



Washington State University  
Spokane

# Washington State University

SPOKANE, WASHINGTON

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**REVISED – New Student Housing Financial Analysis**

**Table of Contents**

<b>Section 1</b>	<b>Executive Summary</b>	<b>page 1</b>
<b>Section 2</b>	<b>On-Campus Development Analysis</b>	<b>page 2</b>
<b>Section 3</b>	<b>Off-Campus Development Analysis</b>	<b>page 8</b>
<b>Section 4</b>	<b>Jensen Byrd Building Redevelopment</b>	<b>page 13</b>
<b>Addenda</b>	<b>Financial Analysis Spreadsheets</b>	<b>Add.</b>

## Section 1: Executive Summary

The Scion Group LLC (Scion) was engaged by Washington State University to examine the feasibility of student housing on each of its three urban branch campuses: Spokane, Tri-Cities and Vancouver. Following a review of the *Market & Demand Analysis* performed by Scion, the University has decided to examine the financial viability of student housing on each campus under a variety of scenarios.

Scion has examined three potential student housing opportunities for WSU Spokane: (1) on-campus development opportunities, (2) off-campus development opportunities and (3) redevelopment of the Jensen Byrd building. Based on Scion's analysis, the University should encourage the private market to develop purpose-built student housing and consider ways in which it can affiliate with such a project. Affiliation would require relatively little financial obligation (depending on the specific supports the University desires to provide), and could require no more than supporting the developer's pursuit of property tax relief (through a PILOT, TIF or the existing Spokane multi-family housing tax exemption program). Scion has tested the financial feasibility of developing on-campus student housing under several scenarios (*i.e.*, University-owned, developer-owned, foundation-owned), and concluded that developing on-campus student housing is unlikely at this time due to expected financial performance.

Scion's market and demand analysis indicated an on-campus housing development would capture 262 students, a number that generally approaches the critical mass needed for a successful student housing project; however, the preferred density (entirely private bedrooms) and rental rates required by the market, plus local construction costs (prevailing wages would likely be required by the University), are significant impediments to the financial performance of a contemplated on-campus project at this time. Likewise, Scion's review and analysis of a redevelopment of the Jensen Byrd building shows a shortfall of approximately \$12.1M in development costs, which the University would have to support through the subordination of the building at no cost and an annual contribution of at least \$874,000. Should the University desire dedicated student housing, it can most likely be achieved through a thoughtful affiliation/referral agreement with a developer who is willing to build student housing off-campus.

It may also be possible to influence financial performance by selectively responding to market demand. By addressing only a small portion of the underlying demand, higher rental rates could probably be achieved. This, however, could be offset by higher per square foot construction costs for a smaller building, if new construction is pursued. Further, higher rental rates would most appeal to the least cost-sensitive portion of the market. Serving only those students with the greatest ability to pay may not be in keeping with the goals of the University, but could serve to support the longer term goal of developing housing to satisfy demand. If the first phase of housing is successful, more and less-expensive spaces could be introduced in the future.

**Section 2: On-Campus Development Analysis**

The following analysis examines the financial viability of a hypothetical 262-bed student housing facility on the WSUS campus, with assumptions made regarding factors such as space utilization, unit distribution, project costs, rental rates and operating costs. This analysis demonstrates three primary scenarios for the financing and delivery of new student housing, as shown in *Table 1*:

Scenario	Ownership	Delivery	Operations	WSUS Control	Cash flow Returned to WSUS
Traditional	University	University / CM*	University	High	High
Developer	Developer	Developer	Varies	Low	Low
Foundation	Not-for-profit Foundation	Developer / CM*	Varies	Medium to High	Low to Medium

\*Construction Manager (generally performing at-risk)

**Table 1**

**Assumptions**

The primary assumptions in the analysis of the three development scenarios are as follows. (Note: Assumptions are ordered to correspond with the financial analysis spreadsheets in the addenda.)

1. The facility contains 262 beds distributed between 28 four-bedroom, two-bathroom apartments (112 beds), 65 two-bedroom, one-bathroom apartments (130 beds) and 20 studio apartments (20 beds). This unit-mix was determined by factoring demand preferences from the *Student Housing Market and Demand Analysis* and substituting some units for others that are likely to achieve the greatest financial return on a per square foot basis as supported by the data. (For example, respondents who expressed interest in a 3-bedroom unit were also interested in either a 4-bedroom or 2-bedroom unit.)
2. All bedrooms are private.
3. Support space includes 3,500 net square feet for functions such as administrative space, multi-purpose room, study and social lounges, vending, laundry and other community amenities. For the purpose of this analysis, a professional staff apartment (of approximately 700 square feet) is consolidated with the support space.
4. Net space for all housing and support spaces is grossed up by 25% to account for circulation (hallways, stairwells, etc.), mechanical, custodial and storage areas.
5. Dedicated parking for the community is not included.

6. All figures are in 2011 dollars.
7. Rental rates are per person and are \$425 per month for a bedroom in a four-bedroom apartment, \$550 per month for a bedroom in a two-bedroom apartment and \$675 per month for a private studio apartment. (Based on Scion's research, the average WSUS student living alone pays \$623 per month for rent and utilities and the average student living with roommates/housemates pays \$408 per month for rent and utilities.)
8. Rent includes gas, electricity, water/sewer, television and Internet service. All units include basic appliances (e.g. refrigerator, microwave, stove/oven) and are otherwise unfurnished. WSUS will engage a furniture vendor to provide an affordable furniture rental package for interested residents, with the project receiving some commission from sales.
9. All residents will select an annual (12-month) contract.
10. Land is contributed or subordinated at no cost. Site work is estimated to cost approximately \$100,000.
11. Hard construction costs are \$150 per square foot. This estimate is based on Scion's understanding of construction costs in the market and assumes prevailing wages are paid.
12. The budget for Furniture, Fixtures and Equipment (FF&E) is \$450 per bed.
13. Operating expense projections are based on Scion's observation of similar properties and local operating expense data compiled by LoopNet.
14. The developer scenario includes real estate taxes based on the property tax rates and appraisal ratios published by the state of Washington. The traditional and foundation scenarios assume the project will be exempt from property taxes.
15. There will be four resident advisors, each compensated with a private bedroom in a two-bedroom unit.
16. The developer and foundation scenarios include a management fee of 4% of total revenue.
17. Vacancy and bad debt are 3% of gross rental income.
18. Ancillary revenue (e.g., vending, laundry, furniture rental commissions, application and/or transfer fees) is 1.25% of gross rental income.
19. Project costs are 5% higher in the foundation scenario and 5% lower in the developer scenario to account for lower costs of issuance and financing costs.
20. Financing terms are assumed to be a 30-year amortization in each scenario. The traditional scenario assumes a 5.0% interest for the total (100%) development budget, based on recent transactions. The foundation scenario assumes a 5.5% interest for the

total development budget. The developer scenario assumes a 6.0% interest rate on 70% of the total development budget (the remaining 30% is developer equity).

