571	\$462,029	\$0	\$0	\$0	\$0	\$0		
Less: Retail Vacancy	15%				(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)		
Less: Apartment Operating Costs		3%			(\$1,197,000)	(\$1,232,910)	(\$1,269,897)	(\$1,307,994)	(\$1,347,234)	(\$1,387,651)	(\$1,429,281)	(\$1,472,159)	(\$1,516,324)	(\$1,561,814)	(\$1,608,668)	(\$1,656,928)	(\$1,706,636)	(\$1,757,835)	(\$1,810,570)		
Less: Retail Operating Costs		3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)		
<b>Net Operating Income</b>					<b>\$2,240,985</b>	<b>\$2,306,668</b>	<b>\$2,374,290</b>	<b>\$2,443,909</b>	<b>\$2,515,584</b>	<b>\$2,589,377</b>	<b>\$2,665,350</b>	<b>\$2,743,568</b>	<b>\$2,824,098</b>	<b>\$2,907,008</b>	<b>\$2,996,480</b>	<b>\$3,092,516</b>	<b>\$3,195,214</b>	<b>\$3,304,682</b>	<b>\$3,421,026</b>	<b>\$3,544,266</b>	
<b>Total Debt/Annual Debt Service</b>					<b>\$21,927,016</b>																
<b>Capitalized Value (Sales Price) in Year 15</b>		<i>IRR</i>																			
<b>Equity Invest./Return on Equity</b>		<b>16%</b>	<b>(\$3,250,044)</b>	<b>(\$3,250,044)</b>	<b>(\$3,250,044)</b>	\$746,995	\$812,677	\$880,299	\$949,918	\$1,021,594	\$1,095,387	\$1,171,360	\$1,249,578	\$1,330,108	\$1,413,018	\$1,022,489	\$1,096,098	\$1,171,877	\$1,249,890	\$50,446,652	
<b>Total Development Cost</b>					<b>\$31,677,147</b>																

Source: DRA

**Table 10**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**Central City 9 FAR (Prototype CC 9:1)**  
**Middle Cost Scenario**

Total Housing Units	261
FAR	9.00
Site Area (SF)	20,000

	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
<b>100% Market Rate</b>	Assumption		Annual Esc.																
Annual Gross Rents	\$3.00/SF/Mo		3%	\$5,356,800	\$5,517,504	\$5,683,029	\$5,853,520	\$6,029,126	\$6,209,999	\$6,396,299	\$6,588,188	\$6,785,834	\$6,989,409	\$7,199,091	\$7,415,064	\$7,637,516	\$7,866,641	\$8,102,641	
Less: Vacancy	5%			(\$267,840)	(\$275,875)	(\$284,151)	(\$292,676)	(\$301,456)	(\$310,500)	(\$319,815)	(\$329,409)	(\$339,292)	(\$349,470)	(\$359,955)	(\$370,753)	(\$381,876)	(\$393,332)	(\$405,132)	
Plus: Parking Income	\$200/Space/Mo		3%	\$313,200	\$322,596	\$332,274	\$342,242	\$352,509	\$363,085	\$373,977	\$385,196	\$396,752	\$408,655	\$420,915	\$433,542	\$446,548	\$459,945	\$473,743	
Plus: Misc. Income	\$120/Unit/Yr		3%	\$31,320	\$32,260	\$33,227	\$34,224	\$35,251	\$36,308	\$37,398	\$38,520	\$39,675	\$40,865	\$42,091	\$43,354	\$44,655	\$45,994	\$47,374	
Plus: Retail Income	\$23.00/SF/Yr		3%	\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856	
Less: Retail Vacancy	15%			(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)	
