Seat Pleasant, MD

Redevelopment Opportunities

Spring 2021

Elysian

Paragon

The Verge

Pleasant Square

Wye Point

Gas Station Site

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Gas Station Site

CONTRIBUTORS

STUDENTS

Domynique Garrett
Jessica Ramirez
Nathan Veliz
Yuan Hu
Catherine Roach

DIRECTOR

Maria Day-Marshall

MENTORS

Jerry Dawson
Timur Ryspekov

PROFESSIONAL SKILLS INSTRUCTOR

Tanya Bansal

ARCHITECTS

Angella Dariah
Alla Elmahadi
David Ensor
Mike Fischer
Nicole Hinkle
Maryssa Timberlake

UNIVERSITY OF MARYLAND 18 56
SCHOOL OF
ARCHITECTURE,
PLANNING & PRESERVATION
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT

Proposal 1: **Elysian**

Executive Summary

Where Lifestyle is Wellness!

Domynique Garrett

May 15, 2021

University of Maryland College Park

Advisor: Jerry Dawson & Timur Ryspekov

Professor: Tanya Bansal

I. Introduction

The community of Seat Pleasant, MD, the nation's first authentic small smart city of excellence, requested an analysis from different real estate developers to propose potential developments in the existing shopping districts along a main traffic artery, Martin Luther King, Jr. Highway. Related Development, Inc.'s proposed development plans to enable the City of Seat Pleasant to purse funding sources to bring the concept from development to reality. The property is located on the redeveloping Martin Luther King, Jr. Highway corridor of Seat Pleasant, Maryland. It is positioned between Martin Luther King, Jr. Highway at the North, Seat Pleasant Drive at the south and Addison Road on the west side with all streets coming to a point creating the site into a triangle. The surrounding community includes a mix of uses educational facilities, large to small retail businesses, and a neighboring residential community. Approximately 112,904 square feet in size and located within a qualified census tract and opportunity zone.

Related Development attended the Seat Pleasant's Charrette in February 2021. Residents communicated a clear preference for the future look and feel of wanting to become a destination and not a drive through city. A general theme derived was more locations with dense, mixed-use development with shops along the sidewalks, safer pedestrian walkways along Martin Luther King, Jr. Highway, healthier food options, and generally modern-looking buildings to match their smart city of excellence persona. Related Development, Inc. is proposing Elysian, which is a holistic mixed-use development to include 96 market-rate residential units, 64 affordable residential units at 60% of the area median income, 40,000 SF retail, and 160 parking spaces. Elysian's floor plans accommodate different size families from one to three bedrooms with one to two bathrooms. The eight-point wellness vision was carefully designed throughout the community, distinguishing this community from any other in Seat Pleasant, Maryland.

II. Market and Demographic Context

Due to the pandemic, new construction in the primary market area was put on hold. However, a year later construction started back up. The market has received 260 multi-family units have thus far and 4,742 multi-family units are in the pipeline. Multi-family demand is growing at slower rate. However, demand is shifting to more affordable suburbs. Even though many sub-markets exist within the primary market area the market data shows a significant number of renters will relocate to good quality housing if given the opportunity. The subject will attract residents from central Prince George's County and eastern part of Washington, D.C. The multi-family vacancy rate is 4.4%. The retail vacancy rate is 6.0%.

The primary market area's largest employment industries are retail trade, public administration, and educational services. The larger employment sector in retail trade has been historically volatile, and prone to contraction during economic downturns. However, the primary market area also has a large share of employment in the public administration and healthcare industries, which have shown greater stability during economic downturns. University of Maryland Capital Region Medical Center is a newly constructed $543 million teaching medical center located 12 minutes from the site. This medical center plans to open June 2021.

  - December 2020 Unemployment Rate – 8%
  - Primary Market Area Population – 3,832
  - Target Market Area Population – 1,601,522
  - Annual Growth (2020 – 2025) – 0.5%
- Retail Economic Demand Drivers

Today, Seat Pleasant still struggles to gain a variety of commerce. During the Charrette, many residents stated that they usually do not work or shop in Seat Pleasant. The retail base does not meet the resident's shopping or employment needs. The largest businesses in Seat Pleasant include CVS, AutoZone, Metro T-Mobile, McDonald's, Save-a-Lot, Dollar Tree, Family Dollar, and Popeyes.

  - Net Absorption SF (Last 12 Months) – (-170K); Forecast Average (-1,388)
  - Vacancy Change (Last 12 Months) – 3.5%; Forecast Average 6.7%
  - Sales Volume (Last 12 Months) - $25.2M
  - Rent Growth (Last 12 Months) – (-1.1%); Forecast Average (1.0%)
  - Total Food & Drink Demand - $31,204,987
  - Total Food & Drink Supply - $16,363,629
  - Retail Gap - $14,841,358
- Competition
  - Hampton Park is a newly under construction development located in Capitol Heights, Maryland. This a multi-use project delivering 200 residential units, 75,000 SF retail, and 115,000 SF office space.
  - Carillon, replacing The Boulevard at The Capital Centre, will be home to 3,000+ residents, 300,000 SF retail, and 525,000 SF office space. Demolition of The Boulevard is completed. However, in March 2020 vertical construction was placed on hold, possibly due to COVID-19.
  - Metro City is a mixed-use two-phase development project located in Capitol Heights, Maryland. The project plans to build-out 1,542 residential units, 213,600 SF retail, and 60,600 SF office space.
  - Low-income housing projects within the primary market area that were awarded 9% low-income housing tax credits include Glenarden Hills Phase 3 and Willows at Upper Marlboro.
- Possible User Demand Delay
  - Currently in the industry, there are shortages and delays in obtaining building materials, rising prices, and labor shortages. However, the multifamily sector is expected to rebound later in 2021 to 2022.
- Comparables
  - The Park Kennedy, built in 2021, is in Hill East Washington, DC. This multi-use project includes 262 residential units, 31 affordable units, and 35,517 SF retail.
  - The Everly, completed in 2021, is located within 5 minutes from Largo Town Center Metro, is a 260 residential market rate development.
  - Summerfield at Morgan Metro, built in 2011 is in Landover, Maryland. This all-market residential development sold in March 2021 for $115,500,000.

III. **Key Project Opportunities**

Access to opportunities can be influenced by multiple factors such as, neighborhoods and networks, policies and systems, and homes and buildings. The neighborhoods we live in and the people we interact with help shape and form our opportunity outcomes. This includes where we send our children to school, access to health services, connections to job openings, walkable green spaces, and more. The policies and social systems at every government level – local, state, and federal – has a great influence on community resources, opportunities, and decisions. Any level of government can impact social safety for our families, affordable healthcare, and the decision to revitalize an area. The homes and buildings in our communities can determine the foundation for stability and economic security. We know that it will take more than just one development to provide additional opportunities in Seat Pleasant. However, Elysian is the spark of innovation for improving the overall health of the Seat Pleasant community. These are the key project opportunities that we believe Elysian can provide to the residents of Seat Pleasant.

- Financial
  - Generating additional tax revenue for the Seat Pleasant community and reducing the economic leakage by providing the residents with products they need.
  - Provide additional jobs to the residents of Seat Pleasant.
- Social Environment
  - Providing a safer pedestrian friendly Martin Luther King, Jr. Hwy through accessible and continuous sidewalks, high-visibility crosswalks, speed cameras, lower speed limit from 30 mph to 20 mph, traffic signs, and road markings.
- Social
  - Access to Healthy Foods - Providing the community with more options for fresh fruits and vegetables instead of processed, shelf-stable fast food which will led to better health outcomes.
  - Access to Quality of Living - Providing the community with stable, safe, and affordable housing options can create a foundation for stability and economic security.
- Community Benefits
  - Beginning to redevelop the commercial corridors and removing the blighted areas.
  - Increase community engagement by increasing property values and bringing in businesses to fill empty storefronts.
  - Strengthen infrastructure through improving nearby roads, water and sewer pipes, and sidewalks.

IV. **Key Project Challenges/Risks**

Despite the many project opportunities, we believe Elysian can bring, there are a few risks we have identified.

- Dealing with a complex land acquisition with multiple owners resulting in purchasing land at 10% higher price will create problematic returns and negative NOI in the project's beginning years.
  - Possible Solution: None, we would not be able to continue the project.
- Larger extensive clean-up costs than anticipated from the existing gas station on the site.

  - Possible Solution: Fund the extra cost with contingency funds.
- Incurring 10% higher construction costs than anticipated will create non-attractive returns and negative NOI in the project's earlier years.
  - Possible Solution: rework the design of the development and rebid to contractors or use contingency funds.
- Potential competition with new construction developments coming down the pipeline.
  - Possible Solution: May need to adjust rent incomes to align with the market at that time.
- Difficulty in receiving market-rate rental income due to the median household income in the primary market area.
  - Possible Solution: Expand target market to at least five miles. Engage with the potential renters through renderings, photos, 3D Matterport virtual-reality walkthroughs, insider information about the property, pre-leasing campaign event, and schedule tours after construction hours, offer concessions for signed leases during the pre-leasing period.

V. Financial Information

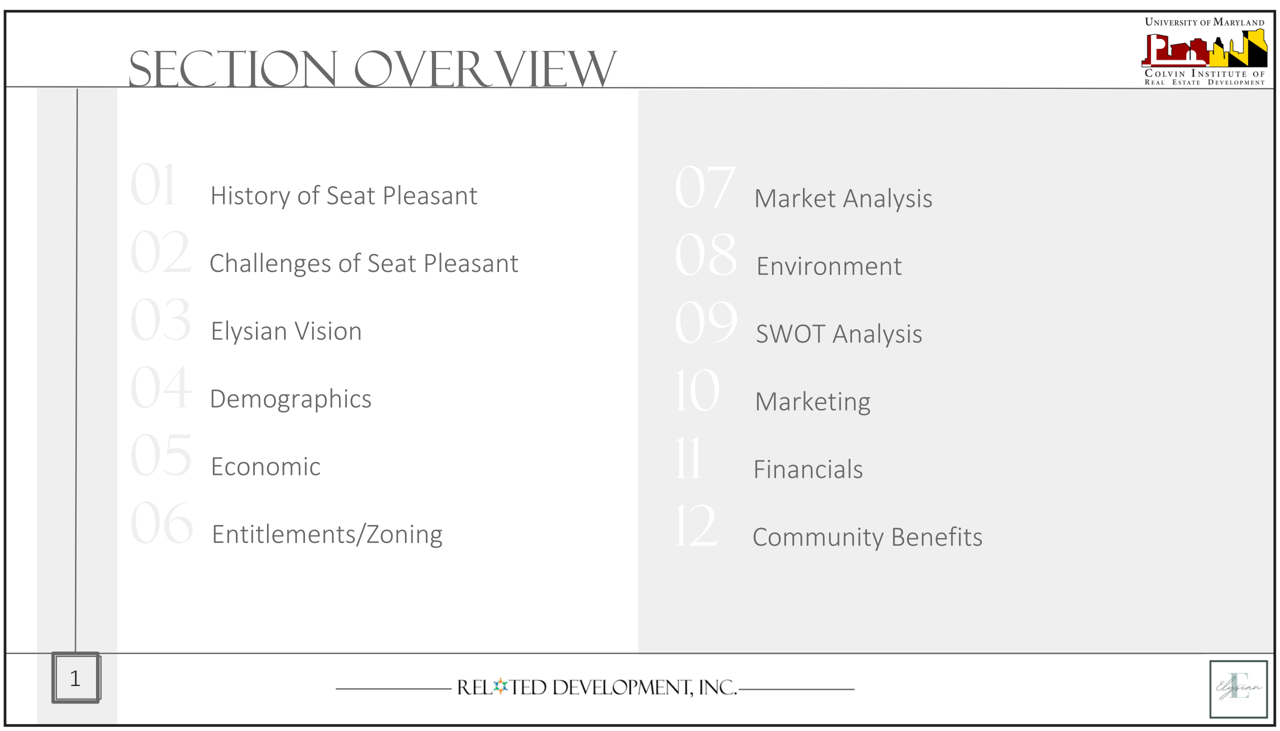
The financial strategy for this development will be buy, develop, hold, and sell in year 15. During build out we plan to pre-lease units starting at 75% construction complete.

- Key Pro Forma Assumptions
  - Debt Ratios - 75% Loan-To-Value
  - Interest Rates - 4.45%
  - Term - 30 Years
  - Exit Term - Year 15
  - NOI Year 1 - $3,336,231; NOI Year 15 - $5,451,019
  - Stabilization Year - 4
  - Construction Term - 2 Years
  - Pre-Development Years - 1 Year
- Sources of Capital Stack
  - Permanent Loan - $45,000,000
  - Sponsor Equity – $2,213,084
  - Private Equity - $8,852,336
  - (9%) LIHTC Equity - $3,934,580
  - Total Sources - $60,000,000
- Sources of Uses
  - Acquisition Costs - $3,858,516
  - Pre-Development Costs - $1,200,000
  - Hard Costs - $40,759,156
  - Soft Costs - $3,991,538
  - Financing Costs - $3,156,500
  - Guarantees & Reserves - $5,234,291
  - Developer's Fee - $1,800,000
  - Total Project Costs - $60,000,000

- **Financial Returns**
  - Total Equity Investment – $11,065,420; Total Pre-Tax Profit - $95,145,054
  - General Partner Requested Equity – $8,852,336
  - General Partner Profit – $88,139,160
  - Leveraged IRR – 16%
  - Unleveraged IRR – 33%
  - Cash on Cash Return (Year 15) – 31%
  - Equity Multiplier – 8.60
  - Developer Fee - 3%
- **Sensitivity Analysis**
  - Higher Fixed Interest Rate Risk – (85%LTV at 5.45% Interest Rate & 90%LTV at 6.45% Interest Rate) The pro forma showed to be less financially attractive with negative cash flow in the earlier years of the loan due to a higher interest.
  - Longer Hold Period (20 & 25 Years) – The pro forma showed lower internal rate of return.
  - 20% Higher Land & Construction Land Costs – The pro forma showed negative cash flow in the earlier years of the loan and an eight percent internal rate of return (leveraged) at a holding period of 20 years.

VI. <u>Map</u>

Presentation Slides



HISTORY OF SEAT PLEASANT

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- 1850 — Descendants of General OthoHolland Williams and James Berry sell Williams-Berry estate to dairy farmer Joseph Gregory.
- 1873 — Land subdivided into Jackson's Subdivison.
- 1898 — Chesapeake Beach Railway extended from District Line at Cheaspeake Junction to Calvert County.
- 1901 — Washington, Baltimore, and Annapolis Electric Line (WB&A) was established.
- 1906 — Previous name Chesapeake Junction changed to Seat Pleasant.
- 1908 — Second line of WB&A was constructed with a stop in Seat Pleasant, MD.
- 1931 — Town of Seat Plesant was incorporated.
- 1935 — WB&A ceased operations.
- 1980 — Seat Pleasant Metrorail Station opened.
- 1993 — A small portion of Seat Pleasant was determined eligible for listing as a National Register Historic District.

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HISTORY OF SEAT PLEASANT

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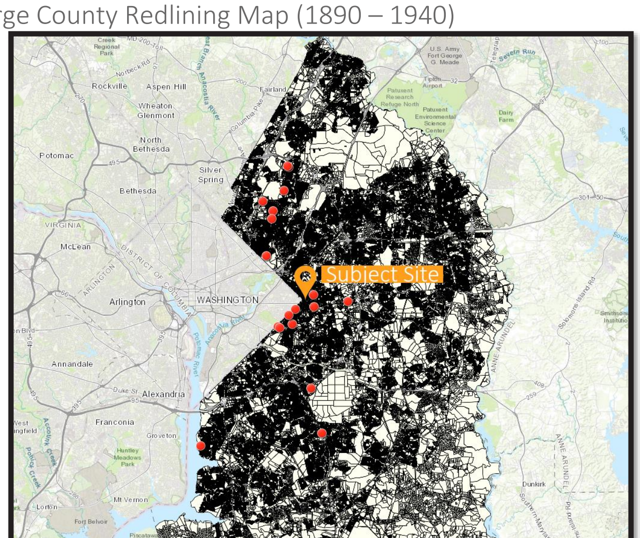
Prince George County Redlining Map (1890 – 1940)



Redline Areas

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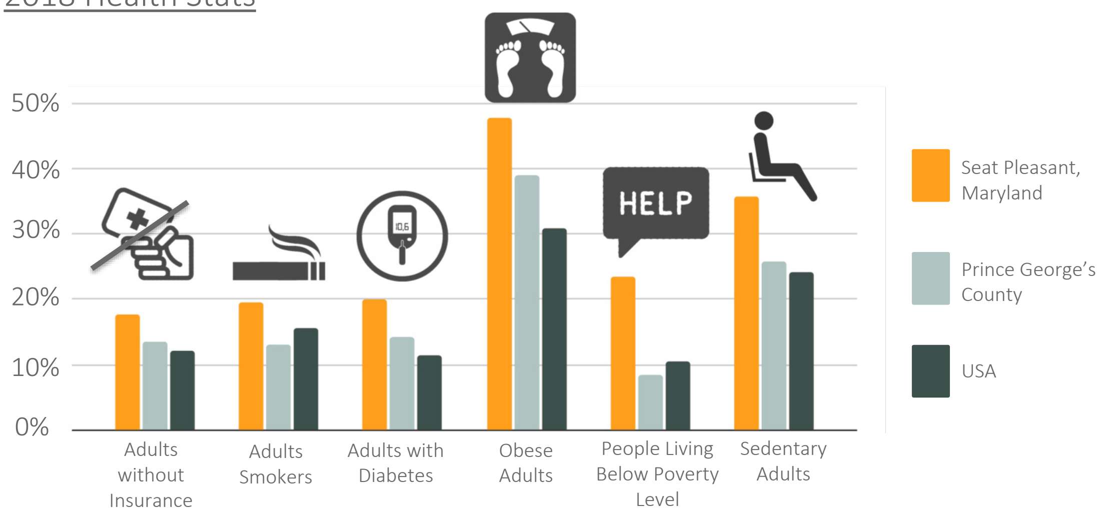
CHALLENGES IN SEAT PLEASANT

2018 Health Stats



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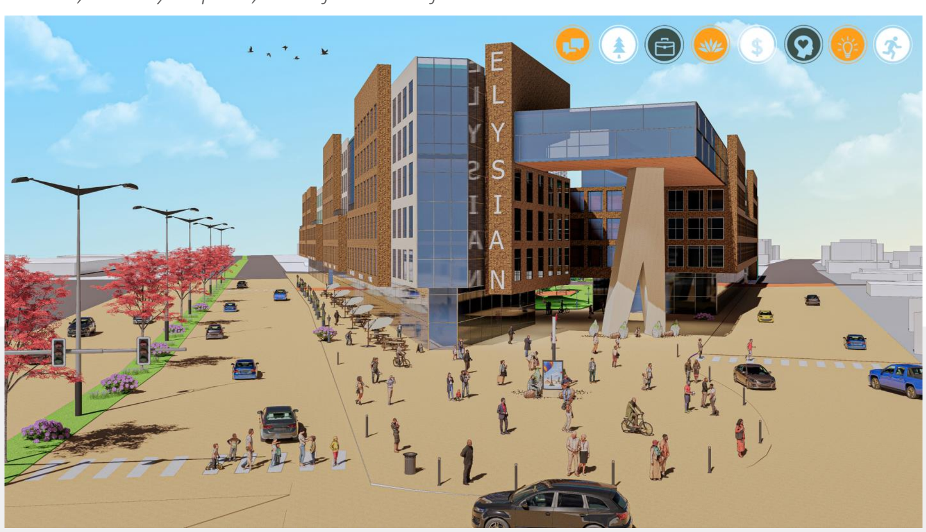
Beautiful or Creative; Divinely Inspired; Peaceful and Perfect



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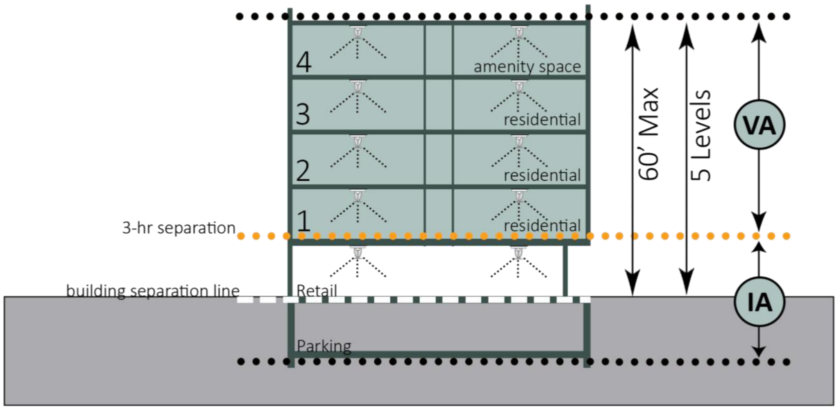
PROGRAM



Size	2.58 Acres
Ground Floor Retail SF (Farmers Market, Farm to Table Restaurant, Smoothie Bar)	40,000
Floors 1-4 Residential SF	101,860
Market-Rate Residential Units	96
Affordable Residential Units	64
Surface Parking Spots	60
Underground Parking Spots	60

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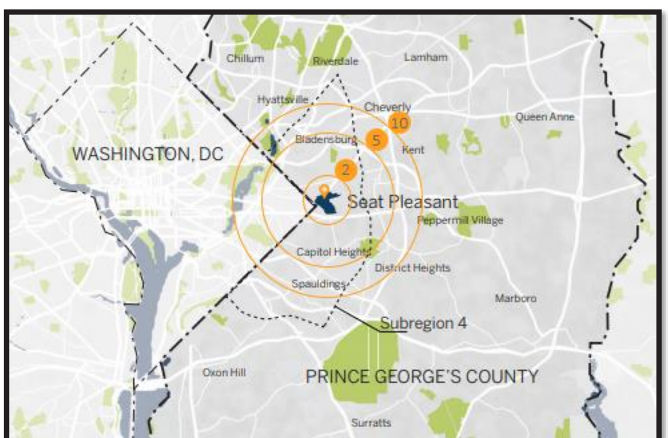
DEMOGRAPHICS



Demographics | 2020

	PM	2-Mile	5-Mile	10-Mile
Population	3,832	80,381	473,975	1,601,522
Households	1,491	29,799	180,730	653,773
Median HH Income	$55,370	$55,740	$65,119	$85,405
Median Home Value	$224,200	$263,449	$303,824	$394,120
Median Year Built	1962	1962	1963	1965

Traffic | 2020

Collection Street	Traffic Volume
Martin Luther King Jr Hwy / Addison Rd NE	18,390
Seat Pleasant Dr / 69th Place East	3,786

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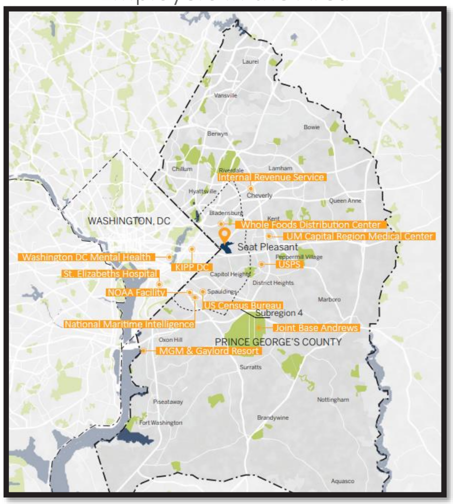
ECONOMIC

Employers in the Area



Unemployment Rates

	2020	2018
Prince George's County	8.0	3.8
MSA Washington -Arlington-Alexandria	5.6	3.1
Maryland	6.3	3.8

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ENTITLEMENTS / ZONING

Application

Referrals

Technical Staff Report

Planning Board

District Council

Planning Staff

End

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RESIDENTIAL MARKET

Competition Market

Hampton Park
Capitol Heights, MD
(Under Construction)

200
Residential Units

75,000 SF Retail

115,000 SF Office

Metro City
Capitol Heights, MD
(On Hold)

1,542
Residential Units

213,600 SF Retail

60,600 SF Office

Carillon
Largo, MD
(On Hold)

3,000+
Residential Units

300,000 SF Retail

525,000 SF Office

Supply & Demand

2,901 Inventory Units	$1,623 Market Rent/Unit
5.3% Total Vacancy	1.2% 2021 Rent Growth
-30 12 Mo Absorption Units	1,473 Under Construction Units
301 Prior Absorption Units	1,078 Deliveries Next 5 Years (Units)

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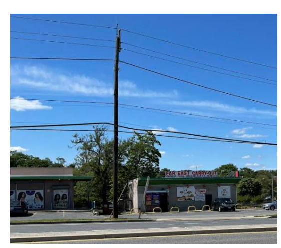
COMMUNITY RETAIL AMENITIES



RETAIL MARKET

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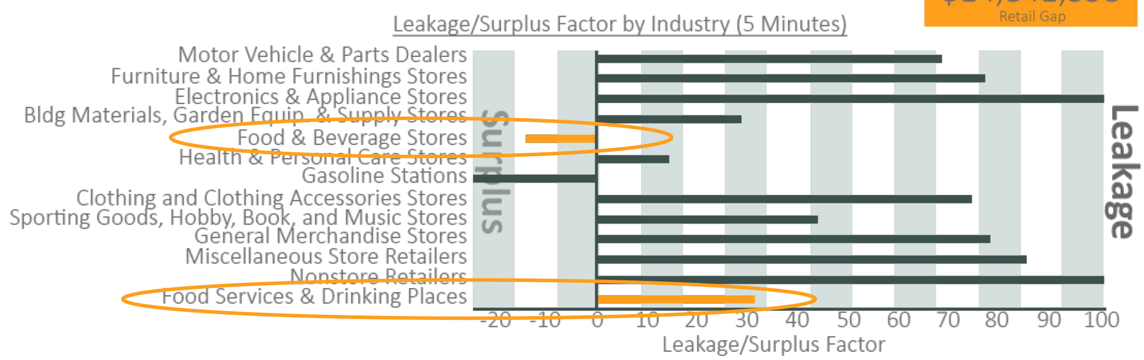
614K Total Space (SF)	-1.6K 12 Mo Net Absorption (SF)	$24.84 Average Asking Rent (NNN)	167K Total Under Construction (SF)
2.2% Total Vacancy	10K Prior Net Absorption (SF)	1.0% 2021 Rent Growth	2,993 TYD Deliveries (SF)

5-Minute Radius

$31,204,987	Total Food & Drink Demand
$16,363,629	Total Food & Drink Supply
$14,841,358	Retail Gap



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ENVIRONMENT

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- Adequate Trails / Parks
- Good Access / Traffic Flow
- Attractive Visibility / Curb Appeal
- Existing Gas Station
- Poor Rating Anacostia River Watershed
- Lack of Pedestrian-Friendly Streets

LEED Project Checklist	
Location and Transportation	13
Sustainable Sites	5
Water Efficiency	9
Energy and Atmosphere	25
Materials and Resources	2
Indoor Environmental Quality	16
Innovation	6
Regional Priority	2
Total	78

Few Elements to Implement

- Robust Recycling Program
- Bicycle Facility
- Environmentally Friendly Landscaping
- Energy-Efficient Variable Air Volume System
- Water – Conserving fixtures
- Advanced Ventilation System

RELATED DEVELOPMENT, INC.

