



Innovative Real Estate Solutions to Support Teachers and Non-Profit Organizations

2012 Workforce Housing Forum



BRING WORKERS HOME

October 10-11, 2012 • Chicago, IL
National Association of REALTORS®

Vision



Vision



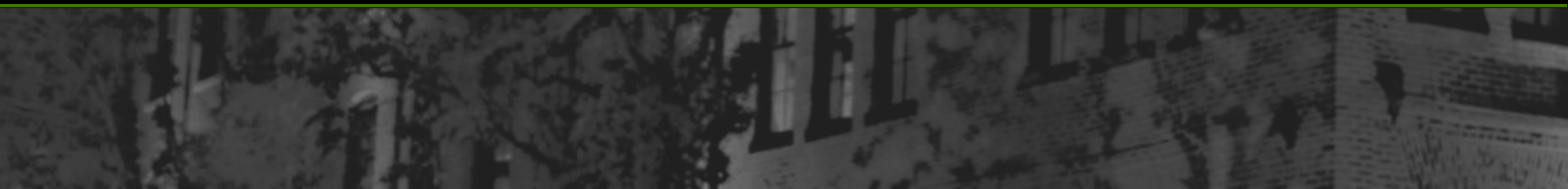
Vision



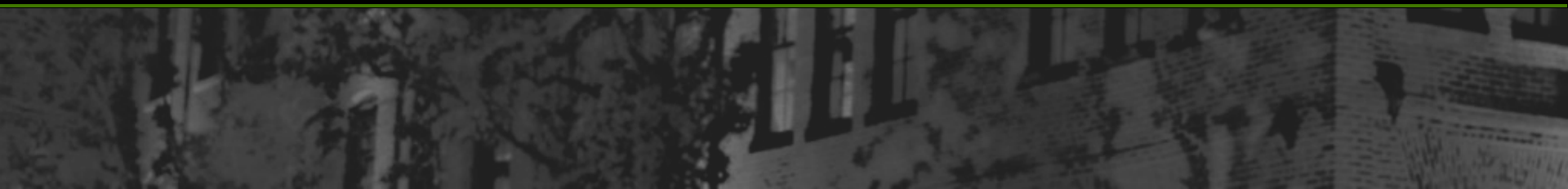
Real Estate and Public Education



Vision



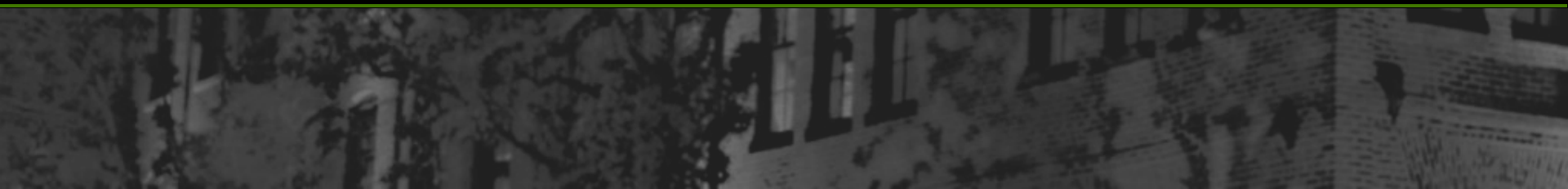
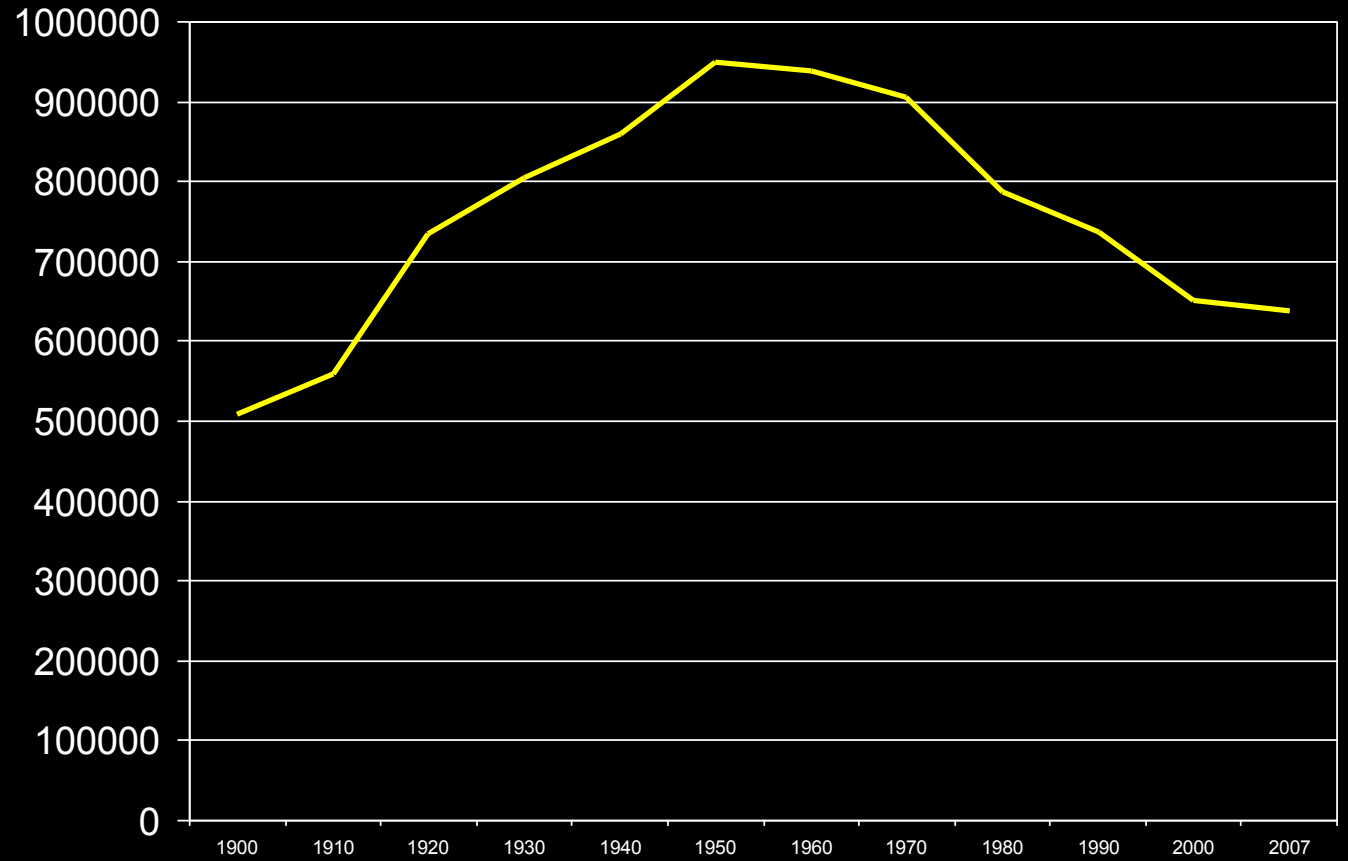
Meeting the Challenge of Older Communities



Why Rebuild Cities?

