

**CITY OF CHICAGO**  
**Community Development Commission**  
**Department of Planning & Development**  
**March 9, 2004**

**SUMMARY SHEET**  
**Westhaven Park**  
**Central West Tax Increment Financing Redevelopment Project Area**

**Action**

- Requested:** (1) Authorize the Department of Planning & Development (“DPD”) to negotiate redevelopment agreements with WHP Home, LLC and WHP Towers, LLC (the “Developers”) for the use of tax increment financing incremental tax revenues for the redevelopment of property located on two sites. The east site is bounded by Lake Street on the north, the public alley immediately north of Washington Boulevard on the South, Wood Street on the west, and Hermitage Avenue on the east. The west site is bounded by Lake Street on the north, Washington Boulevard on the South, Oakley Boulevard on the west, and Leavitt Street on the east (the “Property”), located within the boundaries of the Central West Tax Increment Financing Redevelopment Project Area (the “Area”) and
- (2) Recommend to the City Council of the City of Chicago (the “City”) the designation of WHP Homes, LLC and WHP Tower, LLC as the Developers for the property within the Area.

**Project:** The redevelopment of two sites with a combined acreage of approximately 11 acres into a new residential community that will consist of a mix of for-sale and rental housing. These new residences will be marketed to a variety of income levels. The development will include a total of 173 units of which 34 are intended for use as replacement public housing. The 173-unit development will consist of two phases, Phase IIA1 Ownership, a low-rise development with 60 units of housing in 7 buildings and Phase IIA2 Ownership/Rental, a mid-rise development with 113 units of housing in one 9-story mid-rise building.

**Location:** The project is located on two sites, both of which have Washington Blvd. as their southern boundary and Lake Street as their northern boundary. The east site is bounded by Wood St. on the west and Hermitage Avenue on the east. The west site is bounded by Oakley Blvd on the west, and Leavitt St. on the east. Both sites are located within the boundaries of the Central West Tax Increment Financing Redevelopment Project Area.

**Site Area:** 11 acres on 2 sites

**Developer:** The proposed developers of the project are WHP Homes, LLC and WHP Tower, LLC, both of which are single purpose, single asset entities formed by Brinshore-Michaels Development.

**Assistance:** A total of approximately \$4.5 million will be provided to the developer in tax increment financing assistance.

**Ward &**

**Alderman:** 2nd Ward/Alderman Madeline L. Haithcock  
27<sup>th</sup> Ward/Alderman Walter Burnett, Jr.

**Issues:** None known

**Public**

**Benefits:**

Affordable Housing

There will be a total of 173 units constructed. Of such 173 units, 34 will be purchased by a tax credit partnership and thereafter made available for public housing use at rents less than or equal to 60% Area Mean Income (AMI). Another 12 units will be constructed as “for sale” housing priced to be affordable to households at 80% AMI and another 7 units will be constructed as “for sale” housing priced to be affordable to households at 100% AMI.

Increased Property Tax Revenue

Currently the site generates no property taxes. As a result of the new development, the project upon stabilization is estimated to generate in excess of \$700,000 annually.

Prevailing Wage, M\WBE, City Residency

The Developer has agreed to comply with all City ordinances regarding Prevailing Wage, MBE\WBE and City Residency.

Building Green Initiative

The Developers will work with the City to make the project as “green” as economically feasible. “Green” elements planned for the mid-rise building include a green roof, water catchment system for recycling rainwater, Energy Star rated appliances, and “Green Package” owner upgrades. Plans for the low-rise buildings include increased energy efficiency through environmentally-friendly building technologies, heating and cooling systems, Energy Star rated appliances and “Green Package” owner upgrades.

**MBE\WBE:** The Developer intends to comply or surpass the City’s MBE\WBE requirements.

**Community**

**Outreach:** The design and development of this project were the subject of extensive public participation. CHA, the Department of Housing, and the community, including Alderman Madeline L. Haithcock and Alderman Walter Burnett, Jr., are in support of this project.