SWOT ANALYSIS

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Weaknesses
Sense of Safety
Deficiency of Affordable Housing
Retail Base Not Adequate
Lack of Commerce

Threats
Complex Land Acquisition
Not Achieving Stabilization
Market Competition
Extensive Clean-Up Costs
Higher Construction Costs

S W O T

Strengths
Site Location
Accessiblity to Transportation
Strong Community & Culture
Solid Traffic Flow

Opportunities
Expand Health, Culture & Leisure
Safer Pedestrian Friendly Streets
Increase Economic Base
Grow an Identity

RENTER'S PROFILE

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Profile	Population Growth 5 Yrs.
Young Professionals (30 – 39)	9.1%
Established Professionals (40 – 54)	9.8%
Empty Nesters (55+)	9.4%

Marketing

18 Mo. Out	12 Mo. Out	6-9 Mo. Out
3 Mo. Out	1 Mo. Out	Tenant Move-In

Decision

Consideration

Awareness

"Renters who work in Washington, D.C. and central Prince George's County but want affordable rent prices."

ASSUMPTIONS / SOURCES & USES

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HUD 221 (d)(4) Loan

Minimum Loan Amount: $2 Million

Minimum Debt Service Coverage Ratio: 1.20 x 1 DSCR

Recourse/Liability: Non-Recourse Loan with “Bad Boy” Carve-Outs

Prepayment Terms: 2 year Lock-Out Period

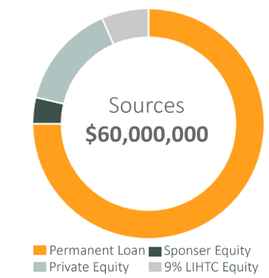
Rate Lock: 30 – 180 Interest-Rate Lock

Mortgage Insurance Premium (MIP): 0.25% Energy Efficient Properties

Interest Rate: 4.45%

Term: 3 Year Interest-Only Construction Loan, Followed by 30-year fully amortizing loan

Exit Term: Year 15



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SENSITIVITY ANALYSIS

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Best Case

Cap Rate	Valuation
5.0%	$141,726,487
5.5%	$128,842,261
6.0%	$118,105,406

Cap Rate	Limited Partner ROI	IRR
5.0%	$90,215,580	19%
5.5%	$80,320,494	19%
6.0%	$72,074,589	18%

Expected Case

Cap Rate	Valuation
5.0%	$109,020,374
5.5%	$99,109,431
6.0%	$90,850,312

Cap Rate	Limited Partner ROI	IRR
5.0%	$65,097,286	17%
5.5%	$57,485,681	16%
6.0%	$51,142,678	16%

Worst Case

Cap Rate	Valuation
5.0%	$70,314,262
5.5%	$69,376,602
6.0%	$63,595,218

Cap Rate	Limited Partner ROI	IRR
5.0%	$39,978,991	14%
5.5%	$34,650,868	13%
6.0%	$30,210,766	12%

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INVESTMENT

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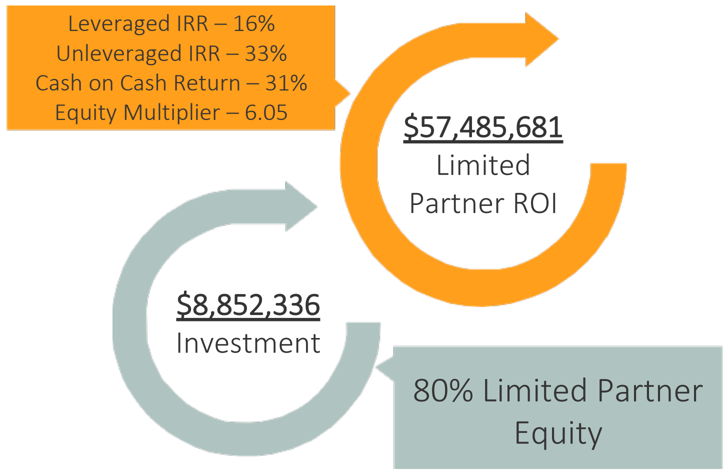
Best Case (Rent Increase 3.5%)	
Overall ROI	$80,756,505
IRR (Leveraged)	17%
IRR (Unleveraged)	34%
Limited Partner ROI	$64,605,204

Expected Case	
Overall ROI	$71,857,101
IRR (Leveraged)	16%
IRR (Unleveraged)	33%
Limited Partner ROI	$57,485,681

Worst Case (Rent Increase 1.0%)	
Overall ROI	$38,669,905
IRR (Leveraged)	12%
IRR (Unleveraged)	30%
Limited Partner ROI	$30,935,924



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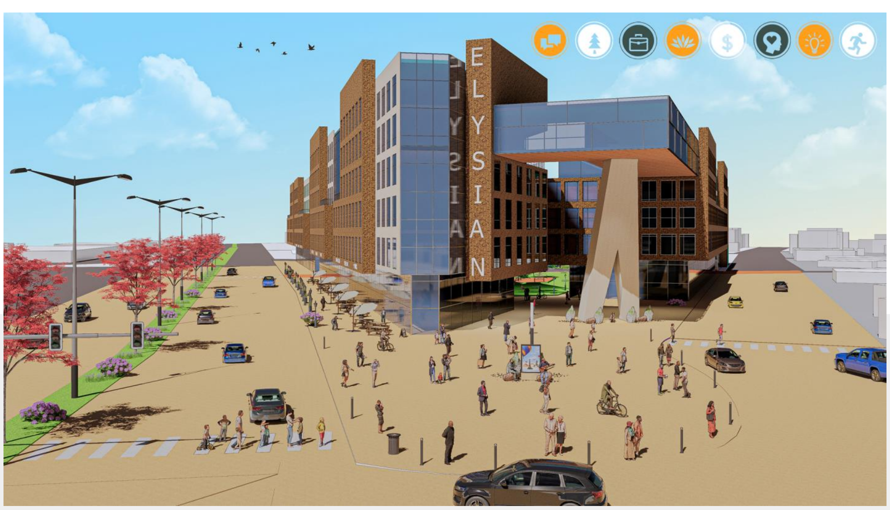

Community Benefits

- Remove Blighted Area
- Provide Additional Jobs
- Access to Health Food Options
- Access to Quality of Living
- Increase Property Values
- Safer Streets

Thanks!

RELATED DEVELOPMENT, INC.

Proposal 2: **Paragon**

Executive Summary

Cassa Development LLC　　　　Jessica Ramirez

COLVIN CAPSTONE COMPETITION
JUDGES SUMMARY
Spring 2021

I. Introduction

- Our main goal is to create an environmentally sustainable and socially inclusive future for the City of Seat Pleasant. We support cleaner and healthier environment and embrace dynamic, walkable, and human-scale neighborhoods animated by green spaces.
- We encourage a new development that balances meeting pressing housing needs, ensuring high quality construction that is attractive, efficient, and sustainable, and investing resources in responsible manner.

- **Project Name**: Paragon
- **Developer:** Cassa Development, LLC
- **Address/ County/ State**: 5909 Martin Luther King Jr. Hgwy. Seat Pleasant, Maryland 20743.
- **Site Size**: 2.7 ac
- **Zoning**: MUI -DDOZ
- **Type of Project**: New Construction
- **Primary Population Served**: Families
- **Uses proposed**: Mixed-use development (Residential and Retail)
  - Residential: 149,175 sf.
  - Retail: 28,500 sf.
  - Parking: 362
  - Total Residential Units: 150 units
    - Affordable @60%: 60 units
    - Market-rate: 90 units

II. Market and Demographic Context

- The primary market area (PMA) that was used in our analysis contains 54 census tracts from Prince Georg's county and Washington DC combined.
- Most of our demand is coming from our PMA
- Total population in the PMA is approximately 192,202., compared to only 4,739 in the City of Seat Pleasant
- Total households in the PMA: 73,036
- Household median income in the PMA is $56,406
- Unemployment rate in the MSA prior to Covid-19 was 3.4 percent. Employment growth in the MSA was above national levels and contracted only 4.7 percent, less than the 6.2 percent decline reported by the nation during the pandemic in 2020.
- Poverty rate in Seat Pleasant is 17%
- Only 9.2% of population have a bachelor's degree or higher

- 85% of population is Black or African American alone, followed by Other Races with 8.1%, White alone with 2.9%, and American Indian and Alaska Native with only 2.7%.

- **Market demand:**
  - Our market study showed a high percentage for older single- housing stocks in the PMA. About 57.9 percent of the total housing units are single family homes. This demonstrates the need for multifamily housing.
  - Most households in the PMA have between one and two persons. This trend drives or demand for one- and two-bedroom units.
  - There is an immediate need for mixed use, walkable destination in the City of Seat Pleasant.
  - There is a significant need for family-oriented community
  - Residents of Seat Pleasant want to see more groceries stores and less gas stations in their city.

- **Vacancy rates**: Vacancy rates for affordable rental units is between 0%-1% and 5.7 % for market-rate units. Retail products are carrying a vacancy of 15%

- **Economic demands drivers:**
  - Employment is concentrated in the healthcare/social assistance, professional/scientific/tech., and admin/support/waste mgmt. services industries. These sectors have historically shown greater stability during economic downturns.
  - Prince George's county is bringing new mega projects to the area. Some of them include The University of Maryland Capital Region Medical Center, University of Maryland Discovery District, Hampton Park, The Purple Line etc.
  - The largest employers in Prince George County are concentrated in Education, Military, and Federal Government.
    - The University of Systems of Maryland
    - Base Andrews
    - Federal Agencies (Census Bureau, IRS)

- **Competition:** Existing competitor are listed below as "comparable properties".

Other competitors include:
  - **Hampton Park**: Mixed-use development under construction. With 200 residential units. Delivering 4Q 2020
  - **Metro City**: proposed mixed-use development with approximately 180 -200 units with 18,000 sf of retail. This project will convert the Capital Height Metro station surface parking space.

- **Comparable Properties**: Class A and Class B properties within 5-miles radius
  - **Solstice**: (3.0 miles); 138 units; Affordable/Rent Restricted.

- **Park 7**: (1.5 miles); 377 units; Market-rate/Affordable
- **Residences at Hayes**: (2.3 miles); 150 units; Affordable/Rent Subside
- **Century Summerfield at Morgan Metro**: (3.5 miles); 478 units; Market-rate
- **The Nannie Helen at 4800:** (1.7 miles); 70 units; Affordable/Rent restricted
- **St. Stephens:** (2.7%); 71 units; Affordable/Rent restricted

III. Key Project Opportunities

- Project site is geographically located in a priority funding area which can potentially attract more social-based mission capital and several other benefits
  - Maryland Opportunity Zone (FED). Opportunity Zone 24033802901
  - Sustainable Communities (DHCD)
  - Enterprise Zone Focus Areas (Commerce)
- The site is in proximity (less than 1-mile) from a Metro Station. It has excellent public transportation and roadway connectivity to Washington DC.

IV. Key Project Challenges/Risks

- Complex land assemblage with multiple owners
- An operational gas station on site may delay construction start date if serious remediation needs to be addressed.
- Lack of diversity, higher education, and jobs in the city of Seat Pleasant.
- Residents of Seat Pleasant perceive their own city as “unsafe and unattractive”.
- Current retail products in the project area is not adequate for meeting the community’s shopping or employment needs (This can also be an opportunity)

V. Financial Information

- Our strategy is to pre-lease our retail space or at least 14,000 sf prior to construction completion.
- Affordable units are expected to be fully leased within three months after receiving our certificate of occupancy. Market-rate units are also expected to lease up or at least 90 % in year 1.
- The property will be held at least through year 15.

- **Project Budget Summary ~$56M**
  - Hard Costs: ~$40M (71%)
  - Professional +Soft Costs: ~$6M (11%)
  - Financing Cost: ~$4M (7%)
  - Developer Fee: ~$2M (4%)
  - Acquisition: ~$3.9M (7%)
  - Site improvements: ~107k (0.2%)

- **Key Proforma Assumption**:
    - Debt Ratios: 70 LTV
    - Interest Rates: 3.75%
    - Term: 40-year amortization
    - Exit term: Year 16
    - NOI: Year 1 $1,882,356. Year 15 $3,093,768
    - Stabilization Year: Year 2
    - Constructions Term: 24 months
    - Predevelopment months/ Years: 12 months
    - $170/sf Retail Construction Cost
    - $130/sf Residential Construction Cost

- **Sources of Capital: ~$56M**
    - LIHTC Equity: ~$14M *(25.2%)*
    - Private Loan 221(d)(4): ~$40M *(70%)*
    - Developer Loan: ~$231k *(0.4%)*
    - Developer Investment: ~$2M *(4.1%)*
    - Grants: ~175k *(0.3%)*

- **Financial Returns**
    - IRR Leveraged: 11%
    - IRR Unleveraged: 33%
    - Return on Equity: 4.6%
    - Cash on Cash Return: 6.3%
    - Developers Fee: 4%

- **Sensitivity Analysis**
    - Cap Rates used for sensitivity analysis: 5.10, 5.20, and 5.30,
    - We valuated this project ay year 10, year 15, and year 20
    - Annual rent increase assumption: 2%
    - Operating expense assumption: 3%

Presentation Slides

Paragon

A sustainable Development with Design

Real Estate Development Proposal

University of Maryland –Colvin Institute of Real Estate Development
RDEV 690 -Spring 2021
Jessica L Ramirez

University of Maryland
Colvin Institute of Real Estate Development

Agenda

- Development Summary
- Site Context
- Market Conditions
- Proposed Design
- Planning and Entitlements
- Construction
- Financial Analysis

Image: Architect Nicole Hinkle

Cassa Development LLC

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A Sustainable Development with Design

Development Summary

A Sustainable Development with Design

Image: Architect Nicole Hinkle

Development Overview

- **Residential**
  149,175 sf with **150 units**
- **Retail**
  28,500 sf
- **Parking**
  170 spaces
- Smart development in Seat Pleasant
- Pedestrian crosswalk proposed to connect Seat Pleasant Dr and Martin Luther King Jr. Hwy.

Total development cost
$56,475,132

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Site Context

City of Seat Pleasant

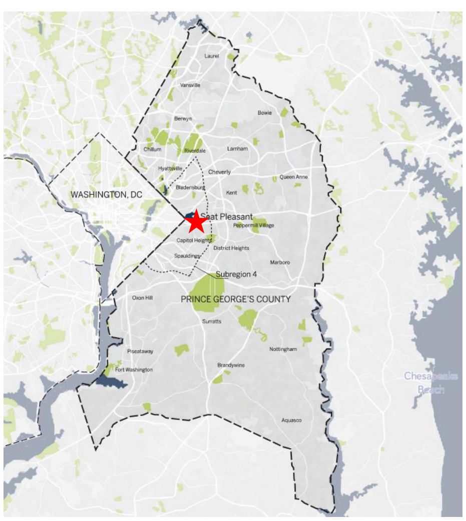

Image: Seat Pleasant Master Plan

- **Washington-Arlington-Alexandria, DC-VA-MD-WV** *(Metropolitan Statistical Area)*
- **Prince George's County**
- **Seat Pleasant City**
- **Accessibility** *(0.3 miles from Washington DC)*

Martin Luther King Jr. Highway (Route 704)
Seat Pleasant Drive

In need for additional **housing and attractive retail spaces**

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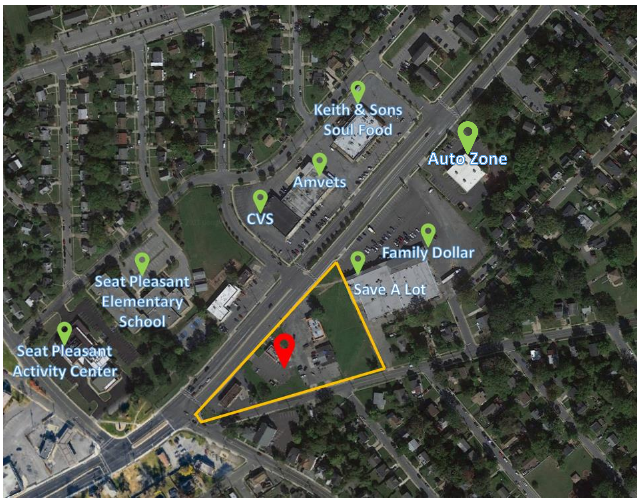
Site Context

City of Seat Pleasant



Major Amenities

- **Major City Amenities**
  - CVS
  - Save A Lot Grocery
  - Family Dollar
  - Auto Zone
  - Seat Pleasant Activity Center
  - Seat Pleasant Elementary School
- **Site is mostly under-developed**
- **In serious need for pedestrian walkability**
- **Lot Information**
  - 117,058 sf ***(2.68 acres)***
  - Shell gas Station
  - Vacant land
  - Small carry-out restaurants
  - Surface Parking

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Site Context

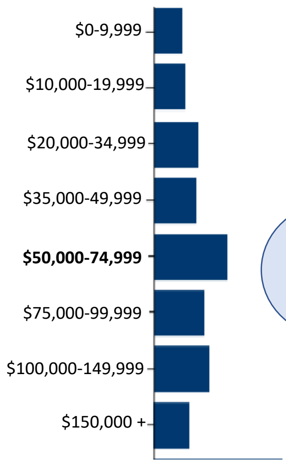
City of Seat Pleasant

Images: Google Earth

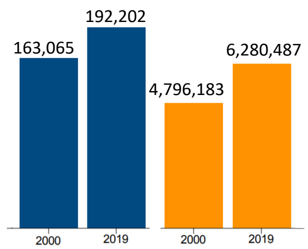
Cassa Development LLC

Market Conditions

General Demographics / PMS -MSA

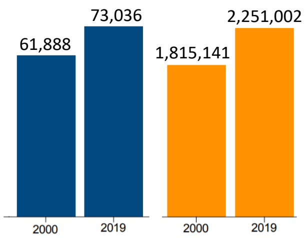


$56,000 Median Household Income



Population

Population is expected to **continue to growth** in the PMA



Households

63% 1-to-2-person Household

Primary Market Area (PMA)

Metropolitan Statistical Area (MSA)

Data: US Census Bureau

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Market Conditions

General Economy

Images: google.com

- **Education**
  - **9.2%** Bachelor's degree or Higher *(In Seat Pleasant)*
  - **51.4%** Bachelor's degree or Higher *(MSA)*
- **Employment by industry**
  - Healthcare and Social **21.8%**
  - Professional and Scientific **14.4%**
  - Public Administration **14.4%**
- **Primary Employer**
  - The University Systems of Maryland **27.4%**
  - Military Base Andrews **23.7%**
  - Federal Agencies **12.6%**

Prince George's County **Mega Projects**

Data: US Census Bureau

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Market Conditions

Multifamily

COMPARABLE PROPERTIES -Existing

#	Comparable Property	City	Year Built	Rent Structure	Distance to Site
1	EastBrooke at Beulah Crossing	Washington	2015	Affordable/Rent Restricted	0.5 miles
2	The Nannie Helen at 4800	Washington	2013	Affordable/Rent Restricted	1.7 miles
3	St. Stephens	Washington	2017	Affordable/Rent Restricted	2.7 miles
4	Century Summerfield at Morgan Metro	Landover	2011	Market	3.5 miles
5	Residences at Hayes	Washington	2018	Affordable/Rent Subsidized	2.3 miles
6	Park 7	Washington	2014	Market/Affortable Rent Restricted	1.5 miles
7	Solstice	Washington	2019	Affordable/Rent Restricted	3.0 miles

Source: Costar.com

- **Multi-family Market**
  4.9% market vacancy
  1,443 units
- **Average rent** *Proposed*
  1bed $1,228 $1.85/sf **$1.85**/sf
  2bed $1,597 $1.68/sf **$1.43**/sf
  3bed $2,013 $1.61/sf **$1.32**/sf
- **New supply in the market**
  Hampton Park (200 units under Construction)
  Metro City (1,500 units proposed)

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Market Conditions

Retail

Images: Seat Pleasant Master Plan

- **Class B Retail Market**
  14.4% vacancy
  742,000 sf Inventory
- **Average rent** *Proposed*
  $20-$30/sf NNN **$25**/sf NNN
- **New supply in the market** *(Under construction)*
  Hampton Park 55,836 sf (August 2021)

Traffic Count: 19,349 vehicles per day

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Project Design

Environmental and Social Impacts

- Support local communities and reduce environmental impacts
- Provide housing for all income levels
- Scale community value by building new assets and amenities
- Enhance economic opportunity for the locals
- Support transportation efficiency and easy access
- Comply with federal, state, and local policies.

