Developer Fee and Overhead Calculation
ESSEX PASTURES IPSWICH, MA

	% Allowed	Basis	Cumulative Adjusted Basis	Maximum Allowable Developer Fee and Overhead Allowance
Land Acquisition	5.00%	$3,155,000		$157,750
First $3,000,000 of TDC beyond Acquisition Cost (Not Including Developer's Fee and Overhead, and Capitalized Reserves Line Items)	15.00%	$3,000,000	$3,000,000	$450,000
Next $2,000,000 of TDC beyond Acquisition Cost (Not Including Developer's Fee and Overhead, and Capitalized Reserves Line Items)	12.50%	$2,000,000	$5,000,000	$250,000
Next $10,000,000 of TDC beyond Acquisition Cost (Not Including Developer's Fee and Overhead, and Capitalized Reserves Line Items)	10.00%	$35,089,578	$40,089,578	$3,508,958
Next $10,000,000 of TDC beyond Acquisition Cost (Not Including Developer's Fee and Overhead, and Capitalized Reserves Line Items)	7.50%	$0	$0	$0
Additional TDC beyond $25,000,000 (Not Including Developer's Fee and Overhead, and Capitalized Reserves Line Items)	5.00%	$0	$0	$0
		$40,089,578		
Maximum Allowable Developer's Fee and Overhead Before Required Deductions				$4,366,708
Required Deductions to Calculate Allowable Developer's Fee and Overhead				
All Consultant Costs (E.g., Development Consultant, 40B Consultant, Syndication Consultant, Historic Consultant)				$50,000
Maximum Allowable Developer's Fee and Overhead After Required Deducts				**$4,316,708**

		CUMULATIVE TDC INCLUDING LAND
Land Acquisition	$3,155,000	$3,155,000
Hard and Soft Costs	$40,089,578	$43,244,578
Developer's Fee and Overhead	$4,316,708	$47,561,285
Capitalized Reserves	$194,000	$47,755,285
	$47,755,285	

ESSEX PASTURES
IPSWICH, MA

UPDATED INITIAL OPERATING PRO FORMA / MHP PEL APPLICATION (12/18/17)

1. Total Number of Units 194

2. Unit Mix

	%	Units
1BR/1BA	18.56%	36
2BR/2BA/INTERIOR	60.82%	118
2BR/2BA/CORNER	10.31%	20
3BR/2.5BA Townhouse	10.31%	20
	100.00%	194

Total Bedrooms	372	Average Number of BRs	1.92
Sewage Gallons Per Day	40,920		

3. Unit Sizes

	Net Sq Ft (NSF) (Not Including Balcony)	Total NSF	Average NSF/Unit
1BR/1BA	720	25,920	720
2BR/2BA/INTERIOR	1039	122,602	1039
2BR/2BA/CORNER	1160	23,200	1160
3BR/2.5BA Townhouse	1661	33,220	1661
Total		204,942	

4. Net Sq Ft (NSF) to Gross Sq Ft (GSF) Factor 76.50%

5. Residential GSF (Not including Balconies, Rental Office, Townhouse and Detached Garages, Maintenance Building, and Generator/Control Building) 267,890

   Average Residential GSF (Not including Balconies, Rental Office, Townhouse and Detached Garages, Maintenance Building, and Generator/Control Building) 1,381

6. Market Rents

	Average Rent/Month	Average Rent/Net Sq Ft
1BR/1BA	$1,600	$2.22
2BR/2BA/INTERIOR	$1,900	$1.83
2BR/2BA/CORNER	$2,000	$1.72
3BR/2.5BA Townhouse	$2,700	$1.63

7. Affordable Rents

(Ipswich is in Boston-Cambridge-Quincy, MA-NH HMFA. Household Size is based upon 1.5 Persons/BR)	FY 17 Affordable Rents (80% MFI)	Estimated Utility Allowance	Rent for Affordable Units after Utility Allowance Deduction	
1BR/1BA	$1,466	$137	$1,329	See Exhibit A for Details
2BR/2BA/INTERIOR	$1,758	$186	$1,572	
2BR/2BA/CORNER	$1,758	$186	$1,572	
3BR/2.5BA Townhouse	$2,032	$228	$1,804	

8. Utility Systems

Fuel	Utility	Responsibility
Electricity	Heat	Tenant
Electricity	Hot Water	Tenant
Electricity	Cooking	Tenant
Electricity	Electricity	Tenant
	Water & Sewer	Tenant
	Trash	Landlord

