THE CITY OF MIAMI BEACH -COLLINS PARK-

WORKFORCE HOUSING INITIATIVE

THE CONCOURSE group

2553 Housley Rd., Suite 100
Annapolis, MD 21401
www.theconcoursegroup.com
410.267.6064

Version 7.12.2018

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Executive Summary

A diverse workforce is fundamental to smart growth. Across the country and in the City of Miami Beach, many municipal workers can no longer live in the community where they work, as they can neither afford to pay a market rate mortgage nor shoulder the burden of market rate rent. The City recognizes that a significant and growing affordability gap exists between market level housing rental rates and the ability of the local workforce (artists and educators) to pay for housing in the community and has committed to the development of affordable and sustainable workforce housing, as it supports a stable economy.

City of Miami Beach Commissioners developed a vision to create a cost-effective and market-accepted plan to increase the inventory of housing stock dedicated to its critical workforce members. Accordingly, the City has established a goal to develop workforce housing on City-owned surface parking lots located throughout the City. As part of this goal to realize their vision, The Concourse Group was charged with conducting a housing analysis for several City-owned sites, and to identify, evaluate and propose cost-effective and market-acceptable approaches for a viable mix of workforce housing units under a joint venture or Public Private Partnership (P3). The proposed approach will make each identified project financially feasible and realistically developable for long-term affordability and livability.

In conjunction with the City's workforce housing goal, an initiative to expand parking in the City was also approved by the Commission. This would allow City-owned surface parking lots to be improved with structured parking and, if financially feasible, workforce housing. The Commission created development waivers for these sites including increasing building heights, reducing frontage setbacks and adjusting unit size, allowing for development of mixed-use buildings consisting of structured parking, housing, and complementary commercial development.

In addition to the expanded development parameters and zoning waivers provided by the City Commission for the development site, the Commission with the intent of increasing inventory of workforce housing in the City opened the door to all possibilities available to increase affordable housing stock in Miami Beach, including the concept of coupling several City owned sites together creating a single entity from several projects that financially performs, and attractive to a potential housing developer.

This analysis identifies development considerations and financial strategies and provides an assessment to support the production of new housing units on three garage development sites throughout the City. Each site's potential for housing and complementary commercial development was conceptually analyzed; a visit of site and surrounding neighborhood was performed; a review of zoning, height restrictions, site set-backs, unit size and man-made barriers was completed; the concept of site coupling was explored; and an internal analysis about the intended mixed-use was also completed; these reviews were predicated on the idea that all will eventually be joint ventured with Private Owners or partnered with the City. Concourse also analyzed other important mitigating factors such as considerations for commercial activity, neighborhood and resident participation, development finance, environmental issues, and potential impediments from State and Local governments.

Assessment

Narrowing focus to workforce housing within the required proposed improvements, Concourse created a development budget and structured financial scenarios projecting unit mix, rental rates and operating expenses to the potential improvements. These scenarios were predicated upon 80%-140% of the Area Median Income for potential tenants as established by the Commission. The analysis focuses on maximizing housing inventory, maintaining affordability and supplying workforce housing for the City's targeted workforce members. Concourse provides both quantitative and qualitative scenarios creating the underpinnings of which financial method, or set of financial methods, can best be applied to meet the City's goals.

Establishing Feasibility

Currently, the site is improved with an "Hourly Pay" surface parking owned and managed by the City of Miami Beach. The anticipated improvements will include single or multiple levels of workforce housing units; and complementary ground floor commercial space. Once developed, the improvements will meet all City requirements for building height, set-backs, massing and conformity to the surrounding neighborhood.

Concourse structured a development envelope allowable under current zoning utilizing the site Floor Area Ratio (FAR), and allowable building heights and set-backs, and calculating a density yield. The housing density yields for total allowable square feet to accommodate workforce housing was provided by the City. Utilizing the calculated density yield, and the provided allowable square feet, a unit count and mix was established by using market acceptable and financially feasible unit mix ratios and massing the development potential of the site with the anticipated improvements and housing and income requirements.

Concourse developed a housing-only financial pro forma factoring the established unit count and mix as discussed above; rental rates, vacancy rates, and estimated project expenses were also considered. Of note: the focused workforce housing is restricted in achieving "Market Rate" rents and limited to rents scheduled at 80% to 140% of the Area Median Income levels; however, commercial rents were not limited.

Once the density yield and financial analysis were completed, Concourse considered the full development potential of the focused real estate, creating a financial scenario incorporating cost of construction, debt capacity, and equity contribution, and analyzing the risk associated with the construction, marketing and lease-up of the improvements.

Development Assumptions

Concourse analyzed the gathered financial and market data and developed a financial baseline, creating a financial performance and valuation scenario. These scenarios were then utilized to establish reasonable assumptions in determining a project construction budget and debt and equity structure.

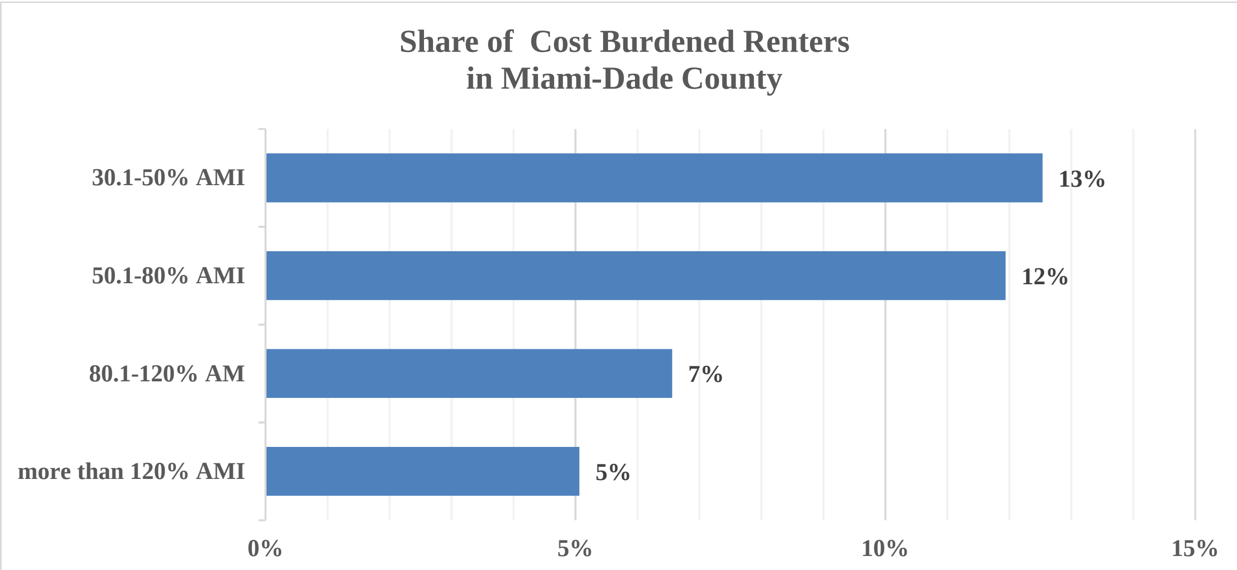
Incorporating the above methodology, Concourse analyzed sequencing and phasing to best accommodate financial, development and market opportunity as well as City needs. Some alternatives present higher costs with longer anticipated delivery schedules or greater risks. However, if other criteria are determinative, the City could immediately pursue any one alternative or a combination of multiple alternatives to achieve the desired goal.

Market Conditions and Key Rental Assumptions

According to a July 2017 article in *The Miami Herald*, 53% percent of all Miami-Dade County residents are cost burdened when it comes to housing": Most spend more than 30 percent of income on rent. More than 1.1 million people rent apartments in Miami, Broward and Palm Beach Counties, according to the advocacy groups National Multifamily Housing Council and the

National Apartment Association. The total number of rental households is projected to grow to 700,000 by 2030, requiring an additional 185,414 units to meet demand.

Figure 1- Share of Cost Burdened Renters



A recent report dated July 2017 by the Joint Center for Housing Studies at Harvard University, uses census data from 2005 through 2016 to show that low-cost housing is disappearing around the Country and being replaced by pricier, less affordable units.

The University of Florida Shimberg Center for Housing Studies, reports that Florida faced a shortage of affordable housing throughout the housing boom, bust and recovery. In 2000, 50% of low-income (<60% AMI) households in Florida were cost burdened (paying more than 40% of income for housing). The cost burden rate rose to 65% in 2009 before falling to 61% in 2013. Renters have been the hardest hit. A staggering 69% of Florida's low-income renters are cost burdened, compared to 52% of homeowners. More than 715,000 renter households are cost burdened. There are only 31 affordable and available rental units for every 100 extremely low-income (<30% AMI) renter households. According to the U.S. Census Bureau, *2015 American Community Survey*, 'while large multifamily buildings are the most visible sources of rental housing in the region, units in these buildings make up just 17 percent of the rental housing stock. Half of rental units are in 2-49 unit multifamily structures. Single family homes make up a growing share of rental units, rising from 24 percent of the total rental stock in 2005 to 31 percent in 2015.

The repurposing of single family homes as rental units follows a national trend in the wake of the housing market crash.

Figure 2- Household Demographic Data

Household Demographic Data - Households by:			
Jurisdiction	**Year**	**Tenure**	**Household Count**
Miami-Dade	2016	Owner	537805
Miami-Dade	2016	Renter	423947
Miami Beach	2016	Owner	19971
Miami Beach	2016	Renter	30745

Notes: Not Available.
Sources: Estimates and projections by Shimberg Center for Housing Studies, based on 2000 and 2010 U.S. Census data and population projections by the Bureau of Economic and Business Research, University of Florida.

In Miami-Dade County, the situation is particularly dire. Research analyst Elizabeth La Jeunesse, who authored the recent study, says Miami ranks third nationwide in the lowest percentage of rental units under $800 a month - only 16 percent - and saw a loss of 20,000 rentals in that price range over the past 10 years, accounting for a total inventory decline of 13 percent. The supply of high-cost rentals ($2,000 a month and up) has more than doubled, with more than 50,000 units coming to market - an increase of 148 percent over the past decade. Meanwhile, the median household income in Miami-Dade County for a family of four is $51,800, one of the lowest in the United States.

Figure 3- Household Demographic Date by Unit Type

County	Units in the Structure													
	1, detached		1, attached		2		3 or 4		5 to 9		10 to 19		20 or more	
	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)
Miami-Dade	405,953	2,487	98,377	1,949	20,666	863	35,242	1,347	51,791	1,528	67,651	1,729	305,520	3,033

According to Apartment List.com, of the largest 100 metros in the United States, Miami has the highest share of cost-burdened renters at 66.2 percent.

Figure 4- Cost Burdened Renters by State, 2007-14

Territory	2007	2008	2009	2010	2011	2012	2013	2014
United States	49.3%	49.8%	51.5%	53.0%	53.4%	52.0%	51.5%	51.8%
Florida	56.4%	57.5%	60.3%	60.4%	60.9%	58.6%	57.8%	57.9%

Figure 5- Cost-Burdened Renters by City, 2007-14

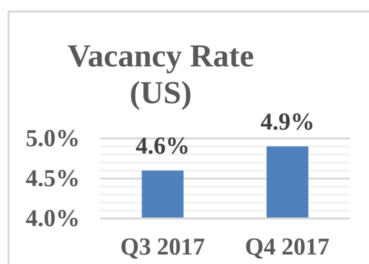
2014 Rank	City	2007	2008	2009	2010	2011	2012	2013	2014
1	San Francisco, CA	42.7%	42.7%	45.0%	46.2%	45.2%	47.7%	44.7%	42.5%
9	Washington, DC	48.4%	47.5%	49.1%	50.7%	49.3%	48.1%	49.5%	48.6%
43	Jacksonville, FL	50.4%	51.0%	55.5%	54.9%	56.5%	58.9%	53.1%	59.2%
44	Boulder, CO	62.6%	65.0%	68.0%	63.1%	65.1%	64.8%	61.0%	59.2%
46	Los Angeles, CA	57.4%	58.1%	58.4%	60.9%	62.0%	61.7%	61.5%	61.8%
47	Fort Lauderdale, FL	56.1%	55.0%	58.6%	59.9%	59.4%	56.1%	60.3%	62.5%
48	Kansas City, KS	49.2%	55.8%	54.7%	55.0%	54.6%	52.1%	50.4%	63.4%
49	Detroit, MI	62.8%	66.2%	67.9%	69.8%	69.3%	67.2%	66.1%	65.3%
50	Miami, FL	64.9%	68.8%	67.1%	67.9%	66.2%	66.4%	67.7%	66.2%

Among 50 American cities examined for cost-burdened renters, San Francisco has the lowest share of cost-burdened renters due to the combination of rent control and recent wages gains which have eased the pain of renting in San Francisco. At the bottom of the table are Miami, Detroit and Los Angeles. Each of these cities has more than 60% of their renters facing cost burden and Miami has 37% of renters paying at least half their income in rent.

Multifamily Rental Markets

Across the country, multifamily demand remained strong. Coldwell Banker Commercial Real Estate (CBRE) data indicates that during the 4th Quarter of 2017, there were 265,900 new multifamily units completed. The net absorption reached 241,200 multifamily units, with an overall multifamily vacancy of just under 5%. In addition, multifamily acquisition transactions remained strong at nearly $151 billion.

Figure 6- 2017 Vacancy



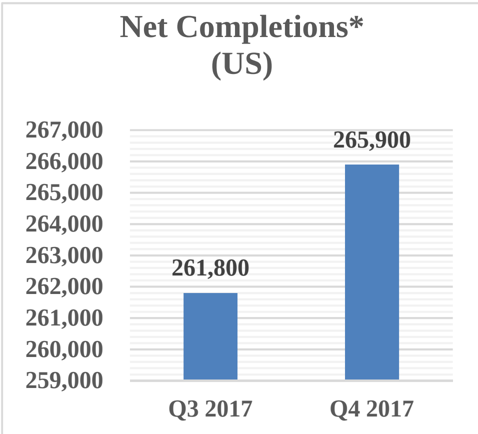
Multifamily Figures[1,2]

- United States
  - Vacancy rate: 4.9% / 20-year average: 5.3%
  - Net absorption: 241,200 units (past four quarters)
  - Completions: 265,900 units (past four quarters)
  - Acquisitions volume: $151 billion (past four quarters)

[1] (CBRE, Q3 2017 U.S. Multifamily Figures, 2017)

[2] (CBRE, Q4 2017 U.S. Multifamily Figures, 2017)

Figure 7- US Multifamily Figures



Florida Multifamily

Florida added 560,713 renter households between 2005 and 2015. These include new households formed, households moving to the state, and homeowners shifting to renting. The state lost 130,950 owner households during the same period. Homeownership fell from 70 percent in 2005 to 65 percent in 2015. The drop off in the homeownership rate was particularly sharp for households headed by someone under age 55, from 61 percent in 2005 to 50 percent in 2015. Florida’s rental housing stock has grown, but affordable units have not kept pace. Between 2000 and 2015, Florida’s rental housing supply grew by 859,202 units. Of these, only 133,527 units were affordable to renters with incomes below 60 percent of AMI. The remaining 725,675 units had rents above the 60 percent AMI affordability threshold.

In an October 2017 research brief, the Shimberg Center of the University of Florida reports that the South Florida region added 171,709 renter households between 2005 and 2015 including new households formed, households moving to the region, and homeowners shifting to renting. The region lost 130,950 owner households and the homeownership rate fell from 67 percent in 2005 to 59 percent in 2015. The drop off in homeownership was particularly sharp for households headed by someone under age 55, from 59 percent in 2005 to 47 percent in 2015.

In Miami, net absorption reached 20,100 of new multifamily units in the third and fourth quarter of 2017 alone, while multifamily vacancy continues to hover at just over 2 percent.