Image: Google

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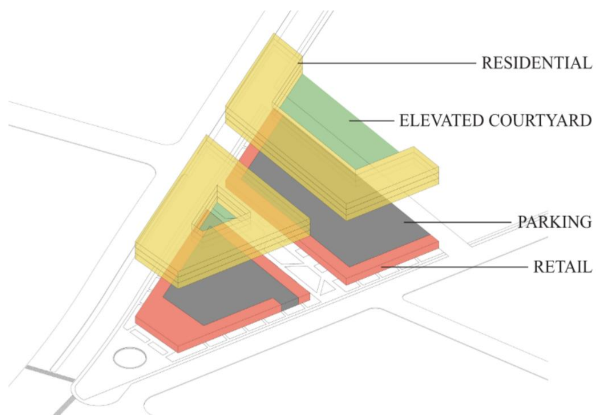
Project Design

Uses and Programs



Images: Architect Nicole Hinkle

Residential
149,175 sf
150 units
60 Affordable Units (60%AMI)
90 Market-Rate Units

Retail
28,500 sf
Parking
170 spaces
Pedestrian hall

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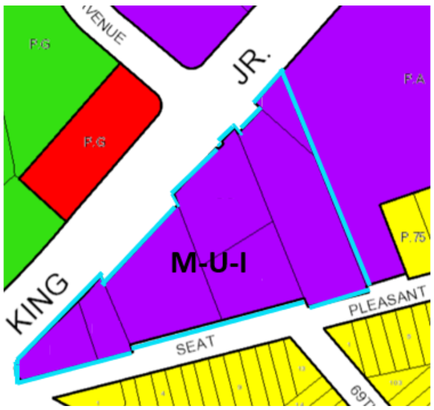
Planning and Entitlement

Zoning



Current Zoning
M-U-I -Mixed-use Infill
DDO Development District Overlay Zone

By-Right Development

*No need for rezoning

Entitlement Process

- Meeting with the Department of City Planning
- Pre-application Design Review
- Site Plan Review
- Planning Commission Review
- Project Development Plan Review

***Subregion 4 Master Plan**
***Seat Pleasant Master Plan**

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Construction

Type and Costs

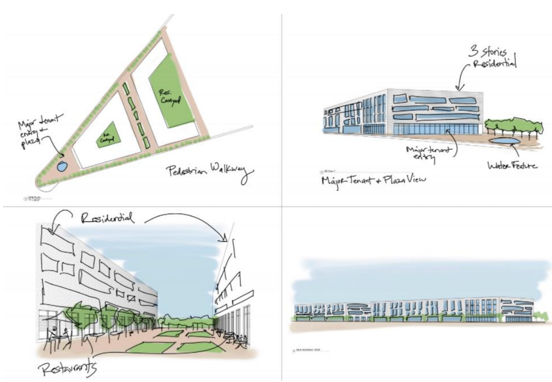

Image: Architect Nicole Hinkle

4-Story building

Primary Structure
Wood Frame on Concrete Podium

Construction Cost
Site improvement **$107,432**
New Construction **$33,219,028**
Residential **$130/sf**
Retail **$170/sf**
General Requirements **6%**
Contractor Overhead **2%**
Contingency **5%**
Parking **$5,000/space**
TOTAL: **$40,056,625**

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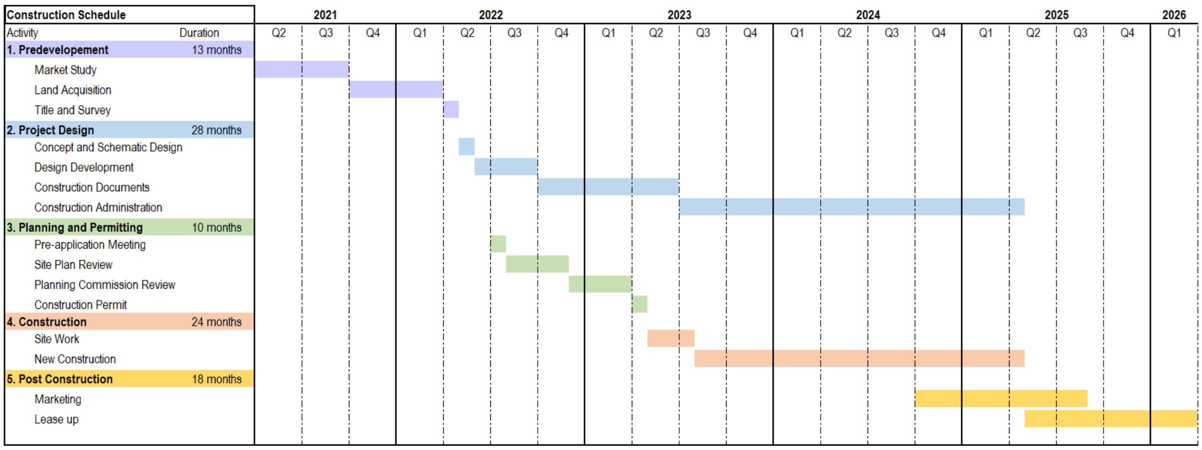
Construction

Development Schedule



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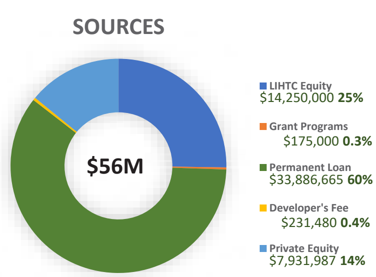
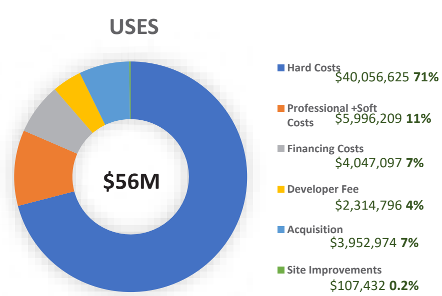
Financial Analysis

Sources and Uses





- **LIHTC: 9%**
- **Developer Fee: + 1.5% flat Rate**
- **Grant Programs:** Community Legacy and the National Capital Strategic Economic Development Fund

Financial Analysis

Summary Cash Flow

CASH FLOW - SUMMARY	Year 1	Year 10	Year 15	Year 20
Residential Income	$ 2,724,133	$ 3,255,591	$ 3,594,435	$ 3,968,547
Commercial Income	$ 606,900	$ 1,426,632	$ 1,587,431	$ 1,766,928
Total EGI	**$ 3,331,033**	**$ 4,682,222**	**$ 5,181,866**	**$ 5,735,475**
OPEX	$ 1,448,676	$ 1,830,639	$ 2,088,098	$ 2,384,188
NOI	**$ 1,882,356**	**$ 2,851,584**	**$ 3,093,768**	**$ 3,351,287**
Debt Service	$ 1,636,832	$ 1,636,832	$ 1,636,832	$ 1,636,832
Tax Income	$ 73,657	$ 364,426	$ 437,081	$ 514,337
Cash Flow -After Tax	**$ 171,867**	**$ 850,326**	**$ 1,019,856**	**$ 1,200,119**
DSCR	1.15	1.74	1.89	2.05

- **$6,095** OPEX/unit
- **30%** Tax Rate
- **Mortgage Assumptions**
  - **1.15** DSCR
  - **40** years at **3.75%** Interest
- **General Assumptions**
  - Income growth **2%**
  - Expense growth **3%**
  - Residential Vacancy **5%**
  - Retail Vacancy **15%**

Financial Analysis

Returns and Exit Strategy

Valuation		
Year 16 NOI	$	3,144,042
Cap Rate		5.20%
Reversion Value	$	60,462,339
Sale Cost (4%)	$	(2,418,494)
Sale Proceeds	$	58,043,846
Outstanding Mortgage	$	(26,530,707)
Pre-tax Profit on Sales	$	31,513,139
Distribution		
Private Investor	$	31,513,139
Profit Margin		74.8%

Sensitivity Analysis		
Year 16 NOI		**$ 3,144,042**
Cap Rate	**Reversion Valuation**	**Profit on Sales**
5.10%	61,647,875	32,651,254
5.20%	60,462,339	31,513,139
5.30%	59,321,541	30,417,972

- Exit Cap Rate: **5.20%**
- Equity Multiple: **3.97**
- Overall CoC Return: **18.40%**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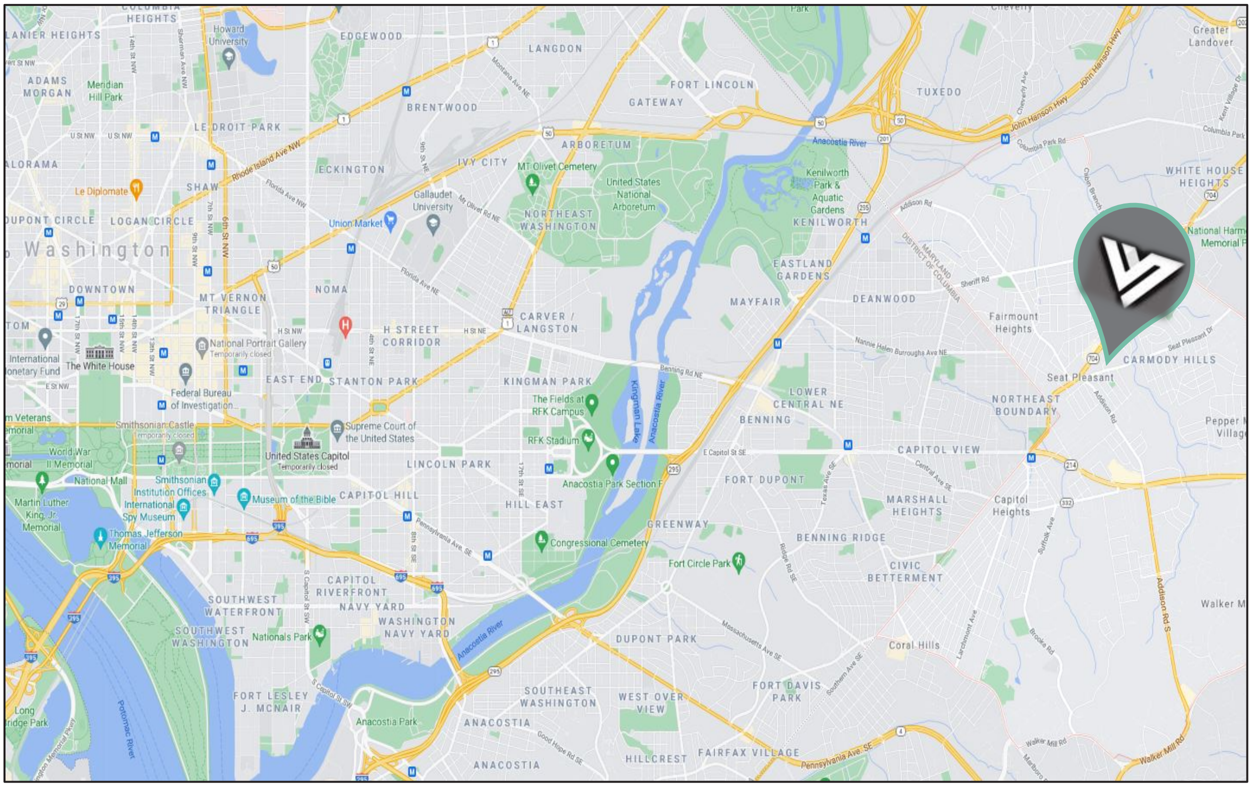
Proposal 3: **The Verge**

Executive Summary

CAPSTONE JUDGES SUMMARY May 15, 2021



THE VERGE

5909 Seat Pleasant Dr., Seat Pleasant, Maryland 20743

NATHAN VELIZ

RENEGADE DEVELOPMENTS

INTRODUCTION

The following report is a summary of the feasibility study completed for 5909 Seat Pleasant Dr., Seat Pleasant, Maryland 20743. The findings of this study indicate viability in developing a mixed-use building with 138 mixed-income residential units and 25,000 square feet of ground floor retail.

THE SITE

- The site consists of six lots totaling 2.87 acres of underdeveloped land in Seat Pleasant, MD in Prince George's County.
- The property lots are each individually owned and are currently improved by a Shell Gas station, two takeout food restaurants, and a convenience store.
- The site is exceptionally close in proximity to Washington D.C. and within a 15-minute walk of the Blue Line that runs downtown.
- The site is inside of the Capital Beltway, Interstate 495, which surrounds D.C. and nearby cities in Virginia and Maryland.
- Individual vehicles are the area's primary mode of transportation and most prioritized.

MARKET CONTEXT

Below are the market conditions within a 3-mile radius of the site.

Demographics

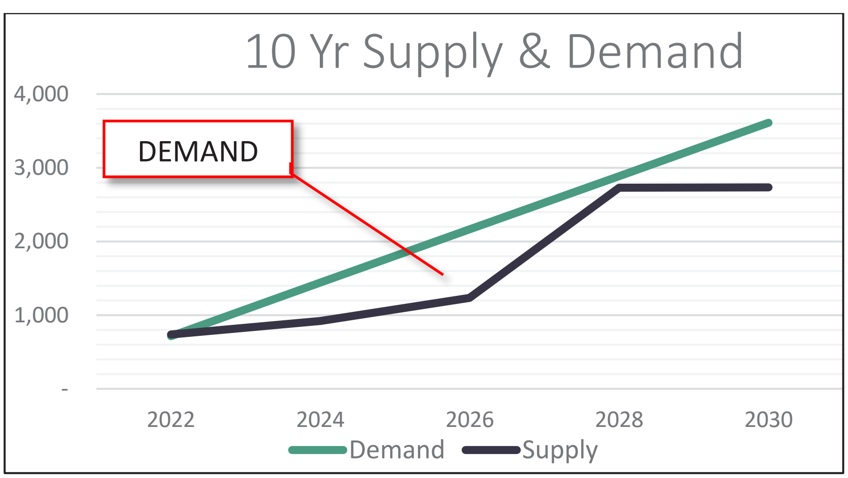
- Age: 38
- Household Size: 2.60
- Median Income: $60,586

Supply & Demand

- 52% of residents rent vs own in this area.
- The number of households is expected to increase 9.8% over the next 10 years.
  - Adding demand for 2,896 new rental units.
- 1,995 new units are proposed in the pipeline, but not approved.
- Vacancy rate for competitive A-Class properties is only 3.8%.

Conclusion:

The 10-year demand is outpacing supply by 901 units and leaving a gap in the market illustrated below.



UNIT MIX & PRICING

Market Unit Mix	Avg. Rent	Avg. SF	$/SF	#
1 Bedroom	$1,550	750	$2.07	15
2 Bedroom	$1,875	950	$1.97	87
3 Bedroom	$2,300	1,500	$1.53	8
Affordable Mix	**Avg. Rent**	**Avg. SF**	**$/SF**	**#**
1 Bedroom	$1,181	750	$1.57	4
2 Bedroom	$1,417	950	$1.49	22
3 Bedroom	$1,638	1,500	$1.09	2
Total Averages	**$1,660**	**1,066**	**$1.62**	**138**

Market Rate Pricing

The project's 110 market rate units are projected to slightly exceed the area averages; however, it is in line with the market rent per square foot.

Market Rent Comp Survey

		Subject Site	EastBrook at Beulah Crossing	Century Summerfield at Morgan Metro	Residences at Hayes	The Nannie Helen at 4800	Comp Averages
	Year Built		2015	2011	2018	2013	
	# of Units		39	478	150	70	
	Occupancy		97%	91%	97%	100%	
# of Units	Studio				50		
	1 Bed	**15**	13	234	75	20	
	2 Bed	**87**	13	231	25	38	
	3 Bed	**8**	13	13		12	
SqFt Per Unit	Studio				502		502
	1 Bed	**750**	516	755	728	683	671
	2 Bed	**950**	672	1,158	1,045	945	955
	3 Bed	**1,500**	872	1,546		1,139	1,186
Net Rent	Studio				$ 1,267		$ 1,267
	1 Bed	**$ 1,550**	$ 1,447	$ 1,487	$ 1,360	$ 1,417	$ 1,428
	2 Bed	**$ 1,875**	$ 1,876	$ 1,862	$ 1,629	$ 1,701	$ 1,767
	3 Bed	**$ 2,300**	$ 1,906	$ 2,263		$ 1,965	$ 2,045
Average Rent		**$ 1,908**	$ 1,743	$ 1,871	$ 1,419	$ 1,694	$ 1,682
Per SF		**$ 1.79**	$ 2.54	$ 1.62	$ 1.87	$ 1.84	$ 1.97

Affordable Rate Pricing

The 28 affordable units (20%) will be priced at 50% AMI.

OPPORTUNITIES

- To generate city growth in line with the new master plan.
- Mixed-modal transportation oriented to promote walkability as well as a LEED Silver Sustainability Plan.
- The project addresses many complaints from residents; including a road diet on MLK Jr. HWY, retail to service the community, job creation, and feature-rich market and affordable housing.
- A partnership with Seat Pleasant will facilitate opportunities for local businesses to lease retail bays, which will generate tax revenue for the city.
- A designated public plaze for local events and city use.

CAPITAL SOURCES

Dedicating 20% of rentable units to 50% AMI allows us to realize 4% Low Income Housing Tax Credits and Tax-Exempt Bonds for construction to permanent financing at a favorable interest rate of 3.14% for 40 years.

Financing Sources	%	Amount
Equity	**24%**	**$12,889,028**
Renegade Developments	16%	$2,000,000
Private Equity	53%	$6,768,065
LIHTCs	32%	$4,120,963
Debt	**76%**	**$41,165,007**
Tax-Exempt Bonds (Maryland Dept. of Housing Commission)	100%	$41,165,007
Total Sources	**100%**	**$54,054,035**

DEVELOPMENT BUDGET

- Total Hard Costs: $37,262,694 ($270,019 per DU)
- Total Soft Costs: $13,457,256 ($97,516 per DU)
- Total Land Costs: $2,588,832 ($18,759 per DU)
- Contingency: $745,254 (2% pf GMP)
- **Total Budgeted Costs: $54,054,035 ($391,695 per DU)**
  - Residential $45,729,711 ($331,374 per DU)
  - Retail $8,324,324 ($333 per GSF)

48-MONTH SCHEDULE

- Predevelopment 12 Months beginning January 2022
- Design & Documentation 21 Months
- Permit Approvals 12 Months
- Construction 18 Months
- Leasing 15 Months
- Stabilized January 2026

CASH FLOW PROJECTIONS

Proforma Summary	STABILIZED			EXIT
	Year 1	Year 5	Year 10	Year 15
Net Residential Rental Income	$ 2,939,010	$ 3,262,766	$ 3,722,191	$ 4,251,247
Retail Income	$ 225,000	$ 450,000	$ 450,000	$ 470,453
Total Income	$ 3,164,010	$ 3,712,766	$ 4,172,191	$ 4,721,700
Operating Expenses	$ (1,002,340)	$ (1,090,334)	$ (1,202,033)	$ (1,326,832)
Net Operating Income	**$ 2,161,671**	**$ 2,622,432**	**$ 2,970,158**	**$ 3,394,868**
Debt Service	$ (1,909,336)	$ (1,903,761)	$ (1,895,735)	$ (1,886,349)
DSCR	1.20	1.45	1.64	1.88
Cash Flow for Distribution	$ 252,335	$ 718,672	$ 1,074,423	$ 1,508,519

Operating Assumptions		Mortgage Assumptions	
Income Escalation	3%	DSCR	1.20
Expense Escalation	2%	40 Year Bond Rate	3.14%
Residential Vacancy	5%	MIP (Paid on Declining Balance)	0.25%
Retail Vacancy	10%		
OPEX per Unit	$7,013		

RETURNS

The project's financing requires a 15-year compliance period for the low-income units. After the compliance period elapses, the site will be listed for sale and exit as a means of achieving the following total returns.

Year 15 Return Metric	Amount
Renegade's Development Fee	$2,965,352
Cash Distributions Year 1-15	$13,659,449
Net Sales Proceeds	$27,966,310
Gross Profit Margin	51.73%
IRR	13.38%
Cash on Cash Return	17.20%
Equity Multiple	4.75
Return on Cost	6.28%

RISK ANALYSIS

1. Land Acquisition: Contingent upon assembling 6 lots.
   Mitigation: A relationship with the city and their plans for this corner. $2.5m contingency for purchase price.
2. Hard Costs: Potential for increased labor & raw material costs.
   Mitigation: Economies of scale with in-house GC and a 2% construction contingency.
3. Environmental: Shell Gas Station will require remediation.
   Mitigation: $150k contingency for testing, tank removal, and cleanup.
4. NOI Assumptions and Lease-up: May not escalate as anticipated.
   Mitigation: Conservative approach in projections and $300k NOI contingency.
5. Retail Leasing: May not stabilize as anticipated.
   Mitigation: One signed LOI and another near completion. The city also has incentives for local retailers. There is also a $300k NOI contingency for required returns.
6. Timing: Delays in contract negotiations/permitting/construction.
   Mitigation: Contingencies, rent-up reserves, and flexibility in NOI to meet required IRR.

SENSITIVITY ANALYSIS

The following charts represent a summary of the sensitivity analysis completed for various metrics associated with the above risks.

9.5% Required IRR		
Required Sale Price	$	53,767,197
Sale Contingency	$	7,957,672
Required NOI	$	3,094,868
NOI Contingency	$	300,000
Maximum Cap Rate		6.50%
Cap Rate Contingency		1.00%
Maximum Equity	$	11,268,065
Equity Contingency	$	2,500,000

5.25% Required Return on Cost		
Required NOI	$	3,094,868
NOI Contingency	$	300,000
Maximum Project Cost	$	57,054,035
Cost Contingency	$	3,000,000

Presentation Slides

UNIVERSITY OF MARYLAND
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT

The Verge
A Best of Both Worlds

Nathan Veliz - MRED
Capstone Presentation
Mentors: Jerry Dawson & Timur Ryspekov

RENEGADE DEVELOPMENTS

UNIVERSITY OF MARYLAND
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT

Agenda

- Project Overview
- Site Context
- Market Demand
- Design
- Planning
- Construction
- Financing & Returns

RENEGADE DEVELOPMENTS

Overview

- 2.68 acres in Seat Pleasant, MD
- Catalyst for Future Development
- 138 Residential Units
    - 110 Market Rate
    - 28 Affordable (20%)
- 25,000 sf Retail
- 190 Parking Spaces
- Dedicated Public Space
- Total Cost $54,045,035

Regional Context

- Population
    - Prince George's County
      909,327
    - Washington Metropolitan Area
      6,133,552
- Economy
    - Science & Engineering
    - Universities
    - Govt. Agencies

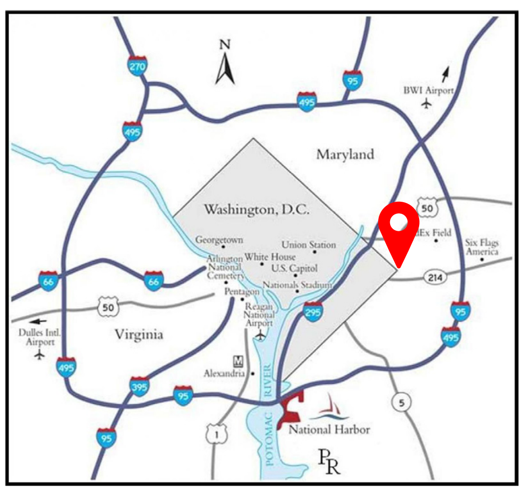
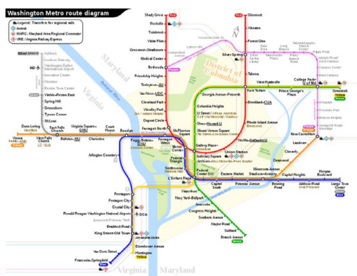


Image: Google

Local Context

- Landmarks
  - FedEx Field
  - Andrews Joint Base
- Connectivity
  - Within the Capital Beltway (495)
  - Blue Line Metro (15-minute walk)



