

Attachment B
to the February 22, 2012 Report

**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 21, 2011

REGARDING: APPROVAL OF FINANCING PLAN AND BUDGET AMENDMENT FOR PENFIELD PROJECT; CITY OF SAINT PAUL AND HRA LOAN AGREEMENT; CONVEYANCE OF PROPERTY TO PENFIELD APARTMENTS, LLC; CONDITIONAL APPROVAL OF TAX INCREMENT FINANCING; ACCEPTANCE OF RAMSEY COUNTY ENVIRONMENTAL RESPONSE FUND AWARD; CLOSING OF THE DOUGHERTY LOAN AND RELATED ACTIONS; AND MISCELLANEOUS ACTIONS, DISTRICT 17

Requested Board Actions

The specific actions being requested of the HRA Board are as follows:

1. Approval of acceptance of a Ramsey County Environmental Response grant of \$168,500.
2. Approval of a budget amendment allocating capital contributions that will be spent on the Penfield Apartments LLC including:
 - \$11,752,081 from the Snelling University, Scattered Site, and Spruce Tree TIF Districts;
 - \$3,882,948 which includes \$2,377,524 from the internal City loan and \$1,505,424 of Fund 117 balance;
 - \$573,881 Minnesota Department of Employment and Economic Development (DEED) contamination cleanup grant;
 - \$550,000 DEED redevelopment grant;
 - \$610,000 Metropolitan Council Livable Communities Demonstration Account grant;
 - and
 - a \$168,500 Ramsey County Environmental Response grant.
3. Approval to execute a \$2,377,524 internal loan agreement between the City and HRA and related budget amendment.
4. Authorization to convey the public safety building property from the HRA to the Penfield Apartments LLC.

5. Authorization to take all actions necessary to establish a tax increment finance district and approval of a financing plan for the allocation of pay go tax increment from the HRA to the Penfield LLC.
6. Authorization to transfer existing HRA Penfield-related contracts to Penfield Apartments LLC.
7. Authorization for the HRA Executive Director, as Chief Manager of the Penfield Apartments LLC (LLC), and on behalf of the LLC, to take all actions required to secure the HUD mortgage insurance and close of the final first mortgage loan with Dougherty, and all other actions required for the construction and operation of the Penfield Project.
8. Authorization for the HRA Board to serve as the Board of Governors of the LLC , and authorization to take such action as the LLC's Governors, as necessary, to effectuate the authorizations contained in the attached resolution.

Background

The \$62,050,310 Penfield project, located on the block bounded by 10th Street, Minnesota, 11th Street and Robert, will include 253 market rate apartment units, a 28,000 square foot Lunds grocery store and 328 structured parking spaces. The Lunds will be located on the southeast corner of 10th and Robert Streets on the first floor of the building with an outdoor seating area near the east entry. On the 10th Street side there will be five levels of housing above the Lunds. On the 11th Street side there will be five floors of housing above the parking. Rents will range from an average rent of \$1,055 for a studio/alcove, \$1,238 for a one-bedroom, \$1,509 for a two-bedroom and \$1,890 for a three-bedroom unit. The historic Public Safety Building façade on 10th Street and the first bay of the façade for about 14 feet on Minnesota will be retained and integrated into the building. Located just a block from the 10th and Cedar light rail transit station, with a LEED Silver certification and a green roof, the project will be a model of transit-oriented, sustainable development.

The HRA's Penfield Apartments LLC will develop and own this catalytic project. A private developer option was fully explored with Penfield Partners LLC (Alatus and the Rutzicks). They were unable to develop the project due to the tight credit market, high equity requirements, new

HUD underwriting guidelines and the lengthy HUD review process. With the HRA as developer, it is viable to build a mixed-use, high density, transit-oriented development with a full service grocery store that will serve downtown Saint Paul residents and workers.