- Miami-South Florida - Q4 2017:
    - Net absorption as % of inventory: 1.7%
    - Net absorption as % of new supply: 79.5%
    - Rent year-over-year change: 1.3%
    - Miami Vacancy Rates: 2.2%[3]*

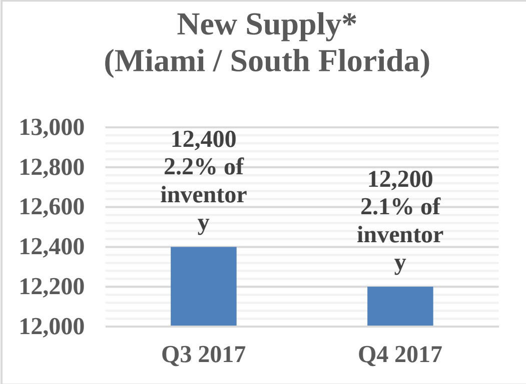
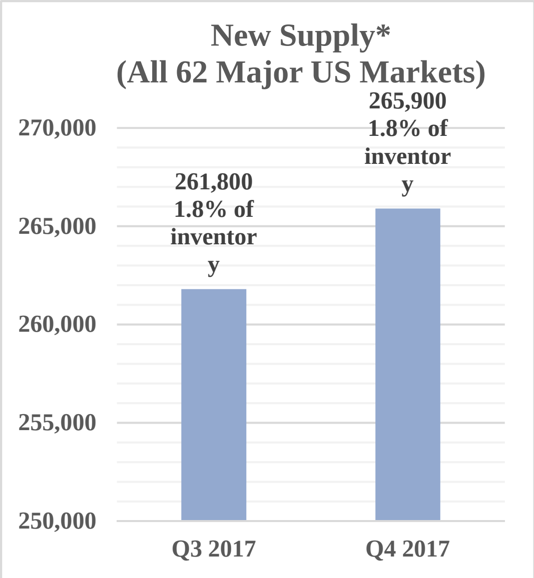
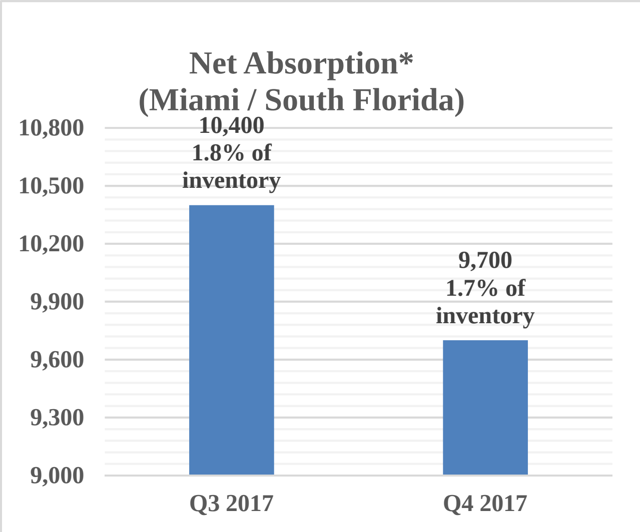


Figure 8- New Supply for US Markets and Miami/ South Florida





The Miami Herald reported in a July 2017 article entitled, "*Miami is getting lots of new apartments, but you may not be able to afford them*"[4], noting that there is a real rental housing crisis in Miami. The article written by Rene Rodriguez indicated that the supply side of high-cost multifamily rentals has more than doubled and rents have climbed seven percent over the same period in 2016. Meanwhile median household income has remained flat, one of the lowest in the United States

Miami Multifamily Rental Rates as of December, 2017[5]

- 1 Bedroom: $1,750
    - Month-over-month change: 0.00%
    - Year-over-year change: -2.80%

[3] (Sharf, 2017)
[4] (Rodriguez, Miami is getting lots of new apartments, but you may not be able to afford them, 2017)

- 2 Bedroom: $2,400
    - Month-over-month change: -1.20%
    - Year-over-year change: -4.00%

In Miami-Dade County and the surrounding metro area, the HUD Fair Market Rents in 2018, (representing rent for a typical modest apartment within a geographic area), is $871 for a studio apartment, $1,066 for a one-bedroom, $1,351 for a two-bedroom, $1,796 for a three-bedroom, and $2,173 for a four-bedroom unit.

Figure 9- South Florida Metro Cities Rent Ranked by One Bedroom Rental

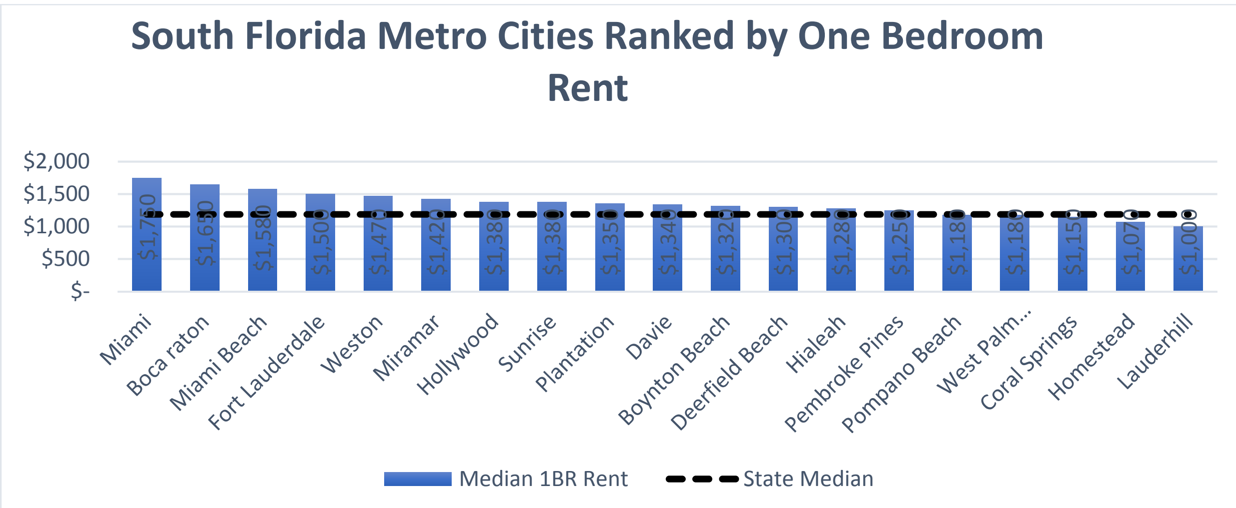
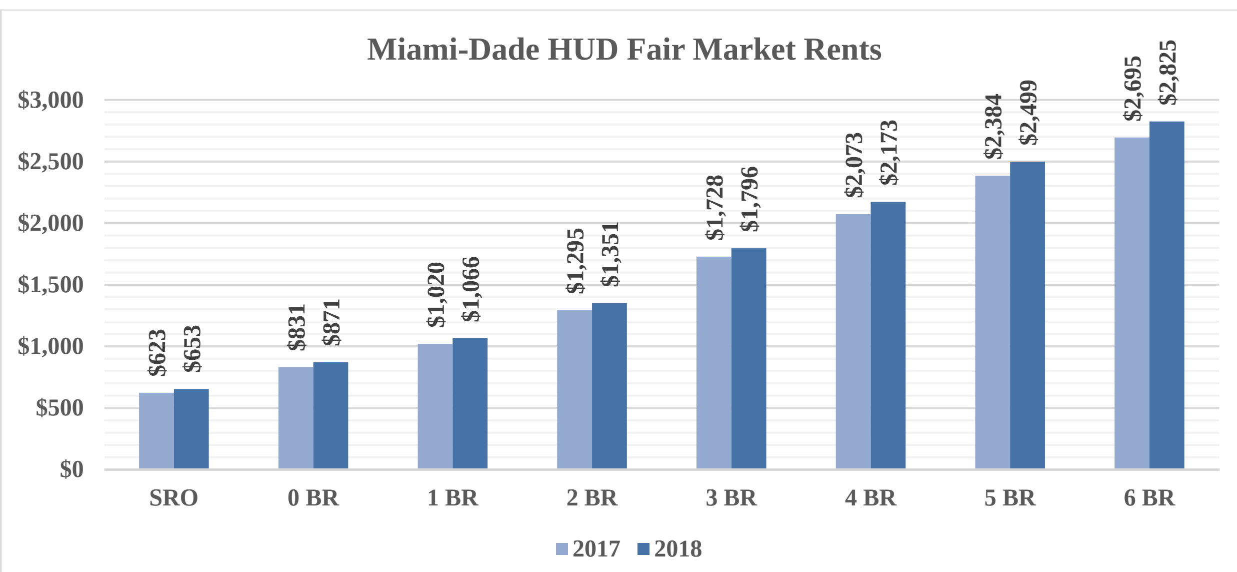


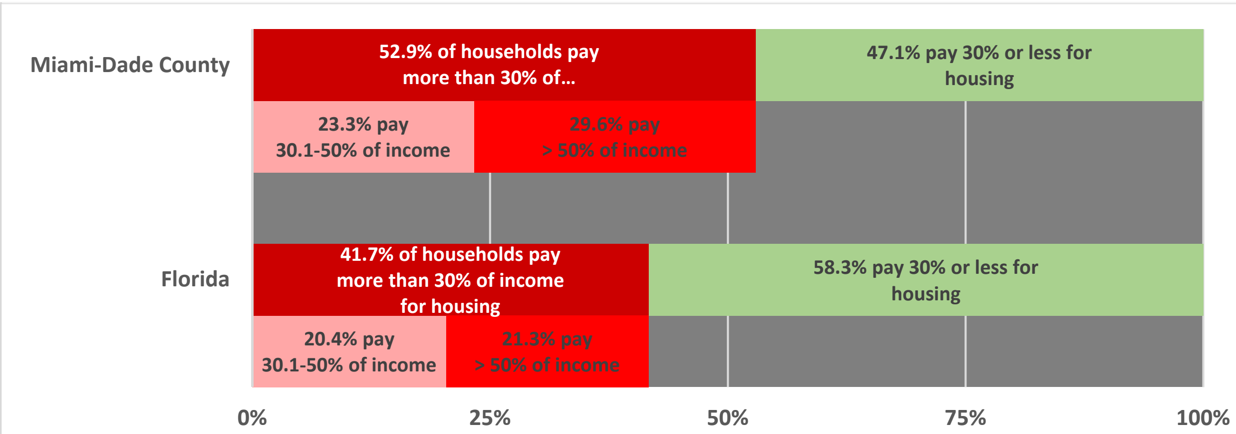
Figure 10- Fair Market Rents



Miami-Dade Cost Burden Renters

Between 2005 and 2015, 71,412 low-income renters were added in South Florida. Overall the region added slightly more renters with incomes above 100 percent of AMI (76,519 households). The region also added renters in the middle range (60-100 percent AMI) but in lower numbers: 23,778 additional households. In 2016, 509,129 Miami-Dade County households (53%) pay more than 30% of income for housing. By comparison, 42% of households statewide are cost-burdened.

Figure 11- Miami-Dade Multifamily Rentals, December 2017



In comparison, in 2015 there were 56,962 low-income cost burdened renters in the Jacksonville Metropolitan area; 63 percent of these households have incomes at or below 60 percent of AMI compared to 12 percent with incomes between 60 and 100 percent of AMI.

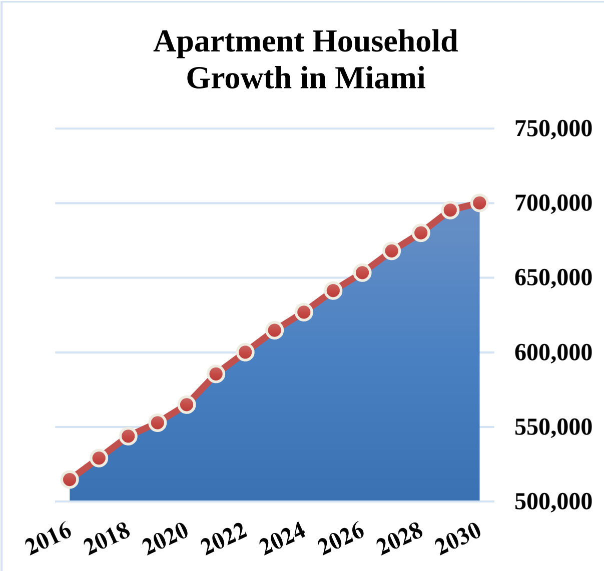
In the Tampa Bay area, rental housing supply between 2000 and 2015 grew by 138,973 units. Of these, only 45,014 units or 44 percent, were affordable to renters with incomes below 60 percent of AMI. The remaining 93,959 units had rents above the 60 percent AMI affordability threshold.

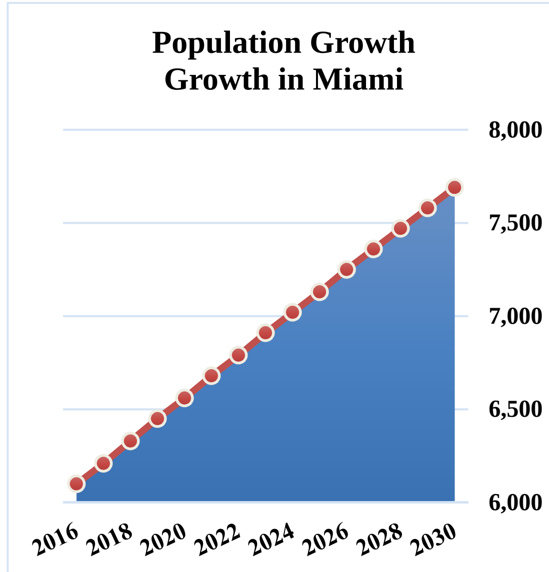
Household Growth

According to the National Apartment Association and the National Multifamily Housing Council forecasts, the number of rental households will surpass 700,000 by 2030 requiring an additional 185,000 units to meet the demand. This figure far exceeds the average annual construction rate for the area of 14,200 units.[5]

[5] (National Apartment Association & National Multifamily Housing Council, 2017)

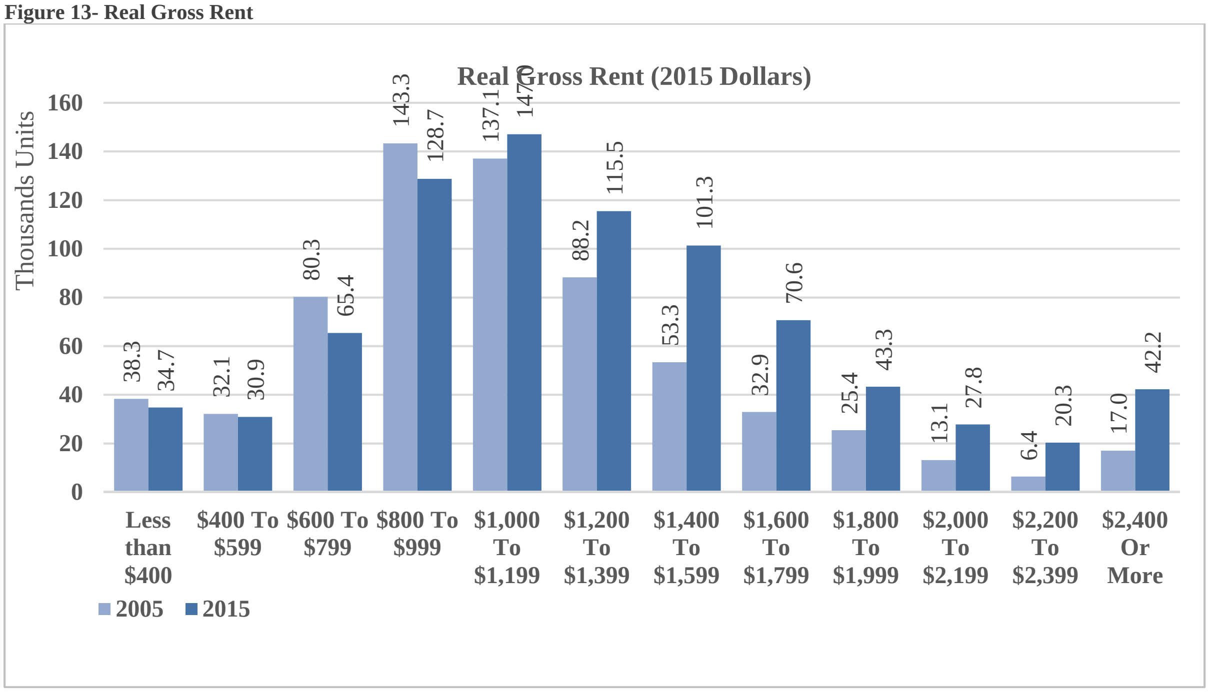
Figure 12- Apartment Household and Population Growth





Compounding the issue of increased demand despite a shortage of units is research documenting a shift in construction trends favoring high-rent units over low-rent units.[6] At every price point beyond $1,000 per unit, more high-rent units were built in 2015 versus 2005.

