

Presentation to  
Cook County Chamber

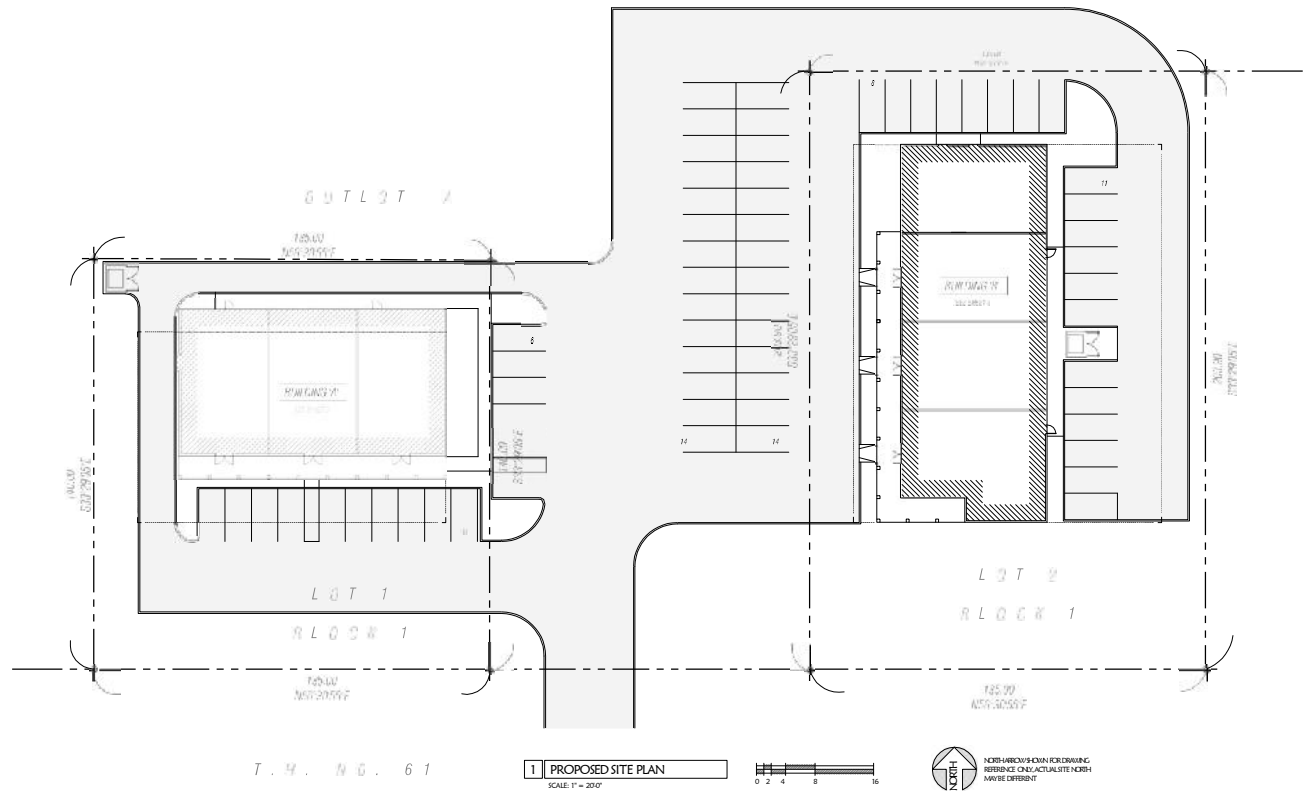
November 18, 2021

Downtown Tofte Residential & Commercial Development