21. The cost to include the campus bookstore has not been included. It is assumed that it would be revenue neutral (*i.e.*, rent payments would equal the marginal increase in debt service).
22. Annual ground lease payments to the University have not been included in the developer and foundation scenarios at this time. Such payments should be determined in consideration of the cash flow of the project within each scenario and, ultimately, any supports that are offered by the University. It is often the case that some portion of ground lease payment is deferred until the later years of the project, when financial performance has stabilized.

### Analysis Summary

While there are many factors that affect each scenario, some of which are described later in this analysis, the following comparison provides a snapshot of how the various scenarios perform in relation to one another. The three primary scenarios perform as follows:

Scenario	Traditional	Developer	Foundation
Total Beds	262	262	262
Total Residential Area	119,875 SF	119,875 SF	119,875 SF
Gross SF / Bed	458	458	458
Avg. Monthly Rent / Bed	\$506	\$506	\$506
Avg. Monthly Rent / Unit	\$1,173	\$1,173	\$1,173
Project Cost	\$20,858,403	\$19,815,483	\$21,901,324
<i>Per SF</i>	<i>\$174.00</i>	<i>\$165.30</i>	<i>\$182.70</i>
Total Debt	\$20,858,403	\$13,870,838	\$21,901,324
Year 1 Total Revenue	\$1,563,354	\$1,563,354	\$1,563,354
Year 1 Operating Expenses	\$1,021,955	\$1,268,635	\$1,084,489
Year 1 Net Operating Income	\$541,399	\$294,719	\$478,865
Year 1 Debt Coverage Ratio (DCR)	0.40	0.30	0.32
Year 1 DCR Target	1.00	at least 1.10	approximately 1.20

Table 2

**Alternative Scenarios**

None of the development scenarios examined by Scion achieve their debt service coverage ratio (DCR) target. Options for bringing the project closer to meeting its likely debt service coverage requirement include:

- Reducing construction quality
- Decreasing the size (square feet) of the apartments and support space
- Increasing the proportion of denser, quad occupancy units; decreasing the number of private, studio apartments; including some shared bedroom units
- Raising rental rates
- Seeking a PILOT or Multiple Family Housing Property Tax Exemption (RCW 84.14 / City of Spokane Municipal Code 08.15) through the local taxing authority
- Increasing the equity contribution in the developer scenario (although the result is an increased DCR required to meet developer’s preferred return on investment)

Further, in the Foundation and Developers scenarios, the University may choose to subsidize the project by providing in-kind supports at no cost or on an interim basis with payment deferred to later years when the project is stabilized. The following table lists the supports that might be offered, their approximate cost to the University and projected impact to the project. (Note: *italics* denote supports already assumed in financial analysis.)

In-Kind Services / Supports	Approximate Cost to WSUS (in year one)	Projected Impact on Project Performance
<i>Refer students (passively or formally)</i>	Depends on dedication of staff time to direct efforts	Decrease vacancy rate
<i>Include in campus tours, refer conference groups, etc.</i>	Depends on dedication of staff time to direct efforts	Decrease vacancy rate
<i>Student billing &amp; collections</i>	Some upfront costs; \$0 operating costs	Slightly decrease operating expenses Decrease bad debt
Safety & Security	\$84,000	Decrease operating expenses by 8.2%
Inclusion in campus financial and administrative oversight (AP, insurance, OSEH, etc.)	\$30,000; plus staff time	Decrease operating expenses by 2.9%
Inclusion in campus IT infrastructure	\$75,000 upfront costs; \$54,000 operating costs	Decrease operating expenses by 5.3%
Fund staff (RA) apartments	\$20,000	Decrease operating expenses by 1.9%
Marketing	\$24,000	Decrease operating expenses by 2.3%
Leasing and leasing staff	\$30,000	Decrease operating expenses by 2.9%

**Table 3**

While the options in *Table 3* should all be considered, the contemplated project is far from meeting likely DCR requirements in each scenario examined. Scion has therefore examined the level of adjustments and support that would bring the project closer to meeting expected DCR requirements. These adjustments are not necessarily recommended by Scion, but should be examined and discussed by the University relative to its programmatic and financial goals.

*Table 4* demonstrates the adjustments that can be made, as examples, to achieve a favorable DCR in each scenario. Each alternative includes the following adjustments:

- Hard construction costs of \$135 per square foot (as opposed to \$150 per square foot); reducing construction costs may require lowering construction quality in the form of materials and life-safety systems
- Residence life expenses and staff housing (\$139,675 in year one) are funded by WSUS
- Risk for vacancy and bad debt (previously assumed at 3% of revenue, or \$53,352 in year one) is guaranteed by WSUS
- Rental rates are increased and the project size is reduced by various amounts dependent upon the scenario

The adjustments described above and shown in the chart below, when taken together, allow the development in the traditional scenario to achieve a DCR of 1.0. In the developer scenario DCR reaches 1.1 and in the foundation scenario DCR reaches 1.2.

Scenario	Hard Construction Costs	Residence Life Expenses	Vacancy / Bad Debt	Rental Rate Increase	Project Size Reduction
Traditional	\$135 PSF	Funded by WSUS	Guaranteed by WSUS	17%	17%
Developer				18%	18%
Foundation				30%	30%

**Table 4**

### Observations

Based on this financial analysis, development of new on-campus housing is not feasible without significant supports from the University and adjustments to preferred construction quality and student rental rates. The desire by students for private bedrooms, current rental rates paid by students in the market, and construction requirements (*i.e.*, prevailing wages) prevent the project from achieving debt coverage sufficient for successful financing and financial performance without strong University support. Ultimately, Scion does not believe it is financially prudent to develop on-campus housing at WSUS at this time. Following a referral or affiliation agreement



with an off-campus facility for student housing, however, student demand and rental rates should be re-examined. Often, the availability of campus affiliated student housing impacts student demand and pricing, and more demand at higher rates could significantly change the financial feasibility of a new project.

### Section 3: Off-Campus Development Analysis

The following analysis examines the financial viability of a hypothetical privately-owned 262-bed student housing facility located near the WSUS campus, with assumptions made regarding factors such as space utilization, unit distribution, project costs, rental rates and operating costs. This analysis demonstrates how such a project might operate for a private owner, and identifies supports that may be offered by the University through an affiliation or master lease agreement.

#### Assumptions

The primary assumptions in the analysis of the off-campus development scenario are as follows. (*Note:* Assumptions are ordered to correspond with the financial analysis spreadsheets in the addenda.)