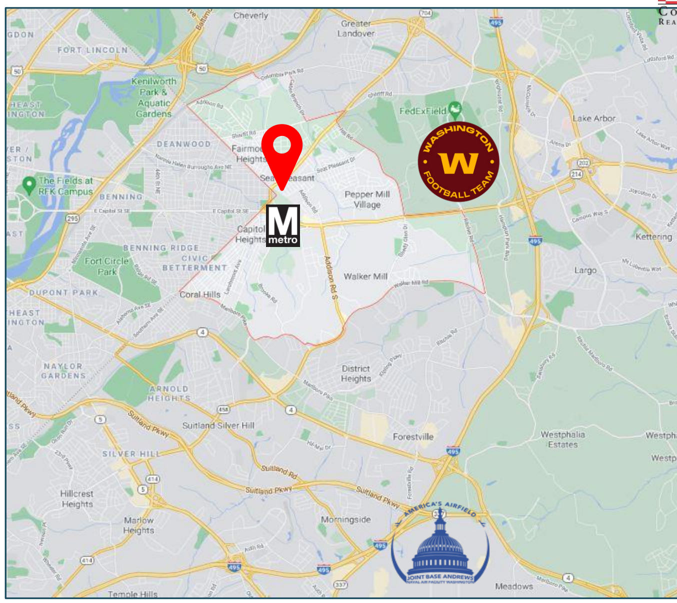
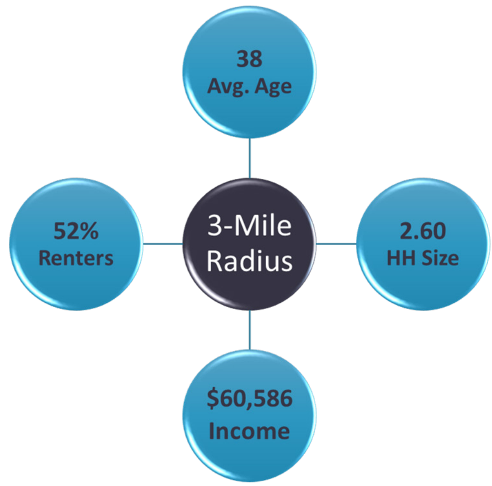


Image: Google

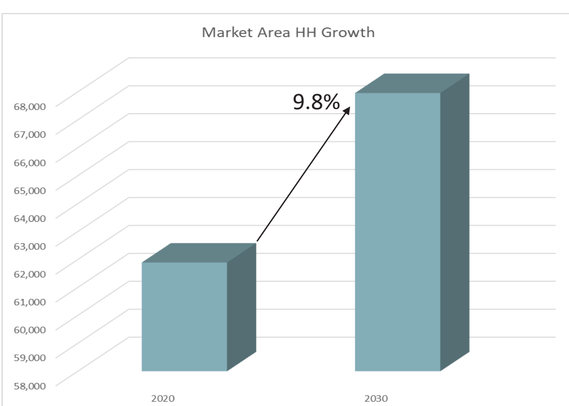
Site Context

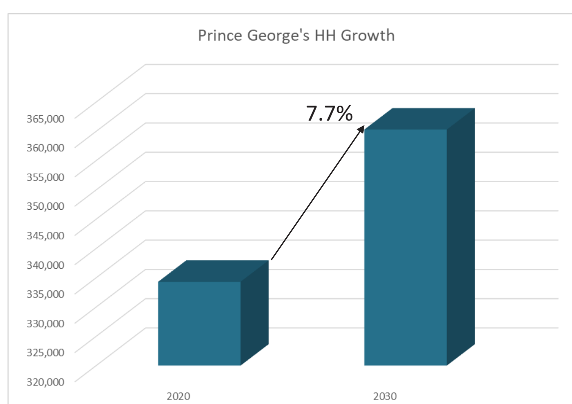
- Seat Pleasant, Maryland
- Underdeveloped Improvements
- Individual Lot Owners
- Critical Intersection
- City Improvement Plan
- 60,484 HH in the area

Key Demographics



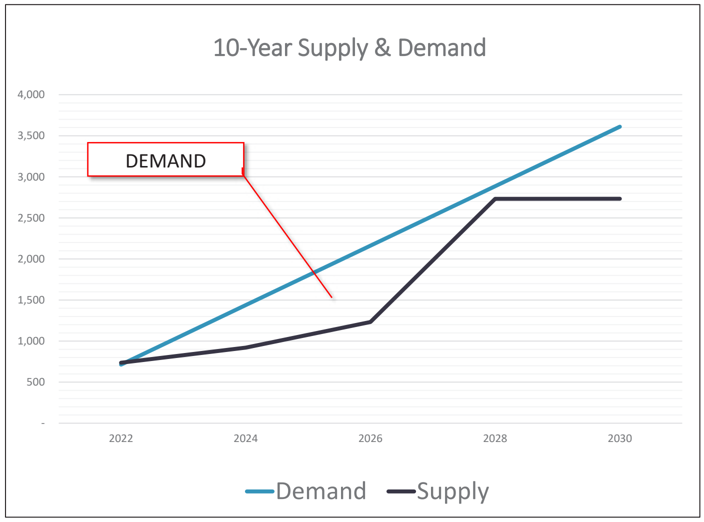
Area Household Growth





Unmet Demand

- Current Supply
  - 4 Class-A Residential Buildings
  - 737 Units
  - 3% Vacancy
  - Last new build was 2018
- 10-Year Pipeline
  - 4 projects proposed
  - 1,995 new unit
  - Still demand for 901 units



Competitive Unit Mix

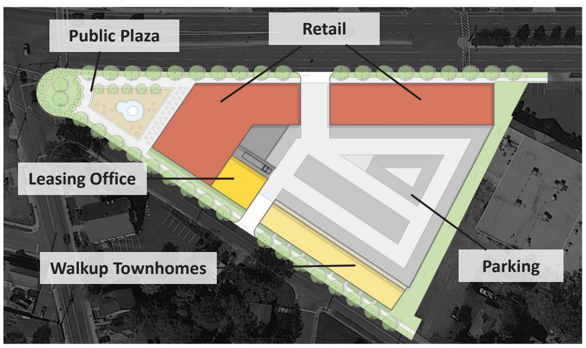
Market Averages

- Residential
  - Rent: $1,682
  - Size: 973 sf
  - Per SF: $1.97
- Retail
  - Per sf: $23 NNN

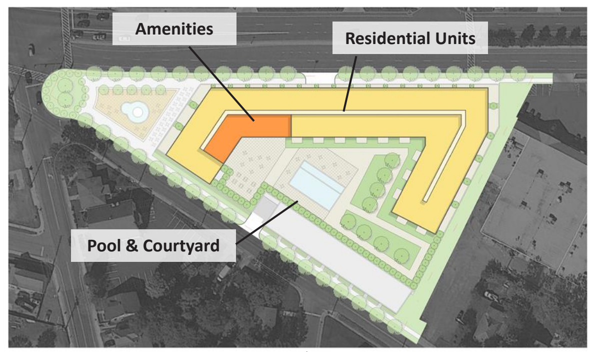
Units		Market Rate			Affordable 50% AMI		
Unit Mix	Avg. SF	#	Avg. Rent	$/SF	#	Avg. Rent	$/SF
1 Bed	750	15	$1,550	$2.07	4	$1,181	$1.57
2 Bed	950	87	$1,875	$1.97	22	$1,417	$1.49
3 Bed	1,500	2	$2,300	$1.53	2	$1,638	$1.09
Total	1,066	110	$1,908	$1.85	28	$1,412	$1.38
Retail		NNN Rent			$21		

Efficient Design

- Residential – 140,000 sf (138 units)
- Retail - 25,000 sf
- Amenities – 15,000 sf
- Public Plaza - 15,000 sf



Ground Level



Levels 2-5

Community Benefits

Environmental

- LEED Silver
- Energy Star
- Green Rooftop Courtyard
- Permeable Surfaces
- Encourages Walkability

Social

- Promotes Growth
- Increased Retail Offerings
  - Eleanor
  - CVS
  - Health & Wellness
- Business Opportunities
- Tax Revenue
- Public Space
- Improved Traffic Pattern
- Affordable Housing

Planning & Entitlement

Zoning

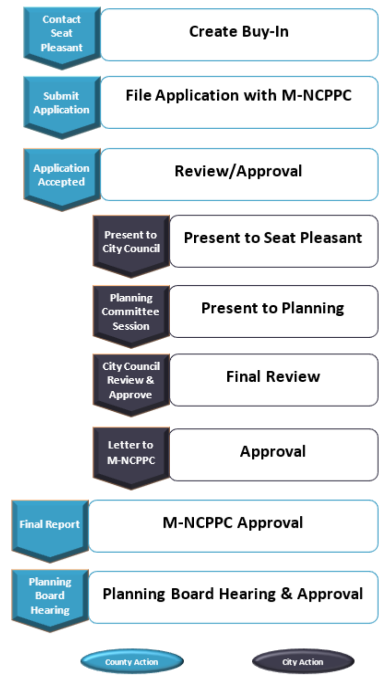
- Mixed-Use-Infill
- Development District Overlay

By-Right Development

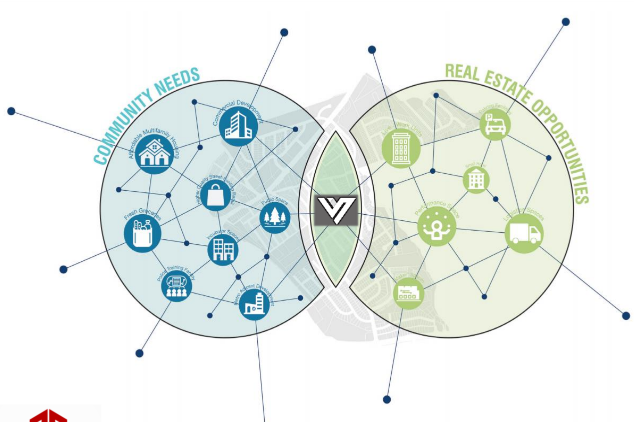
- Preliminary Plan Application
- Detailed Site Plan

Reviewed by:

- Maryland National Capital Park & Planning Commission
- Seat Pleasant City Council
- Prince George's County Planning Board



Planning & Entitlement



*Images from Seat Pleasant Master Plan

Construction Costs

UNIVERSITY OF MARYLAND
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT

Mid-rise Podium Construction
- Level 1
  - Type IA (Concrete)
- Levels 2-5
  - Type IIIA (Wood Frame)

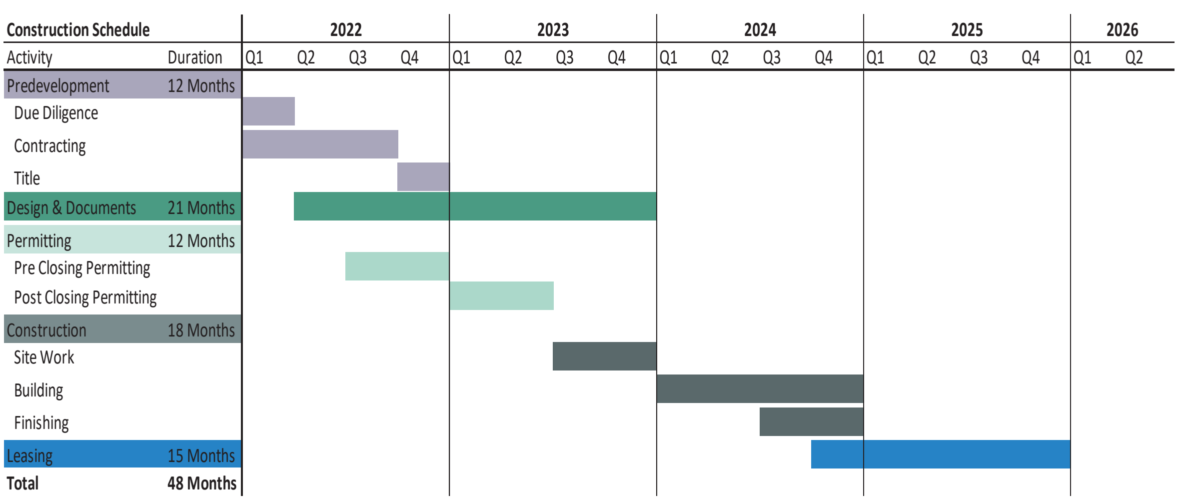
Costs
- Structure - $26,793,122
- Site Improvement - $2,079,429
- Parking - $4,627,640
- General Conditions - 5%
- GC Overhead & Profit - 4%
- Contingency - 2%

- **Total: $38,007,947** ($275,420 per DU)

RENEGADE DEVELOPMENTS

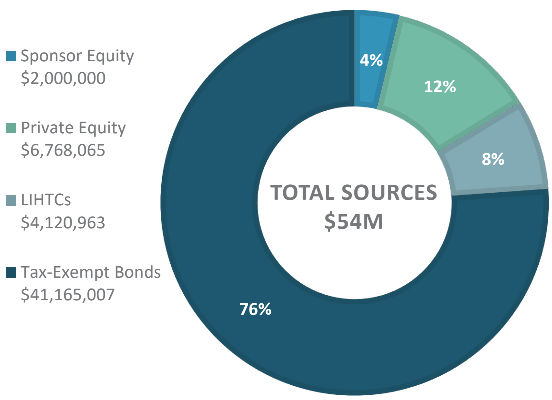
Construction

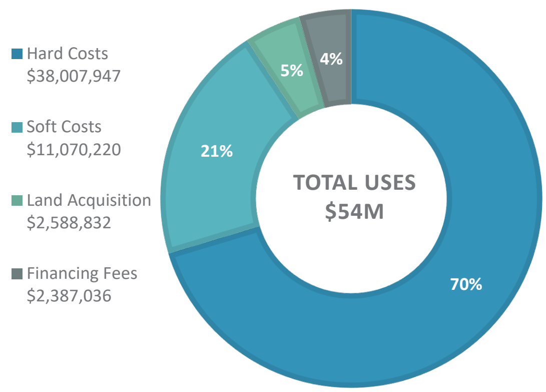
UNIVERSITY OF MARYLAND
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT



RENEGADE DEVELOPMENTS

Sources & Uses





Cash Flow Summary

	Year 1	Year 5	Year 10	Year 15
Net Rental Income	$2,939,010	$3,262,766	$3,722,191	$4,251,247
Retail Income	$225,000	$450,000	$450,000	$470,453
Total Income	$3,164,010	$2,812,766	$4,172,191	$4,721,700
Operating Expenses	$(1,002,340)	$(1,090,334)	$(1,202,033)	$(1,326,832)
Net Operating Income	**$2,161,671**	**$2,622,432**	**$2,970,158**	**$3,394,868**
Debt Service	$(1,909,336)	$(1,903,761)	$(1,895,735)	$(1,886,349)
DSCR	1.20	1.45	1.64	1.88
Cash Flow for Distribution	**$252,335**	**$718,672**	**$1,074,423**	**$1,508,519**

Operating Assumptions	
Income / Expense Escalation	2%
Residential Vacancy	5%
OPEX per Unit	$7,013

Mortgage Assumptions	
DSCR	1.15
40 Year Bond Rate	3.14%
MIP (Paid on Declining Balance)	0.25%

Exit Strategy & Returns

YEAR 15 SALE PROCEEDS	
Year 15 NOI	$3,394,868
Cap Rate	6%
4% Selling Costs	$(2,468,995)
Remaining Loan Balance	$(31,289,564)
Before Tax Sales Proceeds	**$27,966,310**

Sensitivity Contingency

NOI:	$300k
Cost:	$3M
Sale Price:	$8M
Cap Rate:	1%

METRIC	RETURN
Year 15 Cash-on-Cash Return	**17.20%**
IRR	**13.38%**
Equity Multiple	**4.75**
Return on Cost	**6.28%**
Development Fee	**$2,965,352**

Proposal 4: **Pleasant Square**

Executive Summary

COLVIN CAPSTONE COMPETITION

JUDGES SUMMARY

Spring 2021

Yuan Hu

I. Introduction

1. Project Scope
   - Name: Pleasant Square
   - Developer: SEED Estate
   - Location: 5908 Seat Pleasant Dr, Seat Pleasant, MD 20743
   - Land area: 2.7 Acre (117,046 SF)
   - GBA: 80,000 SF, GLA: 78,500 SF, FAR: 0.68
   - Height: 42 feet, 3 stories
   - Parking: 259 spaces
2. Uses proposed

Uses Proposed	Size (sf)	Space #	Total (sf)	Share %
Shopping				
Grocery (1F)	15,000	1	**15,000**	19%
Main Street Retailers (1F)	2,000	4	**8,000**	10%
Entertainment & Sport				
Cinema (2F)	12,000	1	**12,000**	15%
Bowling alley (2F)	4,000	1	**4,000**	5%
Fitness Center (2, 3F)	8,000	1	**8,000**	10%
Food & Beverage				
Full Service Restaurants (2F)	6,000	1	**6,000**	8%
Restaurants (1F)	2,500	3	**7,500**	10%
Beverage (1F)	2,000	1	**2,000**	3%
Service				
Neighborhood Sevrvices (2F)	1,500	4	**6,000**	8%
Health care (2F)	2,000	1	**2,000**	3%
Flex Office - Incubators (3F)	2,000	4	**8,000**	10%

II. Market and Demographic Context

1. Market area: 10 minutes' drive from the site
2. Market demand
   - Retail: 78,914 SF net demand
     - 44,594 SF of "food & beverage"

- 26,464 SF of "neighborhood goods & services"
- 7,856 SF of "GAFO"

3. Current average rent: $21.5/SF, expect to recover from 2022
4. Current average vacancy rate: 4.3%, expect to recover from 2022
5. Major economic demand driver: household income growth (1.9% annual growth)
6. Threats to demand: Slow recovery of the epidemic or the second wave of outbreaks
7. Comparables

Property Name	Addison Plaza	Building 600	6401 America Blvd	6621 Baltimore Ave
Size (SF)	93,554	41,372	139,990	55,817
Location Comparable	Comparable	Inferior	Inferior	Inferior
Quality Comparable	Superior	Comparable	Comparable	Comparable
Tenancy Comparable	Superior	Comparable	Comparable	Inferior
Built Year	1986	2020	2016	2017
Vacany Rate	3.8%	39.5%	0.0%	2.2%
Rent ($/SF)	22.0	42.5	36.0	36.0

III. Key Project Opportunities

1. Lack of real competition (98% of total retail inventory were built before 2000)
2. Lack of open spaces which the community strongly desired
3. Incentive projects
   - Sustainable Community: cover part of soft costs
   - Opportunity Zone Tax Deferrals: maximum the available equity
   - New Markets Tax Credits (NMTC): lower rate loan or huge federal income tax credit

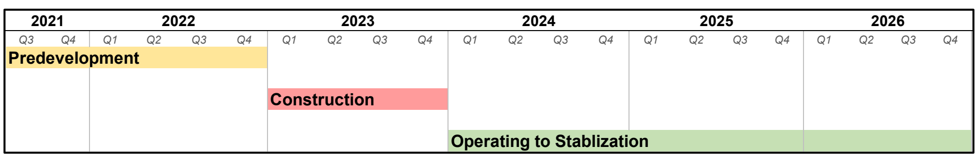
IV. Key Project Risks

1. Higher financing costs due to the increase of interest rate after pandemic
2. Increase of construction costs
3. Renovation of current projects located in a better site (e.g., next to metro station)
4. Complex land assemblage with multiple owners (5 different owners)
5. Targeted tenants are not attracted though free rent and high TI allowance provided

V. Financial Information

1. Project Budget & Schedule

Budget Summary				
Uses			Share	$/SF
Land Costs	$	3,915,000	10%	50
Predevelopment Costs	$	1,260,000	3%	16
Construction Costs	$	28,568,925	75%	364
Financing Costs	$	1,648,775	4%	21
Leasing Costs	$	2,201,100	6%	28
Working Capital Reserve	$	406,200	1%	5
Total Uses	**$**	**38,000,000**	100%	475
Sources				
Equity	$	9,500,000	25%	119
Sponsor	$	950,000	3%	12
Outside Investors	$	8,550,000	23%	107
Permanent Loan	$	28,500,000	75%	356
Total Sources	**$**	**38,000,000**	100%	475



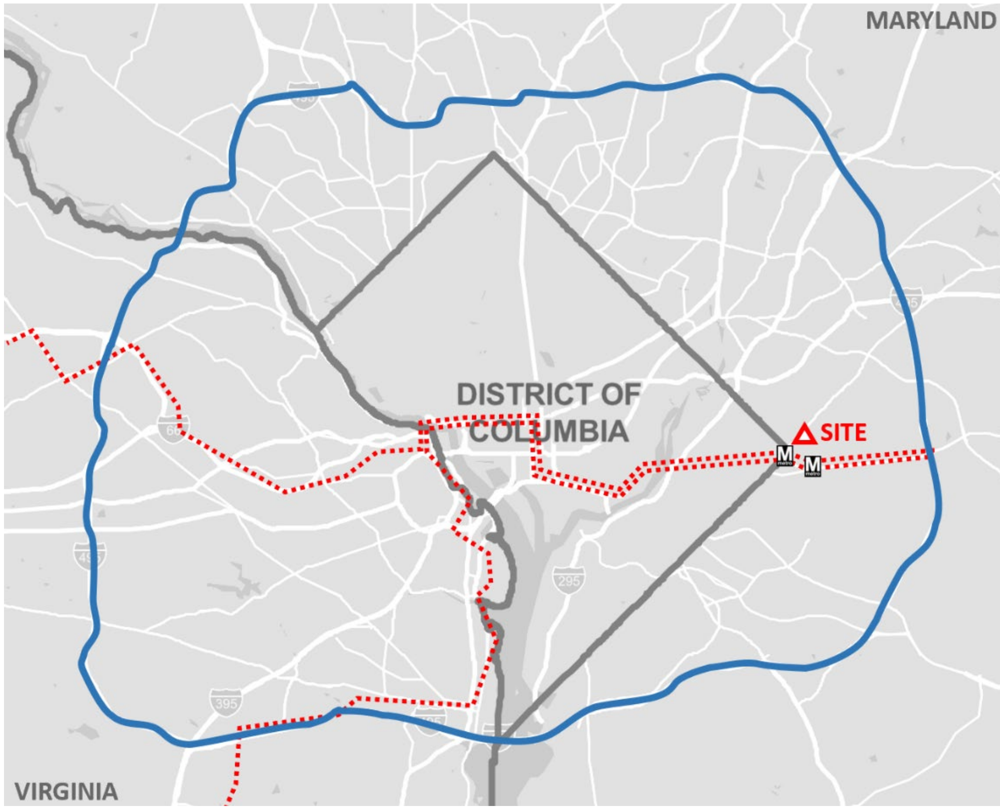
2. Sources of Capital Stack
   - Debt
     - $26,250,000 Construction loan (Land as collateral)
       - Lenders: Banks, private lenders
     - $28,500,000 Permanent loan (Building and leases as collateral)
       - Lenders: Banks, CMBS, life insurance, pension funds
   - Equity
     - $950,000 from sponsor (10%)
     - $9,500,000 from institutional investors or private equity (90%)
3. Key Pro Forma Assumptions
   - Capital
     - Debt
       - Construction Loan
         - 75% LTC, 7% interest rate (Interest Only)
         - 12 months term with no amortization
       - Permanent Loan
         - 75% LTV, 4% Interest rate
         - 3 Years term with 30 years amortization
     - Equity
       - 8% preferred return for investors