See Attachment B for additional Background

Budget Action

At the September 8, 2010 HRA Board meeting, the HRA authorized \$5,370,000 of scattered site tax increment for the project and directed staff to take the actions necessary to proceed with the design, construction and financing of the project and to proceed with the application for HUD insurance. The proposed HRA budget amendment includes the following:

- The transfer of \$11,752,081 from TIF balances in Fund 148 to Fund 117 for the Penfield Apartments LLC project ("Project"). (This includes the \$5,370,000 that was previously approved by the HRA Board for the Project.)
- A \$2,377,524 internal City loan deposit into Fund 117 for the Project.
- Acceptance of a \$168,500 Ramsey County Response Fund grant to be deposited into Fund 117 for the Project.
- Transfer of grant proceeds from a \$573,881 DEED contamination cleanup grant, \$550,000 DEED redevelopment grant and a \$610,000 Metropolitan Council Livable Communities Demonstration Account grant to be deposited into Fund 117 for the Project.
- The allocation of \$1,505,424 of existing Fund 117 balance for the Project.
- The allocation of \$200,000 from Fund 117 for interim financing for the Project.

Lunds Lease

The Lunds lease has a ten year term with six, five year renewal options for a total of forty years. Lunds will utilize about 28,000 SF on the first floor of the project and will have 85 parking spaces in the structured parking ramp with 15 flex/shared parking spaces for use from 4-6 p.m. Monday through Friday. Lunds will initially pay \$8.50 per SF in rent, with rent increasing each year. Lunds will receive approximately \$22 per SF under the terms of the lease to assist with tenant improvements; this reflects the industry standard.

General Contractor

The HRA implemented a "Best Value" Request for Proposal process for the selection of a general contractor. The Best Value approach takes into account experience, project implementation strategy and scheduling, value engineering, and company and team qualifications in addition to project cost. All proposals were substantially over budget. A committee that included HRA staff, BKV Group architects ("BKV"), the HRA's owner's representative Studio Five, and HRA property manager Village Green evaluated the proposals. Weis Builders ("Weis") was selected by the committee. PED has worked with BKV and Weis on value engineering strategies to bring the project within budget. Upon closing, Weis will execute a maximum price bid contract with the Penfield Apartments LLC.

Future Action

Staff will return to the HRA for approval of the establishment of a Tax Increment Finance Redevelopment District, TIF Finance Plan and budget amendment.

Financing Structure

Dougherty HUD Insured Loan

Dougherty Mortgage Inc. will make a HUD insured loan of \$40,952,900 to the Penfield Apartments LLC. The mortgage reflects an estimated 4.75% interest rate and HUD underwriting including pre-application rents and expenses together with tax increment revenues generated by the project. Prior to closing, HUD will make a final determination of the mortgage amount that will reflect the final underwriting and current interest rate. The interest rate as of December 13, 2011 was 4.25%; the pro forma projects a 4.75% interest rate, providing a cushion of .50%. While Dougherty recommends an interest rate cushion of .25%, staff is being conservative with a .50% cushion. The Dougherty loan will be insured by HUD as a Ginnie Mae security. Dougherty will place the loan with a private investor. Funds will be drawn over time for construction with interest accruing as funds are drawn. The HUD insured loan will be repaid over 40 years from project revenues and tax increment. The loan will have a debt coverage ratio, per the HRA market rate rent cash flow projections of 1.23 the first year of stabilized occupancy, rising to 1.42 in year ten.

Internal City Loan

The \$2,377,524 City Internal Loan to the HRA for the Project will have a five year term, an interest rate at the City "pool" rate (assumed to be an average rate of 3%) with fixed payments. The HRA will repay the loan with released excess operating deficit escrow funds that will become available after project stabilization and thereafter from project Surplus Cash flow less project asset management and administration fees. The HRA is making an unconditional pledge of HRA revenues, which would be used if projected revenues are insufficient to make the payments on the City Internal Loan. The HRA, as the sole owner of the Penfield Apartments LLC, will have full access to Surplus Cash Flow from the project. Surplus Cash Flow will be determined by HUD subject to an annual audit. Surplus Cash Flow reflects cash flow available after debt service, operating expenses, and reserve requirements have been paid.

Cash Flow Projections and Return on HRA Capital Contributions

The cash flow projections reflect the HUD appraiser and Maxfield Research reports from the fall of 2010 which include projected market rents at \$1.59 per SF and a residential vacancy rate of 7%. Market conditions have improved substantially since then. The current multi-family vacancy rate is 1.1% in downtown St. Paul. Maxfield Research now believes, conservatively, that unit rents are closer to \$1.65 per SF.