PRELIMINARY DRAWINGS FOR THE

# Downtown Tofte Buildings

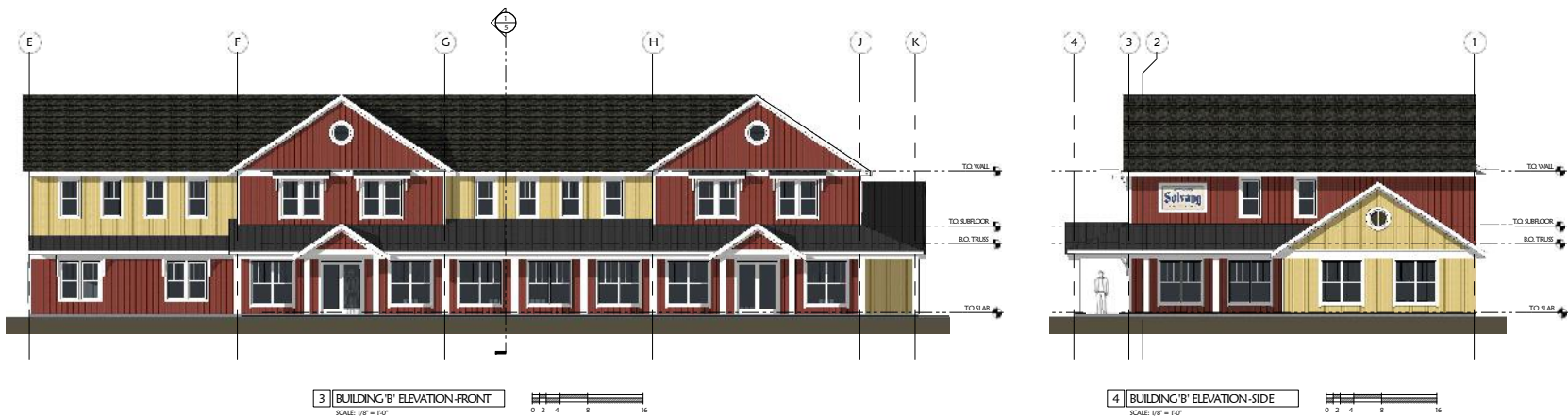
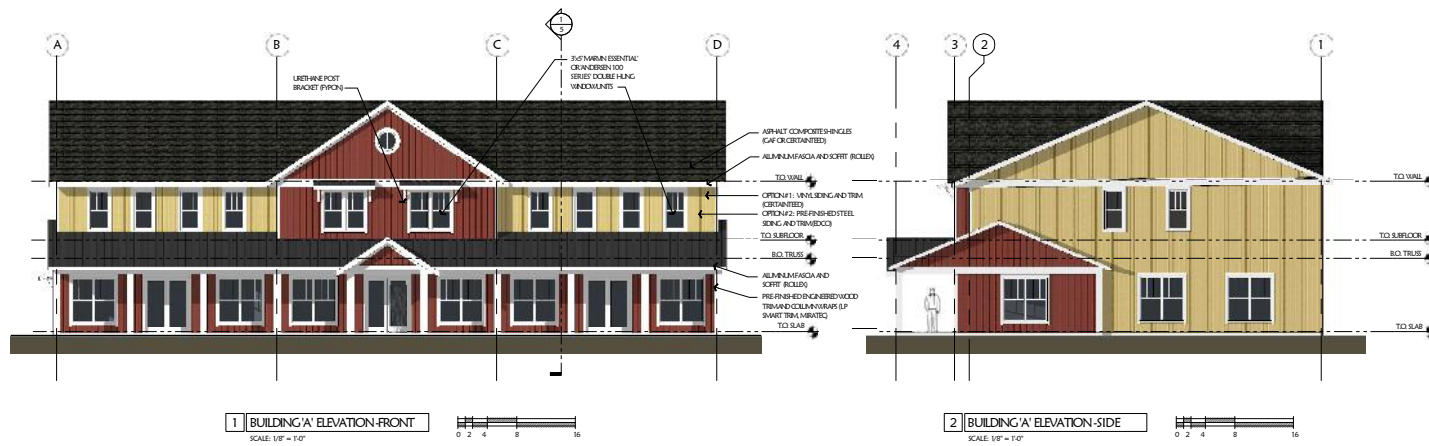
Tofte, Minnesota