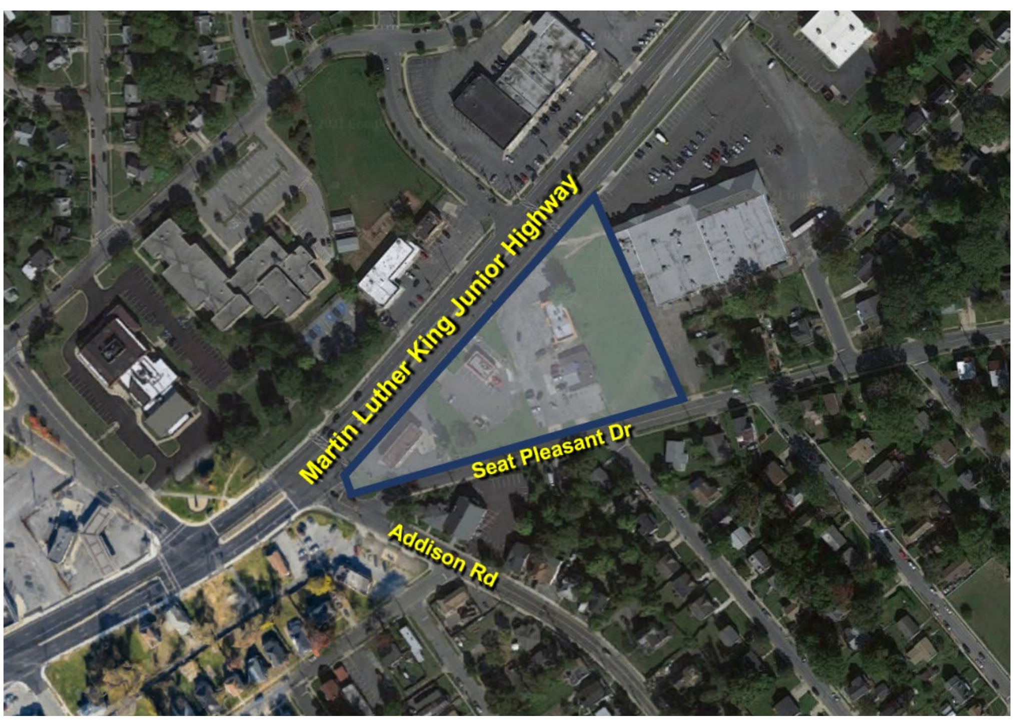
        - 30%-70% cash flow distribution between sponsor and equity investors
    - Exit
        - Exit cap rate: 5.5%
        - Selling expenses: 6% of sale price
    - Operation
        - Rent: $30/SF, growth at 3%
        - General Vacancy & Credit Loss: 3% of PGR
        - Operating expenses: $6.35/SF (utilities, CAM, insurance), growth at 3%
        - Real estate taxes: 1.46% of project value with 2% growth rate
        - Management fee: 4% of EGR
    - Lease
        - Absorption & Turnover: 33% of new leases (except long-term leases)
        - Lease term: 3, 6, 12 years
        - Renew Probability: 75%
        - TI improvement: $15/SF for new leases, $5/SF for renew leases
        - Leasing Commission: 6% of gross lease rent, 3% for renew leases
4. Operating performance
    - Lease-up at year 2 (2025) and stabilized at year 3 (2026)
    - Stabilized NOI: $2,538,759; OER: 29.5%; DSCR: 1.54x; cash on cash return: 9.2%
5. Financial Returns
    - Investment period: 5 years
    - Leveraged: IRR 21.5%,
    - Unleveraged: IRR 11.2%
    - Return on Cost (Yield on cost): 6.7%
    - Cash on Cash return
        - 9.2% at Year 3
        - 82.4% from sale
    - Equity multiple: 1.98x
    - 3% of building costs developer fee to cover the basic cost
6. Sensitivity Analysis

Levered IRR Sensitivity Analysis											
Holding Period		1	2	3	4	5	6	7	8	9	10
Exit Cap Rate	4.50%	71.5%	50.5%	37.0%	30.1%	26.2%	21.8%	21.3%	20.0%	19.0%	18.1%
	4.75%	59.2%	42.0%	32.7%	28.1%	25.5%	16.5%	21.1%	20.3%	19.3%	18.5%
	5.00%	47.2%	35.9%	28.9%	25.4%	23.5%	14.8%	19.8%	19.3%	18.4%	17.8%
	5.25%	35.6%	30.0%	25.1%	22.8%	21.6%	13.1%	18.6%	18.3%	17.6%	17.1%
	5.50%	24.4%	24.3%	**21.5%**	20.2%	19.7%	11.4%	17.4%	17.3%	16.8%	16.4%
	5.75%	13.5%	18.6%	17.8%	17.7%	17.8%	9.6%	16.2%	16.4%	16.0%	15.8%
	6.00%	2.8%	12.9%	14.2%	15.2%	16.0%	7.9%	15.0%	15.4%	15.2%	15.1%
	6.25%	-7.9%	7.2%	10.6%	12.7%	14.2%	6.2%	13.9%	14.5%	14.5%	14.5%
	6.50%	-18.4%	1.5%	7.0%	10.2%	12.3%	4.4%	12.7%	13.6%	13.7%	13.9%

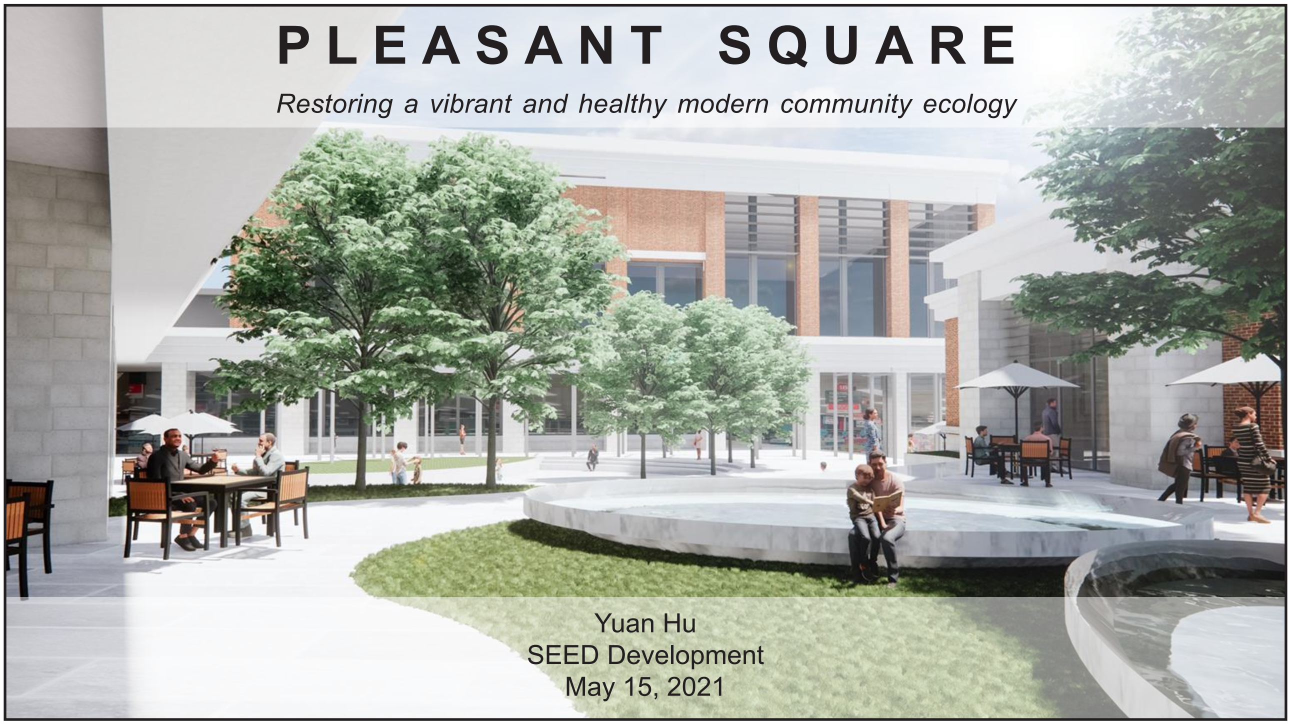
    - Exit at end of year 3 (2026, base case)
    - Exit at end of year 5 (if got fund from NMTC program)
    - Exit at end of year 5 (if exit cap rate higher than 6.25%)

VI. Appendix


MARYLAND
DISTRICT OF COLUMBIA
SITE
VIRGINIA


Martin Luther King Junior Highway
Seat Pleasant Dr
Addison Rd

Presentation Slides



Agenda

- Project Summary
- Site Analysis
- Market Analysis
- Proposal
- Entitlement
- Construction
- Financial Analysis

PLEASANT SQUARE

SEED Development

Project Summary

An experience-oriented urban walkable commercial complex in Seat Pleasant, MD

University of Maryland Colvin Institute of Real Estate Development

- **Commercial Complex**
  GLA 78,500 SF
  - *Shopping*
  - *Entertainment & Sports*
  - *Food & beverage*
  - *Services*

  259 parking spaces
- **Public Open Space**
  45,000 SF
- **Total Project Cost**
  $38,000,000

PLEASANT SQUARE

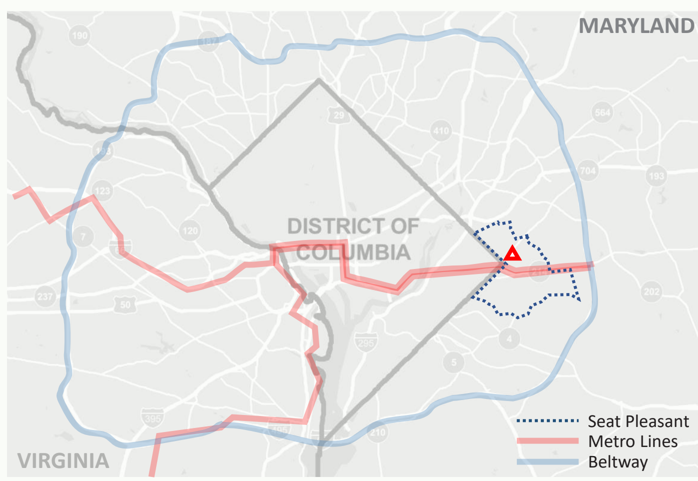
SEED Development

Site Analysis

Site Position

University of Maryland Colvin Institute of Real Estate Development

- **Transportation**
  - *Blue & Silver Metro*
  - *3.8 miles to Beltway*
- **Population**
  Washington Metropolitan Area
  6,196,585 (growth rate)
  Prince George`s County
  908,670
  District 18, Seat Pleasant
  33,197
- **Region Economic Driver**
  - *Professional services (S&T)*
  - *Health care*
  - *Retail trade*
  - *Accommodation and food services*



PLEASANT SQUARE

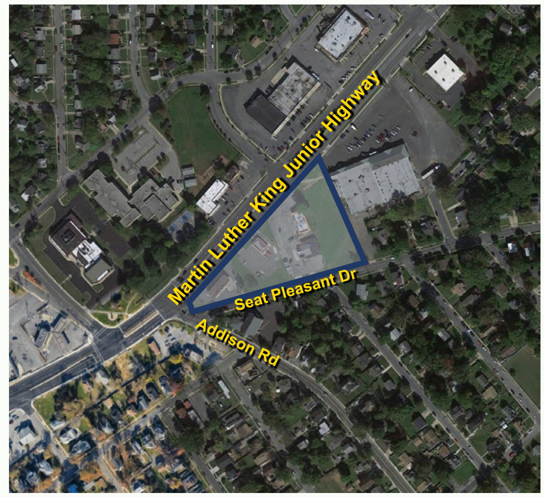
SEED Development

Site Analysis
Site Condition

University of Maryland
Colvin Institute of Real Estate Development

- **Accessibility**
  Metro stations
  - *Capitol Heights 0.6 mile*
  - *Addison Road 0.8 mile*

  Bus stations on site
  3.8 miles to beltway
- **Suburban Bedroom Community**
- **Lack of Open Space**
- **Site**
  - *2.7 acre (117,612 sf)*
  - *5 properties*
  - *26-foot height difference*



PLEASANT SQUARE

SEED Development

Market Analysis
Demographics

University of Maryland
Colvin Institute of Real Estate Development

Population
81,731
0.6% annual growth
2020-2025

Employment
12,712
1.1% annual growth
2020-2025

Household Income
$64,497
2.2% annual growth
2010-2019

Source: Census Bureau, MWCOG

PLEASANT SQUARE

SEED Development

Market Analysis

Retail

University of Maryland
Colvin Institute of Real Estate Development

- **Located along the main road and metro stations**
  - *292 properties, 1.5 million sf inventory*
  - *8,602 sf under construction*

- **No high-quality property**

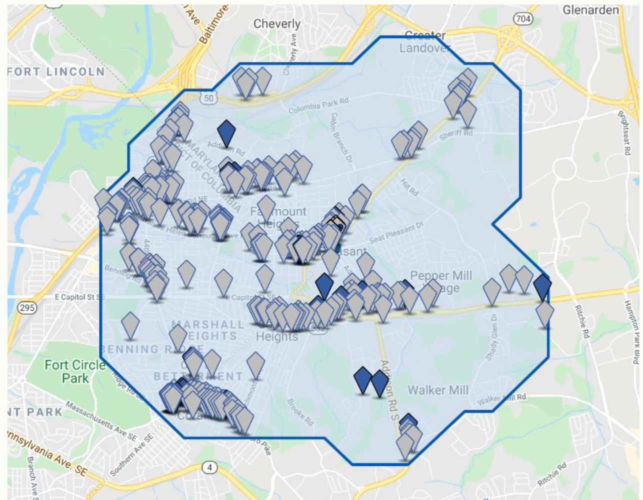
  Class B & C
  - *98% built before 2000*
  - *83% size below 50,000sf*

- **Healthy vacancy rate**

  4.3% *March 2021*
  - *3.3% before Covid-19*

- **High Demand**

  78,914 sf *net demand*
  - *57% food & beverages*
  - *34% neighborhood services*



Source: CoStar

PLEASANT SQUARE

SEED Development

Market Analysis

Entertainment

University of Maryland
Colvin Institute of Real Estate Development

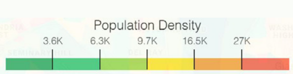
Lack of entertainment and sports

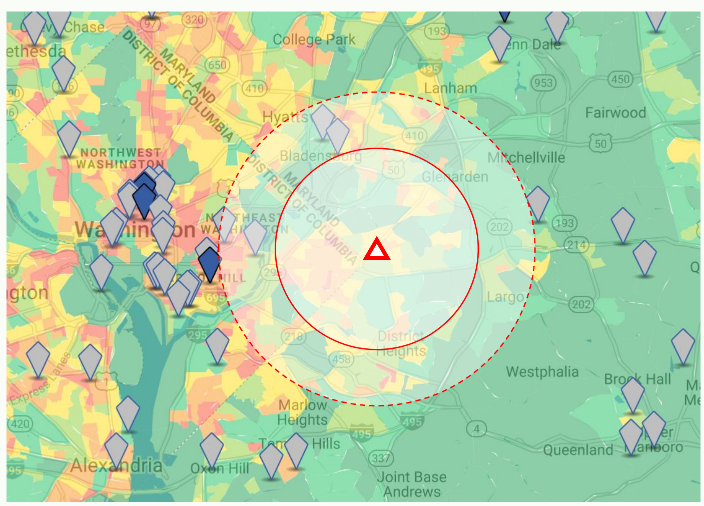
- **Within 3 miles**
  - No property

- **Within 5 miles**

  In Maryland
  - *Old small theater*
  - *Karting race*

  In DC
  - *Art center*





Source: CoStar

PLEASANT SQUARE

SEED Development

Market Analysis

Comparable Projects

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Size (SF)	93,554	41,372	139,990	55,817
Location Comparable	Comparable	Inferior	Inferior	Inferior
Quality Comparable	Superior	Comparable	Comparable	Comparable
Tenancy Comparable	Superior	Comparable	Comparable	Inferior
Built Year	1986	2020	2016	2017
Vacany Rate	3.8%	39.5%	0.0%	2.2%
Rent ($/SF)	22.0	42.5	36.0	36.0


Source: CoStar

Source: CoStar

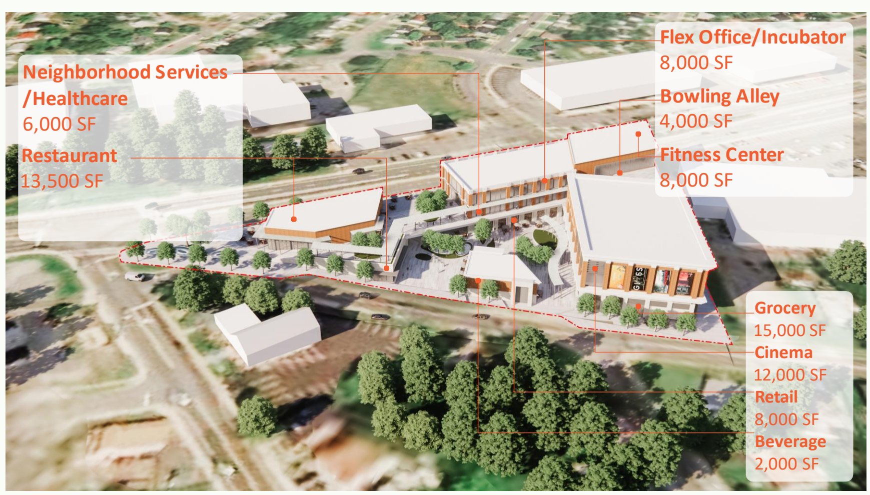
PLEASANT SQUARE

SEED Development

Proposal

Space Mix

- **Shopping** ***29%***
  - *Grocery 1F*
  - *Main Street Retailers 1F*
- **Entertainment & Sports** ***31%***
  - *Cinema 2F*
  - *Fitness Center 2F, 3F*
  - *Bowling Alley 2F*
- **Food & Beverage** ***20%***
  - *Food hall 1F*
  - *Full-service restaurant 1F*
  - *Beverage 1F*
- **Services** ***20%***
  - *Neighbor services 2F*
  - *Healthcare 2F*
  - *Incubators 3F*
- **Parking**
  - *259 spaces*
  - *EV charging space reserved*



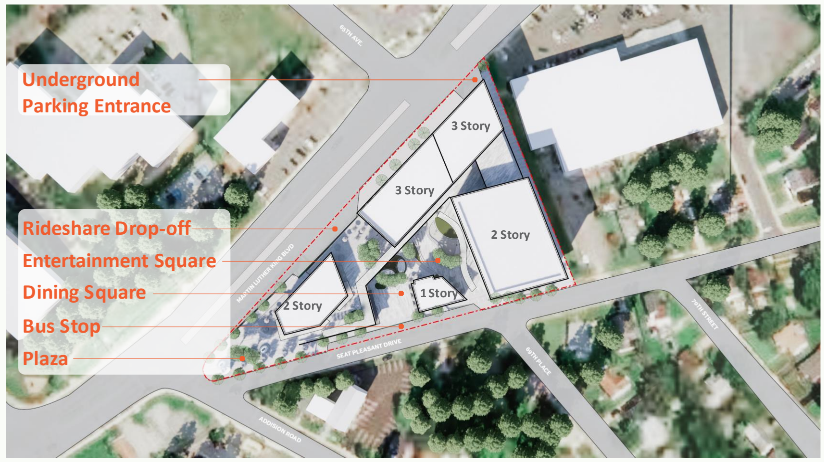
PLEASANT SQUARE

SEED Development

Proposal

Site Plan

- **Design**
  - *Keep topography*
  - *Compensate current uses*
  - Low density *0.68 FAR*
- **Environment**
  - *Low carbon travel*
  - *Careful demolition*
  - *LEED GOLD*
- **Social**
  - *Open spaces 45000 sf*
  - *Attractive environment*
- **Economic benefits**
  - *Jobs*
  - *Tax revenue*



PLEASANT SQUARE

SEED Development

Entitlement

Zoning, Planning and Community Desire

- **Zoning**
  - *M-U-I*
  - *No rezoning needed*
- **Parking**
  - *Space per 250 sf*
  - *5% reduction for on site bus stop*
  - *40 spaces reduction for multi-use*
  - *Looking for additional reduction*
- **Seat Pleasant Master Plan**
  - *Mixed use walkable destination*
  - *Priority improvement in key intersection*
- **Time** *17 months*
  - *Additional parking reduction*
  - *Incentive program application*

Project Schedule

Activity	*Duration*	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Planning and Entitlement	**17 Months**						
Approval of a Subdivision Plan	3 Months						
Conceptual & Detailed Site Plan Review	6 Months						
Planning Commision Review	6 Months						
Permit Review	3 Months						

Source: PG County Code

PLEASANT SQUARE

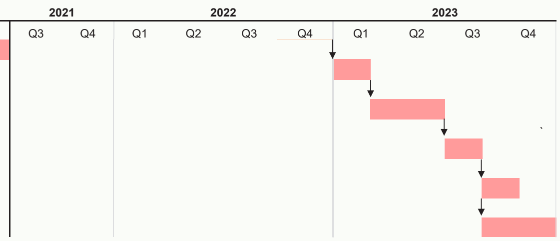
SEED Development

Construction
Budget and Schedule

University of Maryland Colvin Institute of Real Estate Development

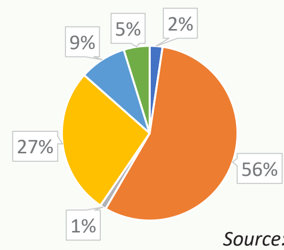
Project Schedule

Activity	*Duration*
Construction	**12 Months**
Demolition, Excavation and Footing	2 Months
Building Structure	4 Months
Building Skin and Roofing	2 Months
Mechanical and Electrical	2 Months
Finishes, Site Improvement and Inspection	4 Months



- **Material and structure**
  Face Brick on Steel Studs / R/Conc. Frame
- **Hard costs**
  $24,735,000, $314/sf
- **Total construction costs**
  $28,568,925, $364/sf

Construction Costs



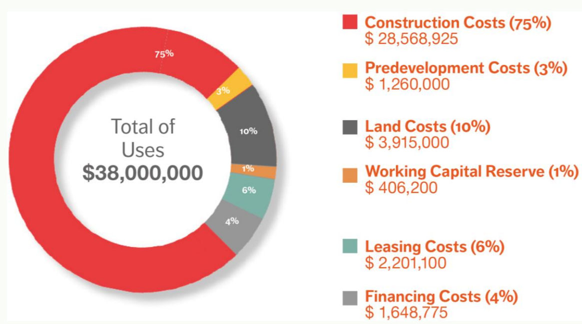
Source: RSMeans

PLEASANT SQUARE

SEED Development

Financial Analysis
Capital Stack

University of Maryland Colvin Institute of Real Estate Development



- **Loan**
  - *Construction to permanent loan*
  - *75% LTC, 3-year term with 30 years amortization*
  - *Lenders:*
- **Equity**

- **Development Costs**
  $475/sf
  Construction Costs
  - *$364*
  Land Costs
  - *$50*

PLEASANT SQUARE

SEED Development

Financial Analysis

Key Assumptions

- **Income**
  - *Rent $30/sf, 3% growth*
  - *Parking income $90/space/month*
  - *General vacancy 3% of PGI*
- **Expenses**
  - *Operating expenses $6.35/sf, 3% growth*
  - *Property taxes 1.46%, 2% growth*
  - *Management fee 4% of EGI*
- **Financing**

  Loan rate
  - *7%, interest only during construction*
  - *4%, 3-year term with 30 years amortization*

  Equity distribution
  - *8% Preferred return 8%*
  - *30%-70% cash flow split*
- **Leasing**
  - *33% turnover vacancy*
  - *NNN lease structure*
  - *6% leasing commission*
  - *$15/sf TI allowance*
  - *1, 2 ,3-month free rent for 3, 6, 12-year leases*
  - *Renew possibility 75%*
- **Capital expenditure**
  - *$0.25/sf capital reserve*
- **Exit**
  - *Exit year end of 2026 (3rd year of operation, 5th year of investment)*
  - *5.5% cap rate (based on Comps)*

PLEASANT SQUARE

SEED Development

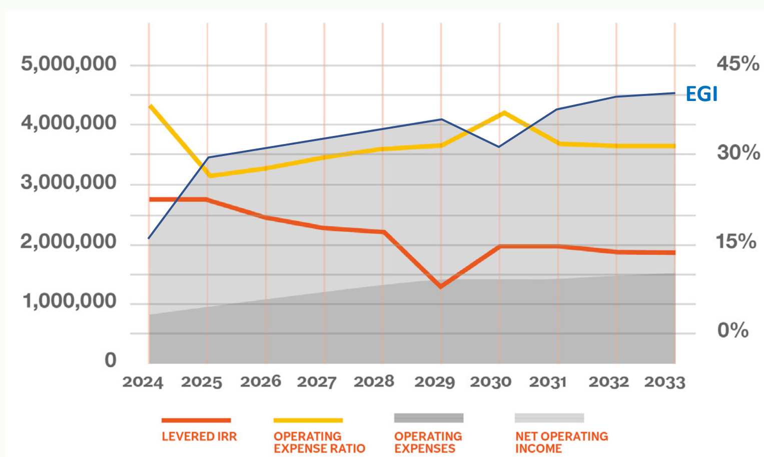
Financial Analysis

Pro Forma

- **Effective gross income**

  Growing, except:
  - *2024, vacancy and free rent*
  - *2030, 25% not renew*
- **Operating expenses**

  Growing, especially:
  - *2024 – 2029*
  - *5-year declining tax credit (Revitalization tax credit)*
- **Stabilized in 2026**
  - *NOI $2,538,759*
  - *DSCR 1.54x*
  - *Yield on cost 6.7%*
  - *Cash on Cash 9.2%*