**CITY OF CHICAGO**  
**Community Development Commission**  
**Department of Planning & Development**  
**March 9, 2004**

**STAFF REPORT**  
**WHP Homes, LLC and WHP Towers, LLC**  
**Central West TIF Redevelopment Project Area**

**MS. VICE-CHAIRMAN AND MEMBERS OF THE COMMISSION:**

The Resolution before you requests that the Community Development Commission authorize the Department of Planning & Development (“DPD”) to publish a notice of its intention to negotiate redevelopment agreements with WHP Homes, LLC and WHP Tower, LLC. (the “Developers”) for the use of tax increment financing incremental tax revenues for the redevelopment of property located along Washington Blvd and Lake Street (the “Property”). The resolution also asks you to recommend to the City Council of the City of Chicago the designation of WHP Homes, LLC and WHP Tower, LLC as the Developers of this site.

**Purpose of Resolution**

To provide Tax Increment Financing assistance for the redevelopment of land in the 2<sup>nd</sup> and 27th Wards.

**Background**

This project is part of CHA’s Plan for Transformation of the Henry Horner Homes.

- Phase I of Horner’s redevelopment consisted of 155 rental units and was carried out by CHA and Habitat in 1999.
- Phase II is broken into further smaller phases:
  - Phase IIA is comprised of 328 units on two separate sites. Phase IIA is further broken down into three sub-components:
    - Phase IIA1 Rental consists of 155 mixed-income rental units contained in 15 separate buildings that are currently under construction with final completion anticipated in April 2004.
    - **Phase IIA1 Ownership** consists of a total of 60 affordable and market-rate for-sale units.
    - **Phase IIA2 Ownership/Rental** consists of a total of 113 units of which 79 are condominiums and 34 are replacement public housing.

Phase I, and Phase IIA1 Rental, were constructed without TIF funding. The project that the Community Development Commission is being asked to consider today consists of the Phase IIA1 Ownership and Phase IIA2 Ownership/Rental components. The project is described in more detail in the next section of this report.

The property to be developed is located within the Central West Tax Increment Financing Redevelopment Project Area (the “Area”), designated by the City Council on February 16, 2000. It is also located within West Side Empowerment Zone and Enterprise Zone #4. The project area is made up of two sites, each

generally bounded by Lake Street on the north, and Washington Boulevard on the south. The east site is bounded by Hermitage Ave. on the east and Wood St. on the west and the west site is bordered by Leavitt St. on the east and Oakley Blvd. on the west. The 113 unit mid-rise building is located on the east site, and the 60-unit low-rise portion, is primarily located on the west site.

## **Development Project**

### Proposed Developers

The proposed developers of the project are WHP Homes, LLC and WHP Tower, LLC, formed for the development of the low-rise and mid-rise projects, respectively. Both are single purpose, single asset entities formed by Brinshore-Michaels Development. Brinshore-Michaels Development is a joint venture between Brinshore Development LLC and Michaels Development Company. Michaels Chicago Holding Company, LLC (owns 50% of the managing member's ownership interest in each of the two joint ventures) is 100% owned by Michael J. Leavitt. Brinshore (owns 50% of the managing member's ownership interest in each of the two joint ventures) is 45% owned by Brint Development (which is 100% owned by David Brint), 45% owned by RJS Real Estate Services, Inc. (which is 100% owned by Richard Sciortino) and 10% owned by Leader Capital Corporation. Both developers are anticipated to admit additional equity providers as non-managing members prior to closing.

### Development Team Experience

Brinshore Development, part of this project's joint venture, has extensive experience in developing and/or rehabilitating mixed income housing. Recently completed projects include the Prairie Park Apartments, Park Apartments, and South Park Apartments in the Washington Park community.

The Michaels Development Company has over 30 years of experience in developing affordable housing. Since the early 1970s, the Michaels Development Company has developed over 29,000 housing units in 22 states, the District of Columbia and the U. S. Virgin Islands. Michaels has over 8,000 residential units in their HOPE VI pipeline that exceed \$1.2 billion in value.

Brinshore-Michaels Development also has been selected as the Master Developer for redevelopment of the Robert Taylor Homes A&B, for which construction on the first phase is expected to begin in September 2004.