1. The facility contains 262 beds distributed between 28 four-bedroom, two-bathroom apartments (112 beds), 65 two-bedroom, one-bathroom apartments (130 beds) and 20 studio apartments (20 beds). This unit-mix was determined by factoring demand preferences from the *Student Housing Market and Demand Analysis* and substituting some units for others that are likely to achieve the greatest financial return on a per square foot basis as supported by the data. (For example, respondents who expressed interest in a 3-bedroom unit were also interested in either a 4-bedroom or 2-bedroom unit.)
2. All bedrooms are private.
3. Support space includes 3,500 net square feet for functions such as administrative space, multi-purpose room, study and social lounges, vending, laundry and other community amenities. For the purpose of this analysis, a professional staff apartment (of approximately 700 square feet) is consolidated with the support space.
4. Net space for all housing and support spaces is grossed up by 25% to account for circulation (hallways, stairwells, etc.), mechanical, custodial and storage areas.
5. All figures are in 2011 dollars.
6. Rental rates are per person and are \$425 per month for a bedroom in a four-bedroom apartment, \$550 per month for a bedroom in a two-bedroom apartment and \$675 per month for a private studio apartment. (Based on Scion's research, the average WSUS student living alone pays \$623 per month for rent and utilities and the average student living with roommates/housemates pays \$408 per month for rent and utilities.)
7. Rent includes gas, electricity, water/sewer, television and Internet service. All units include basic appliances (e.g., refrigerator, microwave, stove/oven) and are otherwise unfurnished. WSUS will engage a furniture vendor to provide an affordable furniture rental package for interested residents, with the project receiving commissions from sales.

8. All residents will select an annual (12-month) contract.
9. Based on a review of downtown Spokane parcel closings, and assuming a high-rise or mid-rise building, land acquisition is \$260,000. Site work is estimated to cost approximately \$100,000.
10. Hard construction costs are \$150 per square foot. This estimate is based on feedback provided by WSUS and assumes a residential quality of construction (e.g., wood frame over concrete podium, flat roof, and minimum masonry).
11. A dedicated surface parking lot of 210 stalls is included. Based on information provided by the University, parking stalls have an all-in development cost (inclusive of hard and soft costs) of \$8,000 per stall.
12. The budget for FF&E, \$450 per bed, includes a range and refrigerator in each unit and common area furniture. All other appliances (e.g., dishwashers, hood/exhaust) are included in hard construction costs.
13. Operating expense projections are based on Scion's observation of similar properties and local operating expense data compiled by LoopNet.
14. The real estate taxes and assessment ratio are based on data published by the State.
15. There will be four community assistants, each compensated with a private bedroom in a two-bedroom unit.
16. Maintenance expenses are increased by 4% from the on-campus scenarios to provide for the upkeep of the surface parking lot.
17. The management fee is 4% of total revenue.
18. Vacancy and bad debt are 5% of gross rental income.
19. Ancillary revenue (i.e., vending, laundry, furniture rental commissions, application and transfer fees) is 1.25% of gross rental income.
20. Parking revenue is \$20 per parking stall per month.
21. The cost to include the WSUS campus bookstore or other retail uses has not been included as the location of the hypothetical property, and therefore its viability for such uses, is unknown.
22. Financing terms are assumed to be a 30-year amortization at a 6.0% interest rate on 70% of the total development budget, with a 30% equity contribution.

### Analysis Summary

While there are many factors that can affect financial performance, some of which are described later in this section, the following table provides a snapshot of how the off-campus private development scenario performs.

Scenario	Developer
Total Beds	262
Total Residential Area	119,875 SF
Gross SF / Bed	458
Avg. Monthly Rent / Bed	\$506
Avg. Monthly Rent / Unit	\$1,173
Project Cost	\$21,869,442
<i>PSF</i>	<i>\$182.44</i>
Total Debt	\$15,308,609
Year 1 Total Revenue	\$1,581,930
Year 1 Operating Expenses	\$1,298,714
Year 1 Net Operating Income	\$283,216
Year 1 Debt Coverage Ratio (DCR)	0.26
Year 1 DCR Target	at least 1.10

**Table 5**

### Alternative Scenarios

The off-campus development scenario examined by Scion does not achieve the minimum debt service coverage ratio (DCR) target of 1.10. Options for bringing the project closer to meeting its likely debt service coverage requirement might include:

- Decreasing construction quality
- Decreasing the size of the apartments, support space and gross up space
- Increasing the proportion of denser, quad occupancy units; decreasing the number of private, studio apartments; including shared bedroom units
- Raising rental rates
- Increasing the equity contribution, although the result is an increased DCR required to meet developer's preferred return on investment
- Securing a University master lease for at least a significant portion of the units

- Seeking a PILOT, TIF funding or Multiple Family Housing Property Tax Exemption (RCW 84.14 / City of Spokane Municipal Code 08.15) through the local taxing authority

Further, the University may choose to subsidize the project by providing in-kind supports at no cost or on an interim basis with payment deferred to later years when the project is stabilized. The following table lists the supports that might be offered, their approximate cost to the University and projected impact to the project.

In-Kind Services / Supports	Approximate Cost to WSUS (in year one)	Projected Impact on Project Performance
Refer students (passively or formally)	Depends on dedication of staff time to direct efforts	Decrease budgeted vacancy rate by 1%
Include in campus tours, refer conference groups, etc.	Depends on dedication of staff time to direct efforts	Decrease vacancy rate
Student billing & collections	Some upfront costs; \$0 operating costs	Slightly decrease operating expenses Decrease bad debt by 1%
Safety & Security	\$84,000	Decrease operating expenses by 6.6%
Inclusion in campus financial and administrative oversight (AP, insurance, OSEH, etc.)	\$30,000; plus staff time	Decrease operating expenses by 2.4%
Inclusion in campus IT infrastructure	\$75,000 upfront costs; \$54,000 operating costs	Decrease operating expenses by 4.3%
Fund staff (RA) apartments	\$20,000	Decrease operating expenses by 1.6%
Marketing	\$24,000	Decrease operating expenses by 1.9%
Leasing and leasing staff	\$30,000	Decrease operating expenses by 2.4%

**Table 6**

While the developer and University may consider these options, the implications are potentially significant. Some possibilities that may help bring the project closer to meeting expected DCR requirements are identified in *Table 7*. These possibilities are not necessarily recommended by Scion, but should be examined and discussed by the University relative to its programmatic and financial goals.