Less: Apartment Operating Costs	\$8000/Unit/Yr		3%	(\$2,088,000)	(\$2,150,640)	(\$2,215,159)	(\$2,281,614)	(\$2,350,062)	(\$2,420,564)	(\$2,493,181)	(\$2,567,977)	(\$2,645,016)	(\$2,724,366)	(\$2,806,097)	(\$2,890,280)	(\$2,976,989)	(\$3,066,298)	(\$3,158,287)	
Less: Retail Operating Costs	\$10.00/SF/Yr		3%	(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)	
<b>Net Operating Income</b>				<b>\$3,386,068</b>	<b>\$3,487,650</b>	<b>\$3,592,279</b>	<b>\$3,700,047</b>	<b>\$3,811,049</b>	<b>\$3,925,380</b>	<b>\$4,043,142</b>	<b>\$4,164,436</b>	<b>\$4,289,369</b>	<b>\$4,418,050</b>	<b>\$4,550,592</b>	<b>\$4,687,109</b>	<b>\$4,827,723</b>	<b>\$4,972,554</b>	<b>\$5,121,731</b>	
<b>Total Debt/Annual Debt Service</b>				(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	(\$2,257,378)	
<b>Capitalized Value (Sales Price) in Year 15</b>			IRR															\$89,073,581	
<b>Equity Invest./Return on Equity</b>			10%	(\$9,911,800)	(\$9,911,800)	(\$9,911,800)	\$1,128,689	\$1,230,271	\$1,334,901	\$1,442,669	\$1,553,670	\$1,668,002	\$1,785,763	\$1,907,058	\$2,031,991	\$2,160,672	\$2,293,213	\$2,429,731	\$2,570,344
<b>Total Development Cost</b>				<b>\$62,866,520</b>														\$91,937,934	
<b>MANDATORY: 20% @ 80% MFI</b>	Annual Esc.																		
Annual Gross Rents, Market Rate Units	3%			\$4,293,000	\$4,421,790	\$4,554,444	\$4,691,077	\$4,831,809	\$4,976,764	\$5,126,067	\$5,279,849	\$5,438,244	\$5,601,391	\$5,769,433	\$5,942,516	\$6,120,791	\$6,304,415	\$6,493,548	
Annual Gross Rents, Inclusionary Units	2%			\$629,208	\$641,792	\$654,628	\$667,721	\$681,075	\$694,696	\$708,590	\$722,762	\$737,217	\$751,962	\$767,001	\$782,341	\$797,988	\$813,948	\$830,227	
Less: Vacancy, Market Rate Units	5%			(\$214,650)	(\$221,090)	(\$227,722)	(\$234,554)	(\$241,590)	(\$248,838)	(\$256,303)	(\$263,992)	(\$271,912)	(\$280,070)	(\$288,472)	(\$297,126)	(\$306,040)	(\$315,221)	(\$324,677)	
Less: Vacancy, Inclusionary Units	3%			(\$18,876)	(\$19,254)	(\$19,639)	(\$20,032)	(\$20,432)	(\$20,841)	(\$21,258)	(\$21,683)	(\$22,117)	(\$22,559)	(\$23,010)	(\$23,470)	(\$23,940)	(\$24,418)	(\$24,907)	
Plus: Parking Income, Market Rate Spaces	3%			\$236,400	\$243,492	\$250,797	\$258,321	\$266,070	\$274,052	\$282,274	\$290,742	\$299,464	\$308,448	\$317,702	\$327,233	\$337,055	\$347,161	\$357,576	
Plus: Misc. Income	3%			\$31,320	\$32,260	\$33,227	\$34,224	\$35,251	\$36,308	\$37,398	\$38,520	\$39,675	\$40,865	\$42,091	\$43,354	\$44,655	\$45,994	\$47,374	
Plus: Retail Income	3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856	