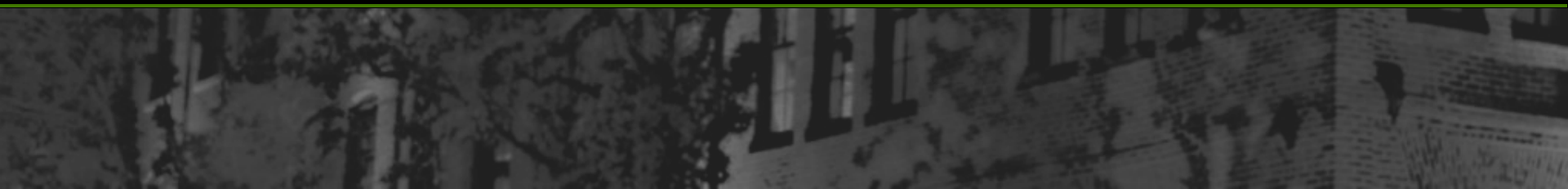
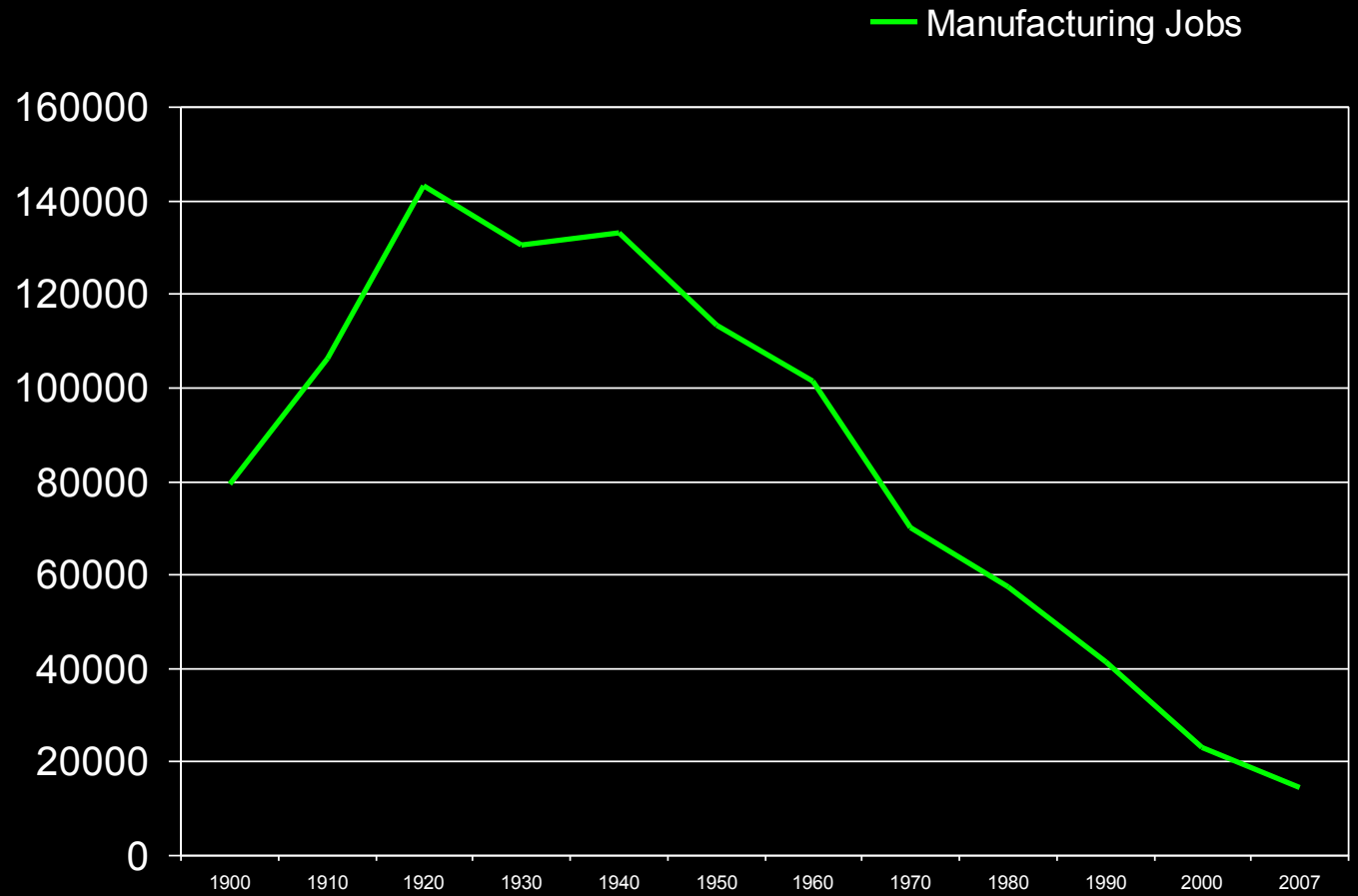
Baltimore Population 1900-2007