The table below shows two examples of the combination of adjustments that can be made by the developer, alone or in partnership with the University, to achieve a favorable DCR. The two options include the following adjustments:

- Developer: Achieve property tax exemption, reduce hard constructions costs to \$120 PSF, increase room and parking rental rates by 17%, reduce project size by 16%, reduce maintenance and administration expenses by 20%
- University Affiliation: Achieve property tax exemption, maintain hard construction costs at \$120 PSF, increase room and parking rental rates by 20%, reduce project size by 15%, decrease management fee by 25% (from 4% of revenue to 3% of revenue, assuming the University is taking some marketing responsibility)

Alternative	Property Taxes	Hard Construction Costs	Rental Rate Increase	Project Size Reduction	Operating Expense Reduction	Resultant Year One DCR
Developer	Exempt for first 10 years	\$120 PSF	17%	16%	20% of Maintenance and Admin	1.10
University Affiliation		\$120 PSF	21%	20%	25% of Management Fee	1.10

Table 7

**Observations**

Based on this financial analysis, development of new privately-owned off-campus housing as a stand-alone financial entity is not feasible without a significant reduction in construction costs (PSF hard costs or project size) and/or an increase in student rental rates combined with some property tax relief (which may be achievable under existing programs). It may also be possible to realize savings by adjusting the program to include more four-bedroom units and fewer studio units, though such a program would likely be less desirable to students. Depending on the location of the property, it might include some retail space whose revenue would contribute to debt service payments.

The options for savings identified above are likely achievable, but potentially compromise the University’s ability to support the project. For example, the University would need to determine if the level of construction and operating protocols (which would probably be below that of on-campus housing) meet minimum standards for an affiliation or referral agreement.

### Section 3: Jensen Byrd Building Redevelopment

Scion has reviewed the *Jensen Byrd Building Assessment* presented by Sera Architects in August 2006. Based on Scion's review of architectural plans (specifically "Concept Four"), the redevelopment of the property to residential apartment units would result in approximately 100 total beds of student housing (assuming private bedrooms), 14,454 net square feet of commercial (*i.e.*, retail and office) space and 17,058 square feet of storage. Utilizing the architectural plans for "Concept Four," Scion has sought to determine the present value of the net operating income of the property in order to determine feasibility.

#### Assumptions

The primary assumptions in the analysis of the Jensen Byrd redevelopment scenario are as follows:

1. The facility contains 100 beds distributed between 5 three-bedroom units (15 beds), 20 two-bedroom units (40 beds) and 45 studio units (45 beds). All bedrooms are private. Unit mix is based on the "Concept Four" architectural plans.
2. Dedicated parking for the community is not included; approximately 103 parking stalls are required.
3. All figures are in 2011 dollars and no vacancy is assumed.
4. Rental rates are per person and are \$500 per month for a bedroom in a three-bedroom apartment, \$600 per month for a bedroom in a two-bedroom apartment and \$700 per month for a private studio apartment. (Given the size of the units and the supply of only 100 beds to the market, Scion has increased rental rates from the previous scenarios.)
5. Rent includes gas, electricity, water/sewer, television and Internet service. Units are unfurnished. (The inclusion of electricity, Internet and television is not required but is necessary to achieve the assumed rental rates.)
6. All residents will select an annual (12-month) contract.
7. Based on a review of downtown Spokane office and retail rental rates, the commercial space is rented at \$20 per square foot on a triple net basis.
8. Operating expenses for the residential portion include utilities, R&M, administration/residence life, insurance, reserves, management fee and property taxes at \$4,940 per bed (approximately 5% less than the per bed operating expenses in the off-campus scenario).
9. Operating expenses for the commercial portion are \$2 per square foot based on local operating expense data compiled by LoopNet.

10. Present value is established assuming a 30-year amortization at a 6.0% interest rate with all of year one net operating income applied to debt service. (Note: It is unlikely that all of net operating income would be applied to debt service considering a for-profit developer would have an expectation of return on investment.)
11. Historic Tax Credits will be applied and are assumed to be approximately \$5,130,000, which reflects a 3% annual escalation over the estimate provided in the 2006 assessment.
12. Redevelopment costs do not include site acquisition and are \$150.82 per square foot, which reflects a 3% annual escalation over the estimate provided in the 2006 assessment.

### Analysis Summary

While there are many factors that can affect financial performance, the following table provides a snapshot of how the Jensen Byrd redevelopment scenario performs.

Scenario	Developer
Year 1 Total Revenue	\$1,045,080
Year 1 Operating Expenses	\$522,908
Year 1 Net Operating Income	\$522,172
Present Value of NOI	\$7,257,826
Historic Tax Credits	\$5,130,000
Redevelopment Value Supported	\$12,387,826
Required Redevelopment Cost	\$24,533,292
Shortfall	(\$12,145,466)

**Table 8**

### Observations

Based on this financial analysis, the redevelopment of the Jensen Byrd building does not generate enough income to support a student housing / commercial mixed-use renovation. Its \$12.1M shortfall represents \$873,819 of additional annual income needed to support its debt (with financing assumptions remaining constant). Notably, this shortfall occurs before consideration of the purchase price of the building from the University and the developer's need to generate return on income.

The Jensen Byrd building, while well-located for a student housing function, is not financially viable for such a use without significant outside support. This is due mainly to the layout of the building and the resultant necessity to create large units in order to provide natural light and



ventilation. Studio bedroom units, for example, are 900 net square feet in the redevelopment, versus 550 net square feet in the new construction scenarios. Unfortunately, the building does not lend itself to a denser program, which would generate additional net operating income. Scion recommends pursuing other (non student housing) uses for the building.



Washington State University  
Spokane

**Addendum: Financial Analysis Spreadsheets**



**Washington State University Spokane**  
**New Apartment Community**

<b>Project Program</b>	<b>Units</b>	<b>Beds</b>	<b>Net Size</b>	<b>Gross Size</b>	<b>Total Area</b>
1. Student Housing					
4-Bedroom / 2-Bathroom Apartment	28	112	1,050	1,313	36,750
2-Bedroom / 1-Bathroom Apartment	65	130	800	1,000	65,000
Studio Apartment	20	20	550	688	13,750
Support Space / Community Amenity	1	-	3,500	4,375	4,375
<b>Total</b>	<b>113</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>119,875</b>

*Total Beds:*            **262**

*SF/Bed:*                **458**

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**Washington State University Spokane**  
**New Apartment Community**

<b>Program</b>	<u>Residential</u>	<u>Dining</u>	<u>Total</u>
New Apartment Community	119,875	-	119,875
<b>Total Size</b>	<b>119,875</b>	<b>-</b>	<b>119,875</b>

<b>Rental Schedule</b>	<u>Units</u>	<u>Beds</u>	<u>Monthly Rent/Bed</u>	<u>Monthly Rent/Unit</u>	<u>Total Monthly Rent</u>
4-Bedroom / 4-Bathroom Apartment	28	112	\$ 425	\$ 1,700	\$ 47,600
2-Bedroom / 2-Bathroom Apartment	65	130	\$ 550	\$ 1,100	\$ 71,500
Studio Apartment	20	20	\$ 675	\$ 675	\$ 13,500
<b>Subtotal</b>	<b>113</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>\$ 132,600</b>