Plus: Savings from PTE on All Units	3%			\$550,140	\$566,645	\$583,644	\$601,153	\$619,188	\$637,764	\$656,896	\$676,603	\$696,901	\$717,809	\$0	\$0	\$0	\$0	\$0	
Less: Retail Vacancy	15%			(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)	
Less: Apartment Operating Costs	3%			(\$2,088,000)	(\$2,150,640)	(\$2,215,159)	(\$2,281,614)	(\$2,350,062)	(\$2,420,564)	(\$2,493,181)	(\$2,567,977)	(\$2,645,016)	(\$2,724,366)	(\$2,806,097)	(\$2,890,280)	(\$2,976,989)	(\$3,066,298)	(\$3,158,287)	
Less: Retail Operating Costs	3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)	
<b>Net Operating Income</b>				<b>\$3,459,130</b>	<b>\$3,556,800</b>	<b>\$3,657,279</b>	<b>\$3,760,647</b>	<b>\$3,866,990</b>	<b>\$3,976,393</b>	<b>\$4,088,946</b>	<b>\$4,204,742</b>	<b>\$4,323,873</b>	<b>\$4,446,438</b>	<b>\$4,573,194</b>	<b>\$4,704,750</b>	<b>\$4,841,384</b>	<b>\$4,983,185</b>	<b>\$5,130,246</b>	
<b>Total Debt/Annual Debt Service</b>				(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	(\$2,306,086)	
<b>Capitalized Value (Sales Price) in Year 15</b>			IRR															\$74,473,835	
<b>Equity Invest./Return on Equity</b>			9%	(\$9,659,478)	(\$9,659,478)	(\$9,659,478)	\$1,153,043	\$1,250,714	\$1,351,192	\$1,454,561	\$1,560,903	\$1,670,307	\$1,782,860	\$1,898,655	\$2,017,786	\$2,140,352	\$1,527,108	\$1,634,664	\$1,745,298
<b>Total Development Cost</b>				<b>\$62,824,436</b>														\$76,449,994	
<b>OPTION: 10% @ 60% MFI</b>	Annual Esc.																		
Annual Gross Rents, Market Rate Units	3%			\$4,816,800	\$4,961,304	\$5,110,143	\$5,263,447	\$5,421,351	\$5,583,991	\$5,751,511	\$5,924,056	\$6,101,778	\$6,284,831	\$6,473,376	\$6,667,578	\$6,867,605	\$7,073,633	\$7,285,842	
Annual Gross Rents, Inclusionary Units	2%			\$230,628	\$235,241	\$239,945	\$244,744	\$249,639	\$254,632	\$259,725	\$264,919	\$270,217	\$275,622	\$281,134	\$286,757	\$292,492	\$298,342	\$304,309	
Less: Vacancy, Market Rate Units	5%			(\$240,840)	(\$248,065)	(\$255,507)	(\$263,172)	(\$271,068)	(\$279,200)	(\$287,576)	(\$296,203)	(\$305,089)	(\$314,242)	(\$323,669)	(\$333,379)	(\$343,380)	(\$353,682)	(\$364,292)	
Less: Vacancy, Inclusionary Units	3%			(\$6,919)	(\$7,057)	(\$7,198)	(\$7,342)	(\$7,489)	(\$7,639)	(\$7,792)	(\$7,948)	(\$8,107)	(\$8,269)	(\$8,434)	(\$8,603)	(\$8,775)	(\$8,950)	(\$9,129)	
Plus: Parking Income, Market Rate Spaces	3%			\$279,600	\$287,988	\$296,628	\$305,526	\$314,692	\$324,133	\$333,857	\$343,873	\$354,189	\$364,815	\$375,759	\$387,032	\$398,643	\$410,602	\$422,920	
Plus: Misc. Income	3%			\$31,320	\$32,260	\$33,227	\$34,224	\$35,251	\$36,308	\$37,398	\$38,520	\$39,675	\$40,865	\$42,091	\$43,354	\$44,655	\$45,994	\$47,374	