### Proposed Project

The project involves the development of a residential community on two sites with a combined acreage of 11 acres on the near West Side. The Developers plan to construct a total of 173 units of rental and for-sale mixed-income housing on two sites as part of a single development phase. The first phase will consist of 60 for-sale units (48 will be market rate and 12 affordable to 80% of Area Median Income) in 7 buildings primarily on the west site. These seven buildings will be scattered among the rental buildings already under construction. The 60 units will contain a mix of one, two, and three bedroom units. The second phase will consist of a 9-story mid-rise building with 113 units (72 market rate, 7 affordable to 100% of Area Median Income, and 34 CHA rental replacement units) on the east site. The CHA units will be one bedroom and the 79 other units in the mid-rise will be a mix of one and two bedroom units.

The development will provide a total of 203 parking spaces. The mid-rise will contain 141 indoor parking spaces with the 34 public housing units and 7 affordable units being assigned one space per unit. The remaining 100 spaces will be available for purchase for \$15,000/space. In the 60 unit low-rise

development, a total of 62 parking spaces will be provided, 48 indoor spaces and 14 surface spaces. All the low-rise buildings are three-story walk-up buildings.

All buildings will have brick veneer over concrete. The mid-rise will house a management office, community room, meeting room, fitness center, individual storage lockers, washer/dryer hook-ups in each unit, balconies or patios, security cameras and part-time doorman service. The low-rise buildings will have front and side yards. Each unit will be cable/internet ready and have hardwood floors, washer/dryer hook-ups, storage units and a security alarm.

|   | CHA<br>Rental<br>←60% AMI     | Affordable<br>For-Sale<br>61%→100% | Affordable<br>For-Sale<br>61%-80% | Market Rate<br>For-Sale | Total Units |
|---|-------------------------------|------------------------------------|-----------------------------------|-------------------------|-------------|
| Low-rise<br>development<br>(WHP<br>Homes)   | 0                             | 0                                  | 12                                | 48                      | 60          |
| Mid-rise<br>(WHP<br>Towers)                 | 34                            | 7                                  | 0                                 | 72                      | 113         |
| Total Units                                 | 34                            | 7                                  | 12                                | 120                     | 173         |
| CHA<br>Rental/Condo<br>Sales Price<br>Range | 30% of<br>household<br>income | \$113,500→<br>\$182,000            | \$118,500-<br>138,450             | \$145,000→<br>\$298,000 |             |

**Deal Structure/Financial Assistance**

The City intends to negotiate a redevelopment agreement with WHP Homes, LLC for the low-rise portion (60 units) of the deal and another with WHP Tower, LLC for the mid-rise portion (113 units). Building housing of a high quality on this site requires extensive site preparation, environmental remediation and infrastructure development. In addition to the 34 CHA replacement units, the City is requiring that an additional 19 units be developed as affordable for-sale residences. Because of these extraordinary development costs, without TIF assistance the developer would not be able to finance the project, and it would not be feasible for the area to be developed. In addition to TIF funds, HOPE VI and tax credits are needed to make the project viable. Public grants and/or loans account for 25% of the total project costs.

The City, through the Department of Planning and Development (DPD), intends to reimburse the Developers for TIF-eligible costs of \$4,577,173 (9.8% of total project costs). The requested TIF amount represents approximately 85% of the increment generated by this project and the 155 rental units currently under construction. The TIF assistance will be provided through two TIF facilities. The first facility, in the amount of \$2,320,160, will fund the 60-unit low-rise development, and the second facility, in the amount of \$2,257,013, will fund the 113-unit mid-rise development. The actual City TIF Notes issued to evidence such assistance will be greater than such amounts because they will evidence certain financing and guarantee costs associated with the issuance of such TIF Notes. Each TIF facility will initially have a 100% guarantee of the City’s TIF assistance from the John D. and Catherine T. MacArthur Foundation. Upfront funding will be provided by the Fannie Mae and other TIF lenders. The TIF lenders will secure

their loan with increment from the 155-unit rental units (Phase IIA1 Rental) currently being developed and the 173-unit condominium development.