Total Beds: **262**

Rents Include:

**Electricity, Gas, Water, Cable and Internet Service are Included**  
**Units are unfurnished**

SF/Bed: **458**

Term Length:

**100% Annual (12-month) contracts**

Weighted Avg Rent:

**\$ 506 per bed per month**  
**\$ 1,173 per unit per month**



**Washington State University Spokane**  
**New Apartment Community - On-Campus**

<b>Project Development Budget</b>	<u>GSE</u>	<u>PSF Cost</u>	<u>Total</u>
<b>1. Land</b>			
Acquisition	119,875	\$ -	\$ -
Demolition, Sitework	119,875	\$ 0.83	\$ 100,000
Sub-Total	119,875	\$ 0.83	\$ 100,000
<b>2. Hard Costs</b>			
New Student Housing Construction	119,875	\$ 150.00	\$ 17,981,250
Sub-Total	119,875	\$ 150.00	\$ 17,981,250
<b>3. Soft Costs</b>			
A & E Fees	119,875	\$ 6.00	\$ 719,250
Reimbursable Expenses	119,875	\$ 0.06	\$ 7,193
Surveying / Soil Testing / Construction Testing	119,875	\$ 0.25	\$ 30,000
Consultants	119,875	\$ 0.25	\$ 30,000
Legal, Title (.5%)	119,875	\$ 0.79	\$ 94,338
Misc. (.5%)	119,875	\$ 0.79	\$ 94,338
Sub-Total	119,875	\$ 8.13	\$ 975,119
<b>4. Additional Costs</b>			
Residential FF&E	119,875	\$ 0.98	\$ 117,900
Residential Teledata	119,875	\$ 0.63	\$ 75,000
Contingency (3% of hard+soft costs)	119,875	\$ 4.74	\$ 568,691
Sub-Total	119,875	\$ 6.35	\$ 761,591
Sub-Total	119,875	\$ 165.32	\$ 19,817,961
<b>5. Financing Costs</b>			
Capitalized Interest	119,875	\$ 7.44	\$ 891,808
Cost of Issuance / Closing Costs	119,875	\$ 1.24	\$ 148,635
Sub-Total	119,875	\$ 8.68	\$ 1,040,443
<b>TOTAL</b>	<b>119,875</b>	<b>\$ 174.00</b>	<b>\$ 20,858,403</b>



**Washington State University Spokane**  
**New Apartment Community - Off-Campus**

<b>Project Development Budget</b>	<b>GSF</b>	<b>PSF Cost</b>	<b>Total</b>
<b>1. Land</b>			
Acquisition	119,875	\$ 2.17	\$ 260,000
Demolition, Sitework	119,875	\$ 0.83	\$ 100,000
Sub-Total	119,875	\$ 3.00	\$ 360,000
<b>2. Hard Costs</b>			
New Student Housing Construction	119,875	\$ 150.00	\$ 17,981,250
Surface Parking Lot		\$ 14.01	\$ 1,680,000
Sub-Total	119,875	\$ 164.01	\$ 19,661,250
<b>3. Soft Costs</b>			
A & E Fees	119,875	\$ 6.00	\$ 719,250
Reimbursable Expenses	119,875	\$ 0.06	\$ 7,193
Surveying / Soil Testing / Construction Testing	119,875	\$ 0.25	\$ 30,000
Consultants	119,875	\$ 0.25	\$ 30,000
Legal, Title (.5%)	119,875	\$ 0.80	\$ 95,638
Misc. (.5%)	119,875	\$ 0.80	\$ 95,638
Sub-Total	119,875	\$ 8.16	\$ 977,719
<b>4. Additional Costs</b>			
Residential FF&E	119,875	\$ 0.98	\$ 117,900
Residential Teledata	119,875	\$ 0.63	\$ 75,000
Contingency (3% of hard+soft costs)	119,875	\$ 4.74	\$ 568,769
Sub-Total	119,875	\$ 6.35	\$ 761,669
Sub-Total	119,875	\$ 181.53	\$ 21,760,639
<b>5. Financing Costs</b>			
Capitalized Interest	119,875	\$ -	\$ -
Cost of Issuance / Closing Costs	119,875	\$ 0.91	\$ 108,803
Sub-Total	119,875	\$ 0.91	\$ 108,803
<b>TOTAL</b>	<b>119,875</b>	<b>\$ 182.44</b>	<b>\$ 21,869,442</b>



**Washington State University Spokane  
New Apartment Community**

**Annual Operating Expenses\***

1. Utilities			
Heating Fuel / Gas	\$	0.65	\$ 77,919
Electricity	\$	1.50	\$ 179,813
Water / Sewer	\$	0.20	\$ 23,975
Television / Internet / Telephone	\$	0.90	\$ 107,888
Waste Removal / Recycling	\$	0.10	\$ 11,988
Fire / Life Safety	\$	0.08	\$ 9,590
Total	\$	<b>3.43</b>	\$ <b>411,171</b>
2. Maintenance Expenses			
Building and Grounds Maintenance	\$	1.40	\$ 167,825
Custodial, Cleaning and Turnover	\$	0.88	\$ 105,490
Other Expenses / Misc.	\$	0.25	\$ 29,969
Total	\$	<b>2.53</b>	\$ <b>303,284</b>
3. Administration / Residence Life Expenses			
General Admin., Payroll and Residence Life	\$	1.00	\$ 119,875
Staff Housing	\$	0.17	\$ 19,800
Marketing	\$	0.20	\$ 23,975
Security	\$	0.70	\$ 83,913
Total	\$	<b>2.07</b>	\$ <b>247,563</b>
4. Insurance and Reserve Expenses			
Insurance	\$	0.25	\$ 29,969
Reserves	\$	0.25	\$ 29,969
Total	\$	<b>0.50</b>	\$ <b>59,938</b>
<b>Aggregate Operating Expenses</b>	\$	<b>8.53</b>	\$ <b>1,021,955</b>