Plus: Retail Income	3%			\$97,750	\$100,683	\$103,703	\$106,814	\$110,018	\$113,319	\$116,719	\$120,220	\$123,827	\$127,542	\$131,368	\$135,309	\$139,368	\$143,549	\$147,856	
Plus: Savings from PTE on All Units	3%			\$579,713	\$597,104	\$615,017	\$633,468	\$652,472	\$672,046	\$692,207	\$712,973	\$734,363	\$756,393	\$0	\$0	\$0	\$0	\$0	
Less: Retail Vacancy	15%			(\$14,663)	(\$15,102)	(\$15,555)	(\$16,022)	(\$16,503)	(\$16,998)	(\$17,508)	(\$18,033)	(\$18,574)	(\$19,131)	(\$19,705)	(\$20,296)	(\$20,905)	(\$21,532)	(\$22,178)	
Less: Apartment Operating Costs	3%			(\$2,088,000)	(\$2,150,640)	(\$2,215,159)	(\$2,281,614)	(\$2,350,062)	(\$2,420,564)	(\$2,493,181)	(\$2,567,977)	(\$2,645,016)	(\$2,724,366)	(\$2,806,097)	(\$2,890,280)	(\$2,976,989)	(\$3,066,298)	(\$3,158,287)	
Less: Retail Operating Costs	3%			(\$42,500)	(\$43,775)	(\$45,088)	(\$46,441)	(\$47,834)	(\$49,269)	(\$50,747)	(\$52,270)	(\$53,838)	(\$55,453)	(\$57,116)	(\$58,830)	(\$60,595)	(\$62,413)	(\$64,285)	
<b>Net Operating Income</b>				<b>\$3,642,889</b>	<b>\$3,749,939</b>	<b>\$3,860,155</b>	<b>\$3,973,632</b>	<b>\$4,090,467</b>	<b>\$4,210,760</b>	<b>\$4,334,613</b>	<b>\$4,462,132</b>	<b>\$4,593,426</b>	<b>\$4,728,608</b>	<b>\$4,868,707</b>	<b>\$4,988,641</b>	<b>\$4,332,119</b>	<b>\$4,459,245</b>	<b>\$4,590,129</b>	
<b>Total Debt/Annual Debt Service</b>				(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	(\$2,428,593)	
<b>Capitalized Value (Sales Price) in Year 15</b>			IRR															\$79,828,328	
<b>Equity Invest./Return on Equity</b>			11%	(\$8,949,172)	(\$8,949,172)	(\$8,949,172)	\$1,214,296	\$1,321,346	\$1,431,562	\$1,545,040	\$1,661,874	\$1,782,167	\$1,906,020	\$2,033,539	\$2,164,833	\$2,300,015	\$1,660,114	\$1,780,048	\$1,903,526
<b>Total Development Cost</b>				<b>\$62,491,521</b>														\$81,989,864	

Source: DRA

**Table 11**  
**Projected Internal Rate of Return**  
**Prototypes With and Without Inclusionary Requirements, Options and Incentives**  
**Central City 12 FAR (Prototype CC7)**  
**Middle Cost Scenario**

Total Housing Units	352
FAR	12.00
Site Area (SF)	20,000

			Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>100% Market Rate</b>	<i>Assumption</i>	<i>Annual Esc.</i>																		
Annual Gross Rents	\$3.00/SF/Mo	3%				\$7,219,800	\$7,436,394	\$7,659,486	\$7,889,270	\$8,125,949	\$8,369,727	\$8,620,819	\$8,879,443	\$9,145,827	\$9,420,201	\$9,702,807	\$9,993,892	\$10,293,708	\$10,602,520	\$10,920,595
Less: Vacancy	5%					(\$360,990)	(\$371,820)	(\$382,974)	(\$394,464)	(\$406,297)	(\$418,486)	(\$431,041)	(\$443,972)	(\$457,291)	(\$471,010)	(\$485,140)	(\$499,695)	(\$514,685)	(\$530,126)	(\$546,030)
