

Class B Multi-Family Development Feasibility Study



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Executive Summary

From 1985 till 1996, no multi-family apartments were built in Houston after the collapse of oil during the early 80's. Subsequently, only Class A apartments have been developed. There are areas with high-concentrations of only Class C apartments that are renting for over \$1/Sf. Moreover, many of these areas have increasing populations of middle income second-generation Latin-Americans looking for better housing options in the same neighborhood they grew up within.

After Hurricane Harvey many homeowners have stabilized the oversupply of Class A units. Many tenants who moved up to the Class A market with the heavy concessions offered in 2016 and early 2017 are moving back downmarket. Inversely the working class has experienced a boom in wages due to the rebuilding after the floods. Class B units are needed to fill the gap and absorb the surge from the top and bottom.

We are in a unique position as highly disciplined builders and effective managers of Class C apartments in Houston. Our experience particularly with the middle income, workforce population and Latin-American community will benefit us in the areas we are targeting.

Development Program

The project will consist of 4 buildings with 36 units each on 3.965 acres; 144 units total. Each building will be roughly 228' by 72' with 3 stories and fire sprinkler systems. The site will be fenced with limited-access gate, full concrete paving, with 2 mailbox stands and 2 BBQ pits. The leasing office will be in one of the buildings in the front of the property along with a small fitness center. There will be no pool or any other high-maintenance amenity.

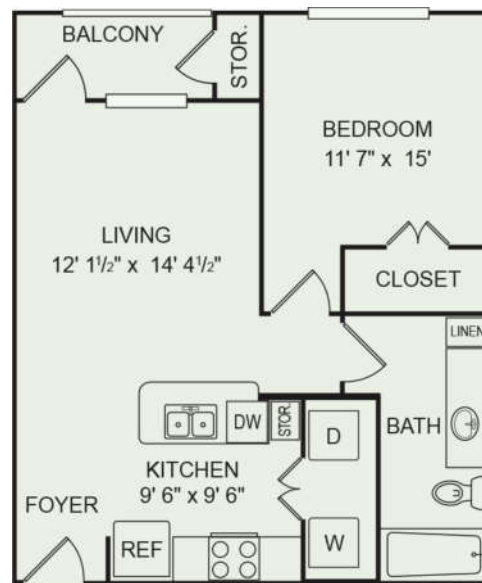
The exterior of the building will be covered in 3-tone Hardi-siding, energy-efficient vinyl windows, 240 lb Asphalt Shingles, steel staircases and balconies. All units will have an exterior closet on the balcony.

The interiors will have modern 9' ceilings, vinyl plank flooring, $\frac{3}{4}$ " granite in the bathroom/kitchen, solid wood stained cabinets with breakfast bar. Bedrooms will be carpeted. All units will have refrigerators with ice-maker, dishwasher, venting microwave, washer/dryer connections, central A/C and Heating systems, water heaters and be cable-ready.