— Population

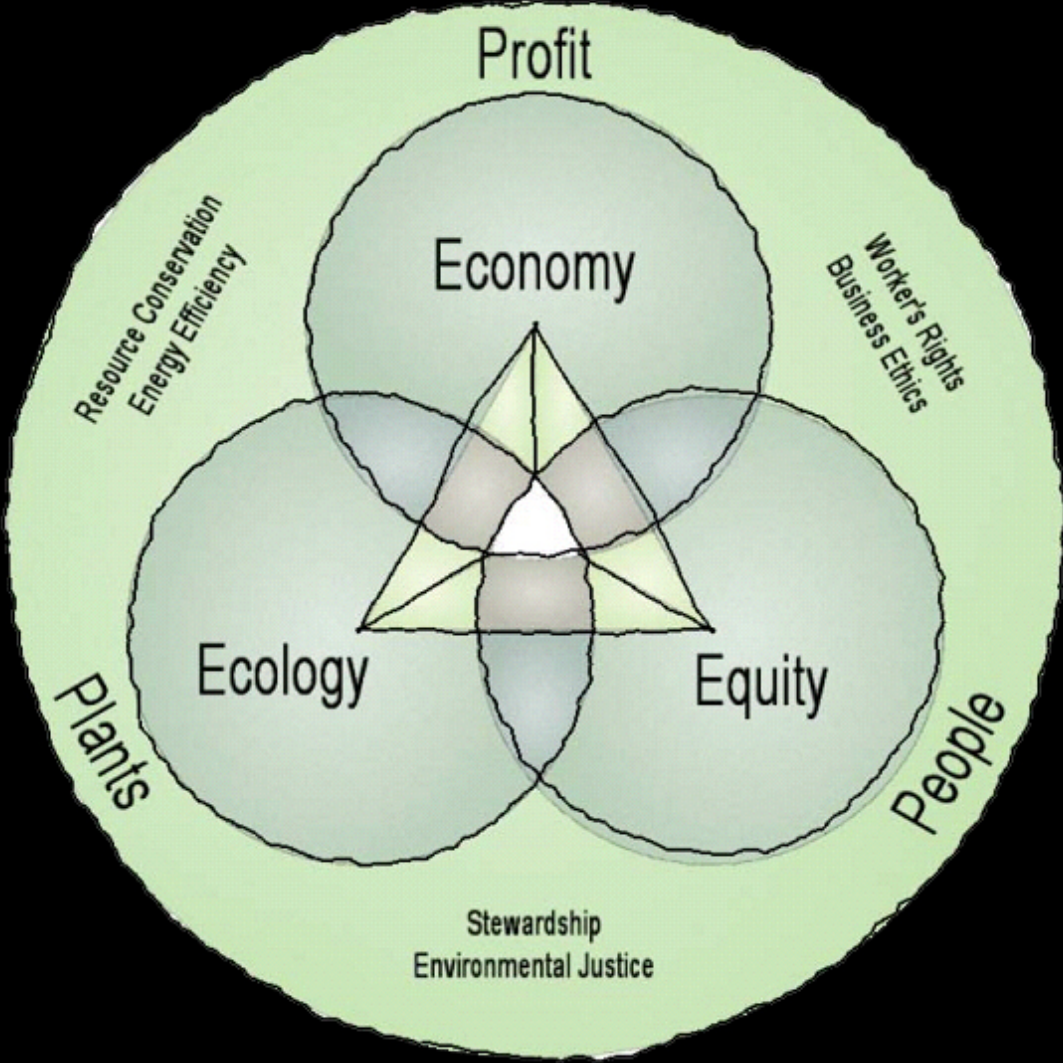


Why Industrial Buildings?

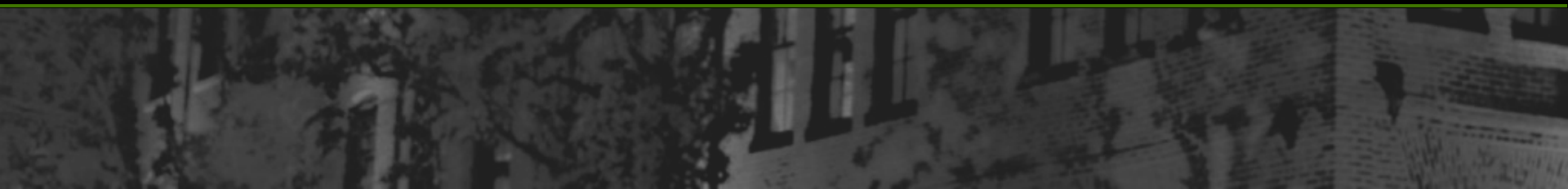
Baltimore Manufacturing Employment 1900-2007