Figure 13- Real Gross Rent



[6] (Joint Center for Housing Studies of Harvard Universeity, 2017)

South Florida Construction News

- The 2017 forecasted new construction is $8 billion for multifamily construction. [7]
- Q2 2017 multifamily sales in South Florida approached $1 billion [8]
    - "At least 11 apartment communities have changed hands over the last three months in deals valued north of $49 million each for a combined value approaching $1 billion."
        - Buyers are attracted to the steady population and job growth in the area.
- In West Miami, developers Estate Investment Group, Fortune Capital Partners and Mattoni Group completed a 196-unit apartment building in 2016. Rents range between $1,680 for a one-bedroom to $3,475 for a three-bedroom unit. At the time of sale, the building was 95% leased. The 168,872 square foot building sold for $61 million or $360 per square foot.[9]
- Miami-Dade County approved a $464M mixed-use development project in July 2016. Located in South Miami and spanning over seven acres, the Transportation Oriented District (TOD) redevelopment site will include roughly 1,000 apartments, retail space and a 150-room hotel. The project is a joint-venture between 13th Floor Investments and the Adler Group. The development will take advantage of the Workforce Housing Development Program enacted in 2016 by Miami Dade County. The program is voluntary and provides a unit density bonus of up to 25% and a deferral of up to 90% exemption of road improvement fees for up to two years in exchange for 10% workforce housing unit set aside.

Workforce Housing Discussion

Some 43.3 million U.S. households currently rent their housing, including more than 80 million adults and families with more than 30 million children. The renter share of U.S. households now stands at a 50-year high of 37% percent, up more than 5% percentage points from 2004 when the homeownership rate peaked.

[7] (Hanks, 2017)
[8] (Vianna, 2017)
[9] (Rodriguez, Apartment building in red-hot neighborhood sells for $61 million, 2017)

Meanwhile, the share of high-income households (earning at least $100,000) that rented their homes increased from 12 percent to 18 percent between 2005 and 2016. High-income households drove 22 percent of the overall growth in renter households. Households earning $50,000–99,999 accounted for an equal share of rentals. The move to renting among high-income households—most have dual earners—intensified in recent years, accounting for nearly half (47 percent) of the growth in renters between 2013 and 2016 and further stimulating construction for high-end multifamily rental units.

Despite the influx of higher-income households into the rental market, the typical renter household had an annual income of about $37,900 in 2015, only about half the $70,800 annual income of the typical homeowner household. In addition, 16 million renter households had annual incomes of less than $25,000, including 11 million people with incomes below the federal poverty threshold of $24,600.

According to the latest *American Community Survey* (a leading source for local-level population data), the share of households renting their homes continued to grow in much of the nation's 50 largest metro areas between 2013 and 2015. Increases in renting even picked up pace in several markets (including Houston, Jacksonville and Miami) relative to the previous eight years. However, the share of renter households fell in 11 of the 50 largest metros.

Recent additions to the rental supply remain concentrated at the upper end of the market. According to preliminary data from the *Survey of Market Absorption*, the typical asking rent for a new unfurnished apartment climbed by 5.6 percent annually in real terms in 2016, rising to $1,478. Although newly-constructed units have always commanded a rent premium, the asking rent for new multifamily apartments increased at a significantly higher pace from 61 percent above the median asking rent for all existing vacant units in 2015 to 73 percent in 2016. The *2016 American Community Survey* data for the 100 largest metros confirm this trend, indicating that nearly half (46 percent) of the rental units built in 2010 or later were in the top quartile of area rents, while more than two-thirds fell into the top half.

Nearly half of the nation's 100 largest metro areas posted absolute declines in their stocks of low-rent units (defined as having real gross rents under $800) between 2005 and 2015. Metros with the largest losses in percentage terms included Austin, Denver, Portland and Seattle, where supplies were down by a third or more during the studied period. At the same time, 88 of the largest 100 metros reported declines in the shares of low-rent units. Among the markets with the smallest shares of low-rent units were San Diego, San Jose and Washington, DC, where under 10 percent of units rented for less than $800 in 2015.

The result is a worsening mismatch of demand and supply, with the number of low-income renters far outstripping the number of available units at the lowest end of the market. The National Low-Income Housing Coalition reports that the absolute deficit of rental units affordable and available to low-income households exceeds 500,000 in the New York and Los Angeles metro areas. In addition, the gap in units affordable and available to extremely low-income renters exceed 50,000 units in 31 metropolitan areas. The failure of higher-end units to filter down to lower price points is also evident in the deficit of units affordable and available to middle-income renters in more than 10 metro areas, including Los Angeles, New York, Miami and San Francisco.

Rental market conditions did, however, show some signs of easing last year. *MPF Research* (MPF documents multifamily sector performance fundamentals) reported a slowdown in nominal rent increases from the 4.7 percent pace averaged in 2014–2015. In addition, rent gains slowed in 2016 in more than half (58) of the 100 markets that *MPF Research* tracks, while the number of markets posting actual rent declines rose to 10. Houston, New York City and San Francisco are among the list of large high-profile metro areas where rents have declined.

Within markets, signs of easing were most apparent in the high-end segment. Vacancy rates of professionally managed (Class A) rentals went up in more than two-thirds of the top 100 markets in the first quarter of 2017 from the same time a year earlier, climbing more than 2.0 percentage points to a nationwide average of 6.4 percent. At the same time, vacancy rates in the lowest-quality segment (Class C) fell nationwide for the seventh straight year to just 3.8 percent.

Valuation

The rise in nominal apartment property prices slowed somewhat from a 14.8 percent increase in 2015 but remained a healthy 11.0 percent in 2016, according to *Moody's/RCA Apartment Price Index*. As of March 2017, apartment property prices were still rising at an 8.1 percent annual rate, exceeding the 2007 peak by 52 percent in nominal terms and 31 percent in real terms. The rebound in rental property prices outstrips the recoveries in both the single-family housing and commercial real estate markets.

Investor demand for institutional-quality assets remains strong, even though returns dipped slightly to 6.7 percent in the first quarter of 2017. Capitalization rates that help determine value remain near their historic lows, the National Council of Real Estate Investment Fiduciaries data shows a drop in the capitalization rate to 4.6 percent in the first quarter of 2017, the lowest rate posted since 1982. According to CBRE Econometric Advisors data, the average apartment capitalization rate is currently 4.8%, which represents a 20-basis point decline from year-end 2014. The average capitalization rate for Class A properties is forecasted to decline by another 40 basis points through year-end 2017.

Many property owners have taken advantage of years of strong financials to make improvements deferred during the downturn. The National Apartment Association (NAA) reports that capital spending per unit increased 13 percent annually in real terms from 2010 to 2015. Community-wide upgrades are typically focusing on fitness centers, business centers, clubhouses and other common areas. In-unit improvements usually include washer/dryers and high-end kitchen appliances. According to other NAA/Axonometric, these upgrades and other major renovations have lifted effective rents for apartment properties by 8 percent on average.

224 23rd Street

Unit Potential

The subject property is located on the South East Corner of 23rd Street and Liberty Avenue in an intensely developed commercial and residential area of the City of Miami Beach. The urban neighborhood is densely populated with more than 95.2% of the real estate classified as apartment complexes consisting of small apartments and high-rise buildings many of which were built before 1969. Not unlike most of the City, 94.4% of the area has a high concentration of small size studio apartments with only 4.7% of residential units having three or more bedrooms. The area vacancy rate hovers around 29.4% due to the high percentage of seasonally occupied housing. Primarily due to newly arriving singles and senior citizens who have lost a spouse, it is estimated that 66.1% of residents within the area live alone, one of the highest percentages in the United States. Of Note: The area has one of the highest percentage of walking commuters (21.7%), 6.6% area residents ride the bus; and 22.3% of the households in this neighborhood don't own a car. Currently, there is a considerable amount of construction and renovation in the neighborhood, predominately revitalization of small apartment buildings and boutique hospitality venues.

The subject site is vacant and utilized as “Hourly Rate” surface parking owned and operated by the City of Miami Beach. To maximize the site’s development potential, the City Commission created a waiver allowing a building height increase to 75 feet to accommodate seven (7) stories and increasing the development density. The City plans to create a Unified Development Site combining the remaining FAR from the adjacent Miami-Dade Regional library leased from the City with the subject site to create an opportunity for 95,906 square feet of potential development.

Additional parameters for the site were provided by City staff including guidelines to create a viable mix of units that will accommodate housing for the Miami City Ballet, Inc.; housing and studio space for Art Center/South Florida; and workforce housing for City of Miami Beach artists. Further development considerations are to make housing as affordable as possible while making the workforce housing development economically viable. Rents were set at 30% of income.

Further, City staff also requested a definition of “artists” and require Concourse to identify potential development partners, as the City does not have the expertise in development and management of workforce-type housing. Unique to this site, and unlike other development opportunities for City-owned parking sites, the City will not participate in the development and will contribute only land and no other resources.

Utilizing the given parameters, several finance and development feasibility scenarios were analyzed to maximize the number of units within the defined guidelines while accommodating the development parameters and create a financially feasible, design compatible and market acceptable rental property. Each scenario presents its own feasibility issues including a lack of project amenities and on-site parking.

Identify Potential Developers

Due to the high visibility of this project and given the development scope by the City, we believe the potential developer for this site is one who has the financial wherewithal and development expertise and experience to work closely with the City of Miami Beach, Miami City Ballet and

Art Center South Florida to coordinate, establish and agree to the full scope and cost of the development, and to coordinate and agree with each principal occupant of the building establishing the reimbursed cost of development of their respective occupied areas. In addition, the identified developer should be capable of starting and completing the project on time and at budget and must have significant experience with workforce and affordable housing property management and compliance.

Define "Artists"

An artist is a trained person actively engaged in pursuing their craft in a recognized or recognizable discipline, creating an art product, practicing the arts, or demonstrating an art while working in a medium to produce original and interpretive works for commercial consumption or public gain. Some non-traditional examples of artists may include: an actor, dancer, musician, or singer; a public performer; an architect; and those persons working in administrative and creative positions and programs that support artistic organizations and endeavors.

Potential Residents

Overall, we believe the subject property will primarily be occupied by young educated adults, single and married, who walk or commute to work by bus and may not own a car. We believe this economic and social profile will match the City's profile for workforce housing for first and second year educators, as well, with income no greater than 140% of the Area Median Income (AMI). The portion of the building occupied by Arts Center South Florida will have a variety of ages and the Miami City Ballet will have predominately adolescents and young adults. Due to the potential resident age profile and size of the units, we do not expect children.

Finance and Development Assumptions

Multiple development scenarios were identified by the Concourse Group within the given guidelines. Each scenario utilized data published by the State of Florida for affordable and workforce housing rents for the City required AMI range. Market rate rents were established by analyzing published and average rents in the marketplace.

Land Value

Typically, Concourse would research the land sale market and input value based upon zoning, use, density, neighborhood, environmental and other surrounding factors. However, due to the potential varied use and mixed purpose of the site and the given City parameters for workforce housing, The Concourse proforma model was built around the assumption that a 20% Internal Rate of Return (IRR) is an attractive return to a developer. Utilizing this assumption, we elected to create a minimum threshold return within each model for a sale scenario. In turn, for rental scenarios we elected to utilize an attractive 15% cash on cash return to a developer. If for example the City elects to have a 100% workforce property, land sale proceeds are minimal and as a condition for the development of workforce housing, the developer agrees to a Land Use Restriction Agreement (LURA). If market rate units are introduced to the subject property, then land sale proceeds are increased due to the additional value added of the market rate units cash flow. This methodology was established to provide flexibility to the City and the potential developer to determine the best development scenario that meets the City requirements.

Debt Assumptions

Each financial scenario within the report assumes Freddie Mac financing, except the final finance and development scenario which is underwritten utilizing HUD insured debt. A Freddie Mac execution allows the developer to get a traditional construction loan then at construction completion, sell the condominiums and refinance the remaining floors into a Freddie Mac loan. Typical Freddie Mac long term loan equals the lesser of 75% loan to cost or 1.15 debt service coverage ratio. HUD insurance allows underwriting and loan execution for new construction up to 90% of replacement cost with rental assistance; the interest rate is fixed over a maximum term of 40 years; is assumable by another qualified borrower; and is non-recourse to the borrower in the event of default. Participation in HUD insured loans usually come from a National Bank or GNMA security and placed with institutional investors. Although the HUD insured loan execution is superior, HUD insurance will not allow a collateral split and sale of components within the asset, as each (except the final scenario) indicates.

Comparable Project Operating Proforma and Valuation

Concourse created an operating and development budget for each development scenario and structured project financial scenarios coupling unit mix, rental rate and operating expenses to the potential improvements. Rents are based upon a schedule published by the State of Florida for renters within 80%-140% of Area Median Income range, while expenses are typical for the unit and building type in the market. Recent and historic trends in building sale prices, occupancy rates, typical operating expenses, and capitalization rates were also analyzed. The project valuation for 224 23rd Street is based on the capitalization of proforma net operating income for each potential development financial scenario as compared below.

Development Scenarios- Condominiums – Rental Units

The proposed building development is structured with multiple financial components, including ‘For Sale’ Condominiums, Workforce and Market Rate Housing, and Commercial space rental. Scenario’s one through six are structured with multiple financial components within the single structure. All six scenarios provide an IRR as an indicator of return on the cost of construction of the entire building, the sale of the condominiums and residual value of the rental units. These scenarios also provide a cash on cash return to the developer for the remaining rental units only. Scenario seven is structured entirely as a rental property that provides cash on cash return solely generated from building cash flow, after all rental property expenses are paid, including debt service. Scenarios two and seven incorporate market rate housing, which has become a necessary tool to generate sufficient capital to support project development and provide a reasonable return to a developer of affordable and workforce housing due to high overall development costs. Additionally, development costs per square foot slightly vary in scenarios five, six and seven directly attributed to financing fees, all other fees and costs are standardized.

Workforce housing rents in Miami Beach are formulated based on earnings of no greater than 140% of Area Median Income (AMI). Whereas, market rate rentals are not capped and provide a greater Net Operating Income (NOI) allowing greater ratios of debt to be placed on the property, and rent increases and expense pass throughs, that may not be available to the developer of workforce housing units.

Scenario Briefs:

Scenario One – Assumes Miami City Ballet and Art Center Florida South pay for the proportionate share of construction costs for their condominium that includes two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 36 rental workforce housing units. No opportunity costs are paid.

Scenario Two – Assumes Miami City Ballet and Art Center Florida South pay for the proportionate share of construction costs for their condominium that includes two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 29 workforce and 7 market-rate rental housing units. No opportunity costs are paid.

Scenario Three – Assumes Miami City Ballet and Art Center Florida South pay for their proportionate share of construction costs for their condominium that include two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 36 rental workforce housing units. An opportunity cost of $854,000 paid to the developer is split between Miami City Ballet and Art Center South Florida.

Scenario Four – Assumes Miami City Ballet and Art Center Florida South pay for the proportionate share of construction costs for their condominium that include two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 36 rental workforce housing units. An opportunity cost of $854,000 paid to the developer and a $2,000,000 land cost paid to the City is split between Miami City Ballet and Art Center South Florida.