Revenues generated from the project will be used to first pay operating expenses, then the Dougherty mortgage, then the City internal loan, then the HRA administration fee, then the HRA issuer fee for years three and four only, then for deposits to the debt service reserve up to a one million dollars, years four through eight only, then for the Lunds lease loss reserve up to \$830,000, years six through eight only. All remaining revenues will go to HRA Fund 117.

The conservative HRA cash flow projections, based on the 2010 reports, indicate that cumulative net cash flow contributions to the HRA through the end of year 10 will be \$3,233,416 and \$15,328,174 through the end of year 20.

Lunds Inc. will be financing the majority of the tenant improvements for the grocery store, investing \$1.6 to \$1.8 million in improvements, such as refrigeration equipment and store fixtures.

PED Credit Committee

The HUD insured loan will have an AAA credit rating.

Compliance

The project will comply with Federal Davis Bacon, Affirmative Action, Living Wage, Targeted Vendor, Public Art Policy, Park Dedication Fee Policy, and the Sustainable Building Policy for New Municipal and HRA Owned Buildings in the City of Saint Paul. This project will have a project labor agreement.

Green/Sustainable Development

The project will achieve a LEED Silver certification, will have a green roof, and comply with the Sustainable Building Policy for New Municipal and HRA owned buildings. As required for LEED Silver certification, the project will have a commissioning agent to ensure that all mechanical systems are installed and calibrated properly to achieve maximum efficiency and reduce energy use. In compliance with the Minnesota 2030 guidelines and Saint Paul overlay requirements, the residential and commercial parking will not be heated.

Environmental Impact Disclosure

The site has soil contamination due to a tank that was located on the site. The Minnesota Pollution Control Agency has approved a response action plan for cleanup of the site. When excavation of the site is underway, contaminated soil will be disposed of off site and a vapor barrier will be installed. Due to the proximity of the north side of the project to I-94, sound mitigation strategies will be implemented.

Historic Preservation

The Public Safety Building is eligible to be on the National Register of Historic Places. Per HUD requirements, a 106 historic review process has been completed. Because a large portion

of the building will be demolished, a Memorandum of Agreement (MOA) regarding mitigation strategies is required. HUD, the State Historic Preservation Office (SHPO) and the Department of Planning and Economic Development executed an MOA that requires the HRA to document the building prior to demolition, complete local historic designation reports for three downtown buildings and install an interpretive display. The cost of these activities is included in the Penfield project budget. The documentation study has been completed and approved by SHPO. In addition, per the desires of the community, a portion of the façade will be retained.

Public Purpose

Fitzgerald Park Precinct Plan. While the adopted Fitzgerald Park neighborhood small area plan has several policies that support the development of the Penfield project, three Land Use policies support the specific direction towards mixed use development, the addition of a grocery store amenity, and provision of housing diversity affordable to a range of incomes:

- *Strategy 3. New development should be mixed-use, within each building to the greatest extent possible, but always within each block.*
- *Strategy 5.b. Recruitment efforts should be focused to provide businesses that better serve neighborhood residents and provide places for them to gather, such as a movie theater, grocery store and coffeehouse.*
- *Strategy 8. A diverse range of housing types and prices should be available in Fitzgerald Park.*

City Comprehensive and Small Area Plans

Fitzgerald Park Precinct Plan

Design and Appearance

- Strategy 1.d. Existing buildings of historic and/or architectural value should be incorporated into new development. The Public Safety Building should be retained when the block is redeveloped.
- Strategy 3. All new buildings should relate to the pedestrian at street level, with clear-glass windows on the ground floor, pedestrian-scaled signage, building entrances at-grade, etc.

Land Use

- Strategy 3. New development should be mixed-use, within each building to the greatest extent possible, but always within each block.
- Strategy 5.b. Recruitment efforts should be focused to provide businesses that better serve neighborhood residents and provide places for them to gather, such as a movie theater, grocery store and coffeehouse.
- Strategy 7. In general, parking should be provided underground to allow for maximum densities appropriate in a downtown.
- Strategy 8. A diverse range of housing types and prices should be available in Fitzgerald Park.

Natural Environment.

- Strategy 1. Trees and landscaping should be planted wherever possible on public and private property.
- Strategy 1.d. Private property owners should increase greening opportunities in all areas around and on top of their buildings (green roofs).
- Strategy 3. New buildings should embrace “green” principles and strive for LEED certification.