DATE	DESCRIPTION

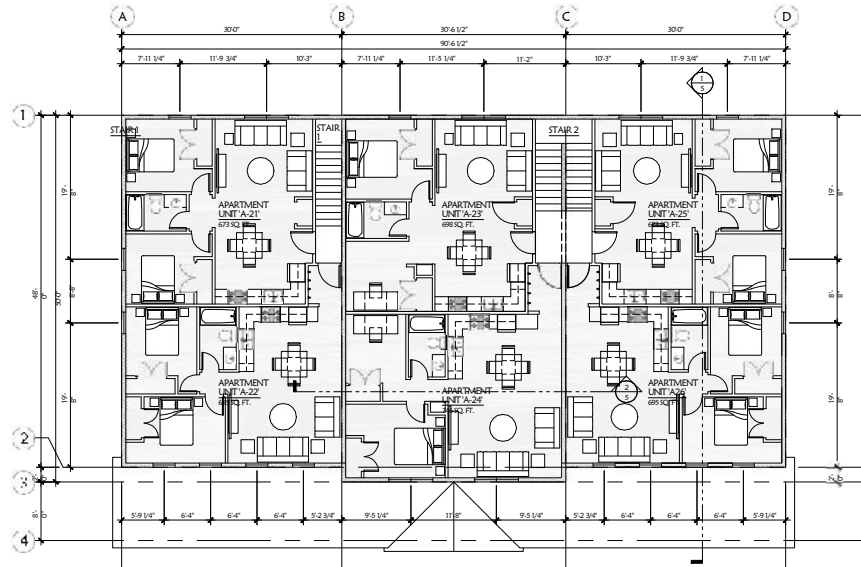
## Downtown Tofte Buildings

Tofte, Minnesota



NO.	REVISION	DATE

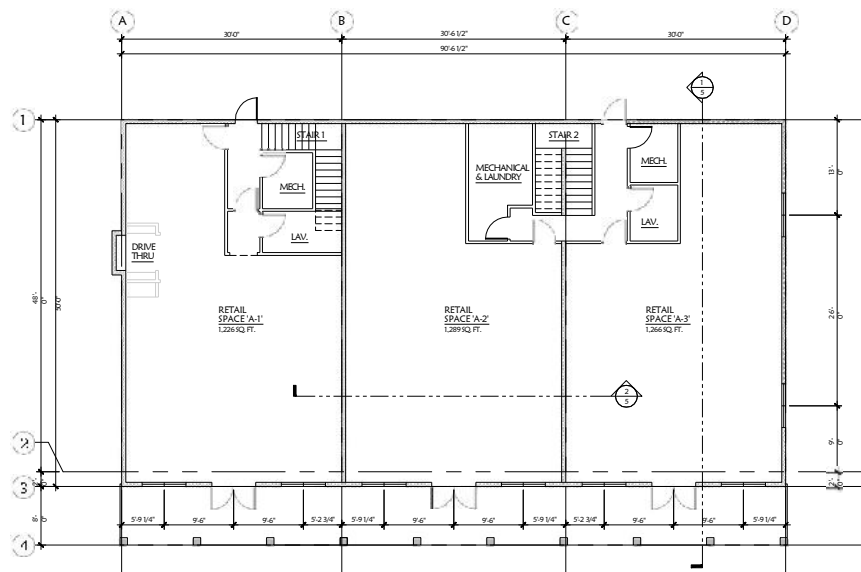
**Downtown Tofté Buildings**  
Tofté, Minnesota



**BLDG. 'A' UPPER LEVEL**

OCCUPANCY: R-2 (APARTMENT)	
APARTMENT UNIT A-21: 2 BEDROOM1	673 SQ. FT.
BATH	695 SQ. FT.
APARTMENT UNIT A-22: 2 BEDROOM1	695 SQ. FT.
BATH	698 SQ. FT.
APARTMENT UNIT A-23: 1+ BEDROOM1	746 SQ. FT.
BATH	746 SQ. FT.
APARTMENT UNIT A-24: 1+ BEDROOM1	673 SQ. FT.
BATH	695 SQ. FT.
APARTMENT UNIT A-25: 2 BEDROOM1	695 SQ. FT.
BATH	695 SQ. FT.
<b>OCCUPANCY: SERVICE</b>	
STAIR 1	156 SQ. FT.
STAIR 2	156 SQ. FT.
<b>SERVICE AREA TOTAL:</b>	<b>328 SQ. FT.</b>
<b>BLDG. 'A' UPPER LEVEL AREA TOTAL:</b>	<b>4,408 SQ. FT.</b>