Plus: Parking Income	\$200/Space/Mo	3%				\$422,400	\$435,072	\$448,124	\$461,568	\$475,415	\$489,677	\$504,368	\$519,499	\$535,084	\$551,136	\$567,670	\$584,700	\$602,241	\$620,309	\$638,918
Plus: Misc. Income	\$120/Unit/Yr	3%				\$42,240	\$43,507	\$44,812	\$46,157	\$47,541	\$48,968	\$50,437	\$51,950	\$53,508	\$55,114	\$56,767	\$58,470	\$60,224	\$62,031	\$63,892
Plus: Retail Income	\$23.00/SF/Yr	3%				\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285
Less: Retail Vacancy	15%					(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)
Less: Apartment Operating Costs	\$8000/Unit/Yr	3%				(\$2,816,000)	(\$2,900,480)	(\$2,987,494)	(\$3,077,119)	(\$3,169,433)	(\$3,264,516)	(\$3,362,451)	(\$3,463,325)	(\$3,567,225)	(\$3,674,241)	(\$3,784,469)	(\$3,898,003)	(\$4,014,943)	(\$4,135,391)	(\$4,259,453)
Less: Retail Operating Costs	\$10.00/SF/Yr	3%				(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)
<b>Net Operating Income</b>						<b>\$4,539,920</b>	<b>\$4,676,118</b>	<b>\$4,816,401</b>	<b>\$4,960,893</b>	<b>\$5,109,720</b>	<b>\$5,263,012</b>	<b>\$5,420,902</b>	<b>\$5,583,529</b>	<b>\$5,751,035</b>	<b>\$5,923,566</b>	<b>\$6,101,273</b>	<b>\$6,284,311</b>	<b>\$6,472,840</b>	<b>\$6,667,026</b>	<b>\$6,867,036</b>
<b>Total Debt/Annual Debt Service</b>	<b>\$44,421,040</b>																			
<b>Capitalized Value (Sales Price) in Year 15</b>																				\$119,426,719
<b>Equity Invest./Return on Equity</b>	<b>\$38,129,240</b>	<b>11%</b>	<b>(\$12,709,747)</b>	<b>(\$12,709,747)</b>	<b>(\$12,709,747)</b>	\$1,513,307	\$1,649,504	\$1,789,788	\$1,934,280	\$2,083,107	\$2,236,398	\$2,394,289	\$2,556,916	\$2,724,421	\$2,896,953	\$3,074,660	\$3,257,698	\$3,446,227	\$3,640,412	\$3,840,267
<b>Total Development Cost</b>	<b>\$82,550,280</b>																			\$123,267,142
<b>MANDATORY: 20% @ 80% MFI</b>	<i>Annual Esc.</i>	<i>Annual Esc.</i>																		
Annual Gross Rents, Market Rate Units	3%					\$5,783,400	\$5,956,902	\$6,135,609	\$6,319,677	\$6,509,268	\$6,704,546	\$6,905,682	\$7,112,853	\$7,326,238	\$7,546,025	\$7,772,406	\$8,005,578	\$8,245,746	\$8,493,118	\$8,747,911
Annual Gross Rents, Inclusionary Units	2%					\$847,812	\$864,768	\$882,064	\$899,705	\$917,699	\$936,057	\$954,774	\$973,869	\$993,347	\$1,013,214	\$1,033,478	\$1,054,148	\$1,075,231	\$1,096,735	\$1,118,670
Less: Vacancy, Market Rate Units	5%					(\$289,170)	(\$297,845)	(\$306,780)	(\$315,984)	(\$325,463)	(\$335,227)	(\$345,284)	(\$355,643)	(\$366,312)	(\$377,301)	(\$388,620)	(\$400,279)	(\$412,287)	(\$424,656)	(\$437,396)