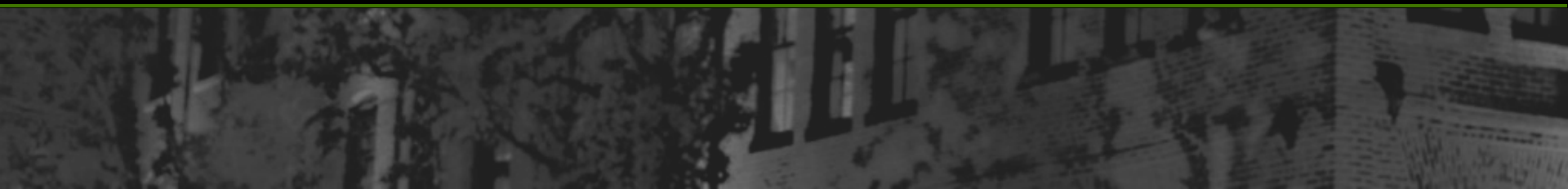
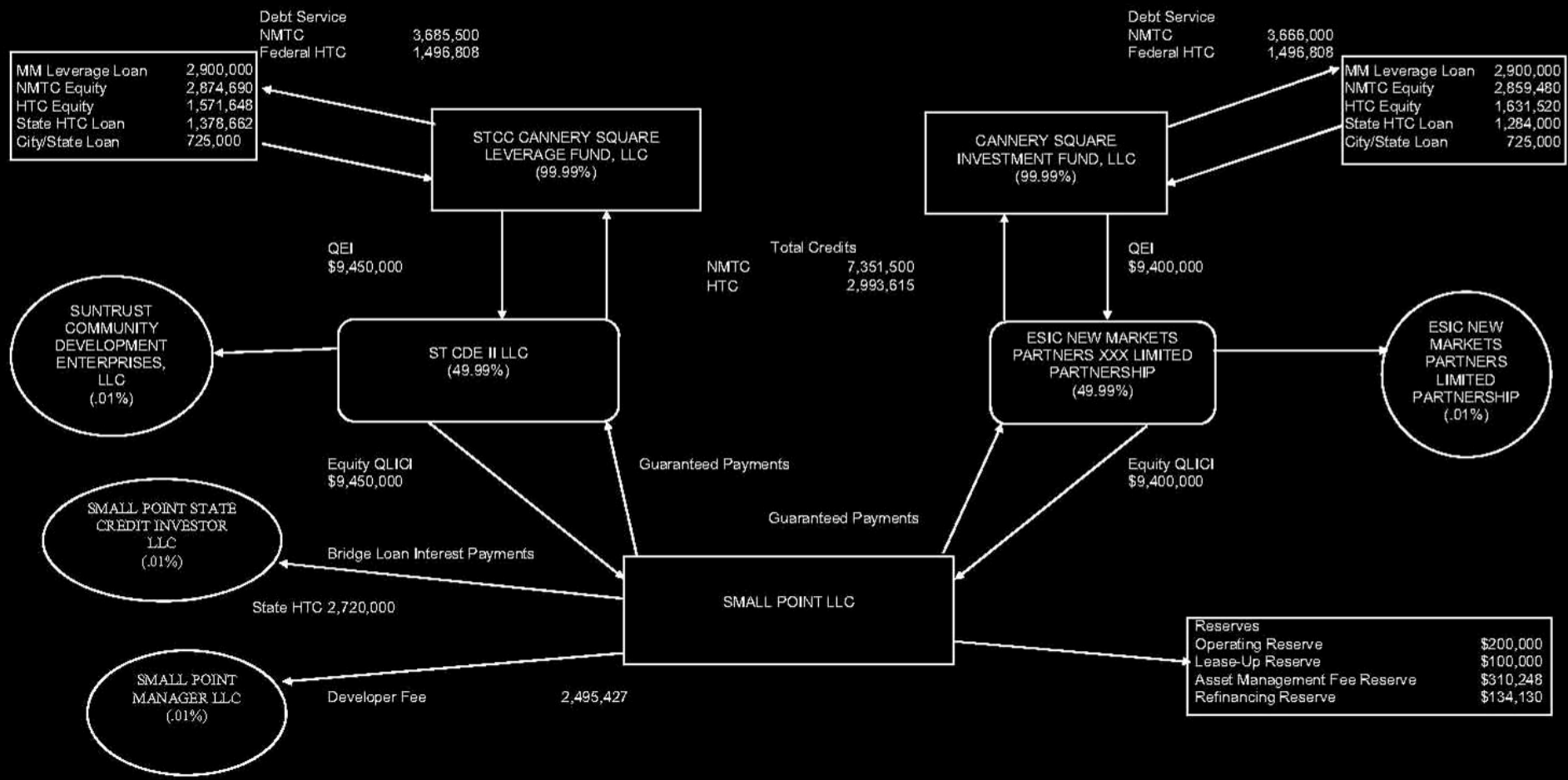
Sustainability