**1 BLDG. 'A' UPPER LEVEL PLAN**  
SCALE: 1/8" = 1'-0"  
NORTH



**BLDG. 'A' MAIN LEVEL**

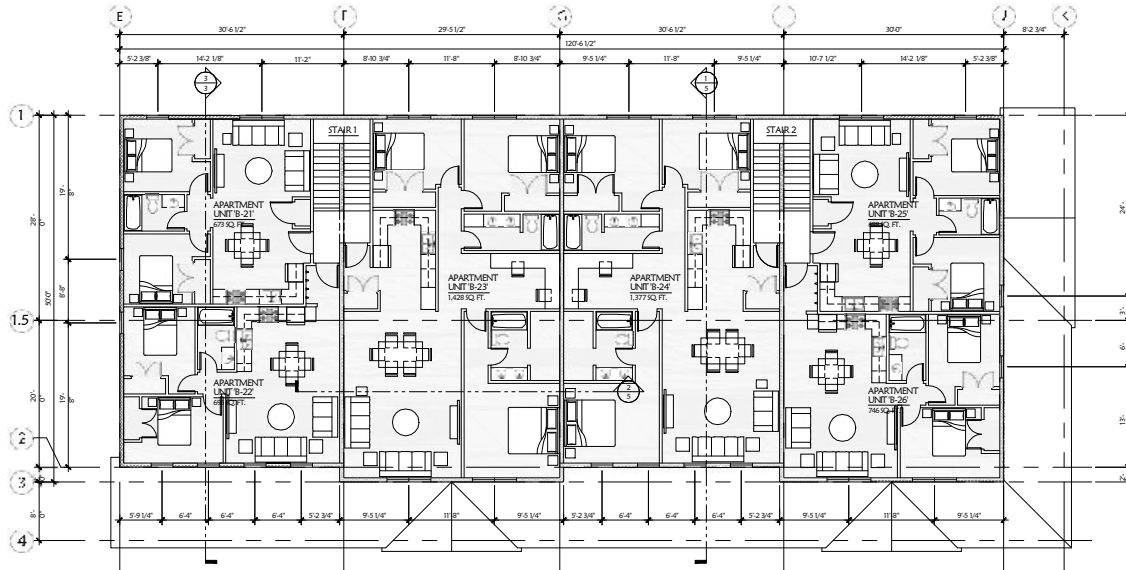
OCCUPANCY: M (RETAIL)	
RETAIL SPACE A-1	1,226 SQ. FT.
RETAIL SPACE A-2	1,289 SQ. FT.
RETAIL SPACE A-3	1,266 SQ. FT.
<b>M (RETAIL) AREA TOTAL:</b>	<b>3,781 SQ. FT.</b>
<b>OCCUPANCY: SERVICE</b>	
STAIR 1	282 SQ. FT.
STAIR 2	472 SQ. FT.
<b>SERVICE AREA TOTAL:</b>	<b>754 SQ. FT.</b>
<b>BLDG. 'A' MAIN LEVEL AREA TOTAL:</b>	<b>4,535 SQ. FT.</b>

**2 BLDG. 'A' MAIN LEVEL PLAN**  
SCALE: 1/8" = 1'-0"  
NORTH

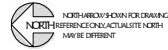
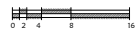
Notes:

1. All dimensions are shown in feet and inches.
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3. All dimensions are shown in feet and inches.
4. All dimensions are shown in feet and inches.