PLEASANT SQUARE

SEED Development

Financial Analysis

Investment Return

University of Maryland
Colvin Institute of Real Estate Development

- **Return from Sale**

Exit at end of 2026 with a 5.5% Cap Rate		
Sale Price	**$**	**47,068,675**
Increased Value	$	9,068,675
Net Profit on Sale	**$**	**7,830,820**
Cash on Cash Return		82.4%
Return on investment (ROI)		20.6%

- **Deal level return**

Unlevered IRR		11.2%
Unlevered NPV	$	2,163,129
Levered IRR		**21.5%**
Levered NPV	$	1,900,828
Equity Multiple		**1.98**

- **Equity Investors` Return**

Annual rate of return	16.5%
IRR	**18.7%**
NPV	$ 11,119,860
Equity Multiple	1.82

PLEASANT SQUARE

SEED Development

Financial Analysis

Sensitivity Analysis

University of Maryland
Colvin Institute of Real Estate Development

Levered IRR Sensitivity Analysis											
Holding Period		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Exit Cap Rate	4.50%	71.5%	50.5%	37.0%	30.1%	26.2%	21.8%	21.3%	20.0%	19.0%	18.1%
	4.75%	59.2%	42.0%	32.7%	28.1%	25.5%	16.5%	21.1%	20.3%	19.3%	18.5%
	5.00%	47.2%	35.9%	28.9%	25.4%	23.5%	14.8%	19.8%	19.3%	18.4%	17.8%
	5.25%	35.6%	30.0%	25.1%	22.8%	21.6%	13.1%	18.6%	18.3%	17.6%	17.1%
	5.50%	24.4%	24.3%	**21.5%**	20.2%	19.7%	11.4%	17.4%	17.3%	16.8%	16.4%
	5.75%	13.5%	18.6%	17.8%	17.7%	17.8%	9.6%	16.2%	16.4%	16.0%	15.8%
	6.00%	2.8%	12.9%	14.2%	15.2%	16.0%	7.9%	15.0%	15.4%	15.2%	15.1%
	6.25%	-7.9%	7.2%	10.6%	12.7%	14.2%	6.2%	13.9%	14.5%	14.5%	14.5%
	6.50%	-18.4%	1.5%	7.0%	10.2%	12.3%	4.4%	12.7%	13.6%	13.7%	13.9%

- **Exit plan**

  Sold or refinanced at 2026 (year 5)
  - *Easy to find buyer*
  - *Maximize tax deferral from opportunity zone*
  - *Avoid high interest context*

- Other exit plans
  - *Exit at year 7 (if got fund from NMTC program)*
  - *Exit at year 7 (if exit cap rate higher than 6.25%)*

- **Base-case** scenario @5.5% cap rate
  - ***IRR** 21.5%, 18.7%*
  - ***EMx** 1.98x*
- **Worst-case** scenario @ 6.0% cap rate
  - ***IRR** 14.2%, 13.4%*
  - ***EMx** 1.59x*
- **Best-case** scenario @ 5.0% cap rate
  - ***IRR** 28.9% 24.3%*
  - ***EMx** 2.45x*

PLEASANT SQUARE

SEED Development

Financial Analysis

Incentive Projects

- **Opportunity zone**
  - *Increase available equity from capital gain*

  Inside:
    - *$9,500,000, IRR 18.7%*

  Outside:
    - *$7,600,000, IRR 12.2%*

- **New markets tax credits**
  - *39% of total investment*
    - *4% year 1-3*
    - *6% year 4-7*
  - *IRR: 18.7% → 26.1%*

	Incentive Project
Funding	
Sustainable Community	**I. Funding for part Soft Cost.** for marketing studies, architec
Tax Incentive	
Federal Level	
Opportunity Zone Tax Deferrals or Abatements	**I. Capital Gain Tax defer**. defe 2026. **II. Deferred Gain reduction**. If than 5 years, there is a 10% ex
New Markets Tax Credits (NMTC)	**I. Federal Tax Credit**. The cred investment amount and is clai first three years and 6 percent
County Level	
Revitalization Tax Credits	**I. Tax Credit.** For Non-resident County property tax imposed year, then ruduce 20% each ye
Local Level	
Real Estate Tax Credits for New Construction	**I. Local Property Tax**. 10 year his or her real property taxes construction or improvement

PLEASANT SQUARE

SEED Development

Proposal 5: **Wye Point**

Executive Summary

Wye Point Executive Summary- Site No. 2

I | Introduction

Martin Luther King Boulevard is a vital transportation and potential commercial corridor linking the adjacent Maryland neighborhoods with the District of Columbia's (DC) to the south and the burgeoning Largo, Maryland to the east. Wye Point is being developed by Thrive Community Partners, LLC(Thrive) for the purpose of "cultivating" a wellbeing community and nurturing an inquisitive interest in Seat Pleasant, Maryland. Wye Point name is inspired by the community's rich streetcar/railroad heritage as the first station in Maryland from DC. The railroad term, WYE, defines the junction of three rail lines. Wye Point is aptly named for its location at the intersection of three roadways: Martin Luther King Boulevard (MLK), Addison Road and Seat Pleasant Drive; converging to a POINT. The site's location is walkable to the Maryland border with DC, strengthening the tie between DC and Prince George's County. Thrive's strategy begins with growing the housing inventory as a means of supporting a vibrant commercial district. Seat Pleasant enjoys a shared community spirit coupled with a formidable yearning for change. Thrive is steadfast in nurturing their vision.

Area development wraps the Nation's Capital on the West, North and South, a clear example of thriving communities; making the East side an area to watch. Seat Pleasant is the next up and coming area to flourish. Cultivation involves mindful tending for reaping a strong harvest and reward. Wye Point's cultivating vision creates a livable and healthy-urban environment inspiring an inclusive place to live, work, learn, play, and visit for all ages. Thrive's groundwork has gathered expectations of the community and municipalities with commitments for working together in solidifying economic development funds. Wye Point provides the highest and best use for mixed-use development on six parcels of land totaling 2.69 acres gleaning housing options (market, workforce and affordable), retail/restaurant, placemaking, telework area, and a wellness building. The project will coordinate WELL Building, LEED, & Enterprise Green certifications as Wye Point becomes a Wellbeing Community.

USES	SQUARE FEET	DETAILS
Outdoor Placemaking	19,000	17,000 SF Platform 2,000 SF The Point
For Sale Housing – The Box Car	43,000 (35 Units)	21 Market-Rate 14 Workforce
For Rent Housing – The Conductor A & B & Hub (Telework Suite and Fitness Center)	138,000 (165 Units)	75 Affordable 36 Workforce 54 Market – Rate 6,000 SF Hub
Commercial – Restaurant/Retail/Office	46,000	14,500 SF (The Boxcar) 32,500 SF (Greenhouse)
Private Greenspace for Residents	18,000	The Yard
Parking Garage	150,000	368 Parking Spaces, Secure Bike Storage and 80 Storage Units
TOTAL SQUARE FEET	414,000	

II | Market and Demographic Context

The site is conveniently located to a) public transportation at Metro's Blue/Silver and Orange lines, b) onsite public bus stops , and c) inside the Washington Beltway 495/95, as well as proximity to the Baltimore/Washington Parkway 295. Wye Point has over 600' frontage along MLK Boulevard (RT 704) enhancing street visibility. Prince George's County hugs the eastern boundary of Washington DC and is served by three international airports and the Port of Baltimore. The county has one of the largest technologies and aerospace sectors in the state with growth stemming from nearby UM Capital Region Medical Center, Towne Square at Suitland Federal Center and Hampton Park in Capitol Heights, Maryland and University of Maryland Flagship Campus in College Park, MD. The DC Region faces serious housing challenges which erodes wellbeing, but solutions are offset by a high AMI for Prince George's County being adjacent to DC. The Fannie Mae AMI amount is $124,900.

The area suffers from constrained housing supply which can eventually lead to increase rents and housing costs. Unfortunately, displacement can be a result of these factors in some communities that have historically been home to low and low-to-moderate incomes. Seat Pleasant is one of those areas. Wye Point is making preparations to advance aging in place and accommodate affordable and workforce housing to diminish displacement.

Market and Demographic Information

- U.S. Census 2020 – DC Population Growth is 14.6% and PG County is 5.2%, Seat Pleasant Growth is .15% since 2010. DC Office of Planning forecasts DC will grow to 900,000 individuals by 2035, compared to 690,000 today.
- Seat Pleasant and surrounding towns population is 30,500 with 2000 Household (HH), while the county has 316,000 HH and 287,000 HH in DC.
- 147,700 new jobs have been added since May 2020 for the metropolitan area equaling a 4.9% growth. Multi-family and Retail market reports indicate 87,500 job creation, post vaccinations and wider reopenings in 2021.
- Metro Class A Multi-Family Net Absorption is 9,500/Year= 28,500 over three years. Planned delivery by 3/2021 is 4,889 Units. Currently under construction is 34,606. The projected stabilized vacancy by March 2021 is 4.9% for Suburban Maryland and 5.3% for DC. Current PG County Median Gross Rent Vacancy Rate is 4.7%.
- Active For-Sale Inventory is down 64% versus a year ago which stems from sustained, historically low mortgage interest rates. Due to the pandemic, the For-Rent Rate has not increased, actually declined by .04%. For Sale Median Value shows an 11% increase with a 13% increase since February 2021.
- Nearby development at approx. 5 miles away, eastwardly along Central Avenue will be home to a new UM Medical Center, Carillon and Hampton Park mixed-up offering 300K Retail, 550K Office and 3K residents. Park Place at Addison Metro brings 193 Apartment Units and 12K Retail. These developments are the best location comparable. Also note, DC has a lower quantity of affordable housing than PG County expanding trade area.
- Interpretation of transportation access and safety of the area may delay user demand, but PG transportation is working closely with Thrive for expanding Microtransit(PGC Link) which will provide an east-west connection.
- Fannie Mae's AMI for the area is $125,000. allowing higher rent per square footage. Thrive is working with the county on displacement programs to keep existing households and those who want to age in place viable.

III Key Project Opportunities

Public spaces are not that different than popular "destination" places which evoke a positive emotion. Cities are finding how destination experiences are valuable. The personal attraction provides a community identity, attracts new residents, business, visitors, and investments. Wye Point is a destination catalyst for cultivating economic development by increasing jobs and tax base. As the area grows, retail for daily needs, such as a grocery store will prevail. Wye Point is posed to become a destination place for regular and spontaneous activities, entertainment, fresh food, building dreams, and healthy living.

Wye Point Executive Summary- Site No. 2

Wye Point Key Opportunities

- The County enacted Home Rule, a landmark legislation establishing a $50 million Economic Development Incentive Fund providing loans, guarantees and conditional loans for projects. The County's Redevelopment Authority is also structured to assist with a variety of grants and assistance. In April 2021, the State of Maryland legislative session approved the new PG County Zoning guidelines and streamlined development procedures.
- Thrive is on PG Park and Planning team to coordinate Wye Point's Greenhouse programs in conjunction with the Kevin Durant Community Center directly across MLK Boulevard. The Seat Pleasant City Council will Wye utilize the outdoor Platform for weekly Farmer's Markets, Alternative Cooking at the exhibition center, arrange regular mobile medical clinic visits, evening movies and hold events on the rooftop overlooking DC.
- Walkable, mixed-use venue aligned with Seat Pleasant demographics, Millennials, Baby Boomers and Gen Z.
- Increase tax revenue, receive DPW&T infrastructure Placemaking Grant for placemaking and stormwater management, expand Smart City exposure, recognized as MD Gateway and a transit-oriented community.

IV | Key Project Challenges/Risks

A Ralph Waldo Emerson quote exemplifies how to address challenges; *"Do not go where the path may lead. Go instead where there is no path and leave a trail".* Seat Pleasant can be seen as a promising field yet to be sowed or rocky ground without a future. The challenge lies in finding the balance, the compromise, the right engagement to discuss stakeholder benefits. With thoughtful planning, the risks can be eased to avoid a) schedule delays, b) dawning development interest and c) land cost increases. While MLK Boulevard is home to a variety of community resources and assets, it suffers from limited private investment, a concentration of undesirable commercial uses and no clear focal point of activity. Consequently, there are few opportunities for residents of the surrounding neighborhood to shop, dine, be entertained or new housing stock or options.

The most difficult milestones are a) assembling land with five owners of six parcels; b) avoid displacement and aging in place actions and worries, c) connect stakeholders with housing resources (education, jobs, and job training), and d) county request to expand transit-oriented map to include more areas in Seat Pleasant which widens access to low-interest rate public funding and grants. These measures will allow individuals and families to stabilize and build up their resources towards wellbeing.

V | Financial Information

Wye Point accession is made possible due to Thrive's commanding pursuit in assembling public economic development funds and grants. Thrive is passionate about nurturing Seat Pleasant's wellbeing spirit, showcasing Wye Point as a private – public development model. Their loyalty is evident in upfront equity and reinvestment of for-sale condominium proceeds occurring in the first phase of construction. Because Wye Point is a cultivating change, the property is being held by Thrive to remain active in the community while benefiting from stable monthly income.

Wye Point Executive Summary- Site No. 2

Project Budget / GSF $77,600,876	
Construction Hard Cost (Buildings)	$236
Construction Hard Cost (Buildings and Exterior Spaces)	$190
Total Development Cost	$343
Commercial	$242
Market Housing For- Rent	$219
Affordable Housing For-Rent	$218
Market Housing For-Sale	$290
Development Cost/Rental DU	$108,710
Development Cost/For Sale DU	$265,851
Developer	
Overall Developer Equity (11%) & For Sale Proceed 75% Reinvest (1%)	12%
Pro-Rate Developer Fee + For-Sale Revenue (25%)	$5,800,000

Construction Schedule	
Pre-Development	9 – 12 M
A/E Design, Sustainability Consultant (WELL, LEED, Enterprise Green) & Construction Documents	20 M
Expedited Permitting	9 M
Financing	9 M
Construction - Site Work (Remediati0n and Stormwater Infrastructure)	12-15 M
Construction – Phase 1 : Garage, Greenhouse, The Boxcar & Stadium Seating/Platform & Pivot Park	36-40 M
Construction – Phase 2: Conductor A & B, HUB, and The Yard	24 M

NOI Assumptions	
Stabilization in 2030	$3,566,9093
Greenhouse (+Rentals) in 2026	$347,711
The Boxcar (Retail) in 2027	12%
The Box Car (Restaurant) in 2027	$422,804
Conductor A in 2028	$975,213
Conductor B in 2030	$1,371,424

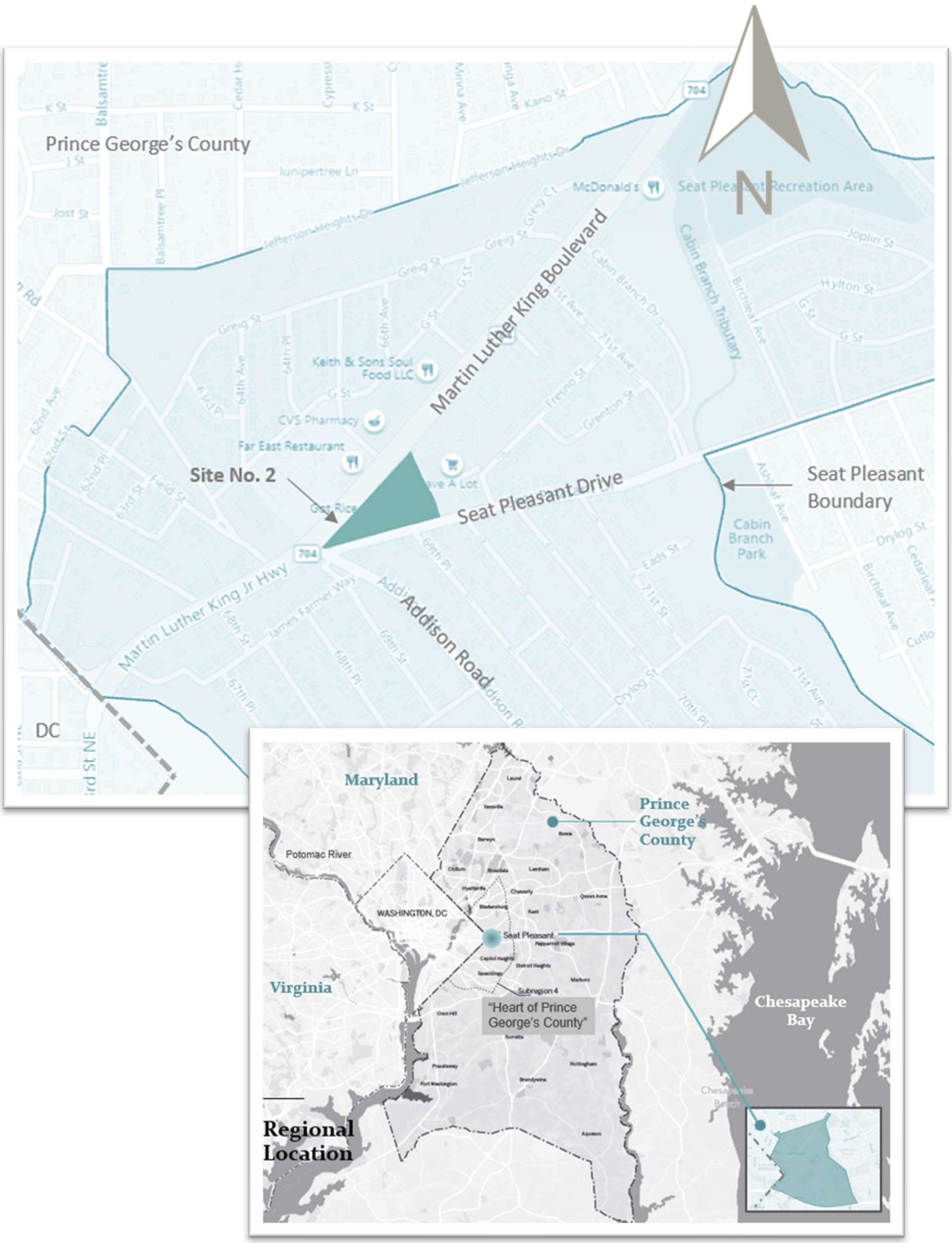
Sensitivity Analysis	
OPEX per Unit ($5,100) & /GSF	$4.40
Cap Rate @ Year 10 (2032)	
Office	5.80%
Retail	5.30%
For-Rent Market Housing	6.30%
For-Rent Affordable/Workforce	6.00%

Sources of Capital Stack	
Greenhouse (Commercial)& Pivot Park	
Thrive Equity	27%
Debt (FHA Loan – 4.75%,40 yrs.)	47%
Debt (PG EDI Fund - 4.5%,40 yrs.)	26%
Stabilization Year	2026
The Boxcar (Condo/Retail) & Platform (Placemaking)	
Thrive Equity	35%
Debt (FHA Loan – 4.75%,40 yrs.)	47%
Grant (PG DPW&T – Infrastructure)	9%
Grant (Maryland Sustainable Communities Program)	3%
Grant (MEA, Low -Middle Income Energy Efficiency)	2%
Grant (MEEHA MD Energy Efficiency)	2%
Debt (PG CPIP Fund – 2%,30 yrs.)	2%
Stabilization Year	2027
The Conductor A (Affordable) & The Yard	
Debt (FHA Loan– 4.75%,40 yrs.)	21%
LIHTC	96%
(Tax Credit/Year, $1,661,478)	
Stabilization Year	2028
The Conductor B (Market & Workforce Rental) with HUB & The Yard	
Thrive Equity	11%
Thrive Equity – For Sale Proceeds	6%
Debt (FHA Loan – 4.75%,40 yrs.)	22%
Equity (Investor-Sandy Spring Bank)	50%
Debt(Advantage MD-Econ. Dev. Authority Fund – 2@, 36 yrs.)	11%
Stabilization Year	2030

Financial Returns	
Total Development	
Unlevered IRR Before Taxes	18%
Greenhouse	
Unlevered IRR BT (10 Year)	12%
The Box Car (Retail/Restaurant)	
Unlevered IRR BT (10 Year)	15%
The Conductor A (Affordable – Rent)	
Unlevered IRR BT (15 Year)	11%
The Conductor B (For-Rent Mkt & Workforce)	
Unlevered IRR BT (15 Year)	22%

Wye Point Executive Summary- Site No. 2

Site No. 2 Location in Seat Pleasant, Maryland



Presentation Slides

THRIVE

Community Development, LLC

building places people love

ENVIRONMENTAL SUSTAINABILITY

WYEPOINT

Artful Solution for Cultivating Relationships Between People and Place

SEAT PLEASANT, MARYLAND

Content

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Intro
Why

02
Discovery
Market
&
Demographics

03
Develop
Strength
of
Investment
& Partners

04
Invite
Essence
&
Questions

THRIVE 3

WYEPOINT

Benefit

Working to Make Seat Pleasant Better

THRIVE 4

WYEPOINT

Supply and Demand

14.6%
692,683
District of Columbia
900,000 - 2035

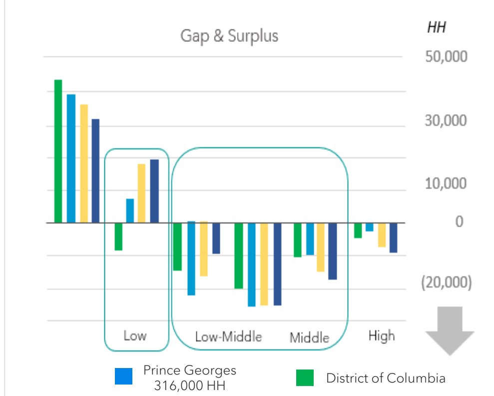
. 47%
30,466
Seat Pleasant &
Nearby Towns

2.5%
908,670
Prince George's County

Active For-Sale Inventory Down 64% Vs Year Ago

28,500 rental absorption for next three years.

4% Vacancy when pipeline come online

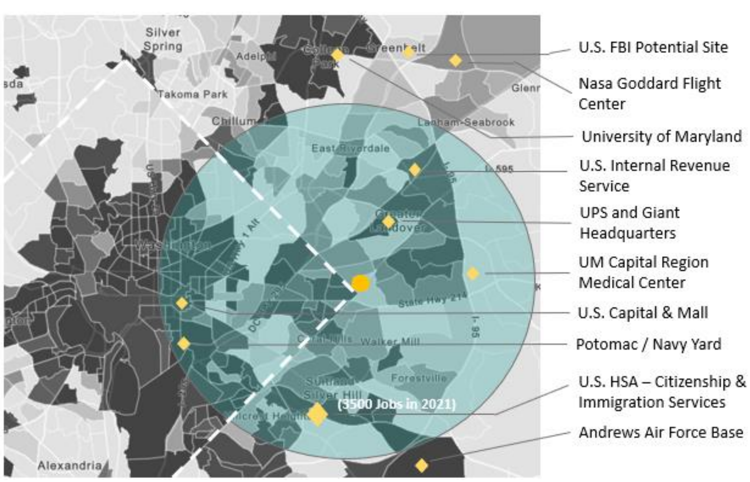


Source: Urban–Greater DC analysis of US Census Bureau decennial census and population estimates data, 2020 Census, PG County Economic Development Department

Urban–Greater DC analysis of the 2013 to 2017 American Community Survey, Long and Foster 2021 1Q Home Sale Data, deptofnumbers 2020.