Sustainability



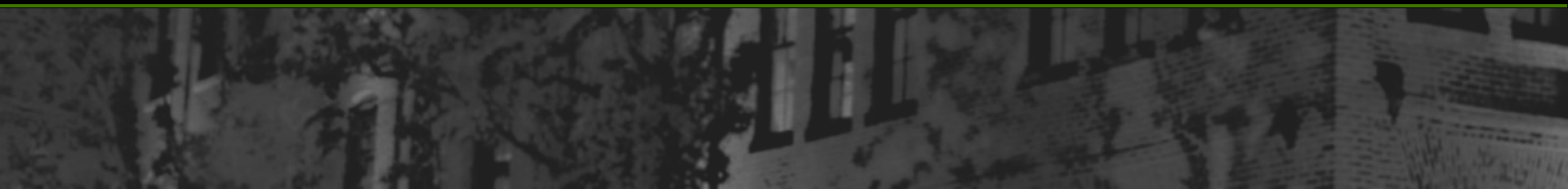
Financing



GENERAL INFORMATION

Mixed Use with Tax Credits

| FIRST MORTGAGE | | OPERATIONS | | | | | | | |
|--|---------------|---|-------------------|----------------------|-----------|-----------|----------|---------|---------------|
| Construction Period | 16 | Income | | | | | | | |
| Financing Terms: | | | Gross Square Feet | Rentable SF | CAM - 12% | Total RSF | Rent | PSF | Annual Income |
| Principal | 7,694,962 | First Floor Commercial* | 5,377 | 3,951 | 474 | 4,425 | \$17 | | \$ 75,227 |
| Interest Rate | 7.00% | Second Floor Commercial | 22,300 | 20,036 | 2,404 | 22,440 | \$17 | | \$ 381,485 |
| Rate Actual Over 360 | Yes | Conferece/Training Rooms | 1,800 | - | | - | \$0 | | |
| Effective Interest Rate | 7.10% | 1 Bedroom | 16,200 | 27 | | | \$875 | \$ 1.46 | \$ 283,500 |
| Amortization | 360 | 2 Bedroom | 24,300 | 27 | | | \$1,450 | \$ 1.61 | \$ 469,800 |
| Term | 360 | Residential Core* | 4,000 | | | | | | |
| Monthly Payment | (\$51,194.77) | Commercial Boiler Room | 6,233 | | | | \$19 | | \$ 118,427 |
| | | Billboard | | 1 | | | \$12,000 | | \$ 12,000 |
| EQUITY | | Total | 80,210 | 54 | | | | | \$ 1,340,439 |
| | - | | | | | | | | |
| Price Per Federal Historic Tax Credit | \$ 1.00 | Vacancy Office | | | | | | | 10.00% |
| Price Per State Historic Tax Credit | \$ 0.65 | Vacancy Apartments | | | | | | | 5.00% |
| Price Per New Markets Tax Credit | \$ 0.72 | Rent Escalation | | | | | | | 2.50% |
| New Markets Allocation | 19,418,417 | CAM | | | | | | | 12.00% |
| Preferred Return on Fed. Historic Equity | 2.00% | Operating Expenses Apts | \$ 4,000 | Per Unit | | | | | \$ 216,000 |
| | | Operating Expenses Office | \$ 6.00 | PSF Net of Utilities | | | | | \$ 214,260 |
| | | Reserve and Replacement Apts | \$ 300.00 | Per Unit | | | | | \$ 16,200 |
| CONSTRUCTION | | Reserve and Replacement Office | \$ 0.15 | Per Square Foot | | | | | \$ 4,422 |
| Construction Cost PSF | \$ 130 | Operating Expense Escalation | | | | | | | 2.50% |
| Square Feet 1 Bedrooms | 600 | Percent of Rent Coming from Commercial | | | | | | | 43.80% |
| Square Feet 2 Bedrooms | 900 | Percent of Rent Coming from Residential | | | | | | | 56.20% |
| Core Factor Commerical Space | 88.57% | RESIDUAL | | | | | | | |
| Percentage of Developer Fee Deferred Into Deal | 70.00% | Disposition Costs | | | | | | | 5.00% |
| | | Capitalization Rate on Sale | | | | | | | 9.25% |