The combined sources and uses for both the 60-unit low-rise buildings and the 113 mid-rise building appear below. The individual budgets for the mid-rise building and the low-rise buildings are attached.

| <u>Sources of Funds</u>       |                     | <u>Uses of Funds</u> |                     |
|-------------------------------|---------------------|----------------------|---------------------|
| TIF                           | \$ 4,577,173        | Hard Costs           | \$33,170,352        |
| Construction Loan             | \$25,394,586        | Financing Costs      | \$ 2,903,377        |
| Hope VI Funds                 | \$ 3,523,376        | Soft Costs           | \$ 7,774,930        |
| Tax Credit Equity             | \$ 5,406,089        | <u>Developer Fee</u> | <u>\$ 2,706,881</u> |
| Mezzanine Financing           | \$ 4,947,435        | Total Uses:          | \$46,555,540        |
| <u>Deferred Developer Fee</u> | <u>\$ 2,706,881</u> |                      |                     |
| Total Sources:                | \$46,555,540        |                      |                     |

**Developers' Profit and Profit Sharing**

This project is not financially feasible without TIF assistance. With TIF assistance, the project profit amount is quite modest. Furthermore, the developer fee is being deferred. Although, the agreements between the Developer and the City and CHA will include a profit sharing arrangement, the developer will first be entitled to its developer fee and a reasonable return on its equity before the profit sharing begins. A profit analysis appears below:

Profit Analysis

|                             |   |
|-----------------------------|---|
| Gross Sales:                | \$35,080,600                              |
| Less Cost of Sales:         | 2,631,046                                 |
| Construction Loan:          | 25,394,586                                |
| <u>Mezzanine Financing:</u> | <u>4,947,435</u>                          |
| Net Profit:                 | \$ 2,107,533 (4.5% of Total Project Cost) |

**Conformance with Plan**

The proposed redevelopment is in conformance with the land use goals and objectives of the Central West Tax Increment Financing Redevelopment Project and Plan (the "Plan"). The Plan proposes general residential use on this site.

**Community Outreach**

The community, including Alderman Madeline L. Haithcock and Alderman Walter T. Burnett Jr., is in support of this project. There was a great deal of public participation in the design and development of Phase II. Public participation included the Henry Horner Working Group, which met weekly from May through October of 2001 and continues to meet periodically to review and approve plans as they are developed; 3 meetings for public housing residents and the community at large; 3 meetings for local social service providers; and separate meetings with community organizations and/or stakeholders in the area, including the Near West Side Community Development Corporation, Homeowners of Westtown, Major Adams Academy, West Side Consortium, African-American Homebuilders, Black Contractors United, and Heritage Manor Cooperatives. The Department of Housing and the Chicago Housing Authority have also expressed their support for the proposed project.

## **Public Benefits**

### Affordable Housing

There will be a total of 173 units constructed on this former CHA site, of these there will be 19 affordable units spread among a range of income groups and unit types and 34 CHA replacement units.

### Prevailing Wage, MBE\WBE, City Residency

The Developer has agreed to comply with all City ordinances regarding Prevailing Wage, MBE\WBE and City Residency. They have sent letters to several local MBE/WBE associations to make them aware of the opportunity to participate in this development.

### Building Green Initiative

The Developers will work with the City to make the project as “green” as economically feasible. “Green” elements planned for the mid-rise building include a green roof, water catchment system for recycling rainwater, Energy Star rated appliances, and “Green Package” owner upgrades. Plans for the low-rise buildings include increased energy efficiency through environmentally-friendly building technologies, heating and cooling systems, Energy Star rated appliances and “Green Package” owner upgrades.