Scenario Five – Art Center South Florida elects not to occupy the subject building. Miami City Ballet pays construction costs for their condominium space of two floors. The remaining five floors are rented as 48 rental workforce housing units and ground floor commercial space. An opportunity cost of $860,000 is paid to the developer and a $1,000,000 land cost is paid to the City by Miami City Ballet.

Scenario Six – Miami City Ballet elects not to occupy the subject building. Art Center South Florida pays for the construction costs for their condominium space, that includes one floor of housing and ground floor artist space. The remainder of the building is rented as 60 rental workforce units. An opportunity cost of $1,223,000 is paid to the developer and a $1,000,000 land cost is paid to the City by Art Center South Florida.

Scenario Seven - Miami City Ballet and Art Center South Florida elect not to occupy the subject building. The building is developed and fully rented as 36 workforce and 36 market rate rental units. The ground floor commercial space is rented. To maximize workforce for rent units, no land costs are paid to the City.

A more comprehensive scenario analysis, follows.

Scenario One- Workforce Operating and Valuation Proforma

Scenario One Operating and Valuation Proforma

Scenario One assumes Miami City Ballet and Art Center Florida South pay for their proportionate share of construction costs for their condominium that includes two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 36 rental workforce housing units.

Figure 14- Scenario One Proforma

Collins Park- Scenario One					
New Development Assumptions: Rents as of 7/2/2018					
	Total Units	Rent	Size	Cost/psf	Total Rent
Workforce Housing					
Studio	12	$1,360	400	$3.40	$195,804
One Bedroom	15	$1,645	612	$2.69	$296,045
Two Bedrooms	9	$1,893	812	$2.33	$204,393
Workforce Total	36	$1,612	591	$2.73	696,242
Total Gross Potential Rent					$696,242
Vacancy					(34,812)
Miscellaneous Income				2%	13,925
Effective Gross Income					**675,355**
Operating Expenses					
Controlable Expenses					108,000
Management Fee					20,261
Utilities					54,000
Land Lease					0
Replacement Reserve					10,800
Total Operating Expenses					193,061
Proforma NOI					**482,294**
Debt Service					**381,770**
Cash Flow After Debt Service					**100,524**
Rental Housing Value			**5.25%**	**482,294**	**9,186,559**
MCB Condo Construction Costs			28.57%	18,347,008	5,242,002
ACSF Condo Construction Costs			28.57%	18,347,008	5,242,002
Condo Construction Costs			**57.14%**		**10,484,005**
Project IRR					**9.12%**
Investor IRR					**44.73%**
Return on Cost					**107.21%**
Cash on Cash Return					**8.52%**

The operating proforma reflects gross revenue of $675,000 with an average proforma monthly rent of $1,612 for the 36 workforce housing units. We estimate operating expenses to average about 29 percent of revenue at $5,363 per unit annually, delivering almost $482,290 in net operating income. A valuation of $9.186 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $6.889 million for a Freddie Mac financed multifamily building was calculated at the lesser of 75% loan to cost or 1.15 debt service coverage ratio. Developer invested equity of $1,179,000 delivers an 8.52% cash on cash return after debt service. This project neither hits the target IRR thresholds or cash on cash return and would not be feasible to a developer. A combination of workforce housing units or a capital injection from Miami City Ballet and Art Center of South Florida is required to meet the minimum development return threshold.

Scenario One Project Construction Sources and Uses

Scenario One Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $284 per square foot for a total project cost of $18.3 million for 36 units, the Miami City Ballet suite and Art Center South Florida suite. In this scenario, it is assumed that the City will contribute the land to the developer in exchange for a Land Use Restriction Agreement (LURA) for workforce housing.

Figure 15- Scenario One Sources and Uses

Sources and Uses- Construction				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	75%	213	382,222	13,760,000
Land/Building Loan	0%	0	0	0
Grants	0%	0	0	0
Owner Equity	25%	71	127,417	4,587,008
Total Sources	100%	284	509,639	$ 18,347,008
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	76%	216	387,354	$ 13,944,759
Financing Fees	3%	7	13,093	$ 471,356
Soft Costs	16%	47	83,851	$ 3,018,620
Permit/Impact Fees	5%	14	25,341	$ 912,273
Total Uses	100%	284	509,639	$ 18,347,008
Sources and Uses- Permanent				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	37%	107	191,387	6,889,919
MCB and ACSF Construction	57%	162	291,222	10,484,005
Grants	0%	0	0	0
Owner Equity	6%	18	32,772	1,179,782
Total Sources	100%	287	515,381	$ 18,553,706
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Construction Loan	74%	213	382,222	$ 13,760,000
Equity	25%	71	127,417	$ 4,587,008
Perm Loan Fees	1%	3	5,742	$ 206,698
Total Uses	100%	287	515,381	$ 18,553,706

Scenario Two- Mixed Income Operating and Valuation Proforma

Scenario Two Operating and Valuation Proforma

Scenario Two assumes Miami City Ballet and Art Center Florida South pay for the proportionate share of construction costs for their condominium that includes two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 29 workforce and 7 market rate rental housing units.

The operating proforma reflects gross revenue of $722,800 with an average proforma monthly rent of $1,725 for 29 workforce housing units. We estimate operating expenses to average about 27 percent of

Figure 16- Scenario Two Proforma

Collins Park- Scenario Two					
New Development Assumptions: Rents as of 7/2/2018					
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**
Workforce Housing					
Studio	10	$1,360	400	$3.40	156,643
One Bedroom	12	$1,645	612	$2.69	236,836
Two Bedrooms	7	$1,893	812	$2.33	163,515
Workforce Total	29	$1,612	591	$2.73	556,994
Market Rate Housing					
Studio	2	$1,829	400	$4.57	52,675
One Bedroom	3	$2,077	612	$3.39	74,772
Two Bedrooms	2	$2,811	812	$3.46	60,718
Market Rate Total	7	$2,178	591	$3.68	188,165
Totals/Averages	36	$1,725	591	$2.92	745,159
Total Gross Potential Rent					$745,159
Vacancy					(37,258)
Miscellaneous Income				2%	14,903
Effective Gross Income					**722,804**
Operating Expenses					
Controlable Expenses					108,000
Management Fee					21,684
Utilities					54,000
Land Lease					0
Replacement Reserve					10,800
Total Operating Expenses		27%			194,484
Proforma NOI					**528,320**
Debt Service					**418,203**
Cash Flow After Debt Service					**110,117**
Rental Housing Value			**5.25%**	**528,320**	**10,063,233**
MCB Condo Construction Costs			28.57%	18,347,008	5,242,002
ACSF Condo Construction Costs			28.57%	18,347,008	5,242,002
Condo Construction Sale Total			**57.14%**		**10,484,005**
Project IRR					**15.15%**
Investor IRR					**58.31%**
Return on Cost					**111.99%**
Cash on Cash Return					**20.32%**

revenue at $5,402 per unit annually and deliver net operating income of near $528,320. A valuation of $10.06 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $7.5 million for a Freddie Mac financed multifamily building was calculated at the lesser of 75% loan to cost or 1.15 debt service coverage ratio. We believe that due to the low equity requirement, healthy cash on cash, 15% IRR, and ability to receive a developer fee, this scenario provides a reasonable return to a developer.

Scenario Two Construction Sources and Uses

Scenario Two Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $284 per square foot for a total project cost of $18.3 million. The City has determined its contribution to the development is the vacant site, assuming the developer agrees to a Land Use Restriction Agreement (LURA) for a mixed income workforce and market rate housing structure.

Figure 17- Scenario Two Sources and Uses

Sources and Uses- Construction					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	75%	213	382,222		13,760,000
Land/Building Loan	0%	0	0		0
Grants	0%	0	0		0
Owner Equity	25%	71	127,417		4,587,008
Total Sources	100%	284	509,639	$	18,347,008
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Acquisition	0%	0	0	$	-
Hard Costs	76%	216	387,354	$	13,944,759
Financing Fees	3%	7	13,093	$	471,356
Soft Costs	16%	47	83,851	$	3,018,620
Permit/Impact Fees	5%	14	25,341	$	912,273
Total Uses	100%	284	509,639	$	18,347,008

Sources and Uses- Permanent					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	41%	117	209,651		7,547,425
MCB and ACSF Construction	56%	162	291,222		10,484,005
Grants	0%	0	0		0
Owner Equity	3%	8	15,056		542,002
Total Sources	100%	287	515,929	$	18,573,431
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Construction Loan	74%	213	382,222	$	13,760,000
City of Miami Beach Land Payment	0%	0	0	$	-
Equity	25%	71	127,417	$	4,587,008
Perm Loan Fees	1%	4	6,290	$	226,423
Total Uses	100%	287	515,929	$	18,573,431

Scenario Three – Workforce Opportunity Development Cost

Scenario Three Operating and Valuation Proforma

Scenario Three assumes Miami City Ballet and Art Center Florida South pay for their proportionate share of construction costs for their condominium that includes two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 36 workforce housing rental units.

This scenario explores charging Miami City Ballet and Art Center of South Florida a total development opportunity fee of $854,000 that is split equally, in addition to their respective construction costs paid to the developer.

Figure 18- Scenario Three Proforma

Collins Park- Scenario Three					
New Development Assumptions: Rents as of 7/2/2018					
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**
Workforce Housing					
Studio	12	$1,360	400	$3.40	$195,804
One Bedroom	15	$1,645	612	$2.69	$296,045
Two Bedrooms	9	$1,893	812	$2.33	$204,393
Workforce Total	36	$1,612	591	$2.73	696,242
Total Gross Potential Rent					$696,242
Vacancy					(34,812)
Miscellaneous Income				2%	13,925
Effective Gross Income					**675,355**
Operating Expenses					
Controlable Expenses					108,000
Management Fee					20,261
Utilities					54,000
Land Lease					0
Replacement Reserve					10,800
Total Operating Expenses					193,061
Proforma NOI					**482,294**
Debt Service					**381,770**
Cash Flow After Debt Service					**100,524**
Rental Housing Value			**5.25%**	**482,294**	**9,186,559**
MCB Condo Construction Costs			28.57%	18,347,008	5,242,002
ACSF Condo Construction Costs			28.57%	18,347,008	5,242,002
Opportunity Costs					854,945
Condo Construction Costs					**11,338,950**
Project IRR					**15.00%**
Investor IRR					**57.97%**
Return on Cost					**111.87%**
Cash on Cash Return					**30.95%**

The operating proforma reflects gross revenue of $675,000 with an average proforma monthly rent of $1,612 for 36 units. We estimate operating expenses to average about 29 percent of revenue at $5,363 per unit annually. We estimate the 36 workforce units will deliver net operating income near $482,000. A valuation of $9.18 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $6.9 million for a Freddie Mac-financed multifamily building was calculated at the lesser of 75% loan to cost or 1.15 debt service coverage ratio. We believe that, due to the low equity requirement and ability to receive a developer fee, this scenario provides a fair return to a developer or investor. Per the 15% IRR development threshold, the development opportunity fee is determined to be $854,000 and split pari-passu between each entity.

Scenario Three Project Construction Sources and Uses

Scenario Three Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $284 per square foot for a total project cost of $18.35 million. The City has determined that its only contribution will be the site. In this scenario, it is assumed that the City will contribute the land to the developer in exchange for a Land Use Restriction Agreement (LURA) for workforce housing.

Figure 19- Scenario Three Sources and Uses

Sources and Uses- Construction				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	75%	213	382,222	13,760,000
Land/Building Loan	0%	0	0	0
Grants	0%	0	0	0
Owner Equity	25%	71	127,417	4,587,008
Total Sources	100%	284	509,639	$ 18,347,008
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	76%	216	387,354	$ 13,944,759
Financing Fees	3%	7	13,093	$ 471,356
Soft Costs	16%	47	83,851	$ 3,018,620
Permit/Impact Fees	5%	14	25,341	$ 912,273
Total Uses	100%	284	509,639	$ 18,347,008
Sources and Uses- Permanent				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	37%	107	191,387	6,889,919
MCB and ACSF Construction F	61%	175	314,971	11,338,950
Grants	0%	0	0	0
Owner Equity	2%	5	9,023	324,837
Total Sources	100%	287	515,381	$ 18,553,706
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Construction Loan	74%	213	382,222	$ 13,760,000
City of Miami Beach Land Pay	0%	0	0	$ -
Equity	25%	71	127,417	$ 4,587,008
Perm Loan Fees	1%	3	5,742	$ 206,698
Total Uses	100%	287	515,381	$ 18,553,706

Scenario Four - Workforce Opportunity Development and Land Cost

Scenario Four Operating and Valuation Proforma

Scenario Four assumes Miami City Ballet and Art Center Florida South pay for their proportionate share of construction costs for their condominium that includes two residential floors for Miami City Ballet and one residential floor and ground floor artist space for Art Center South Florida. The remaining three floors are developed into 36 workforce housing rental units.

This scenario explores charging Miami City Ballet and Art Center of South Florida a development opportunity fee of $854,000 in addition to their respective construction costs paid to the developer (to help offset equity needed to support the workforce housing development) and $2,000,000 for land costs to the City of Miami Beach, split evenly.

Figure 20- Scenario Four Proforma

Collins Park- Scenario Four					
New Development Assumptions: Rents as of 7/2/2018					
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**
Workforce Housing					
Studio	12	$1,360	400	$3.40	$195,804
One Bedroom	15	$1,645	612	$2.69	$296,045
Two Bedrooms	9	$1,893	812	$2.33	$204,393
Workforce Total	36	$1,612	591	$2.73	696,242
Total Gross Potential Rent					$696,242
Vacancy					(34,812)
Miscellaneous Income				2%	13,925
Effective Gross Income					**675,355**
Operating Expenses					
Controlable Expenses					108,000
Management Fee					20,261
Utilities					54,000
Land Lease					0
Replacement Reserve					10,800
Total Operating Expenses					193,061
Proforma NOI					**482,294**
Debt Service					**381,770**
Cash Flow After Debt Service					**100,524**
Rental Housing Value			**5.25%**	**482,294**	**9,186,559**
MCB Condo Construction Costs			28.57%	18,347,008	5,242,002
ACSF Condo Construction Costs			28.57%	18,347,008	5,242,002
Opportunity Costs					854,945
Miami Beach Land Cost					2,000,000
Condo Construction Costs			**57.14%**		**13,338,950**
Project IRR					**15.00%**
Investor IRR					**87.88%**
Return on Cost					**122.77%**
Cash on Cash					**30.95%**

The operating proforma reflects gross revenue of $675,000 with an average monthly rent of $1,612 for 36 units. We estimate operating expenses to average about 29 percent of revenue at $5,363 per unit annually and the 36 units will deliver net operating income of near $482,000. A valuation of $9.186 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $6.89 million for a Freddie Mac-financed multifamily building was calculated at the lesser of 75% loan to cost or 1.15 debt service coverage ratio. Developer invested equity capital of $324,837 delivers a 15% project IRR. Per the 15% IRR development threshold, the development opportunity fee is determined to be $854,000 and split pari passu between each entity. We believe that due to the low equity requirement and ability to receive a developer fee, this scenario provides a fair return to a developer or investor.

Scenario Four Project Construction Sources and Uses

Scenario Four Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $284 per square foot for a total project cost of $18.35 million. The City has determined that its only contribution will be the site. In this scenario, it is assumed that the City will contribute the land to the developer in exchange for a Land Use Restriction Agreement (LURA) for workforce housing and receive a payment for the land from the Miami City Ballet and the Art Center South Florida.