Less: Vacancy, Inclusionary Units	3%					(\$25,434)	(\$25,943)	(\$26,462)	(\$26,991)	(\$27,531)	(\$28,082)	(\$28,643)	(\$29,216)	(\$29,800)	(\$30,396)	(\$31,004)	(\$31,624)	(\$32,257)	(\$32,902)	(\$33,560)
Plus: Parking Income, Market Rate Spaces	3%					\$316,800	\$326,304	\$336,093	\$346,176	\$356,561	\$367,258	\$378,276	\$389,624	\$401,313	\$413,352	\$425,753	\$438,525	\$451,681	\$465,231	\$479,188
Plus: Misc. Income	3%					\$42,240	\$43,507	\$44,812	\$46,157	\$47,541	\$48,968	\$50,437	\$51,950	\$53,508	\$55,114	\$56,767	\$58,470	\$60,224	\$62,031	\$63,892
Plus: Retail Income	3%					\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285
Plus: Savings from PTE on All Units	3%					\$740,255	\$762,463	\$785,336	\$808,896	\$833,163	\$858,158	\$883,903	\$910,420	\$937,733	\$965,865	\$0	\$0	\$0	\$0	\$0
Less: Retail Vacancy	15%					(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)
Less: Apartment Operating Costs	3%					(\$2,816,000)	(\$2,900,480)	(\$2,987,494)	(\$3,077,119)	(\$3,169,433)	(\$3,264,516)	(\$3,362,451)	(\$3,463,325)	(\$3,567,225)	(\$3,674,241)	(\$3,784,469)	(\$3,898,003)	(\$4,014,943)	(\$4,135,391)	(\$4,259,453)
Less: Retail Operating Costs	3%					(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)
<b>Net Operating Income</b>						<b>\$4,632,373</b>	<b>\$4,763,120</b>	<b>\$4,897,625</b>	<b>\$5,035,998</b>	<b>\$5,178,351</b>	<b>\$5,324,800</b>	<b>\$5,475,464</b>	<b>\$5,630,467</b>	<b>\$5,789,934</b>	<b>\$5,953,997</b>	<b>\$6,127,948</b>	<b>\$6,301,761</b>	<b>\$6,481,689</b>	<b>\$6,668,850</b>	<b>\$6,863,467</b>
<b>Total Debt/Annual Debt Service</b>	<b>\$45,325,645</b>																			
<b>Capitalized Value (Sales Price) in Year 15</b>																				\$99,623,774
<b>Equity Invest./Return on Equity</b>	<b>\$17,498,791</b>	<b>17%</b>	<b>(\$5,832,930)</b>	<b>(\$5,832,930)</b>	<b>(\$5,832,930)</b>	\$1,544,124	\$1,674,872	\$1,809,377	\$1,947,750	\$2,090,102	\$2,236,551	\$2,387,216	\$2,542,218	\$2,701,686	\$2,865,748	\$3,034,699	\$3,208,513	\$3,387,227	\$3,570,812	\$3,759,327
<b>Total Development Cost</b>	<b>\$62,824,436</b>																			\$102,263,893
<b>OPTION: 10% @ 60% MFI</b>	<i>Annual Esc.</i>	<i>Annual Esc.</i>																		
Annual Gross Rents, Market Rate Units	3%					\$6,474,600	\$6,668,838	\$6,868,903	\$7,074,970	\$7,287,219	\$7,505,836	\$7,731,011	\$7,962,941	\$8,201,830	\$8,447,884	\$8,701,321	\$8,962,361	\$9,231,231	\$9,508,168	\$9,793,413
Annual Gross Rents, Inclusionary Units	2%					\$319,008	\$325,388	\$331,896	\$338,534	\$345,305	\$352,211	\$359,255	\$366,440	\$373,769	\$381,244	\$388,869	\$396,646	\$404,579	\$412,671	\$420,924