2Bed/2Bath Floor Plan



1Bed/1Bath Floor Plan

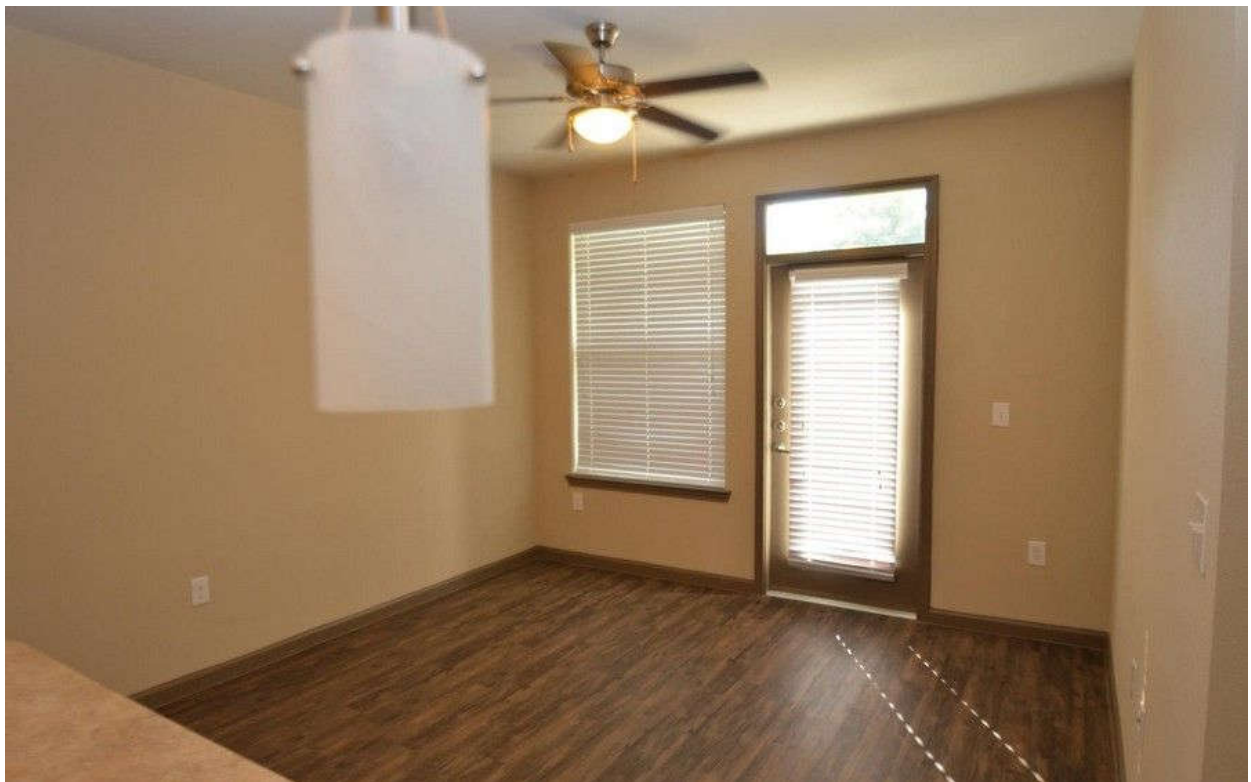


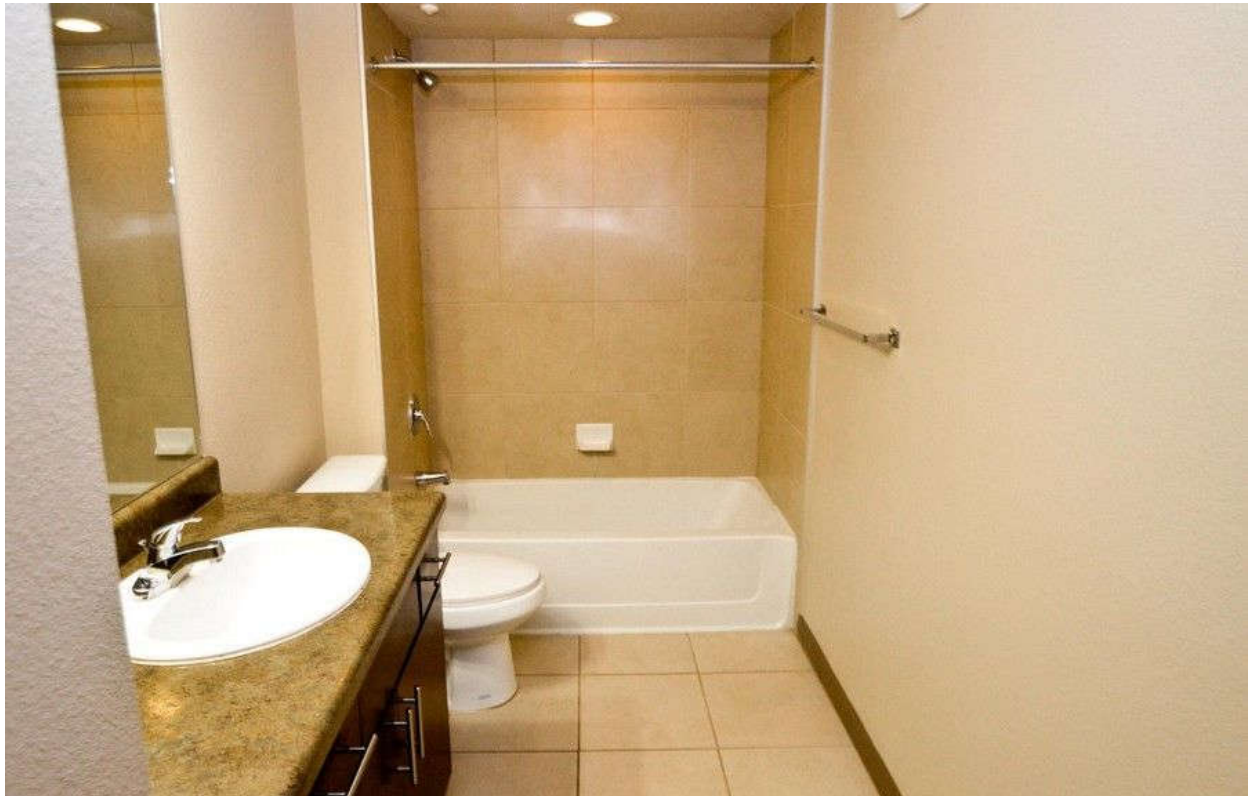
Exterior finishes



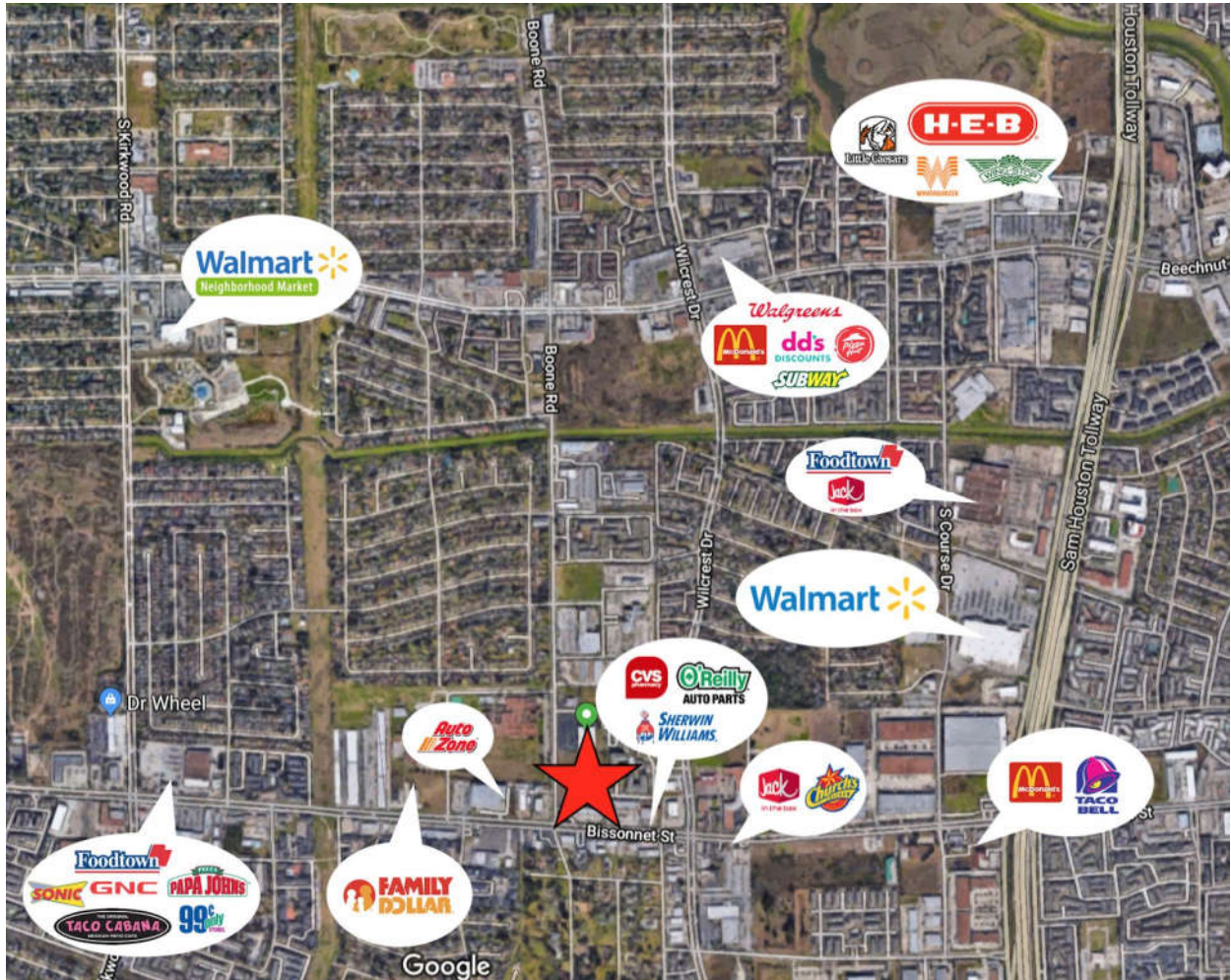


Interior finishes