Saint Paul Comprehensive Plan

Historic Preservation

- Strategy 2.2 Incorporate historic preservation considerations into development, land use, and environmental reviews, staying mindful of project timelines.

Housing

- Strategy 1.1. Increase housing choices across the city to support economically diverse neighborhoods.

Transportation

- Strategy 2.3. Promote creative in-fill housing near transit corridors to increase transit-supportive density and housing choices.

Downtown has an impressive pre-existing inventory of affordable housing. Currently, publicly-assisted affordable and private-market affordable rental housing represents sixty percent of downtown’s total rental housing stock, i.e. 2,025 of the 3,357 total rental units (see Fig. 1 below). Also significant is the fact that measured alone, publicly-assisted affordable rental housing (including new units recently funded by the HRA in the Minnesota Building, the Commerce Building, and the Renaissance Box) represent 30% of the total housing units in downtown, making District 17 the planning district with the highest such percentage in the city.

Fig. 1. Downtown¹ Affordable Rental Housing

	#rentalUnits
Publicly-assisted affordable rental ²	1,667
Private market affordable rental ³	358
Total affordable rental units	2,025
% of downtown rental housing that is affordable	60%

1. Boundary defined as District 17.

2. Includes units in the Minnesota Building, Commerce Building Phase 2, and the Renaissance Box. Based on list compiled by PED staff.

3. Based on list compiled by PED staff.

Affordable housing developed during the *Housing 5000* initiative added more to downtown’s pre-existing affordable housing inventory. Over the most recent 10-year period, **57%** of the units within new production rental projects downtown have had affordable rents. However, only one project in the downtown core – the Lowertown Loft Apartments – has had market rate rental units. Recent metro trends bode well for proposed market-rate projects like the Penfield, with a decrease in the vacancy rate for market-rate apartments across the metro area to 2.4 percent at the end of the second quarter. Marquette Advisors 3rd quarter report indicates a vacancy rate of 1.1% in downtown St. Paul with rents that increased by 2.8% since this time last year. The 3rd quarter report says downtown Minneapolis had a vacancy rate of 1% with rents that increased by 9% since last year. GVA Marquette Advisors recently predicted that “going

forward, [they] expect a continuation of the current trend, with urban and close-in suburban apartments filling first."¹

Rental options for moderate and middle income households are an important part of the all-incomes housing policy. For the Penfield's 62 Alcove/Studios, the rents will range from \$948 to \$1,116, which are affordable to a modest-income renter making \$37,629 to \$44,950 in 2011 (65% to 80% of median income). For the 95 one-bedroom units, rents will range from \$1,065 to \$1,256 which are affordable to a moderate-income households making an annual income of between \$48,150 and \$62,025 in 2011 (80-100% of the Area Median Income). This income range approximately corresponds to the median salaries in Minnesota of middle school teachers (\$42,000) and registered nurses (\$75,000).[1] For the 77 two-bedroom units, rents will range from \$1,176 to about \$1,892, affordable to households at 80 to 110% of the Area Median Income. The 17 three bedroom units will have rents that range from \$1,629 to \$2,022 which are affordable to a moderate-income household with income of \$66,768 to \$94,609 in 2011 (80-110% of area median income). As a point of comparison, the US Department of Housing and Urban Development, through its Neighborhood Stabilization Programs, has described "middle-income" housing as a unit affordable to a household earning up to 120% of the Area Median Income (\$69,468 for a 1-person household and \$79,392 for a 2-person household in 2011). In sum, the City's vision for downtown Saint Paul is to continue to develop it as a diverse residential neighborhood with housing options for a diversity of incomes. While the *Housing 5000* initiative focused primarily on new market-rate ownership housing and affordable rental housing in the downtown/riverfront, the demand for market rate rental housing went largely unaddressed. The Penfield will help to fill pre-existing and future demand.