## **Recommendations**

The Department of Planning & Development recommends that the Community Development Commission authorize DPD to publish a notice of its intention to negotiate redevelopment agreements with WHP Homes, LLC and WHP Tower, LLC for the use of tax increment financing incremental tax revenues for the redevelopment of the property located on two sites, generally bounded on the south by Washington Blvd and on the north by Lake Street. The east site is bounded by Wood St. on the west and Hermitage Avenue on the east. The west site is bounded by Oakley Blvd on the west, and Leavitt St. on the east. DPD also requests that you recommend to the City Council of the City of Chicago the designation of WHP Homes, LLC and WHP Tower, LLC as the Developers for these projects.

**TERM SHEET**

The Project Area is located on two sites, both of which have Washington Blvd. as their southern boundary and Lake Street as their northern boundary. The east site is bounded by Wood St. on the west and Hermitage Avenue on the east. The west site is bounded by Oakley Blvd on the west, and Leavitt St. on the east. The 113 unit mid-rise building is located on the east site, and the 60-unit low-rise portion, is primarily located on the west site. Both sites are located within the boundaries of the Central West Tax Increment Financing Redevelopment Project Area and have a combined acreage of approximately 11 acres.

The Developers, WHP Homes, LLC and WHP Towers, LLC, intend to construct a total of 173 housing units in a variety unit types and 34 CHA units. The residential development will include CHA replacement units (34), affordable for-sale units (19), and market-rate for-sale units (120).

The City, through the Department of Planning and Development (DPD), intends to reimburse the Developers for TIF-eligible costs of \$4,577,173 (9.8% of TPC). This amount of assistance will be provided through two TIF facilities. The first facility, in the amount of \$2,320,160, will fund the 60-unit low-rise development, and the second facility, in the amount of \$2,257,013, will fund the 113 unit mid-rise development. Each TIF facility will initially have a 100% guarantee from the John D. and Catherine T. MacArthur Foundation. Upfront funding will be provided by the Fannie Mae and other TIF lenders. The TIF lenders will secure their loan with increment from the 155-unit rental units currently being developed and the 173-unit development. The increment generated is anticipated to be sufficient to cover the budgeted amount of TIF assistance listed in the “Sources of Uses of Funds.”

**Sources and Uses of Funds**

| <b><u>Sources of Funds</u></b> |                     | <b><u>Uses of Funds</u></b> |                     |
|--------------------------------|---------------------|-----------------------------|---------------------|
| TIF                            | \$ 4,577,173        | Hard Costs                  | \$33,170,352        |
| Construction Loan              | \$25,394,586        | Financing Costs             | \$ 2,903,377        |
| Hope VI Funds                  | \$ 3,523,376        | Soft Costs                  | \$ 7,774,930        |
| Tax Credit Equity              | \$ 5,406,089        | <u>Developer Fee</u>        | <u>\$ 2,706,881</u> |
| Private Equity                 | \$ 4,947,435        | Total Uses:                 | \$46,555,540        |
| <u>Deferred Developer Fee</u>  | <u>\$ 2,706,881</u> |                             |                     |
| Total Sources:                 | \$46,555,540        |                             |                     |





**CITY COUNCIL  
CITY OF CHICAGO**

**COUNCIL CHAMBER**

CITY HALL, ROOM 203  
121 NORTH LASALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE 312-744-6124

- COMMITTEE MEMBERSHIPS**
- BUILDINGS**
- COMMITTEES, RULES, AND ETHICS**
- EDUCATION**
- TRANSPORTATION AND PUBLIC WAY**
- BUDGET AND GOVERNMENT OPERATIO**
- FINANCE**

**WALTER BURNETT, JR.**

ALDERMAN, 27TH WARD  
1463 W. CHICAGO AVENUE  
CHICAGO, ILLINOIS 60622  
TELEPHONE 312-432-1995  
FAX: 312-432-1049  
E-MAIL: [wburnett@cityofchicago.org](mailto:wburnett@cityofchicago.org)

February 25, 2004

Alicia Mazur-Berg  
Department of Planning and Development  
121 N. LaSalle Street  
Chicago, IL 60602

Dear Commissioner Berg:

This letter is to convey my support for the Chicago Housing Authority's Plan for Transformation for West Haven Park, formally known as Henry Horner Homes. I am aware that the development calls for the construction of 764 new mixed income rental and for sale housing units and that the Central West Tax Increment Financing District will be utilized as a funding source to subsidize the project.