\* Before Real Estate Taxes and Management Fee



**Washington State University Spokane**  
**New Apartment Community - On-Campus**  
**Traditional Scenario**

Year	1	2	3	4	5	6	7	8	9	10
<i>Revenue &amp; Expenses Escalation</i>	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>REVENUE</b>										
Gross Rental Income	\$ 1,591,200	\$ 1,638,936	\$ 1,688,104	\$ 1,738,747	\$ 1,790,910	\$ 1,844,637	\$ 1,899,976	\$ 1,956,975	\$ 2,015,685	\$ 2,076,155
Less Vacancy/Bad Debt - (3%)	\$ (47,736)	\$ (49,168)	\$ (50,643)	\$ (52,162)	\$ (53,727)	\$ (55,339)	\$ (56,999)	\$ (58,709)	\$ (60,471)	\$ (62,285)
Ancillary Revenue - (1.25%)	\$ 19,890	\$ 20,487	\$ 21,101	\$ 21,734	\$ 22,386	\$ 23,058	\$ 23,750	\$ 24,462	\$ 25,196	\$ 25,952
Summer Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Projected Total Revenue</b>	<b>\$ 1,563,354</b>	<b>\$ 1,610,255</b>	<b>\$ 1,658,562</b>	<b>\$ 1,708,319</b>	<b>\$ 1,759,569</b>	<b>\$ 1,812,356</b>	<b>\$ 1,866,726</b>	<b>\$ 1,922,728</b>	<b>\$ 1,980,410</b>	<b>\$ 2,039,822</b>
<b>OPERATING EXPENSES</b>										
Utilities	\$ 411,171	\$ 423,506	\$ 436,212	\$ 449,298	\$ 462,777	\$ 476,660	\$ 490,960	\$ 505,689	\$ 520,859	\$ 536,485
Maintenance	\$ 303,284	\$ 312,382	\$ 321,754	\$ 331,406	\$ 341,349	\$ 351,589	\$ 362,137	\$ 373,001	\$ 384,191	\$ 395,717
Administration / Residence Life Management Fee	\$ 247,563	\$ 254,989	\$ 262,639	\$ 270,518	\$ 278,634	\$ 286,993	\$ 295,603	\$ 304,471	\$ 313,605	\$ 323,013
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
Reserves	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
<b>Projected Total Operating Expenses</b>	<b>\$ 1,021,955</b>	<b>\$ 1,052,614</b>	<b>\$ 1,084,192</b>	<b>\$ 1,116,718</b>	<b>\$ 1,150,219</b>	<b>\$ 1,184,726</b>	<b>\$ 1,220,268</b>	<b>\$ 1,256,876</b>	<b>\$ 1,294,582</b>	<b>\$ 1,333,419</b>
<b>NET OPERATING INCOME</b>	<b>\$ 541,399</b>	<b>\$ 557,641</b>	<b>\$ 574,370</b>	<b>\$ 591,601</b>	<b>\$ 609,349</b>	<b>\$ 627,630</b>	<b>\$ 646,459</b>	<b>\$ 665,852</b>	<b>\$ 685,828</b>	<b>\$ 706,403</b>
Debt Service	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669	\$ 1,343,669
<b>Debt Coverage</b>	<b>0.40</b>	<b>0.42</b>	<b>0.43</b>	<b>0.44</b>	<b>0.45</b>	<b>0.47</b>	<b>0.48</b>	<b>0.50</b>	<b>0.51</b>	<b>0.53</b>
<b>Net Cash Flow</b>	<b>\$ (802,270)</b>	<b>\$ (786,028)</b>	<b>\$ (769,299)</b>	<b>\$ (752,068)</b>	<b>\$ (734,320)</b>	<b>\$ (716,039)</b>	<b>\$ (697,210)</b>	<b>\$ (677,817)</b>	<b>\$ (657,841)</b>	<b>\$ (637,266)</b>
<b>Cumulative Cash Flow</b>	<b>\$ (802,270)</b>	<b>\$ (1,588,298)</b>	<b>\$ (2,357,597)</b>	<b>\$ (3,109,665)</b>	<b>\$ (3,843,984)</b>	<b>\$ (4,560,024)</b>	<b>\$ (5,257,234)</b>	<b>\$ (5,935,050)</b>	<b>\$ (6,592,891)</b>	<b>\$ (7,230,158)</b>

<i>Total Project Cost:</i>	\$ 20,858,403
<i>Total Debt (100%):</i>	\$ 20,858,403
<i>Amortization (Months):</i>	360
<i>Interest Rate:</i>	5.00%



**Washington State University Spokane**  
**New Apartment Community - On-Campus**  
**Developer Scenario**

Year	1	2	3	4	5	6	7	8	9	10
<i>Revenue &amp; Expenses Escalation</i>	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>REVENUE</b>										
Gross Rental Income	\$ 1,591,200	\$ 1,638,936	\$ 1,688,104	\$ 1,738,747	\$ 1,790,910	\$ 1,844,637	\$ 1,899,976	\$ 1,956,975	\$ 2,015,685	\$ 2,076,155
Less Vacancy/Bad Debt - (3%)	\$ (47,736)	\$ (49,168)	\$ (50,643)	\$ (52,162)	\$ (53,727)	\$ (55,339)	\$ (56,999)	\$ (58,709)	\$ (60,471)	\$ (62,285)
Ancillary Revenue - (1.25%)	\$ 19,890	\$ 20,487	\$ 21,101	\$ 21,734	\$ 22,386	\$ 23,058	\$ 23,750	\$ 24,462	\$ 25,196	\$ 25,952
Summer Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Projected Total Revenue</b>	<b>\$ 1,563,354</b>	<b>\$ 1,610,255</b>	<b>\$ 1,658,562</b>	<b>\$ 1,708,319</b>	<b>\$ 1,759,569</b>	<b>\$ 1,812,356</b>	<b>\$ 1,866,726</b>	<b>\$ 1,922,728</b>	<b>\$ 1,980,410</b>	<b>\$ 2,039,822</b>
<b>OPERATING EXPENSES</b>										
Utilities	\$ 411,171	\$ 423,506	\$ 436,212	\$ 449,298	\$ 462,777	\$ 476,660	\$ 490,960	\$ 505,689	\$ 520,859	\$ 536,485
Maintenance	\$ 303,284	\$ 312,382	\$ 321,754	\$ 331,406	\$ 341,349	\$ 351,589	\$ 362,137	\$ 373,001	\$ 384,191	\$ 395,717
Administration / Residence Life	\$ 247,563	\$ 254,989	\$ 262,639	\$ 270,518	\$ 278,634	\$ 286,993	\$ 295,603	\$ 304,471	\$ 313,605	\$ 323,013
Management Fee	\$ 62,534	\$ 64,410	\$ 66,342	\$ 68,333	\$ 70,383	\$ 72,494	\$ 74,669	\$ 76,909	\$ 79,216	\$ 81,593
Real Estate Taxes	\$ 184,146	\$ 189,670	\$ 195,360	\$ 201,221	\$ 207,258	\$ 213,476	\$ 219,880	\$ 226,476	\$ 233,271	\$ 240,269
Insurance	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
Reserves	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
<b>Projected Total Operating Expenses</b>	<b>\$ 1,268,635</b>	<b>\$ 1,306,694</b>	<b>\$ 1,345,895</b>	<b>\$ 1,386,272</b>	<b>\$ 1,427,860</b>	<b>\$ 1,470,696</b>	<b>\$ 1,514,817</b>	<b>\$ 1,560,261</b>	<b>\$ 1,607,069</b>	<b>\$ 1,655,281</b>
<b>NET OPERATING INCOME</b>	<b>\$ 294,719</b>	<b>\$ 303,560</b>	<b>\$ 312,667</b>	<b>\$ 322,047</b>	<b>\$ 331,709</b>	<b>\$ 341,660</b>	<b>\$ 351,910</b>	<b>\$ 362,467</b>	<b>\$ 373,341</b>	<b>\$ 384,541</b>
Debt Service	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952	\$ 997,952
<b>Debt Coverage</b>	<b>0.30</b>	<b>0.30</b>	<b>0.31</b>	<b>0.32</b>	<b>0.33</b>	<b>0.34</b>	<b>0.35</b>	<b>0.36</b>	<b>0.37</b>	<b>0.39</b>
<b>Net Cash Flow</b>	<b>\$ (703,233)</b>	<b>\$ (694,392)</b>	<b>\$ (685,285)</b>	<b>\$ (675,905)</b>	<b>\$ (666,244)</b>	<b>\$ (656,292)</b>	<b>\$ (646,042)</b>	<b>\$ (635,485)</b>	<b>\$ (624,611)</b>	<b>\$ (613,411)</b>
<b>Cumulative Cash Flow</b>	<b>\$ (703,233)</b>	<b>\$ (1,397,625)</b>	<b>\$ (2,082,910)</b>	<b>\$ (2,758,815)</b>	<b>\$ (3,425,059)</b>	<b>\$ (4,081,351)</b>	<b>\$ (4,727,393)</b>	<b>\$ (5,362,879)</b>	<b>\$ (5,987,490)</b>	<b>\$ (6,600,901)</b>