Job Growth

Private Sector Industries Generate $25.6 Billion



4.7%

147,000
New Jobs
Added Since
May 2020

87,500
Job Creations
2021

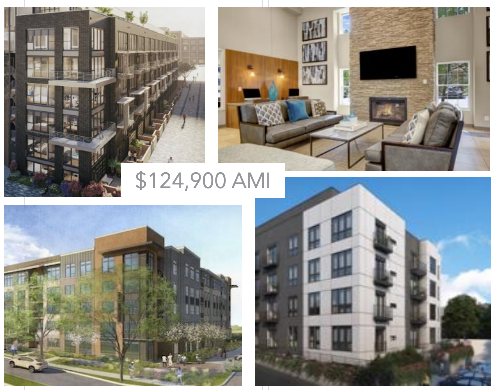
Source: Marcus and Millichap 1Q 2021 & MD Dept of Labor & PG County Economic Development Department

Home Comparables

1-3-5 Mile Radius

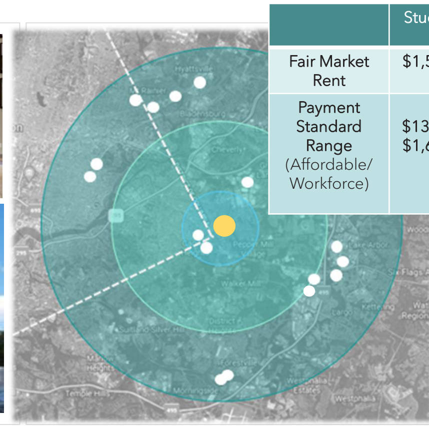
City Homes, DC Quincy Place, NE

The View, DC 17th Place, NE



Everly – Largo, MD

Villages - Morgan Blvd Stations



	Studio	One BR	Two BR
Fair Market Rent	$1,513	$1,548	$1,765
Payment Standard Range (Affordable/ Workforce)	$1362-$1,664	$1,393-$1,703	$1,589-$1,942

Newer or Pipeline Communities

Source: https://ami-lookup-tool.fanniemae.com/amilookuptool/ and Novoco tenant calculator

Opportunities

Strong Elements in Place

Location

Walk to DC and Maryland

& proximity to major employers

3 Nearby Metro Stations

And existing Bus Stop on property

Zoning

M-U-I

Sub Region 4 - DDA

Opportunity Zone

Smart City

LIHTC Basis Points

Entitlements

Home Rule Funding

Tools in Place with State, County, Federal Govt Funds and Grands

Smart City

Benefits

Social

Financial

Environmental

227,100 SF Residential

18,000 SF Restaurant/Retail

32,000 SF Wellness Office & Community Spaces

Walkable Setting in support of Work, Live, Learn, Play and Visit Community

WYEPOINT

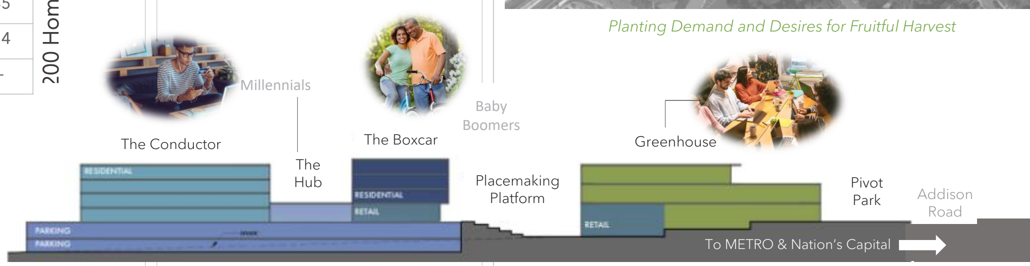
Planting Demand and Desires for Fruitful Harvest

200 Homes

	Rent	Own
Market	54	35
Workforce	36	14
Affordable	75	-

383 Parking space in Underground Garage

37,000 SF Outdoor Livable Space



THRIVE 9

The Platform & Boxcar

Artful Solution for Cultivating Relationships Between People and Place

11

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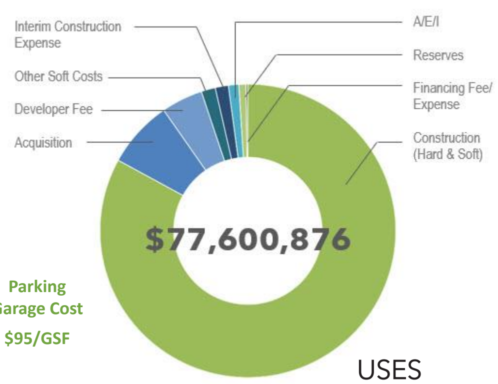
Total Costs

Cultivating Seat Pleasant Low-Middle Housing Needs

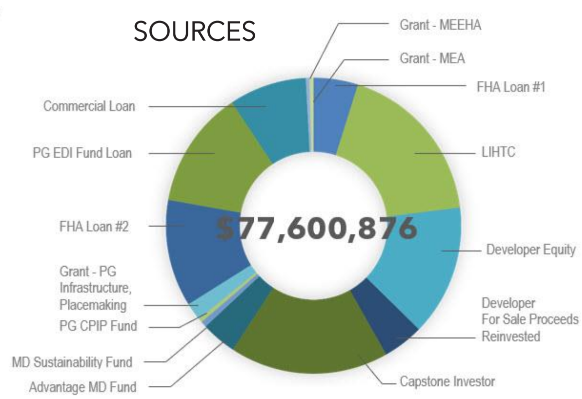


Parking Garage Cost

$95/GSF

If the existing Gas Station Owner does NOT want to sell, the Greenhouse building would not be built, but everything else, including the Garage can move forward. Incentive with Remediation Expense

SOURCES



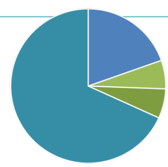
THRIVE 12

WYEPOINT

Financial Support

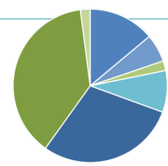
Public and Private Funding Partnerships

Office & Retail
$16 MM



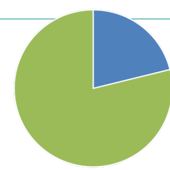
68% Loan
20% Equity Thrive
6% Reinvest
6 % Low-Interest Rate County Fund

Condo & Retail
$17 MM



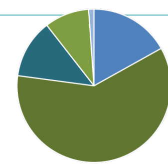
40% Low-Interest Rate County Fund
29% Capstone Equity
14% Equity Thrive
17 % Grants

100% Affordable
$18 MM



21% FHA Loan
79% LIHTC (9%)

Apartment & Hub
$26 MM



60% FHA Loan
17% Equity Thrive
22% Low-Interest Rate Funds
1 % Grants

County's Redevelopment Authority Purchases Land
- Reduce Development **$6MM**

THRIVE 13

WYEPOINT

Foundation

Nourishing a Unifying Vision

Affordable Housing	Condominiums	Apartments, Retail, Office
THRIVE Community Development	THRIVE Community Development	THRIVE Community Development, LLC
LIHTC INVESTOR Syndicate	CAPSTONE INVESTOR	
$18 MM Cost **$215 / SF**	**$17 MM Cost** **$212 / SF avg**	**$42 MM Cost** **$211 / SF avg**
FHA Loan	Investor Equity	Non-Recourse Loans
9% LIHTC Equity	Thrive Equity	Thrive Equity
Annual Tax Credits 1.5 million	PG EDIF & CPIP Loan	PG EDIF & CPIP Loan MD Advantage Loan
	Infrastructure, Energy and Sustainability Grants	MD Energy Grant

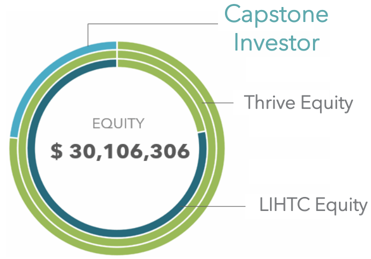
THRIVE 14

WYEPOINT

Capstone Investor Return

Start 2025 – Final Distribution 2030

$5,000,000 EQUITY



30% Split
at Annual Sale
Total
$561,000

2026 Sold - 17
$500K

2027 Sold - 17
$309K

2028 Sold - 5
$22K

50% Split
Disbursement
Year 5
$966,700

Total Profit
$ 1,527,700

Total Return
$6,527,700

36%
Return on Equity

Product Strength

Harvest Results

PHASE I
Start 2025

Condominiums
2027 Stabilize

$ 6.3 MM ROI
$389K - $450K

Retail
2029 Stabilize

$12 - $20 NNN
15% Unlevered IRR
5.3% Cap Rate
10 Year

PHASE I & II
Start 2024 & 2027

Greenhouse (I)
2028 Stabilize

22% Unlevered IRR
6.3% Cap Rate
$400K NOI
10 Year

Apartments (II)
2030 Stabilize

11 % Unlevered IRR
5.8 % Cap Rate
1.4 MM NOI
10 Year

$1,760 - $1890
Rental Rate Range

PHASE II
Start 2026

Affordable Housing
2029 Stabilize

11.4 % Unlevered IRR

5.9 % Cap Rate
15 Year

$1.2 MM NOI
15 Year

$1,360 - $1,720
Rental Rate Range

75 Units
40%AMI – 15 Units
50% AMI – 20 Units
60% AMI – 45 Units

OPEX
Current
OPEX25%
($4.40 / GSF)

With Staffing being a large portion of expenses, the OPEX will increase when salaries increase due to inflation

Development Schedule

Project Preparation	Phase I		Phase II
	Year 1 - 4		Year 5 - 6
Pre-Development 9 Months	2 Level Parking Garage 150,000 SF	For-Sale Condo 43,200 SF	Affordable, Workforce and Market Apartments 183,000 SF
Design & CD's 20 Months	383 Parking Space 50 Residential Storage Units Secure Bike Storage Building Infrastructure Storm Water Management	Greenhouse 32,400	Outdoor Livable Area 18,000 SF
Expedited Permitting 9-12 months		Retail 14,500 SF	
Financing 9-12 months		Outdoor Livable Area 19,000 SF	

Lease Up Begins 3 months before Open House

Debt Service Data

Post Stabilization

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
FHA & Commercial Debt	2.26	2.07	2.23	3.38	3.43	3.49	3.55	3.66	3.72	3.78
County or State Fund Loan	2.12	1.47	1.55	2.01	2.04	2.08	2.11	2.18	2.21	2.25

Debt	LTV	Loan Term (Years)	Origination Fee/ Sale Cost	Loan Rate
FHA 221d4 (Conductor A)	21%	40	1% / 3%	3.5%
FHA 221d4 (Conductor B)	60%	40	1% / 3%	3.5%
Commercial Janover (Greenhouse)	69%	30	1% / 3%	4.75%
PG County CPIP Fund (Boxcar)	2%	30	.5% / 3%	2.0 %
PG County EDI Fund (Boxcar, Conductor A and B)	9%, 38%, .5%	30	.5% / 3%	3.5 %
MD State Advantage (Conductor B)	12%	30	.5% / 3%	2.0%

Rise in Inflation Expected

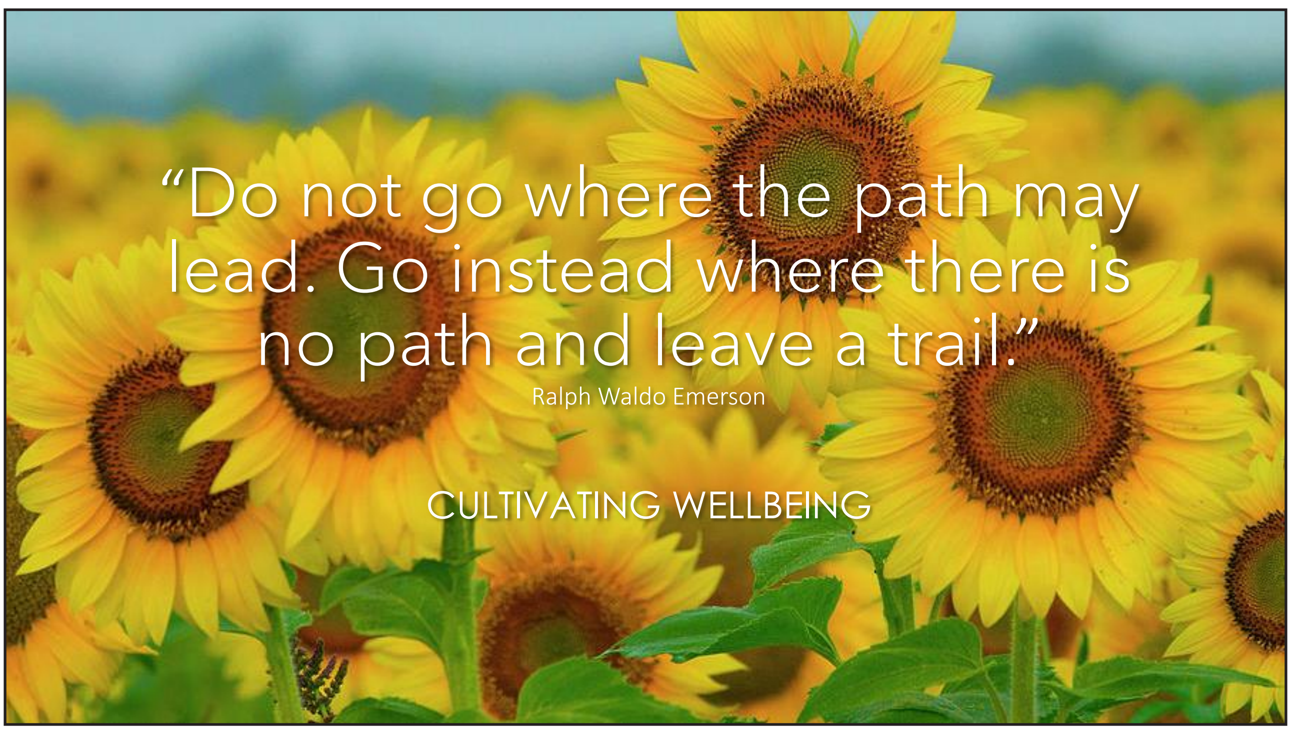
Interest Rates will Increase – Creating a **TIGHTER DSCR**

Investment Analysis

10 Year Hold (Except Affordable @ 15 Year Hold)	Greenhouse	Apartment Housing	Affordable Housing	For-Sale & Retail	Total
Yield	2.43%	3.24%	7.1%	.03%	3.2%
Stabilized Year	2028	2030	2029	2027	-
Exit Cap Rate	5.78%	6.28%	5.40%	5.28%	5.82%
Reversion Sales Price – 10 Year Reversion Sales Price – 15 Year	$6,924,439 $16,131274	$24,068,277 $47,293,069	n/a $44,266,783	$9,604,484 $16,560,014	$40,597,200 $126,740,182
Unlevered IRR	11%	22%	11.4%	15%	14.75%
Operating Expense Ratio	25%	26%	25%	25%	25% ($4.40/GSF)
Cash on Cash	10%	19%	9% (LIHTC)	18%	14%
Entire Development	Leveraged IRR Before Taxes Year 15				

THRIVE 19

WYEPOINT



WYEPOINT

Artful Solution for Cultivating Relationships Between People and Place

SEAT PLEASANT, MARYLAND

21

WYEPOINT

Artful Solution for Cultivating Relationships Between People and Place

THRIVE

UMD Colvin Institute Real Estate Development – Catherine Roach – May 15, 2021

REFERENCE SLIDES

Sensitivity : Cap Rate & Land Acquisition

NET PRESENT VALUE
15 YEAR

5.0 %	$72,662,671
5.5%	$67,452,615
6.0 %	$62,604,708
6.5%	$58,091.961
7.0 %	$53,889,533

LAND ACQUISITION
Cost Increase $3MM

TOTAL PROJECT COST	
$80, 842,010	
$ / SF	$192.81
Difference	$6.00/ SF

5.0 %	$70,463,052
5.5%	$65,263,421
6.0 %	$60,425,840
6.5%	$55,923,323
7.0 %	$51,731,029

Unlevered IRR drops to 22% from 24%

Levered IRR remains @ 25%

Loan to Value remains @ 32%

THRIVE 25

WYEPOINT

Parking Garage

Construction Cost $ 14.2 MM   Construction Cost $ 95 / SF or $34,000/Space

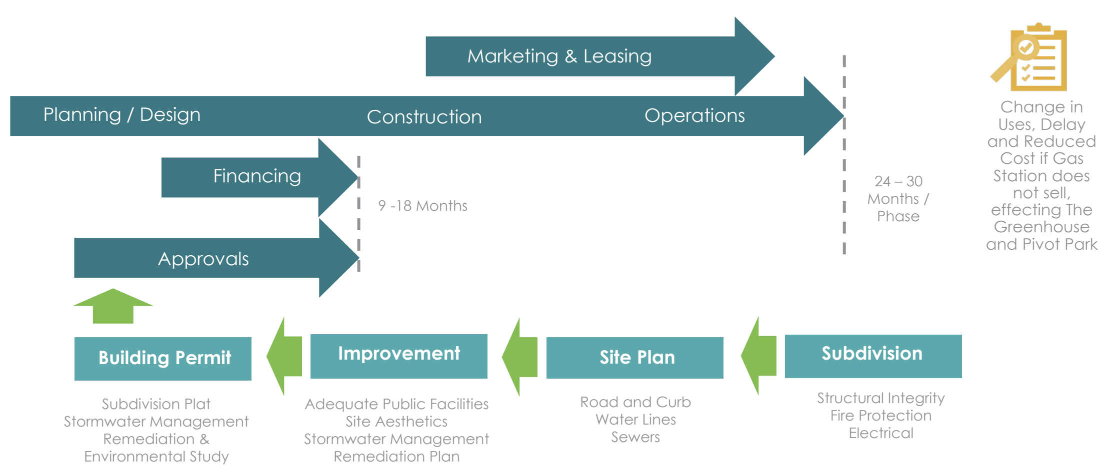
Net Operating Income																	
Residential Rental Parking Revenue				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Office Parking Income				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Event Revenue				$ -	$ -	$ 18,000	$ 36,720	$ 37,454	$ 38,203	$ 38,968	$ 39,747	$ 48,000	$ 50,400	$ 52,800	$ 55,200	$ 57,600	$ 60,000
Bicycle Storage						$ 525	$ 630	$ 683	$ 735	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840
General Unit Storage							$ 320	$ 1,600	$ 1,920	$ 1,920	$ 1,920	$ 1,920	$ 1,920	$ 1,920	$ 1,920	$ 1,920	$ 1,920
For-Sale Parking Space Purchase				$ -	$ -	$ -	$ -	$ 344,606	$ 656,129	$ 812,663	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Parking Revenue				$ -	$ -	$ 18,000	$ 36,720	$ 37,454	$ 38,203	$ 38,968	$ 39,747	$ 48,000	$ 50,400	$ 52,800	$ 55,200	$ 57,600	$ 60,000
Operating Expenses	30%			$ -	$ -	$ (5,400)	$ (11,016)	$ (11,236)	$ (11,461)	$ (11,690)	$ (11,924)	$ (14,400)	$ (15,120)	$ (15,840)	$ (16,560)	$ (17,280)	$ (18,000)
Net Operating Income							$ 25,704	$ 26,218	$ 26,742	$ 27,277	$ 27,823	$ 33,600	$ 35,280	$ 36,960	$ 38,640	$ 40,320	$ 42,000
Parking Spaces Sold				$ -	$ -	$ 344,606	$ 656,129	$ 812,663	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash Flow from Parking				$ -	$ -	$ 344,606	$ 681,833	$ 838,881	$ 26,742	$ 27,277	$ 27,823	$ 33,600	$ 35,280	$ 36,960	$ 38,640	$ 40,320	$ 42,000
Development Costs																	
Percent Built by Year			50%	50%	0%	0%											
Development Cost /SF	88	90	92	93	95	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs		$	(6,866,640)	$ (7,003,973)	$ -	$ -				$ -	$ -						
Annual Cash Flow																	
Parking Spaces Sold				$ -	$ -	$ 344,606	$ 656,129	$ 812,663	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Operating Income			-	$ -	$ -	$ -	$ 25,704	$ 26,218	$ 26,742	$ 27,277	$ 27,823	$ 33,600	$ 35,280	$ 36,960	$ 38,640	$ 40,320	$ 42,000
Cap Rate	7.00%	7.03%	7.05%	7.08%	7.10%	7.13%	7.15%	7.18%	7.20%	7.23%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Asset Value			-	$ -	$ -	$ -	$ 359,497	$ 365,409	$ 371,423	$ 377,540	$ 383,763	$ 463,448	$ 486,621	$ 509,793	$ 532,966	$ 556,138	$ 579,310
Costs of Sale	10%																$(5,793.10)
Total Development Costs		$	(6,866,640)	$ (7,003,973)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash Flow		$	(6,866,640)	$ (7,003,973)	$ -	$ 344,606	$ 681,833	$ 838,881	$ 26,742	$ 27,277	$ 27,823	$ 497,048	$ 521,901	$ 546,753	$ 571,606	$ 596,458	$ 615,517

Net Present Value	($9,841,539)
Unleveraged IRR Before Taxes	-10.0%

Reversion in Year 15 $615,500 Exit Cap 7.25%

Development Sequence

Regulatory Through Operations Steps



Construction Schedule

Project Preparation

Pre-Development (9 Months)

Design & CD's (20 Months)

Expedited Permitting (9 -12 months)

Financing (9-12 Months)

Phase I
Year 1 - 4

150,000 GSF

383 Parking Space
- Residential
- Retail
- Office
- Events

50 Secure Bike Storage

50 Residential Storage Units

Note: 30% Allowed Reduction Implemented

89,100 GSF

35 For Sale Condo
42,200 SF
Market (60%) &
Workforce (40%)

14,500 SF Retail

32,400 SF Greenhouse

Plus 19,000 SF Outdoor - Platform /Pivot Park

Phase II
Year 5 - 6

138,000 GSF

75 Affordable Rental Units

90 For- Market & Workforce Rental Units

Plus 18,000 SF Outdoor - The Yard

FAR

Site – 117,176 GSF (2.69 Acres)
(acre 43,560 SF)
Set Back – 17,120 GSF (est)

Building Area – 100,056 (est)

Buildings GSF
227,100 = FAR 2.2

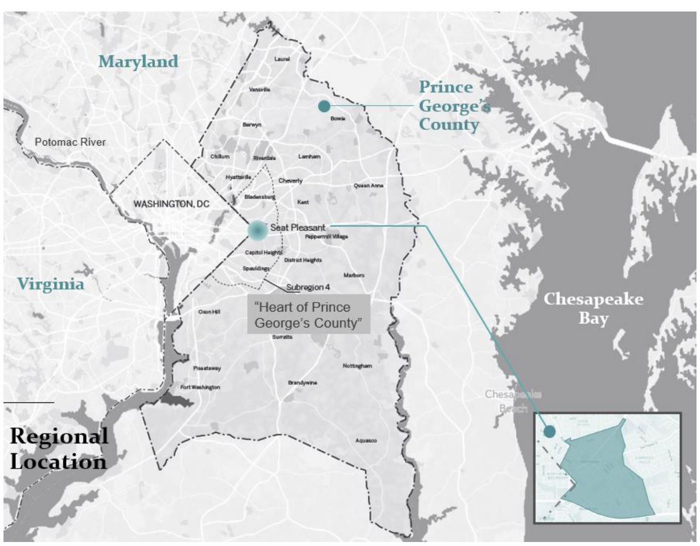
With Parking Garage = 3.76

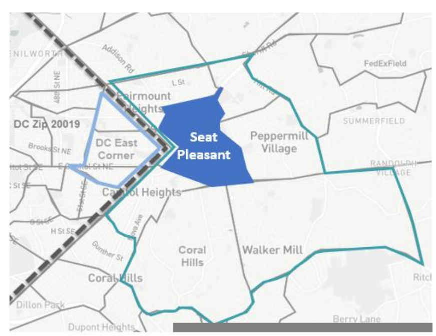
With Outdoor Areas = 4.13

THRIVE 28

WYEPOINT

Location





Nearby Population is approximately 30,000

THRIVE 29

WYEPOINT

OPEX

Industry Estimates

Operating Expense Category	Annual Expense	Annual Expense per Unit
Management & Admin	$283k	$1,515/unit
Utilities by Owner	$55k	$294/unit
Repair and Maintenance	$240k	$1,283/unit
RE Taxes	$206k	$1,100/unit
Insurance	$50k	$270/unit
Social Services	$40k	$214/unit
Replacement Reserve	$65k	$350/unit
Total	$ 1,002,500	$ 5,010

Property Management Team

Experience with Multi-Family, LIHTC Regulations, Retail, Office, Telework Scheduling, and Event Planning

Onsite Staff	Employment Status
Community Manager	Full-Time
Assistant Manager	Part-Time
Leasing Specialist	Full-Time
Maintenance Supervisor	Full-Time
Maintenance Technician	Full-Time
Services Coordinator	Part-Time

Property Management Fees

Prince George's County is set as follows:
8% Market – Rate Monthly Fee
6% Affordable Housing Monthly Fee
1 Month's rent – Leasing Fee
$300 Lease Renewal Fee
$50 Vacancy Fee

Thrive works well with property management companies to alleviate the day-to-day management of residential and commercial properties.