Economic Development Benefits

The redevelopment project will eliminate blight and leverage approximately \$35 million. of private investment in downtown Saint Paul. The construction of new market rate housing and a Lunds grocery store will enhance the quality of life in downtown Saint Paul and increase the values of surrounding residential and commercial properties. Access to fresh produce will allow

¹ Finance and Commerce, accessed 12/13/11 at <http://finance-commerce.com/2011/07/twin-cities-apartment-vacancy-rate-falls-to-2-4/?dmcss=login>.

residents to incorporate more healthy food into their meals. This new investment will contribute to the health of residents, economic stability and growth of the City property tax base.

This project has the potential to be both transformative and catalytic for downtown. It is transformative in that it will put downtown “on the map” in a way it has never been before. In particular, a Lunds grocery store puts downtown in a “tier of livability” that says downtown is a “real” neighborhood with a broad range of retail and services. The project is catalytic in that having a Lunds store with housing above sends a signal to other developers, future residents and prospective businesses that downtown Saint Paul is a vibrant place and a solid investment opportunity – downtown has “arrived.”

The project will result in significant job creation. The Lunds store will create 75 full and part time jobs. The project’s \$45,430,000 construction cost will result in \$20.5 million of direct labor or 200 construction jobs. Residents from the new project will increase demand for retail and commercial services in the area ensuring the stability and growth of neighborhood businesses.

The Capital River Council created a Development Committee special task force that has worked with the Penfield development team on the project design. At the request of the Capital River Council Committee, the 10th Street façade of the existing Public Safety Building and a small portion that wraps around on Minnesota, will be preserved and utilized for the new project.

Statement of Chairman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain property located in District 17 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) to the Penfield Apartments LLC

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on December 9, 2011. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey the following property in the District 17:

Property Description

Lots 1 through 14, both inclusive, Block 6, Roberts and Randalls Addition to St. Paul, Ramsey County, Minnesota, except the Easterly 20 feet of Lots 1,2,3,12,13 and 14

Recommendation: Staff recommends approval of the attached resolution and budget amendment.

Sponsored by: Councilmember Dave Thune

Staff: Principal Project Manager Marie Franchett, 266-6702

Attachments

- **Attachment A -- Resolution**
- **Attachment B -- Background Attachment**
- **Attachment C -- Map/Address of Project, should include libraries, parks, schools.**
- **Attachment D -- *Project Summary Form***
- **Attachment E -- *Sources and Uses Summary Form***
- **Attachment F -- *Public Purpose Form***
- **Attachment G -- Census Facts**

Attachment B

Project Risk Analysis

1. The HUD FHA insurance program will be underwriting and approving the operating projections and reserve levels.
2. Per projected market rate rents, as projected by the HUD appraiser and Maxfield Research the fall of 2010, the HUD insured mortgage will have a debt coverage ratio of 1.23 in the first year of stabilized occupancy increasing to 1.42 in year ten. The projected excess cash flow after the HUD debt increases from \$587,504 the first year of stabilized occupancy to 1,060,230 in year ten and increases thereafter.

3. Reserves on closing will include:

\$881,000 Working capital reserve funds can be used to pay for non-mortgage costs related to marketing, furniture, fixtures and equipment and lease up and can be used for debt service and operating shortfalls. Once the reserve is expended HUD doesn't require that it be replenished. HUD requires a working capital reserve of 2% (\$819,000). We've budgeted an additional \$61,942. Reserves will not be released without permission from HUD.

\$1,785,800 The operating deficit escrow (ODE) will be used during the lease up of the project to pay debt service and operating expenses. HUD will establish the ODE based on its underwriting of the project. Once the ODE is expended HUD doesn't require it be replenished. HUD authorization is required for release of the ODE. HUD will require an annual audit prior to approval of release of funds. See absorption analysis below.

\$1,783,158 The Interest Reserve was sized assuming 50% of the proceeds would be outstanding over the construction period, with interest at the rate of 4.75% for a construction period of 18 months, plus an additional 2 months for Cost Certification (20 months total). The current interest rate is 4.25% so there is a .50% cushion.

HUD will require an annual replacement reserve contribution estimated at \$127,000. This is included in the operating budget.