**Downtown Tofte Buildings**  
Tofte, Minnesota



1 BLDG. B' UPPER LEVEL PLAN  
SCALE: 1/8" = 1'-0"

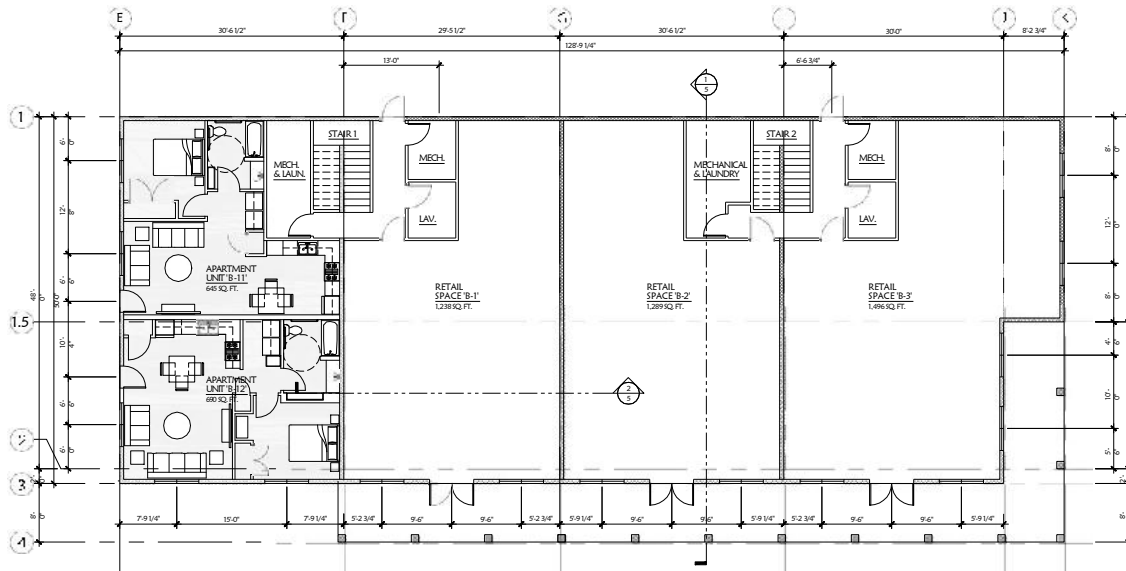


**BLDG. B' UPPER LEVEL**

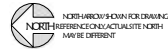
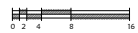
OCCUPANCY: R-2 (APARTMENT)	
APARTMENT UNIT B-21: 2 BEDROOM BATH	673 SQ. FT.
APARTMENT UNIT B-22: 2 BEDROOM BATH	665 SQ. FT.
APARTMENT UNIT B-23: 3 BEDROOM BATH	1,428 SQ. FT.
APARTMENT UNIT B-24: 3 BEDROOM BATH	1,377 SQ. FT.
APARTMENT UNIT B-25: 2 BEDROOM BATH	666 SQ. FT.
APARTMENT UNIT B-26: 2 BEDROOM BATH	746 SQ. FT.
<b>R-2 AREA TOTAL</b>	<b>5,617 SQ. FT.</b>

OCCUPANCY: SERVICE	
STAIR 1	143 SQ. FT.
STAIR 2	143 SQ. FT.
<b>SERVICE AREA TOTAL</b>	<b>286 SQ. FT.</b>

BLDG. B' UPPER LEVEL AREA TOTAL: 5,907 SQ. FT.



2 BLDG. B' MAIN LEVEL PLAN  
SCALE: 1/8" = 1'-0"



**BLDG. B' MAIN LEVEL**

OCCUPANCY: R-2 (APARTMENT)	
APARTMENT UNIT B-11: 1 BDR. BATH	665 SQ. FT.
APARTMENT UNIT B-12: 1 BDR. BATH	660 SQ. FT.
<b>R-2 AREA TOTAL</b>	<b>1,325 SQ. FT.</b>

OCCUPANCY: M (RETAIL)	
RETAIL SPACE B-1	1,288 SQ. FT.
RETAIL SPACE B-2	1,289 SQ. FT.
RETAIL SPACE B-3	1,496 SQ. FT.
<b>M (RETAIL) AREA TOTAL</b>	<b>4,073 SQ. FT.</b>

OCCUPANCY: SERVICE	
STAIR 1	472 SQ. FT.
STAIR 2	472 SQ. FT.
<b>SERVICE AREA TOTAL</b>	<b>899 SQ. FT.</b>

BLDG. B' MAIN LEVEL AREA TOTAL: 6,297 SQ. FT.

NO.	REVISION

**Downtown Tofte Buildings**  
Tofte, Minnesota

## **Downtown Tofte Buildings – Space Summary (Designed with Tofte Design Review Guidelines in mind)**

### **Building Sizes:**

**Building A: 8,943 Total Square Feet**

**Main level:** 4,535 square feet containing 3 commercial/retail spaces

**2<sup>nd</sup> level:** 4,408 square feet containing 6 apartments available to all residents

**Building B: 12,164 Total Square Feet**

**Main level:** 6,257 square feet containing 2 accessible apartments available to all residents, and 3 commercial /retail spaces.