I believe the development will further the goal to increase home ownership opportunity in this Near West Side neighborhood. Any assistance you can provide toward this effort would be greatly appreciated.

Sincerely,

*Walter Burnett, Jr.*  
Walter Burnett, Jr.  
Alderman of the 27th Ward

WBJ/alm





**CITY COUNCIL  
CITY OF CHICAGO**

**COUNCIL CHAMBER  
ROOM 300  
121 NORTH LASALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE 312-744-6838  
FAX 312-744-2022**

**COMMITTEE MEMBERSHIPS**

**SPECIAL EVENTS  
AND CULTURAL AFFAIRS  
(CHAIRMAN)**

**EDUCATION  
(VICE CHAIRMAN)**

**LICENSE AND CONSUMER PROTECTION  
(VICE CHAIRMAN)**

**AVIATION**

**BUDGET AND GOVERNMENT OPERATIONS**

**FINANCE**

**POLICE AND FIRE**

**RULES AND ETHICS**

**MADÉLINE L. HAITHCOCK**

**ALDERMAN, 2ND WARD  
WARD OFFICES:  
448 EAST 35TH STREET  
CHICAGO, ILLINOIS 60616  
TELEPHONE: (773) 924-0014  
FAX: (773) 924-5950**

**701 SOUTH WESTERN AVENUE  
CHICAGO, ILLINOIS 60612  
TELEPHONE: (312) 733-8169**

February 3, 2004

**Alicia Mazur Berg  
Commissioner  
Department of Planning and Development  
121 North LaSalle Street  
Room 1000  
Chicago, IL 60602**

**RE: West Haven Park (formally Henry Horner Homes)**

Dear Commissioner Berg:

This letter is to convey my support of Central West TIF assistance for the redevelopment of West Haven Park, formally known as Henry Horner Homes.

I firmly believe that this project will be an additional catalyst to the rebuilding of the Near West Side community. I, therefore, respectfully urge the Commissions favorable consideration in this matter.

Sincerely,

  
Madeline L. Haithcock  
Alderman, 2<sup>nd</sup> Ward





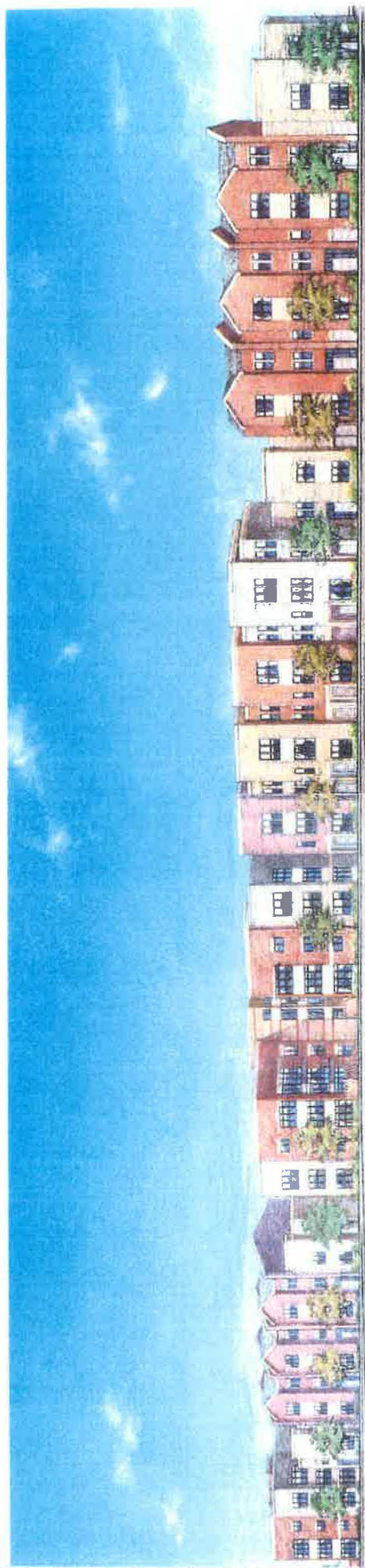
**NORTH ELEVATION**  
West Maypole



**SOUTH ELEVATION**  
West Maypole

**Westhaven Park Phase II**  
Schematic Street Elevations

**BMH-I, LLC**  
**LANDON BONE BAKER ARCHITECTS**  
07/24/03





**Westhaven Park Phase II**  
**Narrow Unit Elevation**  
**BMT-I, LLC**  
**LONDON BONE BAKER ARCHITECTS**  
**07/24/03**