<i>Total Project Cost (-5%):</i>	\$ 19,815,483
<i>Total Debt (70%):</i>	\$ 13,870,838
<i>Amortization (Months):</i>	360
<i>Interest Rate:</i>	6.00%



**Washington State University Spokane**  
**New Apartment Community - On-Campus**  
**Foundation Scenario**

Year	1	2	3	4	5	6	7	8	9	10
<i>Revenue &amp; Expenses Escalation</i>	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>REVENUE</b>										
Gross Rental Income	\$ 1,591,200	\$ 1,638,936	\$ 1,688,104	\$ 1,738,747	\$ 1,790,910	\$ 1,844,637	\$ 1,899,976	\$ 1,956,975	\$ 2,015,685	\$ 2,076,155
Less Vacancy/Bad Debt - (3%)	\$ (47,736)	\$ (49,168)	\$ (50,643)	\$ (52,162)	\$ (53,727)	\$ (55,339)	\$ (56,999)	\$ (58,709)	\$ (60,471)	\$ (62,285)
Ancillary Revenue - (1.25%)	\$ 19,890	\$ 20,487	\$ 21,101	\$ 21,734	\$ 22,386	\$ 23,058	\$ 23,750	\$ 24,462	\$ 25,196	\$ 25,952
Summer Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Projected Total Revenue</b>	<b>\$ 1,563,354</b>	<b>\$ 1,610,255</b>	<b>\$ 1,658,562</b>	<b>\$ 1,708,319</b>	<b>\$ 1,759,569</b>	<b>\$ 1,812,356</b>	<b>\$ 1,866,726</b>	<b>\$ 1,922,728</b>	<b>\$ 1,980,410</b>	<b>\$ 2,039,822</b>
<b>OPERATING EXPENSES</b>										
Utilities	\$ 411,171	\$ 423,506	\$ 436,212	\$ 449,298	\$ 462,777	\$ 476,660	\$ 490,960	\$ 505,689	\$ 520,859	\$ 536,485
Maintenance	\$ 303,284	\$ 312,382	\$ 321,754	\$ 331,406	\$ 341,349	\$ 351,589	\$ 362,137	\$ 373,001	\$ 384,191	\$ 395,717
Administration / Residence Life	\$ 247,563	\$ 254,989	\$ 262,639	\$ 270,518	\$ 278,634	\$ 286,993	\$ 295,603	\$ 304,471	\$ 313,605	\$ 323,013
Management Fee	\$ 62,534	\$ 64,410	\$ 66,342	\$ 68,333	\$ 70,383	\$ 72,494	\$ 74,669	\$ 76,909	\$ 79,216	\$ 81,593
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
Reserves	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
<b>Projected Total Operating Expenses</b>	<b>\$ 1,084,489</b>	<b>\$ 1,117,024</b>	<b>\$ 1,150,535</b>	<b>\$ 1,185,051</b>	<b>\$ 1,220,602</b>	<b>\$ 1,257,220</b>	<b>\$ 1,294,937</b>	<b>\$ 1,333,785</b>	<b>\$ 1,373,798</b>	<b>\$ 1,415,012</b>
<b>NET OPERATING INCOME</b>	<b>\$ 478,865</b>	<b>\$ 493,231</b>	<b>\$ 508,028</b>	<b>\$ 523,269</b>	<b>\$ 538,967</b>	<b>\$ 555,136</b>	<b>\$ 571,790</b>	<b>\$ 588,943</b>	<b>\$ 606,612</b>	<b>\$ 624,810</b>
Debt Service	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240	\$ 1,492,240
<b>Debt Coverage</b>	<b>0.32</b>	<b>0.33</b>	<b>0.34</b>	<b>0.35</b>	<b>0.36</b>	<b>0.37</b>	<b>0.38</b>	<b>0.39</b>	<b>0.41</b>	<b>0.42</b>
<b>Net Cash Flow</b>	<b>\$ (1,013,375)</b>	<b>\$ (999,009)</b>	<b>\$ (984,212)</b>	<b>\$ (968,971)</b>	<b>\$ (953,273)</b>	<b>\$ (937,104)</b>	<b>\$ (920,450)</b>	<b>\$ (903,296)</b>	<b>\$ (885,628)</b>	<b>\$ (867,430)</b>
<b>Cumulative Cash Flow</b>	<b>\$ (1,013,375)</b>	<b>\$ (2,012,384)</b>	<b>\$ (2,996,596)</b>	<b>\$ (3,965,567)</b>	<b>\$ (4,918,840)</b>	<b>\$ (5,855,944)</b>	<b>\$ (6,776,394)</b>	<b>\$ (7,679,690)</b>	<b>\$ (8,565,318)</b>	<b>\$ (9,432,748)</b>

<i>Total Project Cost (+5%):</i>	\$ 21,901,324
<i>Total Debt (100%):</i>	\$ 21,901,324
<i>Amortization (Months):</i>	360
<i>Interest Rate:</i>	5.50%