Figure 21- Scenario Four Sources and Uses

Sources and Uses- Construction					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	75%	213	382,222		13,760,000
Land/Building Loan	0%	0	0		0
Grants	0%	0	0		0
Owner Equity	25%	71	127,417		4,587,008
Total Sources	100%	284	509,639	$	18,347,008
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Acquisition	0%	0	0	$	-
Hard Costs	76%	216	387,354	$	13,944,759
Financing Fees	3%	7	13,093	$	471,356
Soft Costs	16%	47	83,851	$	3,018,620
Permit/Impact Fees	5%	14	25,341	$	912,273
Total Uses	100%	284	509,639	$	18,347,008

Sources and Uses- Permanent					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	37%	107	191,387		6,889,919
MCB and ACSF Construction Repayment	61%	175	314,971		11,338,950
Grants	0%	0	0		0
Owner Equity	2%	5	9,023		324,837
Total Sources	100%	287	515,381	$	18,553,706
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Construction Loan	74%	213	382,222	$	13,760,000
City of Miami Beach Land Payment	0%	0	0	$	-
Equity	25%	71	127,417	$	4,587,008
Perm Loan Fees	1%	3	5,742	$	206,698
Total Uses	100%	287	515,381	$	18,553,706

Scenario Five – No ACSF Operating and Valuation Proforma

Scenario Five Operating and Valuation Proforma

Scenario Five assumes Art Center South Florida elects not to occupy the subject building. Miami City Ballet pays construction costs for its condominium space of two floors. The remaining five floors are rented as 48 rental workforce housing units and ground floor commercial space.

This scenario explores charging Miami City Ballet a development opportunity fee of $860,000 in addition to its respective construction costs paid to the developer to help offset equity needed to support the workforce housing development and $1,000,000 for land costs to the City of Miami Beach.

Figure 22- Scenario Five Mixed Income

Collins Park- Scenario Five					
New Development Assumptions: Rents as of 7/3/2018					
	Total Units	Rent	Size	Cost/psf	Total Rent
Workforce Housing					
Studio	16	1,360	400	$3.40	261,072
One Bedroom	20	1,645	612	$2.69	394,727
Two Bedrooms	12	1,893	750	$2.52	272,525
Totals/Averages	48	1,612	576	$2.80	928,323
Commercial Space	6,388	$30	6,388	$0.00	191,633
Total Gross Potential Rent					$1,119,956
Vacancy					(55,998)
Miscellaneous Income					22,399
Effective Gross Income					**1,086,357**
Operating Expenses					
Controlable Expenses					144,000
Management Fee					32,591
Utilities					72,000
Land Lease					0
Replacement Reserve					14,400
Total Operating Expenses		24%			262,991
Proforma NOI					**823,366**
Debt Service					**651,753**
Cash Flow After Debt Service					**171,613**
Rental Housing Value			5.25%	823,366	15,683,164
MCB Condo Construction Costs			28.57%	18,657,624	5,330,750
Opportunity Costs					860,866
Miami Beach Land Cost					1,000,000
Condo Construction Costs					7,102,868
Project IRR					**21.16%**
Investor IRR					**110.73%**
Return on Cost					**110.07%**
Cash on Cash Return					**14.98%**

The operating proforma reflects gross revenue of $1.086 million with an average proforma monthly rent of $1,612 for 48 units. We estimate operating expenses to average about 24 percent of revenue at $5,479 per unit annually. The 48 units will deliver net operating income of near $823,336. A valuation of $15.6 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $11.7 million for a Freddie Mac financed multifamily transaction was calculated at the lesser of 75% loan to cost or 1.15 debt service coverage ratio. We believe that, due to the low equity requirement and ability to receive a developer fee, this scenario provides a fair return to a developer or investor.

Scenario Five Project Construction Sources and Uses

Scenario Five Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $289 per square foot for a total project cost of $18.65 million for 48 units. In this scenario, it is assumed that the City will contribute the land to the developer in exchange for a Land Use Restriction Agreement (LURA) for workforce housing.

Figure 23- Scenario Five Sources and Uses

Sources and Uses- Construction					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	75%	216	291,525		13,993,218
Land/Building Loan	0%	0	0		0
Grants	0%	0	0		0
Owner Equity	25%	72	97,175		4,664,406
Total Sources	100%	289	388,700	$	18,657,624
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Acquisition	0%	0	0	$	-
Hard Costs	75%	216	290,516	$	13,944,759
Financing Fees	4%	13	16,958	$	814,000
Soft Costs	16%	46	62,221	$	2,986,592
Permit/Impact Fees	5%	14	19,006	$	912,273
Total Uses	100%	289	388,700	$	18,657,624

Sources and Uses- Permanent					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	62%	182	245,049		11,762,373
MCB Condo Cost	32%	94	127,143		6,102,868
Grants	0%	0	0		0
Owner Equity	6%	18	23,859		1,145,254
Total Sources	100%	294	396,052	$	19,010,495
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Construction Loan	74%	216	291,525	$	13,993,218
City of Miami Beach Land Payment	0%	0	0	$	-
Equity	25%	72	97,175	$	4,664,406
Perm Loan Fees	2%	5	7,351	$	352,871
Total Uses	100%	294	396,052	$	19,010,495

Scenario Six – No MCB Operating and Valuation Proforma

Scenario Six Operating and Valuation Proforma

Scenario Five assumes Miami City Ballet elects not to occupy the subject building. Art Center South Florida pays construction costs for one floor of residential space and ground floor artist space. The remaining five floors are rented as 60 rental workforce housing units. This scenario explores charging Art Center South Florida a development opportunity fee of $1,223,000 in addition to its respective construction costs paid to the developer to help offset equity needed to support the workforce housing development and $1,000,000 for land costs to the City of Miami Beach.

Figure 24- Scenario Six Mixed Income

Collins Park- Scenario Six					
New Development Assumptions: Rents as of 7/3/2018					
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**
Workforce Housing					
Studio	20	$1,360	400	$3.40	326,340
One Bedroom	25	$1,645	612	$2.69	493,408
Two Bedrooms	15	$1,893	750	$2.52	340,656
Workforce Total	60	$1,612	576	$2.80	1,160,404
Totals/Averages	60	$1,612	576	$2.80	1,160,404
Total Gross Potential Rent					$1,160,404
Vacancy					(58,020)
Miscellaneous Income					23,208
Effective Gross Income					**1,125,592**
Operating Expenses					
Controlable Expenses					180,000
Management Fee					33,768
Utilities					90,000
Land Lease					0
Replacement Reserve					18,000
Total Operating Expenses		29%			321,768
Proforma NOI					**803,824**
Debt Service					**636,284**
Cash Flow After Debt Service					**167,540**
Rental Condo Value			**5.25%**	**803,824**	**15,310,931**
ACSF Condo Construction Costs					5,242,002
ACSF Opportunity Costs					1,223,071
ACSF Beach Land Cost					1,000,000
Total ACSF Condo Fee					**22,776,004**
Project IRR					**20.54%**
Investor IRR					**115.65%**
Return on Cost					**80.28%**
Cash on Cash Return					**14.91%**

The operating proforma reflects gross revenue of $1.125 million with an average proforma monthly rent of $1,612 for 60 units. We estimate operating expenses to average about 29 percent of revenue at $5,363 per unit annually. The 60 units will deliver net operating income of near $803,000. A valuation of $15.310 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $11. 5 million for a Freddie Mac-financed multifamily building was calculated at the lesser of 75% loan to cost or 1.15 debt service coverage ratio. Per the 15% cash on cash development threshold, we believe that due to the low equity requirement, ability to receive a development fee, and cash on cash return this scenario would be attractive to a developer or investor.

Scenario Six Project Construction Sources and Uses

Scenario Six Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $290 per square foot for a total project cost of $18.7 million. In this scenario, it is assumed that the City will contribute the land to the developer in exchange for a Land Use Restriction Agreement (LURA) for workforce housing.

Figure 25- Scenario Six Sources and Uses

Sources and Uses- Construction				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	75%	217	234,083	14,045,000
Land/Building Loan	0%	0	0	0
Grants	0%	0	0	0
Owner Equity	25%	72	78,046	4,682,779
Total Sources	100%	290	312,130	$ 18,727,779
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	74%	216	232,413	$ 13,944,759
Financing Fees	4%	13	13,567	$ 814,000
Soft Costs	16%	47	50,946	$ 3,056,747
Permit/Impact Fees	5%	14	15,205	$ 912,273
Total Uses	100%	290	312,130	$ 18,727,779

Sources and Uses- Permanent				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	60%	178	191,387	11,483,198
ACSF Condo Costs	34%	100	107,751	6,465,073
Grants	0%	0	0	0
Owner Equity	6%	17	18,733	1,124,004
Total Sources	100%	295	317,871	$ 19,072,275
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Construction Loan	74%	217	234,083	$ 14,045,000
City of Miami Beach Land Payment	0%	0	0	$ -
Equity	25%	72	78,046	$ 4,682,779
Perm Loan Financing Fee	2%	5	5,742	$ 344,496
Total Uses	100%	295	317,871	$ 19,072,275

Scenario Seven – No MCB or ACSF Operating and Valuation Proforma

Scenario Seven Operating and Valuation Proforma

Scenario Seven assumes Miami City Ballet and Art Center South Florida elect not to occupy the subject building. Though a slight variation from the Commission direction, this scenario provides 36 workforce housing units, 36 market-rate units, and 6,388 square feet of commercial space. In this scenario, it is assumed that the City will contribute the land to the developer in exchange for a Land Use Restriction Agreement (LURA) for workforce housing.

Figure 26- Scenario Seven Operating Proforma

Collins Park- Scenario Seven					
New Development Assumptions: Rents as of 7/2/2018					
	Total Units	**Rent**	**Size**	**Rent/psf**	**Total Rent**
Workforce Housing					
Studio	12	$1,360	400	$3.40	195,804
One Bedroom	15	$1,645	612	$2.69	296,045
Two Bedrooms	9	$1,893	812	$2.33	204,393
Workforce Total	36	1,612	591	$2.73	696,242
Market Rate Housing					
Studio	12	$1,829	400	$4.57	263,376
One Bedroom	15	$2,077	612	$3.39	373,860
Two Bedrooms	9	$2,811	812	$3.46	303,588
Market Total	36	2,178	591	$3.68	940,824
Totals/Averages for apart	72	$1,895	591	$3.20	1,637,066
Retail	6,388	$30	6,388	$0.00	191,633
Total Gross Potential Rent					$1,828,699
Vacancy					(81,853)
Miscellaneous Income					36,574
Effective Gross Income					**1,783,419**
Operating Expenses					
Controlable Expenses					216,000
Management Fee					53,503
Utilities					108,000
Land Lease					0
Replacement Reserve					21,600
Total Operating Expenses		22%			399,103
Proforma NOI					**1,384,317**
Debt Service					**943,531**
Cash Flow After Debt Service					**440,786**
Rental Housing Value				5.25%	**26,367,940**
Project IRR					**22.71%**
Investor IRR					**112.63%**
Return on Cost					**125.67%**
Annual Cash on Cash Return					**14.79%**

The operating proforma reflects gross revenue of $1.637 million with an average proforma monthly rent of $1,895 for 72 units. We estimate operating expenses to average about 22 percent of revenue at $5,543 per unit annually and deliver net operating income near $1,384,000. A valuation of $26.367 million was obtained by applying a market reasonable capitalization rate of 5.25% to net operating income. Loan proceeds of $18 million for a HUD-financed multifamily building was calculated at the lesser of 80% loan to cost or 1.15 debt service coverage ratio. Developer invested equity capital of $2.1981 million delivers a 14.79% cash on cash return after debt service. We believe that due to the rate of return on the investment, the potential development will attract a developer and provide an excellent return.

Scenario Seven Project Construction Sources and Uses

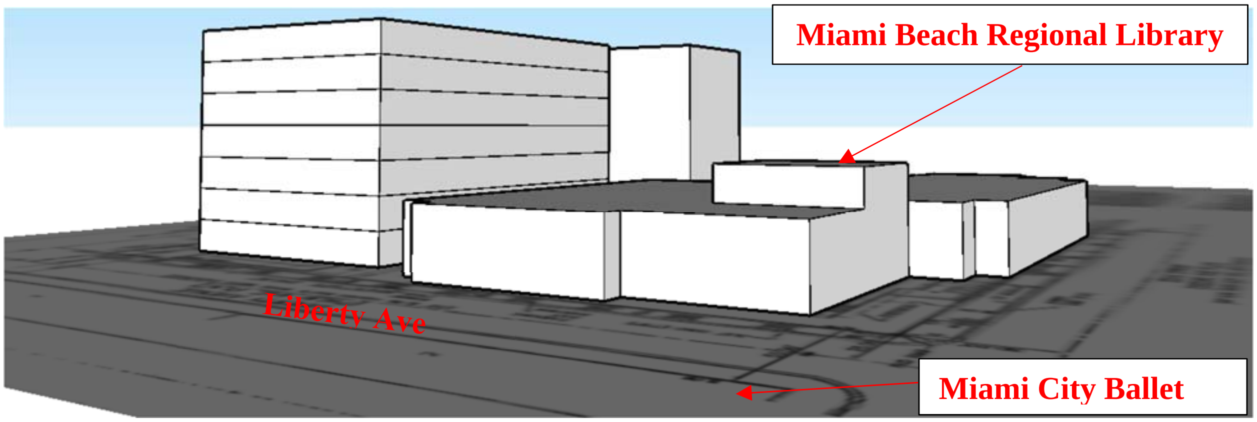
Scenario Seven Sources and Uses demonstrates the cost of new construction in Miami Beach for the proposed seven-story structure. We estimate both hard and soft costs for construction at $325 per square foot for a total project cost of $20.981 million for 72 units. The City has determined that its only contribution will be the site, assuming the developer agrees to a Land Use Restriction Agreement (LURA) for workforce housing.

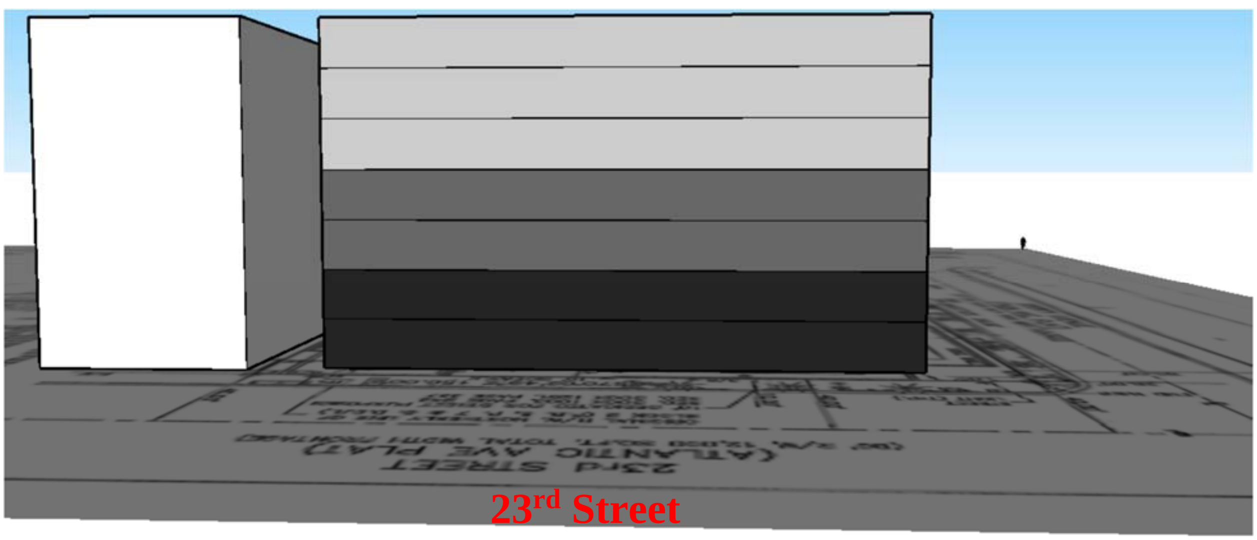
Figure 27- Scenario Seven Sources and Uses

Sources and Uses				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	86%	278	250,000	$ 18,000,000
Land/Building Loan	0%	0	0	$ -
Developer Capital	14%	46	41,406	$ 2,981,229
Total Sources	100%	325	291,406	20,981,229
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	66%	216	193,677	$ 13,944,759
Financing Fees	14%	47	42,144	$ 3,034,375
Soft Costs	15%	48	42,914	$ 3,089,822
Permit/Impact Fees	4%	14	12,670	$ 912,273
Total Uses	100%	325	291,406	$ 20,981,229

Development Massing

Figure 28- Massing Studies





Building Massing and Design

To maximize the site's development potential, the City Commission created a waiver allowing an increase of building height to 75 Feet to accommodate seven (7) stories and increasing the development density a result of amended development guidelines for workforce housing. The City plans to create a Unified Development Site, combining the remaining FAR from the adjacent Miami-Dade Regional library leased from the City with the subject site, to create an opportunity for 95,906 square feet of potential development. Within our basic development scenario, we envision workforce and market rate Housing on floors five, six and seven; the Miami City Ballet on floors three and four; Art Center South Florida residences on floor two; and artist space on the ground floor. However, should the subject use be strictly a combination of workforce and market rate housing, we believe floorplates two through seven would be identical. The ground floor would be strictly commercial use as the income significantly contributes to the overall financial feasibility of the development. In this scenario, we see the commercial space playing a vital role in the financial vitality of the project. Knowing the desire for ground floor artist space, it would be our recommendation to encourage the developer through negotiations to allocate space for artists studio or a small gallery to showcase work.

