

00311

#61

**Developer's name**  
**Apartment name**  
**Rental Parameters for Determining Financial Infeasibility of Inclusionary Zoning**  
**For the periods from January 01, 2005 through December 31, 2015**

Item	Required range	Manual Calculation	Value
<b>Financing</b>			
Interest rate	Maximum prime plus 2.5		0.00%
Amortization period	Assume 30 years		0
<b>Project costs</b>			
Land/Building acquisition - per square foot raw land	\$5 per square foot - raw land \$50 - \$55 per square foot, downtown - vacant land \$90 - \$125 per square foot, downtown - improved with building		#DIV/0! #DIV/0! #DIV/0!
Hard cost contingency	5% new, 8% rehab of AIA contract		#DIV/0!
Soft cost contingency	5% new/rehab of soft costs		#DIV/0!
Reserves	Working capital - \$750 per unit Replacement reserve - \$0 per unit		#DIV/0! #DIV/0!
Contractor profit	6% of AIA contract (net of profit overhead and general requirements)		#DIV/0!
Contractor overhead	2% of AIA contract (net of profit overhead and general requirements)		#DIV/0!
Contractor general requirements	6% of AIA contract (net of profit overhead and general requirements)		#DIV/0!
Parking	\$1,000 per stall - surface \$15,000 per stall - first level underground \$20,000 per stall for second level underground \$27,000 per stall for three levels or more of underground		No Parking
Development fees	8% of total project costs, net of development fees and reserves		#DIV/0!
Square foot cost of construction, includes buildings including profit overhead and general requirements, site improvements and personal property	4 stories and under - \$62.50 per square foot and 5 to 8 stories - \$110 to \$120		#DIV/0!
Soft cost	10% of cost of construction		#DIV/0!
<b>Vacancy rate</b>			
	MG&E vacancy rate by zip code multiplied by 120% floor of 5%. If the property is not in the MG&E service area, use citywide average vacancy rate 6 months to lease up.		5.0%
<b>Replacement reserves</b>			
	Up to \$250 per unit per year		\$0.00
<b>Inflation factors</b>			
Rent	2%		3.0%
Operating costs	3%		4.0%
Real estate taxes	3%		4.0%
<b>Sales price assumptions</b>			
Capitalization rate	Prime plus 4.5%		0.0%
Cost of sale	6%		0.0%
<b>Debt coverage ratios</b>			
	First mortgage only - maximum of 1.15 All mortgages - maximum of 1.15		#DIV/0! #DIV/0!
<b>Gross operating expenses, not including real estate taxes</b>			
	\$3,000 per unit or 25% of total operating income		#DIV/0! #DIV/0!
<b>Internal rate of return</b>			
	Below prime plus 10.5 financial infeasibility not allowed until affordable units are below 95% of stated market IRR. If market IRR below 8% or IRR above prime plus 10.5 - no waiver recommended		#VALUE!
<b>Real estate taxes</b>			
	Fair market value multiplied by City of Madison mill rate per thousand at time of application (NOI/capitalization rate = fair value)		#DIV/0!
<b>Market rate rent</b>			
	Minimum HUD fair market rent based on bedroom size divided by 40%		See input pages on computer run

**Developer's name**  
**Project name**  
**For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning**  
**For the periods from January 01, 2005 through December 31, 2015**

Item	Required range	Annual calculation	Unit
<b>Financials</b>			
Interest rate	Prime plus 0.5		0.0%
<b>Project costs</b>			
Land/Building acquisition - per square foot raw land	\$5 per square foot - raw land \$50 - \$55 per square foot, downtown - vacant land \$90 - \$125 per square foot, downtown - improved with building		#DIV/0! #DIV/0! #DIV/0!
Hard cost contingency	5% new, 8% rehab of AIA contract		#DIV/0!
Soft cost contingency	5% new/rehab of soft costs		#DIV/0!
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		#DIV/0!
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		#DIV/0!
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		#DIV/0!
Parking	\$1,000 per stall - surface \$15,000 per stall - first level underground \$20,000 per stall for second level underground \$27,000 per stall for three levels or more of underground		No Parking
Development fees	8% of total project costs, net of development fees and reserves		#DIV/0!
Square foot cost of construction, includes buildings including profit overhead and general requirements, site improvements and personal property	4 stories and under - \$62.50 per square foot 5 to 8 stories - \$95 and 8 stories or higher \$110 - \$120		#DIV/0!
Soft cost	10% of cost of construction		#DIV/0!
<b>Inflation index (rate) on sales</b>			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
<b>Inflation index (rate) on costs</b>			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
<b>Range of market rate (initial selling price)</b>			
	MLS or assessors website comps for market rate IZ as indicated in the ordinance (City of Madison annual calculation based on AMI)		See schedule
<b>Sale/transaction costs</b>			
	6.5% of selling price		\$0.00
<b>Internal rate of return</b>			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		#NUM!
<b>Ratio of sales to inventory (absorption)</b>			
	Submit similar comps for similar projects		0.0
<b>Gross profit assumption</b>			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		#DIV/0!
<b>Association fees</b>			
	Amount of fees		\$0.00