Site Description

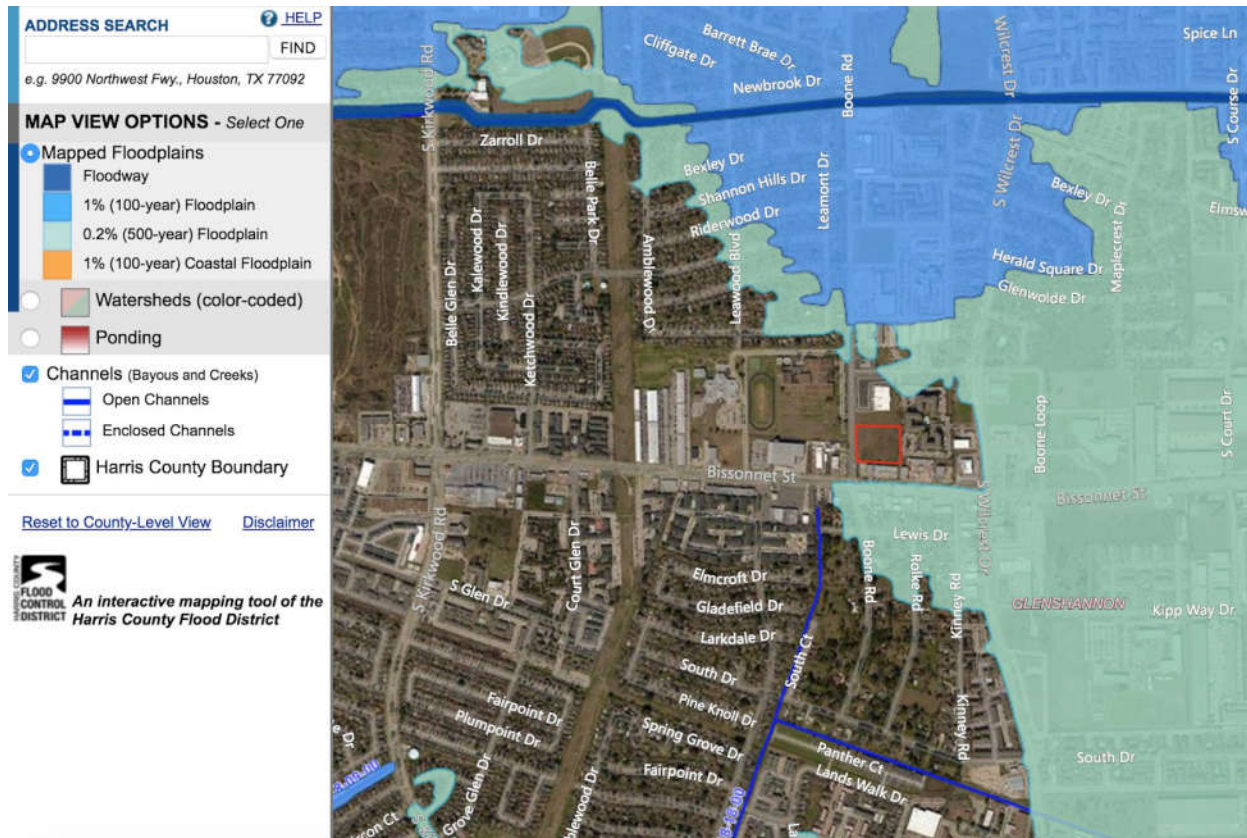


- 9500 Block of Boone Rd.
- 401.98' frontage on Boone Rd.
- 180' North of Bissonnet St. & Boone Rd.
- Southwest Houston 77099.
- Harris County & Alief ISD