Development Floorplate

The design for workforce and market rate housing delivers a unit mix of studio, one-bedroom, and two-bedroom units ranging in size from 612 square feet for a studio to 812 square feet for a two-bedroom unit.

Figure 29- Workforce Housing Floor Plan

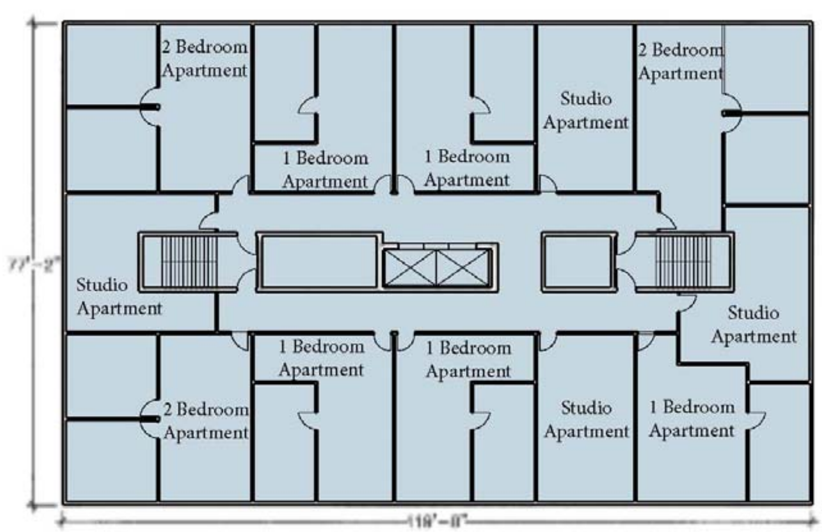


Figure 30- Artist Studio Floor Plan

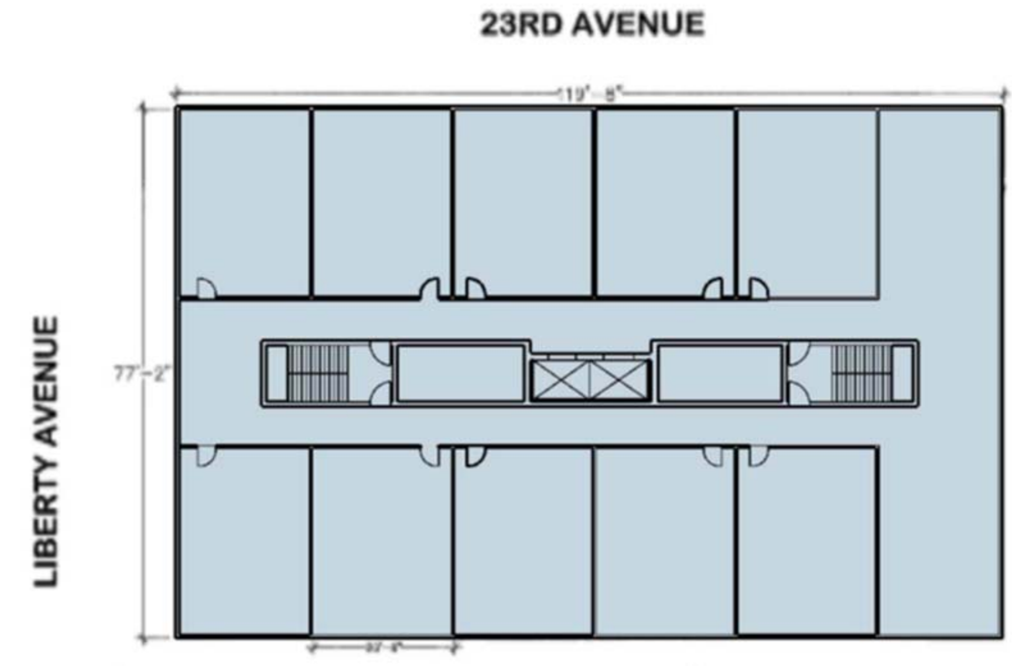
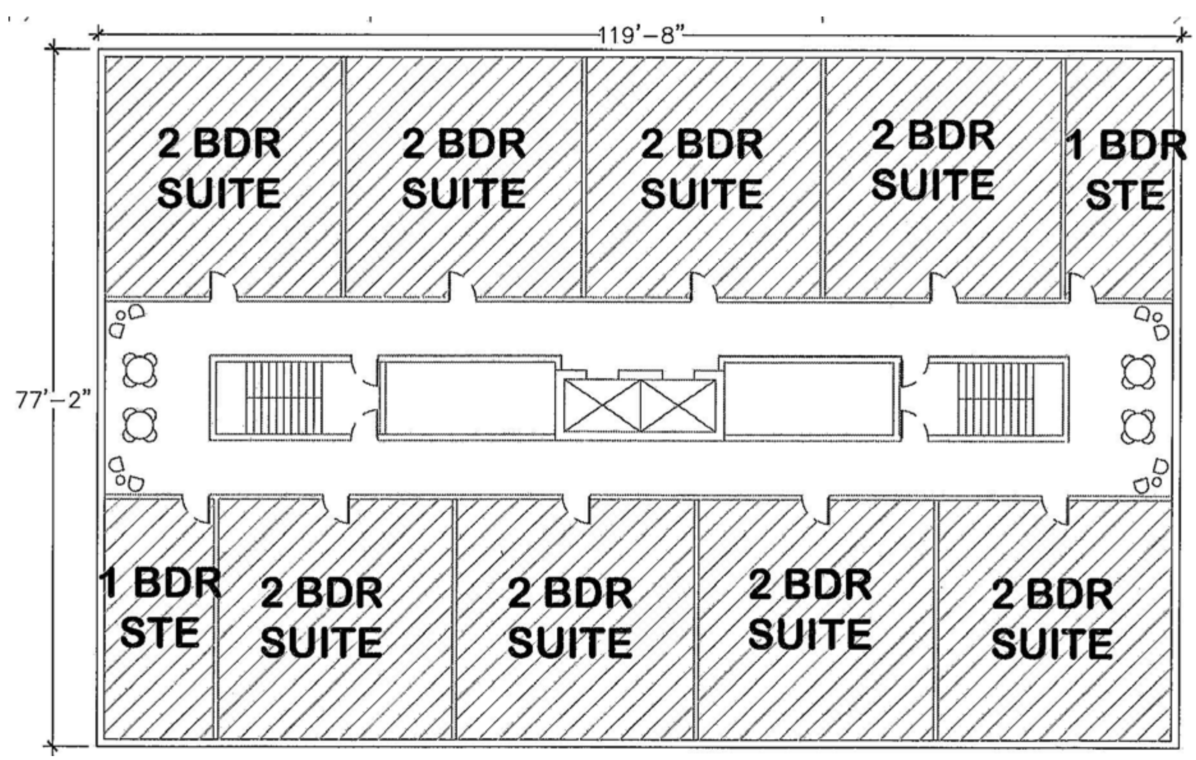


Figure 31- Miami City Ballet Floor Plan



Comparable Project Operating Proforma

A proforma operating budget forecasts revenues and expenses, and depicts anticipated results including the amount of cash flow generated from the project to pay operating expenses and debt service. Each development scenario was analyzed to maximize workforce housing and still meet development threshold IRRs. By incorporating market rate units in scenarios two, six, and seven, net operating income (NOI) is increased to make the development financially feasible for a potential developer/owner. Scenarios Three and Four also include an opportunity cost that allows for an increased return on cost.

Figure 32- Comparable Operating Proforma

Comparable Operating Proforma					
	Revenue	**Expenses**	**NOI**	**Project IRR**	**Cash/Cash**
Scenario One:	675,355	193,061	482,294	9.12%	8.52%
Scenario Two:	722,804	194,484	528,320	15.15%	20.32%
Scenario Three:	675,355	193,061	482,294	15.00%	30.95%
Scnearion Four:	675,355	193,061	482,294	15.00%	30.95%
Scenario Five:	1,086,357	262,991	823,366	21.16%	14.98%
Scenario Six:	1,125,592	321,768	803,824	20.54%	14.91%
Scenario Seven:	1,783,419	399,103	1,384,317		14.79%

Valuation Sensitivity

Figure 33- Valuation Sensitivity

Cap Rate Sensitivity				
	NOI	5.25%	5.5%	6.0%
Scenario One:	482,294	9,186,559	8,768,988	8,038,239
Scenario Two:	528,320	10,063,233	9,605,813	8,805,329
Scenario Three:	482,294	9,186,559	8,768,988	8,038,239
Scnearion Four:	482,294	9,186,559	8,768,988	8,038,239
Scenario Five:	823,366	15,683,164	14,970,293	13,722,769
Scenario Six:	803,824	15,310,931	14,614,980	13,397,065
Scenario Seven:	1,384,317	26,367,940	25,169,397	23,071,947

Recent and historic trends in building sale prices, occupancy rates, operating expenses and capitalization rates were also analyzed. The estimated project valuation for the 224 23rd Street potential development is based on the capitalization of proforma net operating income for each potential development financial scenario. There are two ways in which a capitalization rate is used by investors. One is to value a property they want to sell based on current market capitalization rates for recently sold comparable properties. The other is to determine if the asking price of a property is reasonable when considering a purchase. The income capitalization approach converts net operating income of a property into an estimate of value. The cap rate sensitivity analysis creates a range of values for each of the financial scenarios that will assist in: determining the amount of debt and equity needed to develop the project, the amount of cash flow generated from the project to pay operating expenses, debt service and return on the amount invested; and importantly, establishing a value baseline for P-3 negotiations. Typically, in the current financial market for the location of this project and for this type of development, a developer can obtain 75% loan to value utilized for new development purposes. As the valuation sensitivity chart indicates, the value of the improvements has a broad range from a low $8.038 million at a 6% capitalization rate in Scenario One to $26.3 million at a 5.25% cap rate in Scenario Seven.

Land Use Compatibility

The subject site is situated on the south east corner of 23rd Street and Liberty Avenue, between Collins Avenue to the east and Dade Boulevard to the west, in an intensely developed commercial and residential neighborhood consisting of low; mid; and high-rise hospitality and residential properties, single-story retail and commercial uses in the neighborhood. Based on site location, the intended use for workforce and market rate housing is compatible with the surrounding neighborhood. Commercial and retail activity for this site is also compatible.

Execution Risk

The current market for housing in Miami Beach is strong. Vacancy rates for multifamily rentals are lower in the study area than in the City. Market rents and sales prices for residential units are high. There is a strong demand for housing, but coupled with high land values and construction costs, new development can be difficult.

Redevelopment of the “Hourly Parking” site will generate neighborhood and community considerations and interruptions, including parking issues, dust, noise, traffic patterns, and construction vehicles. Other concerns include constructing quality improvements, streetscape and public art.

Construction and Development Cost Risk

The costs for the development of the potential building includes estimated soft and hard construction costs, financing costs, off-site costs associated with impact, and user fees and developer return typical in the market. Unknown costs include infrastructure that supports the surrounding neighborhood, including storm water management and utility support. The developer fee modeled at 10% of construction hard costs is fair based on the P-3 venture. Additionally, the developer has other potential fee opportunities including construction and property management, among others throughout the mixed-use project. Typical risks associated with development include increasing labor and materials cost, weather delays and significant interest rate changes that may affect net proceeds. Other potential development risks include: changes in market trends, and surrounding neighborhood advocacy that may delay construction.

Project Amenities

Once developed, the density of the site and the limited amount of available non-rented and non-revenue producing square feet leaves little room for project amenities. We believe the only non-revenue producing amenity that could potentially be incorporated within the development is a roof top swimming pool. However, the estimated cost of $500,000, may be too high to incorporate into any development scenario. We believe depending on building final design, this amenity could be a negotiating point with the developer.

Concourse collected market data applicable to the specific study area. These data points were collected from a variety of sources including CoStar Group, local brokerage market condition reports, DataQuick/CoreLogic sales reports, Realty/Rates.com investor and developer survey data, CBRE Cap Rate Survey, BOMA Experience Exchange Reports, RS Means Constructions Costs data and assessors' data.

Neighborhood Assets

The site has various assets within the immediate neighborhood of 224 23rd Street including the Miami City Ballet, Miami Beach Regional Library, Hotel South Beach, Collins Park, Miami Beach and other key neighborhood assets and services located within a short walking distance of the site.

Financing

Leveraging the prime real estate value of this site to finance the construction of workforce housing units and the construction of a mixed-use property is a financially feasible plan that can be executed within a reasonable timeline, as approved by the City.

Sale Risk

There is no sale risk as the site is owned by the City and will be ventured as Public Private Partnership (P3). The City will contribute the land that will be conveyed with title restrictions and will continue to deliver workforce units. The P3 will be structured as a 50-Year ground lease with a land use agreement for workforce housing.

Conclusions

With the goal of establishing a financially feasible model to create much-needed housing units, the City Commission broadened the subject site's development potential creating a waiver allowing an increase of building height to 75 Feet to accommodate seven (7) stories and increasing the development density. The City also plans to create a Unified Development Site combining the remaining FAR from the adjacent Miami-Dade Regional library leased from the City with the subject site to create an opportunity for 95,906 square feet of potential development.

Applying City parameters to the site, a broad range of building massing options were evaluated and coupled to proforma operating and development financial structures to create a financially feasible and commercially viable housing development model. The basic parameters of the model are to meet the requests of two potential community partners, increase the supply of workforce housing and to attract a financially capable and experienced development partner.

As indicated throughout this analysis, the City Commission expanded zoning parameters to provide development opportunities that are both financially viable and meet the goal of expanding workforce housing for artists. Multiple development scenarios were created, tested and closely analyzed for financial feasibility and site development potential.

Scenario Analysis:

Figure 34- Collins Park Site Feasibility and Site Development Matrix

Development Scenario	Workforce Units	Market Rate Units	MCB Floors	ACSF Floors	Commercial Space	NOI	Value@ 5.25%	Cashflow After Debt Service	Developer Equity	Developer Fee	IRR	Cash on Cash	ACSF Construction Payment	ACSF Opportunity Cost Payment	ACSF Land Cost	MCB Construction	MCB Opportunity Cost	MCB Land Cost	Land Cost Total
Scenario 1	36	0	2	2	0	482,294	9,186,559	100,524	1,179,782	1,394,476	9.12%	8.52%	5,242,002			5,242,002			0
Scenario 2	29	7	2	2	0	528,320	10,063,233	110,117	542,002	1,394,476	15.15%	20.32%	5,242,002			5,242,002			0
Scenario 3	36	0	2	2	0	482,294	9,186,559	100,524	324,837	1,394,476	15.00%	30.95%	5,242,002	427,473		5,242,002	427,473		0
Scenario 4	36	0	2	2	0	482,294	9,186,559	100,524	324,837	1,394,476	15.00%	30.95%	5,242,002	427,473	1,000,000	5,242,002	427,473	1,000,000	2,000,000
Scenario 5	48	0	2	0	1	823,366	15,683,164	171,613	1,145,254	1,394,476	21.16%	14.98%	0	0		5,242,002	860,866	1,000,000	1,000,000
Scenario 6	60	0	0	2	0	803,824	15,310,931	167,540	1,124,004	1,394,476	20.54%	14.91%	5,242,002	1,223,071	1,000,000				1,000,000
Scenario 7	36	36	0	0	1	1,384,317	26,367,940	440,786	2,981,229	1,394,476		14.79%							0

Scenario One delivers on the goals of the City to create housing for Miami City Ballet and Art Center South Florida and provides workforce housing rental units. However, this scenario provides a minimum return to a developer and does not provide for a financial return to the City. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the condominium regime for Miami City Ballet, Art Center South Florida and workforce housing rental units. This scenario satisfies the City goal of working with two community partners and creates workforce housing, however, this scenario does not provide a reasonable financial return to the developer nor a return to the City. Therefore, we believe scenario one is not a viable development opportunity.