Less: Vacancy, Market Rate Units	5%					(\$323,730)	(\$333,442)	(\$343,445)	(\$353,749)	(\$364,361)	(\$375,292)	(\$386,551)	(\$398,147)	(\$410,091)	(\$422,394)	(\$435,066)	(\$448,118)	(\$461,562)	(\$475,408)	(\$489,671)
Less: Vacancy, Inclusionary Units	3%					(\$9,570)	(\$9,762)	(\$9,957)	(\$10,156)	(\$10,359)	(\$10,566)	(\$10,778)	(\$10,993)	(\$11,213)	(\$11,437)	(\$11,666)	(\$11,899)	(\$12,137)	(\$12,380)	(\$12,628)
Plus: Parking Income, Market Rate Spaces	3%					\$374,400	\$385,632	\$397,201	\$409,117	\$421,390	\$434,032	\$447,053	\$460,465	\$474,279	\$488,507	\$503,162	\$518,257	\$533,805	\$549,819	\$566,314
Plus: Misc. Income	3%					\$42,240	\$43,507	\$44,812	\$46,157	\$47,541	\$48,968	\$50,437	\$51,950	\$53,508	\$55,114	\$56,767	\$58,470	\$60,224	\$62,031	\$63,892
Plus: Retail Income	3%					\$78,200	\$80,546	\$82,962	\$85,451	\$88,015	\$90,655	\$93,375	\$96,176	\$99,061	\$102,033	\$105,094	\$108,247	\$111,495	\$114,839	\$118,285
Plus: Savings from PTE on All Units	3%					\$778,863	\$802,229	\$826,296	\$851,085	\$876,617	\$902,916	\$930,003	\$957,903	\$986,640	\$1,016,239	\$0	\$0	\$0	\$0	\$0
Less: Retail Vacancy	15%					(\$11,730)	(\$12,082)	(\$12,444)	(\$12,818)	(\$13,202)	(\$13,598)	(\$14,006)	(\$14,426)	(\$14,859)	(\$15,305)	(\$15,764)	(\$16,237)	(\$16,724)	(\$17,226)	(\$17,743)
Less: Apartment Operating Costs	3%					(\$2,816,000)	(\$2,900,480)	(\$2,987,494)	(\$3,077,119)	(\$3,169,433)	(\$3,264,516)	(\$3,362,451)	(\$3,463,325)	(\$3,567,225)	(\$3,674,241)	(\$3,784,469)	(\$3,898,003)	(\$4,014,943)	(\$4,135,391)	(\$4,259,453)
Less: Retail Operating Costs	3%					(\$34,000)	(\$35,020)	(\$36,071)	(\$37,153)	(\$38,267)	(\$39,415)	(\$40,598)	(\$41,816)	(\$43,070)	(\$44,362)	(\$45,693)	(\$47,064)	(\$48,476)	(\$49,930)	(\$51,428)
<b>Net Operating Income</b>						<b>\$4,872,281</b>	<b>\$5,015,355</b>	<b>\$5,162,659</b>	<b>\$5,314,319</b>	<b>\$5,470,465</b>	<b>\$5,631,230</b>	<b>\$5,796,750</b>	<b>\$5,967,168</b>	<b>\$6,142,629</b>	<b>\$6,323,282</b>	<b>\$6,508,136</b>	<b>\$6,697,299</b>	<b>\$6,890,072</b>	<b>\$7,087,464</b>	<b>\$7,289,495</b>
<b>Total Debt/Annual Debt Service</b>	<b>\$47,673,037</b>																			
<b>Capitalized Value (Sales Price) in Year 15</b>																				\$106,641,840
<b>Equity Invest./Return on Equity</b>	<b>\$14,818,485</b>	<b>19%</b>	<b>(\$4,939,495)</b>	<b>(\$4,939,495)</b>	<b>(\$4,939,495)</b>	\$1,624,094	\$1,767,168	\$1,914,472	\$2,066,132	\$2,222,278	\$2,383,043	\$2,548,563	\$2,718,981	\$2,894,441	\$3,075,095	\$3,260,000	\$3,450,305	\$3,646,120	\$3,847,595	\$4,054,880
<b>Total Development Cost</b>	<b>\$62,491,521</b>																			\$109,525,559

Source: DRA