**Washington State University Spokane**  
**New Apartment Community - Off-Campus**

Year	1	2	3	4	5	6	7	8	9	10
<i>Revenue &amp; Expenses Escalation</i>	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>REVENUE</b>										
Gross Rental Income	\$ 1,591,200	\$ 1,638,936	\$ 1,688,104	\$ 1,738,747	\$ 1,790,910	\$ 1,844,637	\$ 1,899,976	\$ 1,956,975	\$ 2,015,685	\$ 2,076,155
Less Vacancy/Bad Debt - (5%)	\$ (79,560)	\$ (81,947)	\$ (84,405)	\$ (86,937)	\$ (89,545)	\$ (92,232)	\$ (94,999)	\$ (97,849)	\$ (100,784)	\$ (103,808)
Ancillary Revenue - (1.25%)	\$ 19,890	\$ 20,487	\$ 21,101	\$ 21,734	\$ 22,386	\$ 23,058	\$ 23,750	\$ 24,462	\$ 25,196	\$ 25,952
Parking Revenue	\$ 50,400	\$ 51,912	\$ 53,469	\$ 55,073	\$ 56,726	\$ 58,427	\$ 60,180	\$ 61,986	\$ 63,845	\$ 65,761
Summer Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Projected Total Revenue</b>	<b>\$ 1,581,930</b>	<b>\$ 1,629,388</b>	<b>\$ 1,678,270</b>	<b>\$ 1,728,618</b>	<b>\$ 1,780,476</b>	<b>\$ 1,833,890</b>	<b>\$ 1,888,907</b>	<b>\$ 1,945,574</b>	<b>\$ 2,003,942</b>	<b>\$ 2,064,060</b>
<b>OPERATING EXPENSES</b>										
Utilities	\$ 411,171	\$ 423,506	\$ 436,212	\$ 449,298	\$ 462,777	\$ 476,660	\$ 490,960	\$ 505,689	\$ 520,859	\$ 536,485
Maintenance (+4%)	\$ 315,415	\$ 324,878	\$ 334,624	\$ 344,663	\$ 355,002	\$ 365,653	\$ 376,622	\$ 387,921	\$ 399,558	\$ 411,545
Administration / Residence Life	\$ 247,563	\$ 254,989	\$ 262,639	\$ 270,518	\$ 278,634	\$ 286,993	\$ 295,603	\$ 304,471	\$ 313,605	\$ 323,013
Management Fee	\$ 63,277	\$ 65,176	\$ 67,131	\$ 69,145	\$ 71,219	\$ 73,356	\$ 75,556	\$ 77,823	\$ 80,158	\$ 82,562
Real Estate Taxes	\$ 201,351	\$ 207,391	\$ 213,613	\$ 220,022	\$ 226,622	\$ 233,421	\$ 240,423	\$ 247,636	\$ 255,065	\$ 262,717
Insurance	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
Reserves	\$ 29,969	\$ 30,868	\$ 31,794	\$ 32,748	\$ 33,730	\$ 34,742	\$ 35,784	\$ 36,858	\$ 37,964	\$ 39,102
<b>Projected Total Operating Expenses</b>	<b>\$ 1,298,714</b>	<b>\$ 1,337,676</b>	<b>\$ 1,377,806</b>	<b>\$ 1,419,140</b>	<b>\$ 1,461,715</b>	<b>\$ 1,505,566</b>	<b>\$ 1,550,733</b>	<b>\$ 1,597,255</b>	<b>\$ 1,645,173</b>	<b>\$ 1,694,528</b>
<b>NET OPERATING INCOME</b>	<b>\$ 283,216</b>	<b>\$ 291,712</b>	<b>\$ 300,463</b>	<b>\$ 309,477</b>	<b>\$ 318,762</b>	<b>\$ 328,324</b>	<b>\$ 338,174</b>	<b>\$ 348,319</b>	<b>\$ 358,769</b>	<b>\$ 369,532</b>
Debt Service	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394	\$ 1,101,394
<b>Debt Coverage</b>	<b>0.26</b>	<b>0.26</b>	<b>0.27</b>	<b>0.28</b>	<b>0.29</b>	<b>0.30</b>	<b>0.31</b>	<b>0.32</b>	<b>0.33</b>	<b>0.34</b>
<b>Net Cash Flow</b>	<b>\$ (818,179)</b>	<b>\$ (809,682)</b>	<b>\$ (800,931)</b>	<b>\$ (791,917)</b>	<b>\$ (782,633)</b>	<b>\$ (773,070)</b>	<b>\$ (763,220)</b>	<b>\$ (753,075)</b>	<b>\$ (742,625)</b>	<b>\$ (731,862)</b>
<b>Cumulative Cash Flow</b>	<b>\$ (818,179)</b>	<b>\$ (1,627,861)</b>	<b>\$ (2,428,791)</b>	<b>\$ (3,220,708)</b>	<b>\$ (4,003,341)</b>	<b>\$ (4,776,410)</b>	<b>\$ (5,539,630)</b>	<b>\$ (6,292,705)</b>	<b>\$ (7,035,330)</b>	<b>\$ (7,767,192)</b>

<i>Total Project Cost:</i>	\$ 21,869,442
<i>Total Debt (70%):</i>	\$ 15,308,609
<i>Amortization (Months):</i>	360
<i>Interest Rate:</i>	6.00%



**Washington State University Spokane  
Jensen Byrd Building Redevelopment**

**Revenue**

Student Housing	Beds	Monthly Rent	Annual Rent
3-Bedroom Apartment	15	\$ 550	\$ 99,000
2-Bedroom Apartment	40	\$ 650	\$ 312,000
Studio Apartment	45	\$ 750	\$ 405,000
Office and Retail	Net SF	Rent PSF	Annual Rent
Commercial Space	14,454	\$ 20.00	\$ 289,080
<b>Subtotal - Revenue</b>			<b>\$ 1,105,080</b>

**Expenses**

Student Housing	Beds	Per Bed	Annual Expenses
Student Housing	100	\$ 4,940	\$ 494,000
Office and Retail	Net SF	PSF	Annual Expenses
Commercial Space	14,454	\$ 2.00	\$ 28,908
<b>Subtotal - Expenses</b>			<b>\$ 522,908</b>

Revenue	\$ 1,105,080
Expenses	\$ 522,908
<b>Net Income</b>	<b>\$ 582,172</b>

PV of Net Income	\$ 8,091,784
Historic Tax Credits	\$ 5,130,000
<b>Supportable Cost</b>	<b>\$ 13,221,784</b>

PSF Redevelopment	\$ 150.82
Gross Square Feet	162,668
<b>Redevelopment Cost</b>	<b>\$ 24,533,292</b>

<b>Shortfall</b>	<b>\$ (11,311,508)</b>
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