Scenario Two delivers on the goals of the City to create housing for Miami City Ballet and Art Center South Florida and provide workforce housing. This development scenario also provides market rate rental units, as an additional feature. Scenario Two satisfies the City goal of working with two community partners, creates workforce housing and provides a solid return to attract a potential developer. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the condominium regime for Miami City Ballet, Art Center South Florida and workforce housing rental units. Although the City does not achieve a financial return, scenario two is a viable development opportunity that satisfies the City goal of working with two community partners, creates workforce housing and provides a solid return to a potential developer.

Scenario Three delivers on the goals of the City to create housing for Miami City Ballet and Art Center South Florida and provides workforce housing rental units. Additionally, Miami City Ballet and Art Center South Florida are charged a one-time opportunity fee paid to the developer as a development fee. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the condominium regime for Miami City Ballet, Art Center South Florida and workforce housing units. Scenario Three is a viable development scenario that satisfies the City goal of working with two community partners, creates workforce housing, provides a financial return to the City and an excellent return to attract a potential developer.

Scenario Four best delivers on the goals of the City to create housing for Miami City Ballet and Art Center South Florida and provides workforce housing rental units. Additionally, Miami City Ballet and Art Center South Florida are charged a one-time opportunity fee paid to the developer as a development fee and a one-time fee paid directly to the City for the site. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the condominium regime for Miami City Ballet, Art Center South Florida and workforce housing units. This scenario satisfies the City goal of working with two community partners, creates workforce housing and provides an excellent return to attract a potential developer. In addition, the City receives a financial return for the site. Scenario four presents a viable development opportunity. However, the high opportunity and site cost could potentially be a hard negotiation point with the Miami City Ballet and the Art Center South Florida.

Scenario Five incorporates the Miami City Ballet as a tenant and workforce housing units. Miami City Ballet is charged a one-time opportunity fee paid to the developer as a development fee and a one-time fee paid directly to the City for the site. Opportunity costs are somewhat higher in this scenario due to the tenant build out of two residential floors required by Miami City Ballet. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the condominium regime for Miami City Ballet and workforce housing units. This scenario partially satisfies the City goal of working with community partners, creating workforce housing and providing a good return to attract a potential developer. In addition, the City receives a financial return for the site. Scenario five presents a viable development opportunity. However, the high opportunity and site cost could potentially be a hard negotiation point with Miami City Ballet.

Scenario Six incorporates the Art Center South Florida as a tenant and workforce housing units. Art Center South Florida is charged a one-time opportunity fee paid to the developer as a development fee and a one-time fee paid directly to the City for the site. Opportunity costs are somewhat lower in this scenario due to tenant build out for one residential floor and ground floor artist space required by Art Center South Florida. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the condominium regime for Art Center South Florida and workforce housing units. This scenario partially satisfies the City goal of working with community partners, creating workforce housing and providing a good return to attract a potential developer. In addition, the City receives a financial return for the site. Scenario six presents a viable development opportunity. However, the high opportunity and site cost could potentially be a hard negotiation point with Art Center South Florida.

Scenario Seven excludes Miami City Ballet and Art Center South Florida as tenants and provides the entire building with an equal mix of workforce and market rate housing units. No opportunity or site cost is paid. If this scenario is chosen by the City, it is strongly recommended that a Land Use Restriction Agreement (LURA) be negotiated with the developer, restricting uses to the long-term sustainment of the workforce housing units. Scenario seven provides a solid return to attract a potential development partner and meets the requirements of the City, growing the inventory of workforce housing in Miami Beach. However, it does not provide a financial return to the City, for this sole reason we believe scenario seven is not a viable opportunity.

Figure 35- Neighborhood Map

Figure 36- 224 23 Areal View of Site with Street Pictures

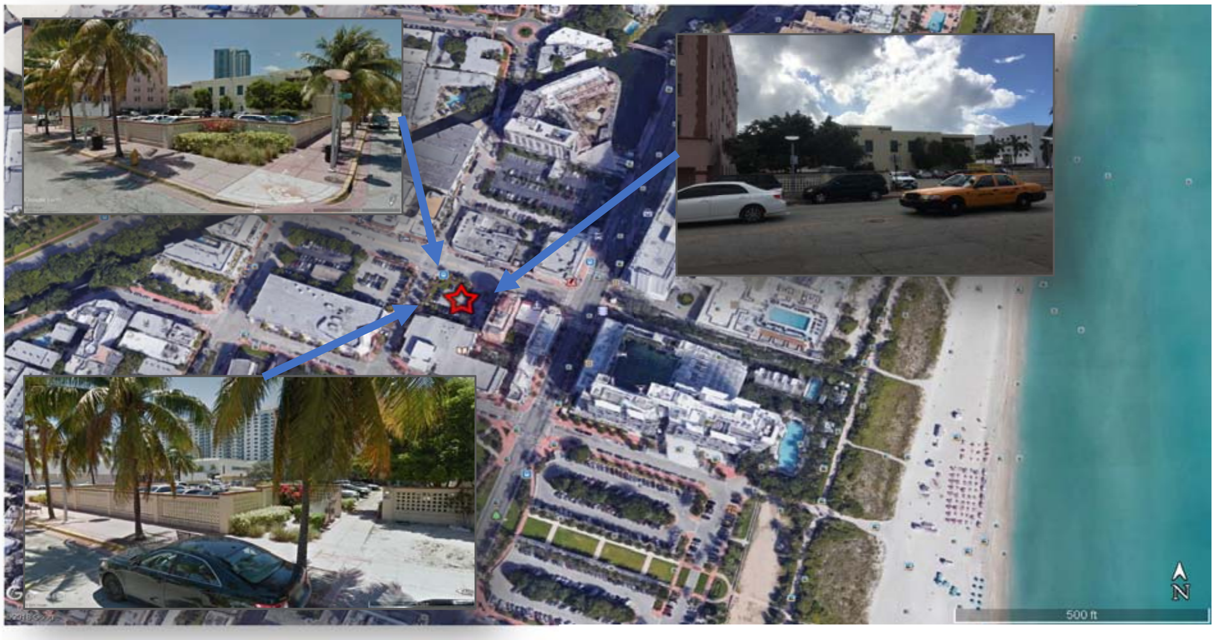


Figure 37- Scenario 1

Assumptions

FAR Assumptions with Comprehensive Zoning Amendment				
Number of Stories				7.00
Floor Size				9,234
Total Square Feet				64,638
Average Unit Size				550
# of Units				117

Rent Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**

Sales Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Sales Limits				
100%	155,400	181,313	204,000	226,500
110%	170,940	199,444	224,400	249,150
120%	186,480	217,575	244,800	271,800
130%	202,020	235,706	265,200	294,450
140%	217,560	253,838	285,600	317,100
Rent Averages	**194,250**	**226,641**	**255,000**	**283,125**

Collins Park- Scenario One

New Development Assumptions: Rents as of 7/2/2018						
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**	**Total Area**
Workforce Housing						
Studio	12	$1,360	400	$3.40	195,804	4,800
One Bedroom	15	$1,645	612	$2.69	296,045	9,180
Two Bedrooms	9	$1,893	812	$2.33	204,393	7,308
Totals/Averages	36	$1,612	591	$2.73	696,242	21,288

	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**
Project Totals	36	$1,612	591	$2.73	$696,242
Total Gross Potential Rent		$1,612		$2.73	$696,242
Vacancy					(34,812)
Miscellaneous Income				2%	13,925
Effective Gross Income					**675,355**

Operating Expenses			**Per Unit**	
Controlable Expenses			3,000	108,000
Management Fee	3.00%		563	20,261
Utilities			1,500	54,000
Land Lease			0	0
Replacement Reserve			300	10,800
Total Operating Expenses	29%		5,363	193,061
Proforma NOI				**482,294**
Debt Service				
Interest				4.2500%
Amortization				35
Debt Service				**381,770**
Cash Flow After Debt Service				**100,524**
Rental Condo Value		5.25%	482,294	9,186,559
MCB Condo Construction Costs	2	28.57%	18,347,008	5,242,002
ACSF Condo Construction Costs	2	28.57%	18,347,008	5,242,002
Effective Gross Income				**10,484,005**
Project IRR				**9.12%**
Investor IRR				**44.73%**
Return on Cost				**107.21%**
Cash on Cash Return				**8.52%**

Sources and Uses- Construction				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	75%	213	382,222	13,760,000
Land/Building Loan	0%	0	0	0
Grants	0%	0	0	0
Owner Equity	25%	71	127,417	4,587,008
Total Sources	100%	284	509,639	$ 18,347,008
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	76%	216	387,354	$ 13,944,759
Financing Fees	3%	7	13,093	$ 471,356
Soft Costs	16%	47	83,851	$ 3,018,620
Permit/Impact Fees	5%	14	25,341	$ 912,273
Total Uses	100%	284	509,639	$ 18,347,008

Sources and Uses- Permanent				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	37%	107	191,387	6,889,919
MCB and ACSF Construction	57%	162	291,222	10,484,005
Grants	0%	0	0	0
Owner Equity	6%	18	32,772	1,179,782
Total Sources	100%	287	515,381	$ 18,553,706
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Construction Loan	74%	213	382,222	$ 13,760,000
Equity	25%	71	127,417	$ 4,587,008
Perm Loan Fees	1%	3	5,742	$ 206,698
Total Uses	100%	287	515,381	$ 18,553,706

Figure 38- Scenario 2

Assumptions				
FAR Assumptions with Comprehensive Zoning Amendment				
Number of Stories				7.00
Floor Size				9,234
Total Square Feet				64,638
Average Unit Size				550
# of Units				117
Rent Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**
Sales Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Sales Limits				
100%	155,400	181,313	204,000	226,500
110%	170,940	199,444	224,400	249,150
120%	186,480	217,575	244,800	271,800
130%	202,020	235,706	265,200	294,450
140%	217,560	253,838	285,600	317,100
Rent Averages	**194,250**	**226,641**	**255,000**	**283,125**

Collins Park-Scenario Two						
New Development Assumptions: Rents as of 7/2/2018						
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**	**Total Area**
Workforce Housing						
Studio	10	$1,360	400	$3.40	156,643	3,840
One Bedroom	12	$1,645	612	$2.69	236,836	7,344
Two Bedrooms	7	$1,893	812	$2.33	163,515	5,846
Workforce Total	29	$1,612	591	$2.73	556,994	17,030
Market Rate Housing						
Studio	2	$1,829	400	$4.57	52,675	960
One Bedroom	3	$2,077	612	$3.39	74,772	1,836
Two Bedrooms	2	$2,811	812	$3.46	60,718	1,462
Market Rate Total	7	$2,178	591	$3.68	188,165	4,258
Totals/Averages	36	$1,725	591	$2.92	745,159	21,288
	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**	
Project Totals	36	$1,725	591	$2.92	$745,159	
Total Gross Potential Rent		$1,725		$2.92	$745,159	
Vacancy					(37,258)	
Miscellaneous Income				2%	14,903	
Effective Gross Income					**722,804**	
Operating Expenses				**Per Unit**		
Controlable Expenses				3,000	108,000	
Management Fee		3.00%		602	21,684	
Utilities				1,500	54,000	
Land Lease				0	0	
Replacement Reserve				300	10,800	
Total Operating Expenses		27%		5,402	194,484	
Proforma NOI					**528,320**	
Debt Service						
Interest					4.2500%	
Amortization					35	
Debt Service					**418,203**	
Cash Flow After Debt Service					**110,117**	
Rental Condo Value			5.25%	528,320	10,063,233	
MCB Condo Construction Costs		2	28.57%	18,347,008	5,242,002	
ACSF Condo Construction Costs		2	28.57%	18,347,008	5,242,002	
Effective Gross Income					**10,484,005**	
Project IRR					**15.15%**	
Investor IRR					**58.31%**	
Return on Cost					**112%**	
Cash on Cash Return					**20.32%**	

Sources and Uses- Construction					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	75%	213	382,222		13,760,000
Land/Building Loan	0%	0	0		0
Grants	0%	0	0		0
Owner Equity	25%	71	127,417		4,587,008
Total Sources	100%	284	509,639	$	18,347,008
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Acquisition	0%	0	0	$	-
Hard Costs	76%	216	387,354	$	13,944,759
Financing Fees	3%	7	13,093	$	471,356
Soft Costs	16%	47	83,851	$	3,018,620
Permit/Impact Fees	5%	14	25,341	$	912,273
Total Uses	100%	284	509,639	$	18,347,008

Sources and Uses- Permanent					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	41%	117	209,651		7,547,425
MCB and ACSF Construction	56%	162	291,222		10,484,005
Grants	0%	0	0		0
Owner Equity	3%	8	15,056		542,002
Total Sources	100%	287	515,929	$	18,573,431
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Construction Loan	74%	213	382,222	$	13,760,000
City of Miami Beach Land Payment	0%	0	0	$	-
Equity	25%	71	127,417	$	4,587,008
Perm Loan Fees	1%	4	6,290	$	226,423
Total Uses	100%	287	515,929	$	18,573,431

Figure 39 - Scenario 3

Assumptions				
FAR Assumptions with Comprehensive Zoning Amendment				
Number of Stories				7.00
Floor Size				9,234
Total Square Feet				64,638
Average Unit Size				550
# of Units				117
Rent Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**
Sales Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Sales Limits				
100%	155,400	181,313	204,000	226,500
110%	170,940	199,444	224,400	249,150
120%	186,480	217,575	244,800	271,800
130%	202,020	235,706	265,200	294,450
140%	217,560	253,838	285,600	317,100
Rent Averages	**194,250**	**226,641**	**255,000**	**283,125**

Collins Park- Scenario Three						
New Development Assumptions: Rents as of 7/2/2018						
	Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**	**Total Area**
Workforce Housing						
Studio	12	$1,360	400	$3.40	195,804	4,800
One Bedroom	15	$1,645	612	$2.69	296,045	9,180
Two Bedrooms	9	$1,893	812	$2.33	204,393	7,308
Totals/Averages	36	$1,612	591	$2.73	696,242	21,288
	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**	
Project Totals	36	$1,612	591	$2.73	$696,242	
Total Gross Potential Rent		$1,612		$2.73	$696,242	
Vacancy					(34,812)	
Miscellaneous Income				2%	13,925	
Effective Gross Income					**675,355**	
Operating Expenses				**Per Unit**		
Controlable Expenses				3,000	108,000	5.07
Management Fee		3.00%		563	20,261	2.54
Utilities				1,500	54,000	2,638
Land Lease				0	0	13,385
Replacement Reserve				300	10,800	6,692
Total Operating Expenses		29%		5,363	193,061	20,077
Proforma NOI					**482,294**	10,553
Debt Service						
Interest					4.2500%	
Amortization					35	
Debt Service					**381,770**	
Cash Flow After Debt Service					**100,524**	
Rental Condo Value			5.25%	482,294	9,186,559	
MCB Condo Construction Costs		2	28.57%	18,347,008	5,242,002	
ACSF Condo Construction Costs		2	28.57%	18,347,008	5,242,002	
Oppurtunity Costs					854,945	
Effective Gross Income					**11,338,950**	
Project IRR					**15.00%**	
Investor IRR					**57.97%**	
Return on Cost					**111.87%**	
Cash on Cash Return					**30.95%**	