- Utilities - Water & Sewer City of Houston
- Olle Middle School (0.1mile)
- Boone Elementary School (0.4mile)
- Horn Elementary School (0.5mile)
- KIPP SHINE Prep (0.8mile)
- No zoning or restrictions.
- Off market deal at [EXPIRED](#)

Survey



The property (marked in red) is not in any floodplain.



Utilities

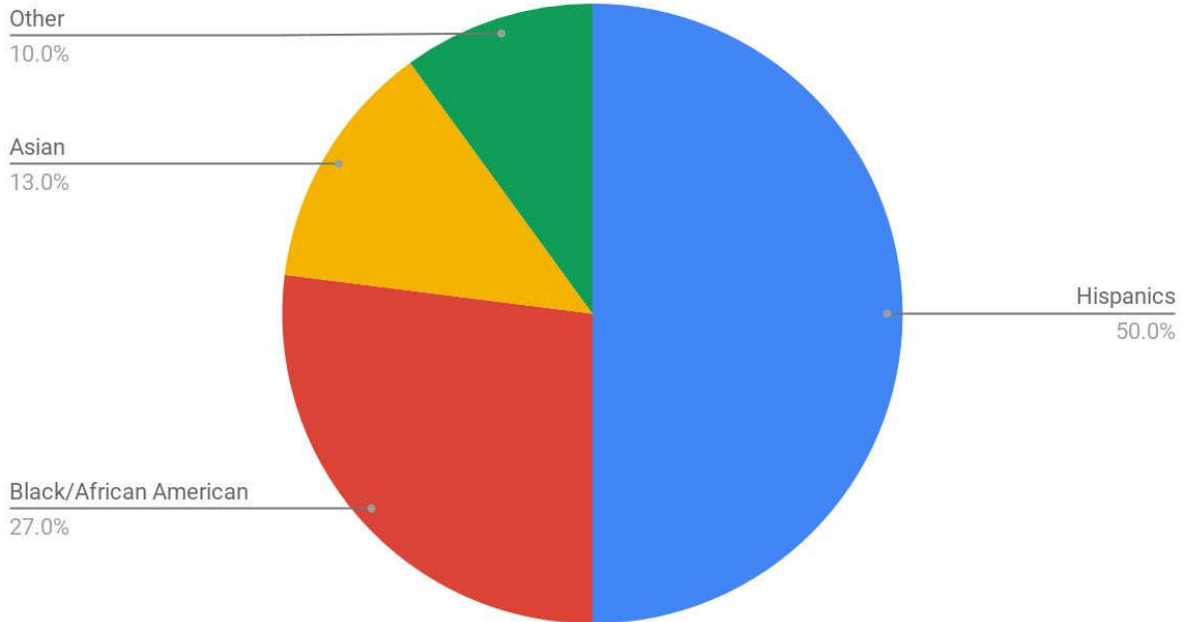


Site Plan



Market Analysis

Population per census tract



Median Household income is \$45,000.

