

## **Edgemont Elms**

Pro Forma Information

Updated 4/4/2011

**Note:** During 2014, 2015, and 2016, property will experience a deficit due to repayment of the developer's fee from the rehabilitation project. The deficit for the three year period totals \$30,484. Based on estimates, the property will experience a surplus during 2011, 2012, and 2013, due to the deferral of loans and/or principal payments. The surplus for this three year period totals \$38,095, which exceeds the deficit for the subsequent

### **Assumptions**

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FY2011 estimates based on adopted budget.

New rental rates will be effective January 2013.

Public Housing Tenant Rent assumed to be \$153/month for 2 bedroom unit and \$173/month for 3 bedroom unit.

Occupancy rate of approximately 74% will be maintained until January 2013

Starting in 2014, rental rates will increase 3% annually, except PH units which remain static.

Starting in 2012, expenses subject to inflation will increase at 3% annually

Starting in January 2013, utility costs will be reduced by 30% due to improvements

Starting in January 2013, unit turnaround contract costs will be reduced by 70% due to fewer vacant units (occupancy rate higher)

Starting in January 2013, routine maintenance contract costs will be reduced by 70% due to improvements

Starting in January 2013, miscellaneous contract costs will be reduced by 70%

Replacement reserve amount of \$350/unit annually will start accruing in January 2013

M&F Bank temporary construction loan will be effective commencing May 2011 for 35 month term, interest only. At conclusion of 35 months, convert to regular loan with 15 year term at 7.00% interest rate.

City of Durham will be deferred until January 2014. Convert to 10 year term at 2.00% interest rate.