THRIVE

WYEPOINT

Costs

Land Cost $6 MM
Total SF 117,176
Cost/SF $51.20

Development Cost - See Page 14
Pre-Development Cost - $15

Parking Garage – See Page 24
Site Work (2.7 acre) $3,022,940
Site Work Cost/SF $25.80

Green Design Features

Housing Construction Hard Cost/ DU $210,171
Construction Hard Cost/GSF $233.27
Total Dev. Cost (Structures) $341.00
Total Dev. Cost (Structures & Outdoors) $187.01

Hard Costs
- Construction $1,306,771
- Interim Expense $1,105,352

Soft Costs
- A/E/I $870,000
- Other Soft $1,193,000

Financing Fee & Exp $155,020

Developer Fee $3,500,000

Reserves $607,594 **($1.46 / GSF)**

Property Management Cost / DU $1500

Resident Services / DU $ 250

Maintenance and Repair Cost/ SF $1.20

THRIVE

WYEPOINT

P3 – County Schools $203.6 MM

METLIFE INVESTMENT MANAGEMENT SUPPORTS PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS WITH $203.5 MILLION IN PUBLIC-PRIVATE PARTNERSHIP FINANCING

The 30-year loan provides financing for construction of six new schools for approximately 8,000 students in Maryland

WHIPPANY, N.J., February 22, 2021

MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc. (NYSE: MET), today announced it has completed a Public-Private Partnership (PPP) transaction that will provide $203.5 million in funding for Maryland's Prince George's County Public Schools, the second largest public school system in the state and a top 20 public school district in the United States[1].

Led by MIM's Private Capital team, this unique PPP transaction is believed to be one of the first of its kind involving a public school system in the U.S. The $203.5 million transaction was managed by Fengate Capital Management and Gilbane Development Company and was part of a broader $478.5 million financing package for the district. The $203.5 million loan was split approximately evenly between MetLife's general account and MIM's institutional clients.

The $203.5 million loan supports the future education needs of Prince George's County Public Schools, which was seeking financing partners to replace aging school buildings. The design-build project, which is expected to take three years, will involve the demolition of four aging schools and the simultaneous construction of six new schools (five middle schools and one K-8 school), which will provide a modern learning environment for approximately 8,000 students.

The project requires at least 30% of the contract value to be allocated to local and minority-owned businesses and will employ approximately 4,100 people.

"We're very proud to be partnering with Prince George's County Public Schools on this critical initiative to build new schools for 8,000 Maryland students," said Steven J. Goulart, president of MetLife Investment Management and chief investment officer of MetLife, Inc. "When we talk about how we can help build a stronger, more sustainable future for all, an initiative aimed at enhancing the educational environment for our children is certainly core to that purpose."

This transaction further underscores MetLife's focus on long-term sustainability and its commitment to serving clients and communities in states across the U.S. and countries all over the world. In Maryland, MetLife had invested more than $500 million as of year-end 2019 in commercial real estate, agriculture, infrastructure, municipal bonds and affordable housing, among other sectors. The company also paid out more than $730 million in claims during 2019, supporting financial security and wellness, jobs, economic growth and ultimately stronger, more sustainable communities.

MIM's Private Capital group comprises private placements, infrastructure and structured credit investment management, and is active across a wide range of industry sectors, including general industrial, healthcare, professional services, retail, utilities, electric transmission, renewable power and social housing, among others. As of December 31, 2020, MIM had $130.9 billion in private capital assets under management and $659.6 billion in total assets under management.[2]

https://www.metlife.com/about-us/newsroom/2021/february/metlife-investment-management-supports-prince-george-s-county-public-schools/

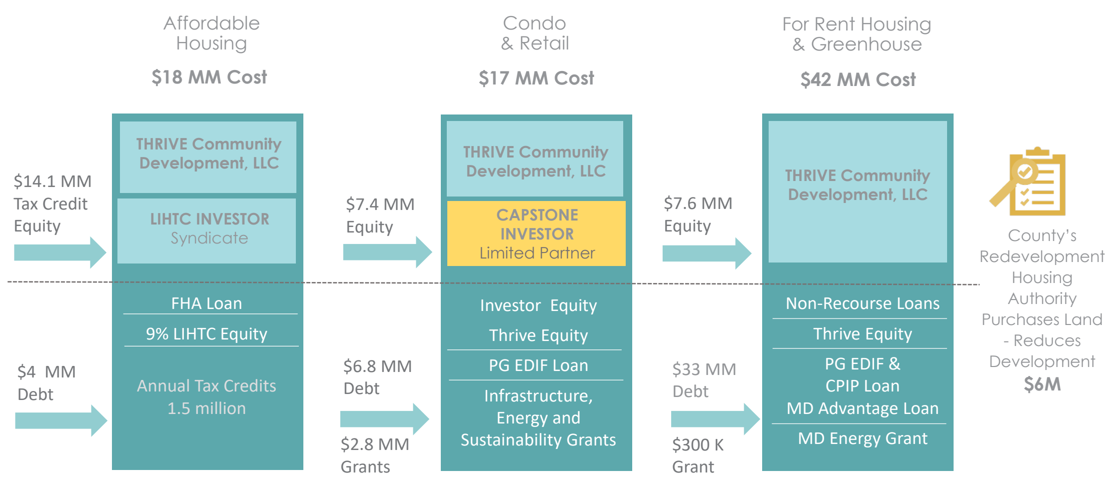
https://www.marylandmatters.org/2020/08/21/opinion-p3-model-is-a-better-plan-for-building-schools-in-prince-georges/

THRIVE

WYEPOINT

Foundation

Nourishing a unifying vision



THRIVE 33

WYEPOINT

University of Maryland Colvin Institute of Real Estate Development

FUND SOURCES

4. Equity and Financing Sources	Amount	% of Total	LTV
Sources	77,600,876		21%
Hard Debt (FHA 221d4) -Use 1	3,780,000	4.87%	
Affordable LIHTC Equity	14,098,590	18.17%	
Developer (Sponsor) Equity	10,041,029	12.94%	
Reinvestment from For-Sale Housing Proceeds (100%)	966,687	1.25%	
PG DPW&T Enhanced Highway Infrastructure - Placemaking Grant	1,500,000	1.93%	
Hard Debt (FHA221d4)-Use 2	16,000,000	20.62%	60%
Advantage MD Fund Econ Dev. Assist. Authority & Fund	3,300,000	4.25%	12%
Maryland Sustainable Communities Program Grant	1,000,000	1.29%	2%
PG County CPIP Fund (Commercial Improvement)	350,000	0.45%	
Capstone Investor - Sandy Spring Bank	5,000,000	6.44%	
MEA Low-to-Middle Income Energy Efficiency Grant	300,000	0.39%	9% 38% 6%
Commercial Loan	10,914,570	14.07%	69%
P.G. County EDI Fund (Economic Development Incentive	10,000,000	12.89%	
MEEHA MD Energy Efficiency and Housing Affordability Program	350,000	0.45%	
		100%	

University of Maryland Colvin Institute of Real Estate Development

Uses & Assumptions

GROSS SQUARE FOOTAGE									GSF TOTAL
Greenhouse - Retail		8,000							
Greenhouse		24,400							
Subtotal		32,400	0	0	0	0	0	0	**32400**
Outdoor Areas : Platform, Pivot Park and The Yard									**37,000**
For Rent									
Lobby and Amenities		0	0	0	6,000	0	0	0	6000
Housing - Rental -Market Rate		0	43200		0	0	0	0	43200
Housing - Rental -Workforce		0	28800		0	0	0	0	28800
Housing - Rental -Affordable		0		60000	0	0	0	0	60000
Subtotal		0	72000	60000	6000	0	0	0	**138000**
For - Sale									
Lobby and Amenities		0	0	0	0			0	0
Housing - For Sale -Market Rate		0	0	0	0	25320	0	0	25320
Housing - For Sale -Workforce		0	0	0	0	16880	0	0	16880
Subtotal		0	0	0	0	42200	0	0	**42200**
Retail/Office - Market Rate		0	0	0	0	0	10875	0	10875
Retail/Office- Affordable		0	0	0	0	0	3625	0	3625
Subtotal		0	0	0	0	0	14500	0	**14500**
Parking Garage - Level 1		0	0	0	0	0	0	68,500	68500
Parking Garage - Level 2		0	0	0	0	0	0	75,000	75000
Parking Garage - Storage								6,500	6500
Subtotal		0	0	0	0	0	0	150,000	**150000**
Total GROSS SF w/Pkg	**377,100**	**32,400**	**72,000**	**60,000**	**6,000**	**42,200**	**14,500**	**150,000**	**414,100**
Total GROSS SF w/o Pkg	**227,100**								

Assumptions

Job Growth 8%
Traffic Count 18,400
Opex 25%
3% Cost of Sale
4% Vacancy
2% Inflation

Zoning

State, County, Federal Govt. & Grants - tools in place

Conductor Buildings

Apartments
Market & Workforce
90 Units
72,000 SF

Apartments
Affordable
75 Units
60,000 SF

The Boxcar

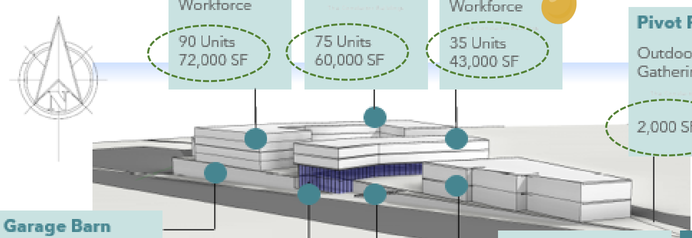
Condo
Market & Workforce
35 Units
43,000 SF

Pivot Park
Outdoor Gathering
2,000 SF

414,000 GSF

227,000 GSF

If the existing Gas Station Owner does NOT want to sell, the Greenhouse building would not be built, but everything else, including the Garage can move forward.



Garage Barn
2 Levels
Parking, Bicycle Storage & Unit Storage
150,000 SF

Retail & Condo Entry
Retail @ Street and Platform levels
14,500 SF

The Platform
Outdoor Placemaking Plaza
17,000 SF

The Greenhouse
3-Levels
Retail & Office Rooftop Rental Space & Outdoor Deck
33,000 SF

The Yard
Along MLK between The Boxcar and The Conductor is The Hub - the home for telework office & meeting suite and state of the art fitness center
6,000 SF

The Yard
Private Outdoor Residential Area behind The Boxcar, surrounded by The Conductor. Outdoor Kitchen and Dining area with Pavilion and several grills with luscious plantings, exercise equipment, playground
18,000 SF

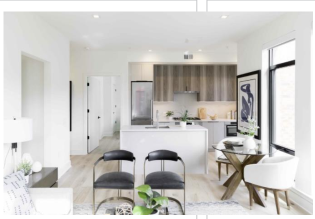
THRIVE 36

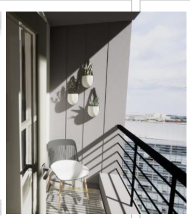
WYEPOINT

Expanding Home

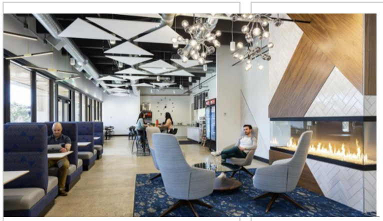
Amenities for Work and Social Engagement

Housing - Condominium

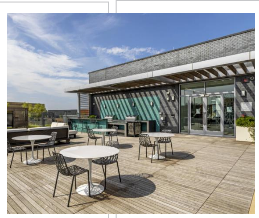




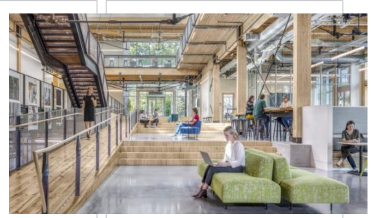
Fitness Center



Collaborative Lobbies



Rooftop Deck



Residential Café and Lobby

THRIVE

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Potential Consumers

Adjacent Community Population

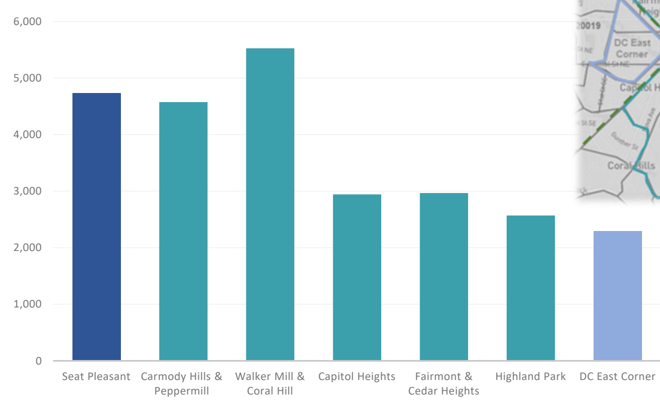
1,199,196
DC Daytime

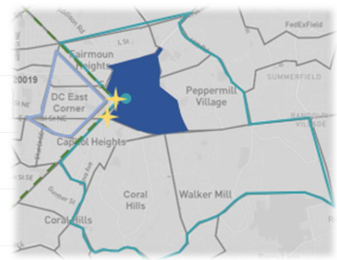
PRINCE GEORGE'S COUNTY

913,568
POPULATION

$114,815
AVERAGE HOUSEHOLD INCOME

2.50%
TOTAL POPULATION GROWTH





30,466
Seat Pleasant
Nearby Towns

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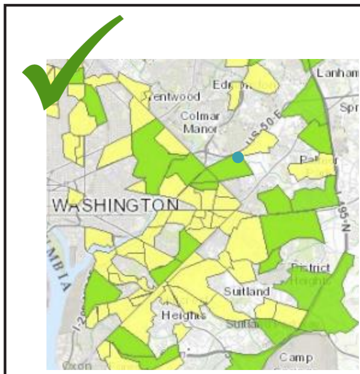
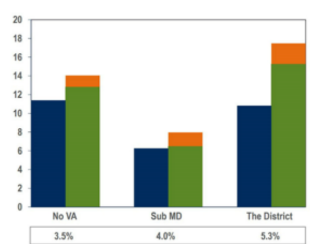


Source: RCLCO 2019

FOOD DESSERTS

Average For Rent / Size
Studio - $1,100
1 Bedroom/1 Bath $1310
2 Bedroom/ 1 Bath $ 1370
3 Bedroo/ 1.5 Bath $1515

METRO CLASS A MULT-FAMILY



Projected Stabilized Vacancy % - March 2023

Source: Delta Associates March 2020

Net Absorption: 9,500/Year = 28,500
Planned Delivery 3/23: 4,889 Units
Under Construction : 34,606

	Vacancy Rate	2019	1 Year Change	3 Year Change
Prince George's County Median Gross Rent	4.70%	$1,469	-1.08%	+1.17%
Maryland Median Gross Rent	6.29%	$1,401	+0.36%	+1.82%
U.S. Median Gross Rent	5.97%	$1,097	+1.86%	+6.82%

COMPS

METRO POINT – Lanham, MD

GLEN WILLOW - Seat Pleasant, MD

CENTRAL GARDENS - Capitol Heights, MD

VILLAGES AT MORGAN METRO - Landover, MD

CAPITOL SQUARE - Capitol Heights, MD

CENTURY SUMMERFIELD - Landover, MD

Average For-Sale Condo/SFt
$195- $210

685 SF
Average
Rental Unit

Average Office Rent SF/Yr
$20.00

Average Flex Rent SF/Yr
$ 17.00

Comps
8301 Professional Place - Landover, MD (22)
7404 Executive Place - Lanham, MD(16)
7375 Executive Place - Lanham, MD (18)
Hampton Overlook - Captital Heights, MD (10)
9320 Annapolis Road - Lanham, MD (18)
Street Front - Mount Rainer, MD (20)
Greenbelt, MD (20)
Berwyn Heights - College Park, MD (17 - 25)

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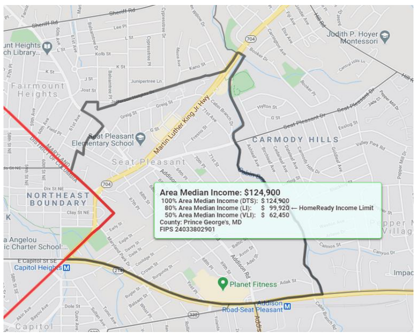
FANNIE MAE AREA MEDIAN INCOME TOOL

Market Rate Units

Affordability	Number of Units	Unit Type	Unit Size	Net Rent	Utility Allowance	Discount to LIHTC Max
Market Rate	36	1BR	750 SF	$1,350	N/A	N/A
Market Rate	15	2BR	1,100 SF	$1,600	N/A	N/A

Affordable Units

Affordability	Number of Units	Unit Type	Unit Size	Net Rent	Utility Allowance	Discount to LIHTC Max
40% AMI	5	1BR	750 SF	$789	$90	0%
50% AMI	5	1BR	750 SF	$1,009	$90	0%
60% AMI	80	1BR	750 SF	$1,163	$90	5%
80% AMI	5	1BR	750 SF	$1,229	$90	25%
40% AMI	5	2BR	1,100 SF	$945	$110	0%
50% AMI	5	2BR	1,100 SF	$1,208	$110	0%
60% AMI	26	2BR	1,100 SF	$1,393	$110	5%
80% AMI	5	2BR	1,100 SF	$1,440	$110	27%



Source: https://ami-lookup-tool.fanniemae.com/amilookuptool/

PRINCE GEORGE'S COUNTY

	Studio	One BR	Two BR	Three BR	Four BR
Fair Market Rent	$1,513	$1,548	$1,765	$2,263	$2,742
Payment Standard Range	$1,362-$1,664	$1,393-$1,703	$1,589-$1,942	$2,037-$2,489	$2,468-$3,016

	Vacancy Rate	2019	1 Year Change	3 Year Change
Prince George's County Median Gross Rent	4.70%	$1,469	-1.08%	+1.17%
Maryland Median Gross Rent	6.29%	$1,401	+0.36%	+1.82%
U.S. Median Gross Rent	5.97%	$1,097	+1.86%	+6.82%

PG County Median Gross Rent
4.7%
Vacancy Rate

AREA MEDIAN INCOME: $124,900
(Fannie Mae)

80% AMI (LI): $ 99,920 (HomeReady Income Limit)

50% AMI (VLI): $62,450

30% AMI (VLI): $39,470

Total Affordable For-Rent Housing Properties: 121
(PG County)

Source: https://ami-lookup-tool.fanniemae.com/amilookuptool/

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Product Precedent

Positive Market Indicators

Maryland Park Drive
Capital Heights Metro

4 Acre Site – 2 miles Away
Market-Rate Apartments &
For-Sale Townhouses

Hampton Park
Capitol Height, MD

25 Acre Site – 4 miles Away
Mixed-Use: Office, Hotel,
Retail, Placemaking and
Residential

Mt. Rainer
Mt. Rainer, MD

6 miles Away
Increase pedestrian mobility,
mixed-use town center,
implementing form-based code

New Hampshire Corridor
Takoma Park, MD

1.5-mile road– 8 miles Away
Plan establish framework for
revitalization and redevelopment
along Maryland Gateway

WHAT

02

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More Than A Site

Arranging the Uses in the Field

1/2 Mile to DC

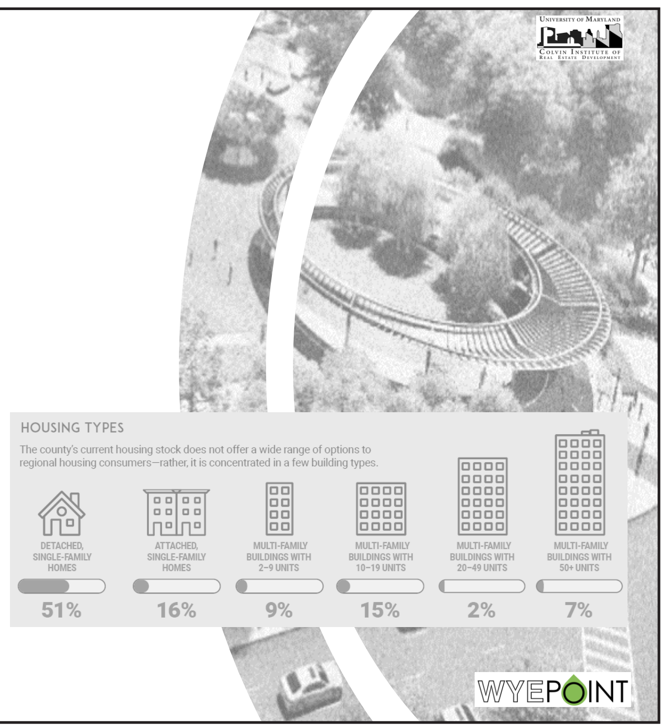
1 Mile to Metro

Key Strategies

Public spaces are not that different than popular “destination” retail evoking a positive emotion. Cities need destination experiences to be successful. The personal attraction provides an identity and image to their communities and help attract new residents, businesses, visitors and investments.

Wye Point Key Strategies are:

- **Walkable Setting in support of a Work, Live, Learn, Play and Visit community**
- **Incorporate a strong and sustainable Public/Private Partnership**
- **Become a radii for surrounding community amenities and future real estate development**
- **Housing Options for Healthy Living and Enhanced Public Realm**



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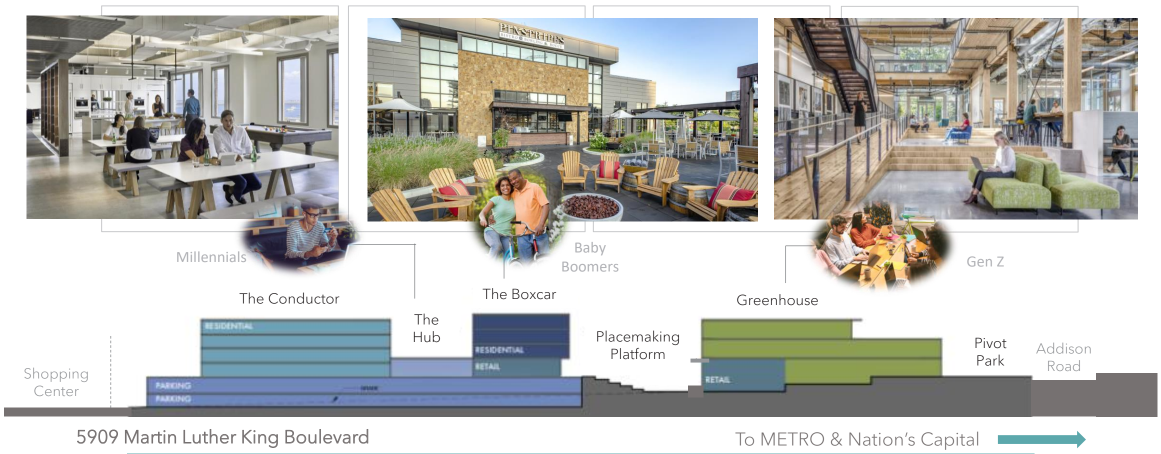
Places to Go

Generational Population



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Strength of Product

Harvest Results

	Affordable Housing		Condo & Retail		For Rent Housing & Greenhouse	
PHASE II	**2029 Stabilize**	PHASE I	**2027 & 2029 Stabilize**	**PHASE I** Greenhouse / **PHASE II** Housing	**2030 & 2028 Stabilize**	**OPEX**
Break Ground 2026	**$ 1.1 MM NOI** 5 YEAR	Break Ground 2025	**$ 6.3 MM** ROI	Break Ground 2024 & 2027	**$ 1.3 MM** ROI	Is running below 30% but most likely will increase with inflation, salary increases & Event Popularity staffing needs
	6.0% CAP RATE 10 YEAR		**5.3% CAP RATE** 10 YEAR - RETAIL		**6.3% & 5.8% CAP RATE** 10 YEAR	25% (Approx. $4.40/GSF)
	11.4% Unlevered IRR 15 Year		15% Unlevered IRR 10 Year		22% & 11% Unlevered IRR 10 Year	
	$215 / SF		$322 Condo / SF $102 Retail / SF		$246 Housing / SF $286 Office / SF	
	$1,380 - $1,720 Rental Rate Range		$399K - $450K $12 - $20 NNN Retail		$1,760 - $1880 Rental Rate Range	

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SCHOOL OF
ARCHITECTURE,
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