Rent Comp

Property Name	Year Built	Occupancy	No. of Units	Avg. Rent/SF
Coventry Park 9401 Coventry Square Dr.	1983	97%	128	\$1.16
The Victorian 9400 Coventry Square Dr.	1984	97%	172	\$1.07
Woodstone Manor 10250 Lands End Dr	1983	99%	144	\$1.19
Aria at Wilcrest 10111 Wilcrest	2017	Pre-leasing	84	\$1.28

Sale Comps

Property Name	Date Sold	Price/Unit	No. of Units	Built
Vanderbilt Lodge 12660 Medfield	10/2017	\$61,934	106	1984
Winding Trails 10300 Wilcrest	8/2017	\$68,493	438	1977
Legacy at Westchase 10070 Westpark	8/2017	\$77,160	324	1977

Financial Analysis

Proforma

Multi-Family Proforma (143 Units at 9500 Boone Rd.)

Rent 2/2	\$1,198.08	\$1.28	95	Loan Terms	5.5% w/ 25% Down for 25 years
Rent 1/1	\$901.82	\$1.34	48	Land Value/Down	EXPIRED
Loan AMT	EXPIRED			Size Unit 2/2	936.00 SF
No. Units	143	4 BLGs		Size Unit 1/1	673.00 SF
Occup.	92.00%			Lot Size	172,715 SF
Total Cost	\$ EXPIRED				
Total SF	121,224				

	Monthly	Annually
Income		
Rent	\$144,536.56	\$1,734,438.76
Water & Sewer	\$5,262.40	\$63,148.80
Garbage	\$2,000.00	\$24,000.00
Recoveries	\$0.00	\$0.00
Operating Income	\$151,798.96	\$1,734,438.76
Expenses		
Property Tax	\$24,975.45	\$299,705.46
Groundskeeping	\$1,000.00	\$12,000.00
Payroll	\$9,800.00	\$117,600.00
Marketing	\$750.00	\$9,000.00
Preventative Maintenance & Repair	\$2,000.00	\$24,000.00
Utilities-Site lighting & Irrigation	\$800.00	\$9,600.00
Utilities-Water & Sewer	\$6,578.00	\$78,936.00
Garbage	\$2,000.00	\$24,000.00
Management Fee	\$5,058.78	\$60,705.36
Insurance	\$8,325.15	\$99,901.82
Misc	\$800.00	\$9,600.00
Total Expenses	\$62,087.39	\$745,048.63
NET OPERATING INCOME	\$89,711.58	\$989,390.13
Debt Service	EXPIRED	EXPIRED
Cashflow	\$28,363.58	\$253,214.13
Cash on Cash ROI	EXPIRED	
Exit at 6.25% Cap	\$ EXPIRED	\$ EXPIRED

Cost Breakdown

143 Unit Multi-Family Development at 9500 Boone Rd.

Project Data		SF	
Total Land	172,715		3.96 acres
Less Detention	0		0.00 acres
Building sf Estimate	121,224		70.19% coverage
Acquisition Costs		\$/SF	Amount % of Project Sub Total
Land			
Environmental			
Appraisal & Inspect			
Total Acquisition			
Hard Costs		\$/SF	Amount
Building Cost	\$74.00		\$8,970,576
Contractor's Fee	10%		\$897,058
Contingency	2.00%		\$179,412
Total Hard Cost	\$82.88		\$10,047,045
Soft Costs		\$/SF	Amount
Legal	\$0.10		\$12,122
Architecture	\$0.75		\$90,918
Engineering-Civil, Structural & MEP	\$0.75		\$90,918
Developer Fee	3.0% of hard cost		\$339,928.90
Impact Fees	\$1.07		\$129,710
PreLease Tax & Ins-2 years	3.0% of hard cost		\$339,806
Contingency	10.0% of soft cost		\$66,347
Total Soft Costs	\$8.82		\$1,069,750
Project Sub Total	\$102.30		\$12,400,714
Finance Costs			
Interest Only-24 months	5.5%		\$828,881
Bank Fee	0.5%		\$45,323.85
Contingency	0.5%		\$45,323.85
Total Finance Costs	\$7.59 /sf		\$919,529
Total Project Cost			
Cost Per Door			