**2<sup>nd</sup> level:** 5,907 square feet containing 6 apartments available to all residents

**Total: 21,107 Square Feet**

## Downtown Tofte Buildings – Rental Rate Summary:

### Number of Apartment Units and Monthly Rent:

<u>Type of Apartment</u>	<u>Number of Units</u>	<u>Rental Rate (includes heat, electricity, water &amp; internet)</u>
1 bedroom	4 (2 are accessible)	\$ 975/month
2 bedroom	8	\$1,375/month
3 bedroom	2	\$1,575/month

### Number of Commercial/ Retail Spaces and Annual Rent:

<u>Spaces With Highway 61 exposure</u>	<u>Average Square Footage</u>	<u>Rental Rate</u>
4 Spaces	1,319 sf	\$18/sf
<u>Spaces Without Highway 61 exposure</u>	<u>Average Square Footage</u>	<u>Rental Rate</u>
2 Spaces	1,263 sf	\$15/sf

## Downtown Tofte Buildings – Sources and Uses:

### Sources & Uses

#### Uses of Funds

##### Project Costs

Land	\$105,000
Construction Costs	\$3,384,300
Site & Utilities	\$738,000
Soft Costs	\$517,000
Contingency	\$300,000
<b>Total</b>	<u>\$5,044,300</u>

#### Sources of Funds

Developer Equity	\$990,000
First Mortgage	\$2,470,230
MHFA Workforce Housing Grant	\$880,000
IRRRB Infrastructure Grant	\$420,000
Shortfall (to be made up in value engineering)	\$284,070
<b>Totals</b>	<u>\$5,044,300</u>

Above does not include approximately \$706,630 in real estate taxes abated over 15-year period.