**Westhaven Park Phase II**  
**Wide Unit Elevation**  
**BMT-I, LLC**  
**LONDON BONE BAKER ARCHITECTS**







# Westhaven Park

## Low-Rise Buildings

Chicago, Illinois

### PROJECTED SALES

|                                     |                     |
|-------------------------------------|---------------------|
| Sales                               | 15,335,700          |
| Less: Real Estate Commission (5.5%) | (843,464)           |
| Less: Closing Costs (2.0%)          | (306,714)           |
| <b>NET SALES PROCEEDS</b>           | <b>\$14,185,523</b> |
| Less: Construction Loan             | (11,108,410)        |
| Less: Mezzanine Financing           | (2,161,410)         |
| <b>NET CASH PROCEEDS</b>            | <b>\$915,703</b>    |

### SOURCES & USES

| SOURCES OF FUNDS                  | TOTAL               |
|-----------------------------------|---------------------|
| NET SALES PROCEEDS                | \$14,185,523        |
| CRF Equity/Mezzanine Financing    | \$2,161,410         |
| TIF REQUEST                       | \$2,320,160         |
| Deferred Developer Fee            | \$1,205,583         |
| <b>TOTAL SOURCES</b>              | <b>\$19,872,676</b> |
| <b>USES OF FUNDS</b>              |                     |
| <b>TOTAL</b>                      |                     |
| <b>Hard Costs</b>                 |                     |
| Construction                      | \$9,576,321         |
| Site Development                  | \$818,100           |
| Hard Costs Contingency            | \$557,952           |
| Contractor's General Conditions   | \$832,724           |
| <b>TOTAL HARD COSTS</b>           | <b>\$11,785,097</b> |
| <b>Financing Costs</b>            |                     |
| Cost Analysis                     | \$9,000             |
| Construction/Bridge Loan Fee      | \$111,000           |
| Construction/Bridge Loan Interest | \$582,750           |
| Mezzanine Loan Interest           | \$518,400           |
| Letter of Credit Fees             | \$6,000             |
| Closing Costs                     | \$51,000            |
| <b>TOTAL FINANCING COSTS</b>      | <b>\$1,278,150</b>  |
| <b>Soft Costs</b>                 |                     |
| TIF Costs                         | \$181,000           |
| Architectural and Design          | \$273,430           |
| Engineering Fees                  | \$25,000            |
| Appraisal                         | \$7,500             |
| Legal and Accounting              | \$155,000           |
| Soil Tests                        | \$25,000            |
| Impact Fees                       | \$20,000            |
| Title & Recording                 | \$22,500            |
| Surveys                           | \$15,000            |
| Permits                           | \$167,386           |
| Insurance and Bonding             | \$111,590           |
| Site Security                     | \$75,000            |
| Sales and Marketing               | \$888,233           |
| Developer Overhead/Management     | \$452,094           |
| Reserves and Assessments          | \$18,000            |
| Customer Service Warranty         | \$60,000            |
| Real Estate Taxes                 | \$30,000            |
| <b>TOTAL SOFT COSTS</b>           | <b>\$2,526,733</b>  |
| <b>DEVELOPER FEE</b>              | <b>\$1,205,583</b>  |
| <b>TOTAL USES</b>                 | <b>\$16,795,563</b> |
| BALANCE                           | 3,077,113           |
| REPAYMENT OF EQUITY/MEZZANINE     | 2,161,410           |
| <b>PROFIT</b>                     | <b>915,703</b>      |