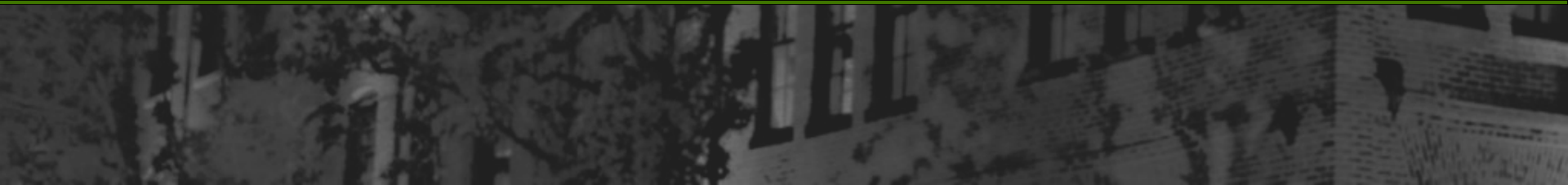


SOURCE AND USE OF FUNDS

Mixed Use with Tax Credits

| Description | Total Project | Eligible Costs | Ineligible Costs |
|--|-------------------|-------------------|------------------|
| HTC Equity | | 3,320,959 | |
| NMTC Equity | | 5,452,692 | |
| State Historic Equity | | 1,949,805 | |
| First Mortgage | | 7,694,962 | |
| Deferred Developer Fee | | 1,937,420 | |
| Low Interest Loan from Baltimore City - 1% | | 500,000 | |
| Low Interest Loan from State of MD - 2% | | 500,000 | |
| Total Sources: | 21,355,837 | | |
| REHAB | | | |
| Acquisition | 2,500,000 | - | 2,500,000 |
| Hard Costs | 10,427,300 | 9,384,570 | - |
| Parking - Included in budget | - | - | - |
| Site Improvements - Included in budget | - | - | - |
| TI - Included in budget | - | - | - |
| Personal Property - - Included in budget | - | - | - |
| Soft Costs as Percentage of Hard Costs | 44.29% 4,618,064 | 3,463,548 | 1,154,516 |
| Contingency as Percentage of Hard Costs | 10.00% 1,042,730 | 990,594 | - |
| Marketing | - | - | - |
| Fee | 20.00% 2,767,742 | 2,767,742 | - |
| Real Estate Taxes (During Construction) | - | - | - |
| Financing Costs - Included in soft costs | 3.00% - | - | - |
| Reserve - Included in soft costs | - | - | - |
| Insurance (During Construction) - Included in soft costs | - | - | - |
| Construction Interest - Assumes Average Balance | - | - | - |
| TOTAL REHAB COSTS | 21,355,837 | 16,606,454 | 3,654,516 |
| | - | | |
| Historic Tax Credit Calculation | | Federal | State |
| Eligible Costs | | 16,606,454 | 16,606,454 |
| Credit Rate | | 20.00% | 20.00% |
| Max State Credits | | | 3,000,000 |
| Total Calculated Credit | | 3,321,291 | 3,321,291 |
| % Allocated to Investor | | 99.99% | 99.99% |
| Price Per Dollar of Credit | | 1.00 | 0.65 |
| Total Equity | | 3,320,959 | 1,949,805 |

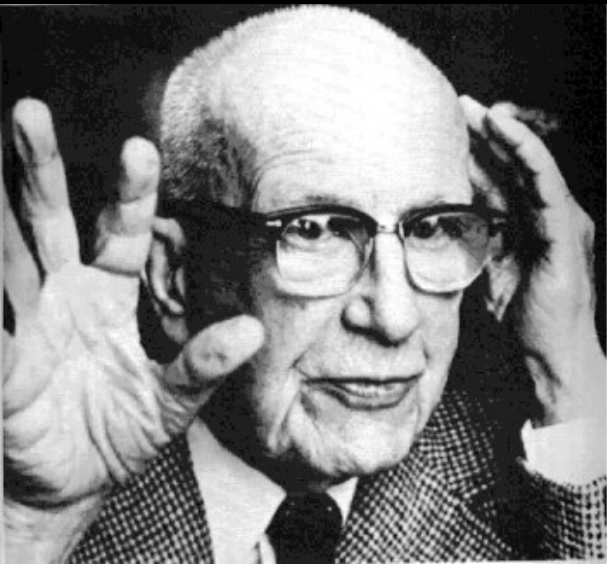
Beauty



Beauty



Exceeding Expectations



You never change things by fighting the existing reality. To change something, build a new reality that makes the existing reality obsolete.

- R. Buckminster Fuller



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