4. Rents will range from an average of \$1,055 for studio/alcove units, \$1,238 for one bedrooms, \$1,509 for two bedrooms, and \$1,890 for three bedroom units. These rents are based on an average rent of \$1.55 per SF per the rents outlined in the HUD Invitation letter of June 21, 2011. The HUD Invitation letter was based on underwriting of the project per the appraisal and market study reports prepared and submitted the fall of 2010. Since then market conditions have changed. Maxfield Research now conservatively estimates rents of \$1.65 per SF.
5. In the fall of 2010, Maxfield Research projected lease up at 10-12 units per month with 20% of units preleased. The project is being underwritten with a more conservative assumption of 11 units leased per month, until the later months of lease up with absorption decreasing to 9 units. These are conservative projections given that the current vacancy rate in downtown St. Paul is 1.1%.
6. If the Lunds lease is not renewed in 10 years there would be sufficient cash flow from the project to cover debt service and operating expenses. The Lunds rental revenue starts out at about \$265,000 per year and increases to \$413,000 by year ten. Excess cash flow in year 10 is projected to be \$1,060,230. If the Lunds lease were terminated in year ten, when there is a projected debt coverage ratio of 1.43, there would still be adequate cash flow to make debt payments on the HUD loan. In addition the HRA will establish a Lunds lease loss reserve in years 7, 8, and 9 that will total \$830,000 by year 10. Loss of the Lunds could have a negative impact on leasing of the residential units.

Construction Cost Risk: The construction budget is \$45,430,000.

Construction Risk Mitigation:

1. PED and its development team have identified, through a best value process, Weis Builders as the apparent general contractor. Weis has substantial experience in building HUD insured multi-family projects. The project budget currently includes approximately \$3,277,656 for contingency.

2. Weis has provided a bid bond and will execute a performance bond for the entire construction contract amount.
3. Weis will execute a guaranteed maximum price contract and assumes all risks associated with the construction project.
4. Studio Five Architects has been hired, through a request for proposal process, to serve as the HRA's owner's representative. Studio Five has extensive experience in managing large scale complex projects including the Regions Hospital expansion and multi-family projects.
5. A HUD approved architect will be reviewing and approving the construction drawings, construction budget and general contractor selection.

Interest Rate Risk

If interest rates were to rise significantly between now and the firm HUD approval, anticipated to be spring of 2012, it is possible that the increased interest rate could cause a gap in the financing. This is a risk common to most development projects.

Interest Rate Risk Mitigation

The current interest rate is 4.25%. Dougherty Mortgage typically recommends an interest rate cushion of .25%. The project is being underwritten at an interest rate of 4.75% providing a conservative .50% cushion. Local lenders indicate rates will remain fairly low through the next year.

The bonds will be fully insured by the HUD 221 (d) 4 mortgage insurance program and will have a triple A credit rating. If the project were to go into default, the HUD insurance would make the bond holders whole and the HRA would have no financial or legal liability for repayment of the bonds.

Prior to approval and issuance of the 221 (d)(4) insurance, HUD will underwrite the project to ensure that it will be economically successful. HRA staff has completed a risk analysis of the project.

See the absorption, vacancy rate and rent level analysis below:

Penfield Absorption Projections for 253 Units

	<u>Preleased Units</u>	<u>Units Leased Per Month.</u>
HUD/HRA Underwriting	40 (16%)	11 per mos through 15 mos then 9 per mos from 16 to 18 mos
HUD Appraiser	64 (25%)	17 per mos for 12 mos
Maxfield Research	64 (25%)	12-15 per mos for 13 to 16 mos.

Penfield Rent Assumptions

	<u>Average Rent Per SF</u>
Per HUD Invitation Letter (1.)	1.55
HRA Cash Flow Projections (2.)	1.59
2010 HUD Appraiser Projection	1.59
2010 Maxfield Research Projection (3.)	1.59

Vacancy Rate

HUD Underwriting	7%	
HRA Cash Flow Projections	7%	
Marquette Advisers 3rd Qtr 2011	1.1%	(Declined from 8.4% 3rd Qtr. 2010)

1. When HUD approved the pre-application and issues the invitation letter for a firm application, HUD provided rent levels by unit type. Based on the current unit mix the average per SF rent would be \$1.55. The pre-application assumed a HUD rent of \$1.57.
2. The HRA cash flow numbers reflect average rents at \$1.59 per SF, plus an additional \$16,802 per month in parking income and expenses based on the HUD appraiser that are \$5,000 per month less than the latest HUD recommendation.
3. Maxfield Research indicates that current projected rents will be about \$1.65.