9. Potential Gross Income (Residential Rental Income)

Market Units	% of Each Unit Type	Units	Annual Rent
1BR/1BA	75.00%	27	$518,400
2BR/2BA/INTERIOR	74.58%	88	$2,006,400
2BR/2BA/CORNER	75.00%	15	$360,000
3BR/2.5BA Townhouse	75.00%	15	$486,000
		145	$3,370,800
	% of Total Units	74.74%	

Affordable Units	% of Each Unit Type	Units	Annual Rent
1BR/1BA	25.00%	9	$143,532
2BR/2BA/INTERIOR	25.42%	30	$565,920
2BR/2BA/CORNER	25.00%	5	$94,320
3BR/2.5BA Townhouse	25.00%	5	$108,240
		49	$912,012
	% of Total Units	25.26%	
	TOTAL UNITS	194	

10. Total Potential Gross Income

Residential Rental Income				
Market Units		$3,370,800		
Affordable Units		$912,012		
			$4,282,812	
Other Income				
Garage Spaces	17			
Monthly Rent	$225			
		$45,900		
Pet Fees				
% of Units	50%			
Monthly Pet Fees	$50			
		$58,200		
			$104,100	
				$4,386,912

11. Vacancy

Market Units	7.50%	$252,810	
Affordable Units	5.00%	$45,601	
Parking Fees	15.00%	$6,885	
Pet Fees	15.00%	$8,730	
			$314,026

12. Effective Gross Income $4,072,886

Effective Gross Income (from above)			$4,072,886
13. Total Operating Expenses and Replacement Reserves Per Unit			
Operating Expenses Per Unit	$6,650	$1,290,100	
Replacement Reserves Per Unit	$350	$67,900	
			$1,358,000
14. Net Operating Income (NOI)			$2,714,886
15. Debt Service Payment (Permanent Loan)			$2,262,405

Loan Assumptions

Debt Service Coverage Factor (DSCF)	1.20
Interest Rate	4.25%
Maturity Term (Years)	10
Amortization Term (Years)	30
Annual Constant	5.9033%
Projected Loan	$38,324,556
Projected Loan/Unit	$197,549

16. Cash Flow	$452,481
17. Total Development Cost (Including Capitalized Reserves)	$47,755,285
18. Projected Loan Amount	$38,324,556
19. Equity Requirement	$9,430,730

20. Sources of Equity

Development Fee and Overhead Deferral	$4,316,708	
Acquisition Cost Deferral	$3,155,000	
Cash	$1,959,022	
Total Equity		$9,430,730

Exhibit A

RATIONALE FOR CALCULATION OF AFFORDABLE RENTS
IPSWICH, MA

Unit Type	*Household (HH) Size Based Upon MHP Guidelines (1.5 persons per BR)*	*80% Median Family Income for the Boston-Cambridge-Quincy, MA-NH HMFA (HUD FY 2017 Income Limits, Adjusted for HH Size)*	*Maximum Allowable 40B Rent Including All Utilities (Rounded Down to Nearest Dollar)*	*Utility Allowance**	*Maximum Allowable 40B Rent after Deducting Utility Allowance*
1BR	1.5	$58,650	$1,466	$137	$1,329
2BR	3.0	$70,350	$1,758	$186	$1,572
3BR	4.5	$81,300	$2,032	$228	$1,804

Utilities to be Paid by Tenant	*1BR Utility Allowance*	*2BR Utility Allowance*	*3BR Utility Allowance*
Heat (Electric)**	$66	$90	$115
Hot Water (Electric)	$33	$41	$50
Cooking (Electric)	$6	$9	$11
Other Electric	$32	$46	$52
Total Utility Allowance Deduction	$137	$186	$228

*Utility Allowance Assumptions have been based upon the Ipswich Housing Authority Utility Allowance Schedule dated 11/28/17.

**Assumes "Low Rise" Building Category for all 1BR and 2BR units. Assumes Row House Building Category for all 3BR units.

Although the Ipswich Housing Authority Utility Allowances for Electric Heat and Hot Water have been utilized, the Developer anticipates that the actual electric costs for heat and hot water will be significantly lower based upon two factors: the efficiency of the proposed heat pump heating and hot water heating systems and the level of insulation and other energy saving construction techniques that will be used. Prior to the submission of the Lottery Plan, the Developer will submit an Estimated Utility Cost Analysis prepared by an independent engineering firm acceptable to MHP.

Essex Pastures
Affordable Unit Rent Calculations
December 18, 2017