Sources and Uses- Construction					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	75%	213	382,222		13,760,000
Land/Building Loan	0%	0	0		0
Grants	0%	0	0		0
Owner Equity	25%	71	127,417		4,587,008
Total Sources	100%	284	509,639	$	18,347,008
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Acquisition	0%	0	0	$	-
Hard Costs	76%	216	387,354	$	13,944,759
Financing Fees	3%	7	13,093	$	471,356
Soft Costs	16%	47	83,851	$	3,018,620
Permit/Impact Fees	5%	14	25,341	$	912,273
Total Uses	100%	284	509,639	$	18,347,008

Sources and Uses- Permanent					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	37%	107	191,387		6,889,919
MCB and ACSF Construction Re	61%	175	314,971		11,338,950
Grants	0%	0	0		0
Owner Equity	2%	5	9,023		324,837
Total Sources	100%	287	515,381	$	18,553,706
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Construction Loan	74%	213	382,222	$	13,760,000
City of Miami Beach Land Paym	0%	0	0	$	-
Equity	25%	71	127,417	$	4,587,008
Perm Loan Fees	1%	3	5,742	$	206,698
Total Uses	100%	287	515,381	$	18,553,706

Figure 40- Scenario 4

Assumptions				
FAR Assumptions with Comprehensive Zoning Amendment				
Number of Stories				7.00
Floor Size				9,234
Total Square Feet				64,638
Average Unit Size				550
# of Units				117
Rent Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**
Sales Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Sales Limits				
100%	155,400	181,313	204,000	226,500
110%	170,940	199,444	224,400	249,150
120%	186,480	217,575	244,800	271,800
130%	202,020	235,706	265,200	294,450
140%	217,560	253,838	285,600	317,100
Rent Averages	**194,250**	**226,641**	**255,000**	**283,125**

Collins Park- Scenario Four						
New Development Assumptions: Rents as of 7/2/2018						
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**	**Total Area**
Workforce Housing						
Studio	12	$1,360	400	$3.40	195,804	4,800
One Bedroom	15	$1,645	612	$2.69	296,045	9,180
Two Bedrooms	9	$1,893	812	$2.33	204,393	7,308
Totals/Averages	36	$1,612	591	$2.73	696,242	21,288
	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**	
Project Totals	36	$1,612	591	$2.73	$696,242	
Total Gross Potential Rent		$1,612		$2.73	$696,242	
Vacancy					(34,812)	
Miscellaneous Income				2%	13,925	
Effective Gross Income					**675,355**	
Operating Expenses				**Per Unit**		
Controlable Expenses				3,000	108,000	
Management Fee		3.00%		563	20,261	
Utilities				1,500	54,000	
Land Lease				0	0	
Replacement Reserve				300	10,800	
Total Operating Expenses		29%		5,363	193,061	
Proforma NOI					**482,294**	
Debt Service						
Interest					4.2500%	
Amortization					35	
Debt Service					**381,770**	
Cash Flow After Debt Service					**100,524**	
Rental Condo Value			5.25%	482,294	9,186,559	
MCB Condo Construction Costs		2	28.57%	18,347,008	5,242,002	
ACSF Condo Construction Costs		2	28.57%	18,347,008	5,242,002	
Oppurtunity Costs					854,945	
Miami Beach Land Cost					2,000,000	
Effective Gross Income					**13,338,950**	
Project IRR					**15.00%**	
Investor IRR					**87.88%**	
Return on Cost					**122.77%**	
Cash on Cash Return					**30.95%**	

Sources and Uses- Construction					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	75%	213	382,222		13,760,000
Land/Building Loan	0%	0	0		0
Grants	0%	0	0		0
Owner Equity	25%	71	127,417		4,587,008
Total Sources	100%	284	509,639	$	18,347,008
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Acquisition	0%	0	0	$	-
Hard Costs	76%	216	387,354	$	13,944,759
Financing Fees	3%	7	13,093	$	471,356
Soft Costs	16%	47	83,851	$	3,018,620
Permit/Impact Fees	5%	14	25,341	$	912,273
Total Uses	100%	284	509,639	$	18,347,008

Sources and Uses- Permanent					
Sources	**%**	**Per NSF**	**Per Unit**		**Total**
Debt - Market	37%	107	191,387		6,889,919
MCB and ACSF Construction Repayment	61%	175	314,971		11,338,950
Grants	0%	0	0		0
Owner Equity	2%	5	9,023		324,837
Total Sources	100%	287	515,381	$	18,553,706
Uses	**%**	**Per NSF**	**Per Unit**		**Total**
Construction Loan	74%	213	382,222	$	13,760,000
City of Miami Beach Land Payment	0%	0	0	$	-
Equity	25%	71	127,417	$	4,587,008
Perm Loan Fees	1%	3	5,742	$	206,698
Total Uses	100%	287	515,381	$	18,553,706

Figure 41- Scenario 5

Assumptions				
FAR Assumptions with Comprehensive Zoning Amendment				
Number of Stories				7.00
Floor Size				9,234
Total Square Feet				64,638
Average Unit Size				550
# of Units				117
Rent Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**
Sales Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Sales Limits				
100%	155,400	181,313	204,000	226,500
110%	170,940	199,444	224,400	249,150
120%	186,480	217,575	244,800	271,800
130%	202,020	235,706	265,200	294,450
140%	217,560	253,838	285,600	317,100
Rent Averages	**194,250**	**226,641**	**255,000**	**283,125**

Collins Park Scenario 5						
New Development Assumptions: Rents as of 7/2/2018						
	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**	**Total Area**
Workforce Housing						
Studio	16	$1,360	400	$3.40	261,072	6,400
One Bedroom	20	$1,645	612	$2.69	394,727	12,240
Two Bedrooms	12	$1,893	750	$2.52	272,525	9,000
Market Rate Housing						
Studio	0	$1,829	400	$4.57	0	0
One Bedroom	0	$2,077	612	$3.39	0	0
Two Bedrooms	0	$2,811	812	$3.46	0	0
Totals/Averages	48	$1,612	576	$2.80	928,323	27,640
Commercial	6,388	$30	6,388	$0.00	191,633	6,388
	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**	
Project Totals	48	$1,944	576	$2.80	$1,119,956	
Total Gross Potential Rent		$1,944		$3.38	$1,119,956	
Vacancy					(55,998)	
Miscellaneous Income					22,399	
Effective Gross Income					**1,086,357**	
Operating Expenses				**Per Unit**		
Controlable Expenses				3,000	144,000	
Management Fee		3.00%		679	32,591	
Utilities				1,500	72,000	
Land Lease				0	0	
Replacement Reserve				300	14,400	
Total Operating Expenses		24%		5,479	262,991	
Proforma NOI					**823,366**	
Debt Service						
Interest					4.2500%	
Amortization					35	
Debt Service					**651,753**	
Cash Flow After Debt Service					**171,613**	
Rental Condo Value			5.25%	823,366	15,683,164	
MCB Condo Construction Costs		2	28.57%	18,657,624	5,242,002	
Oppurtunity Costs					860,866	
Miami Beach Land Cost					1,000,000	
Total MCB Condo Fee					**7,102,868**	
Project IRR					**21.16%**	
Investor IRR					**110.73%**	
Return on Cost					**110.07%**	
Cash on Cash Return					**14.98%**	

Sources and Uses- Construction				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	75%	216	291,525	13,993,218
Land/Building Loan	0%	0	0	0
Grants	0%	0	0	0
Owner Equity	25%	72	97,175	4,664,406
Total Sources	100%	289	388,700	$ 18,657,624
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	75%	216	290,516	$ 13,944,759
Financing Fees	4%	13	16,958	$ 814,000
Soft Costs	16%	46	62,221	$ 2,986,592
Permit/Impact Fees	5%	14	19,006	$ 912,273
Total Uses	100%	289	388,700	$ 18,657,624

Sources and Uses- Permanent				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	62%	182	245,049	11,762,373
MCB Condo Cost	32%	94	127,143	6,102,868
Grants	0%	0	0	0
Owner Equity	6%	18	23,859	1,145,254
Total Sources	100%	294	396,052	$ 19,010,495
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Construction Loan	74%	216	291,525	$ 13,993,218
City of Miami Beach Land Payment	0%	0	0	$ -
Equity	25%	72	97,175	$ 4,664,406
Perm Loan Fees	2%	5	7,351	$ 352,871
Total Uses	100%	294	396,052	$ 19,010,495

Figure 42- Scenario 6

Assumptions

FAR Assumptions with Comprehensive Zoning Amendment

Number of Stories	7.00
Floor Size	9,234
Total Square Feet	64,638
Average Unit Size	550
# of Units	117

Rent Projection

Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**

Sales Projection

Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Sales Limits				
100%	155,400	181,313	204,000	226,500
110%	170,940	199,444	224,400	249,150
120%	186,480	217,575	244,800	271,800
130%	202,020	235,706	265,200	294,450
140%	217,560	253,838	285,600	317,100
Rent Averages	**194,250**	**226,641**	**255,000**	**283,125**

Collins Park Scenario 6

New Development Assumptions: Rents as of 7/2/2018

	Total Units	**Rent**	**Size**	**Cost/psf**	**Total Rent**	**Total Area**
Workforce Housing						
Studio	20	$1,360	400	$3.40	326,340	8,000
One Bedroom	25	$1,645	612	$2.69	493,408	15,300
Two Bedrooms	15	$1,893	750	$2.52	340,656	11,250
Workforce Total	60	$1,612	576	$2.80	1,160,404	34,550
Market Rate Housing						
Studio	0	$1,829	400	$4.57	0	0
One Bedroom	0	$2,077	612	$3.39	0	0
Two Bedrooms	0	$2,811	812	$3.46	0	0
Market Rate Total	0	#DIV/0!	#DIV/0!	#DIV/0!	0	0
Totals/Averages	60	$1,612	576	$2.80	1,160,404	34,550

	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**
Project Totals	60	$1,612	576	$2.80	$1,160,404
Total Gross Potential Rent		$1,612		$2.80	$1,160,404
Vacancy					(58,020)
Miscellaneous Income					23,208
Effective Gross Income					**1,125,592**

Operating Expenses		**Per Unit**	
Controlable Expenses		3,000	180,000
Management Fee	3.00%	563	33,768
Utilities		1,500	90,000
Land Lease		0	0
Replacement Reserve		300	18,000
Total Operating Expenses	29%	5,363	321,768

Proforma NOI			**803,824**
Debt Service			
Interest			4.2500%
Amortization			35
Debt Service			**636,284**
Cash Flow After Debt Service			**167,540**
Rental Condo Value	5.25%	803,824	15,310,931
ACSF Condo Construction Costs	2	28.57%	5,242,002
ACSF Oppurtunity Costs			1,223,071
ACSF Beach Land Cost			1,000,000
Total ACSF Condo Fee			**7,465,073**
Project IRR			**20.54%**
Investor IRR			**115.65%**
Return on Cost			**80.28%**
Cash on Cash Return			**14.91%**

Sources and Uses- Construction

Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	75%	217	234,083	14,045,000
Land/Building Loan	0%	0	0	0
Grants	0%	0	0	0
Owner Equity	25%	72	78,046	4,682,779
Total Sources	100%	290	312,130	$ 18,727,779

Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	74%	216	232,413	$ 13,944,759
Financing Fees	4%	13	13,567	$ 814,000
Soft Costs	16%	47	50,946	$ 3,056,747
Permit/Impact Fees	5%	14	15,205	$ 912,273
Total Uses	100%	290	312,130	$ 18,727,779

Sources and Uses- Permanent

Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	60%	178	191,387	11,483,198
ACSF Condo Costs	34%	100	107,751	6,465,073
Grants	0%	0	0	0
Owner Equity	6%	17	18,733	1,124,004
Total Sources	100%	295	317,871	$ 19,072,275

Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Construction Loan	74%	217	234,083	$ 14,045,000
City of Miami Beach Land Payment	0%	0	0	$ -
Equity	25%	72	78,046	$ 4,682,779
Perm Loan Financing Fee	2%	5	5,742	$ 344,496
Total Uses	100%	295	317,871	$ 19,072,275

Figure 43- Scenario 7

Assumptions				
FAR Assumptions with Comprehensive Zoning Amendment				
Number of Stories				7.00
Floor Size				9,234
Total Square Feet				64,638
Average Unit Size				550
# of Units				117
Rent Projection				
Average Income	51,800			
Houshold Sizes	**1**	**2**	**3**	**4**
80%	42,300	48,350	54,400	60,400
90%	46,620	54,394	61,200	67,950
100%	51,800	60,438	68,000	75,500
110%	56,980	66,481	74,800	83,050
120%	62,160	72,525	81,600	90,600
130%	67,340	78,569	88,400	98,150
140%	72,520	84,613	95,200	105,700
Rent Limits				
100%	1,295	1,511	1,700	1,888
110%	1,425	1,662	1,870	2,076
120%	1,554	1,813	2,040	2,265
130%	1,684	1,964	2,210	2,454
140%	1,813	2,115	2,380	2,643
Rent Averages	**1,619**	**1,889**	**2,125**	**2,359**
Sources and Uses				
Sources	**%**	**Per NSF**	**Per Unit**	**Total**
Debt - Market	86%	278	250,000	$ 18,000,000
Land/Building Loan	0%	0	0	$ -
Developer Capital	14%	46	41,406	$ 2,981,229
Total Sources	100%	325	291,406	20,981,229
Uses	**%**	**Per NSF**	**Per Unit**	**Total**
Acquisition	0%	0	0	$ -
Hard Costs	66%	216	193,677	$ 13,944,759
Financing Fees	14%	47	42,144	$ 3,034,375
Soft Costs	15%	48	42,914	$ 3,089,822
Permit/Impact Fees	4%	14	12,670	$ 912,273
Total Uses	100%	325	291,406	$ 20,981,229
				18,253,669

Collins Park Scenario 7						
New Development Assumptions: Rents as of 7/2/2018						
	Total Units	**Rent**	**Size**	**Rent/psf**	**Total Rent**	**Total Area**
Workforce Housing	3					
Studio	12	$1,360	400	$3.40	195,804	4,800
One Bedroom	15	$1,645	612	$2.69	296,045	9,180
Two Bedrooms	9	$1,893	812	$2.33	204,393	7,308
Workforce Total	36	1,612	591	$2.73	696,242	21,288
Market Rate Housing	3					
Studio	12	$1,829	400	$4.57	263,376	4,800
One Bedroom	15	$2,077	612	$3.39	373,860	9,180
Two Bedrooms	9	$2,811	812	$3.46	303,588	7,308
Market Total	36	2,178	591	$3.68	940,824	21,288
Totals/Averages for apai	72	$1,895	591	$3.20	1,637,066	42,576
Commercial	6,388	$30	6,388	$0.00	191,633	6,388
	# of Units	**Rent**	**Size**	**Rent/psf**	**As if complete**	
Project Totals	72	$2,117	591	$3.20	$1,828,699	
Total Gross Potential Rent		$2,117		$3.58	$1,828,699	
Vacancy					(81,853)	
Miscellaneous Income					36,574	
Effective Gross Income					**1,783,419**	
Operating Expenses				**Per Unit**		
Controlable Expenses				3,000	216,000	
Management Fee		3.00%		743	53,503	
Utilities				1,500	108,000	
Land Lease				0	0	
Replacement Reserve				300	21,600	
Total Operating Expenses		22%		5,543	399,103	
Proforma NOI					**1,384,317**	
Debt Service						
Interest					4.2500%	
Amortization					40	
Debt Service					**943,531**	
Cash Flow After Debt Service					**440,786**	
Value				5.25%	**26,367,940**	
Return on Cost					**125.67%**	
Annual Cash on Cash Return					**14.79%**	