# Downtown Tofte Buildings – Operating Proforma

Operating Proforma	Annual Increase	Expenses & Revenues by Component			Annual Revenues and Expenses			Annual Revenues and Expenses			
		Year 1		Total	Year 2	Year 3	Year 4	Year 13	Year 14	Year 15	Year 16
		Housing	Retail								
<b>Apartments (See Rents)</b>	2.5%	\$216,600		\$216,600	\$222,015	\$227,565	\$233,255	\$291,303	\$298,585	\$306,050	\$313,701
<b>Fees and other</b>	2.0%	\$2,010	\$2,010	\$4,020	\$4,100	\$4,182	\$4,266	\$5,098	\$5,200	\$5,304	\$5,410
<b>Commercial Rent (See Rents Tab)</b>	3.0%		\$132,891	\$132,891	\$136,878	\$140,984	\$145,214	\$189,471	\$195,155	\$201,010	\$207,040
<b>Total Income</b>		<b>\$218,612</b>	<b>\$134,901</b>	<b>\$353,511</b>	<b>\$362,993</b>	<b>\$372,732</b>	<b>\$382,734</b>	<b>\$485,872</b>	<b>\$498,941</b>	<b>\$512,364</b>	<b>\$526,152</b>
<b>Expenses</b>											
<b>Vacancy 5% housing 10% commercial</b>		\$10,830	\$13,289	\$24,119	\$24,994	\$25,686	\$26,397	\$33,767	\$34,705	\$35,669	\$36,660
<b>Depreciation 39 year Straight Line</b>		\$84,359	\$36,154	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512
<b>Insurance</b>	3.0%	\$6,650	\$2,850	\$9,500	\$9,785	\$10,079	\$10,381	\$13,545	\$13,951	\$14,370	\$14,801
<b>Debt Service 4.5% interest, 25 year term</b>	Note 1	\$116,602	\$49,972	\$166,574	\$166,574	\$166,574	\$166,574	\$166,574	\$166,574	\$166,574	\$166,574
<b>Audit</b>	3.0%	\$2,000	\$2,000	\$4,000	\$4,120	\$4,244	\$4,371	\$5,703	\$5,874	\$6,050	\$6,232
<b>Professional Services</b>	3.0%	\$2,000	\$2,000	\$4,000	\$4,120	\$4,244	\$4,371	\$5,703	\$5,874	\$6,050	\$6,232
<b>Repairs and Maint 7% Revenue</b>		\$17,322	\$7,424	\$24,746	\$25,410	\$26,091	\$26,791	\$34,011	\$34,926	\$35,865	\$36,831
<b>Property Management 5% of Revenue</b>		\$10,931	\$6,745	\$17,676	\$18,150	\$18,637	\$19,137	\$24,294	\$24,947	\$25,618	\$26,308
<b>Cap Ex Reserve 1% of Construction Costs</b>	3.0%	\$23,438	\$10,045	\$33,483	\$34,487	\$35,522	\$36,588	\$47,738	\$49,171	\$50,646	\$52,165
<b>Garbage Disposal</b>	5.0%	\$3,156	\$3,156	\$6,312	\$6,628	\$6,959	\$7,307	\$11,335	\$11,902	\$12,497	\$13,122
<b>RE Taxes</b>	3.0%	\$22,412	\$28,061	\$50,473	\$51,987	\$53,547	\$55,153	\$71,962	\$74,121	\$76,345	\$78,635
<b>Other Expenses</b>	3.0%	\$2,135	\$915	\$3,050	\$3,142	\$3,236	\$3,333	\$4,349	\$4,479	\$4,613	\$4,752
<b>Utilities</b>	Note 2	\$22,400	\$3,600	\$26,000	\$27,300	\$28,665	\$30,098	\$46,692	\$49,027	\$51,478	\$54,052
<b>Contingency 6% of Revenue</b>	Note 3	\$13,117	\$8,094	\$21,211	\$21,780	\$22,364	\$22,964	\$29,152	\$29,936	\$30,742	\$31,569
<b>Snow &amp; Grounds</b>	5.0%	\$4,000	\$4,000	\$8,000	\$8,400	\$8,820	\$9,261	\$14,367	\$15,085	\$15,839	\$16,631
<b>Total Expenses</b>		<b>\$341,352</b>	<b>\$178,305</b>	<b>\$519,655</b>	<b>\$527,387</b>	<b>\$535,178</b>	<b>\$543,238</b>	<b>\$629,705</b>	<b>\$641,085</b>	<b>\$652,870</b>	<b>\$665,075</b>
<b>Net Income</b>		<b>(\$122,740)</b>	<b>(\$43,404)</b>	<b>(\$166,144)</b>	<b>(\$164,394)</b>	<b>(\$162,446)</b>	<b>(\$160,504)</b>	<b>(\$143,833)</b>	<b>(\$142,144)</b>	<b>(\$140,506)</b>	<b>(\$138,924)</b>
<b>Add Back Depreciation</b>		\$84,359	\$36,154	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512	\$120,512
<b>Net Cash Flow w/o Return on Equity</b>		<b>(\$38,382)</b>	<b>(\$7,250)</b>	<b>(\$45,632)</b>	<b>(\$43,882)</b>	<b>(\$41,934)</b>	<b>(\$39,992)</b>	<b>(\$23,321)</b>	<b>(\$21,632)</b>	<b>(\$19,994)</b>	<b>(\$18,412)</b>
<b>Add Tax Abatement (Cook County Portion Only)</b>	3.0%	\$20,638	\$17,355	\$37,993	\$39,133	\$40,307	\$41,516	\$54,169	\$55,794	\$57,468	\$0
<b>Net Cash Flow after Tax Abatement</b>		<b>(\$17,744)</b>	<b>\$10,105</b>	<b>(\$7,639)</b>	<b>(\$4,749)</b>	<b>(\$1,627)</b>	<b>\$1,524</b>	<b>\$30,848</b>	<b>\$34,162</b>	<b>\$37,474</b>	<b>(\$18,412)</b>
<b>Return on \$990,000 Developer Equity</b>	Note 3			-0.8%	-0.5%	-0.2%	-0.2%	3.1%	3.5%	3.8%	-1.9%
<b>Cumulative Net Cash Flow</b>				<b>(\$7,639)</b>	<b>(\$12,388)</b>	<b>(\$14,015)</b>	<b>(\$12,491)</b>	<b>\$146,839</b>	<b>\$181,001</b>	<b>\$218,475</b>	<b>\$200,063</b>
<b>Cumulative Return on Developer Equity - Annualized</b>				-0.8%	-0.6%	-0.5%	-0.3%	1.1%	1.3%	1.5%	1.3%

Years 5 - 12

Note 1: \$67.44 per \$1,000 per year on \$2,470,000 at 4.5% w/ 25 year term  
 Note 2: Assumes owner pays electricity & heat for rental units which saves \$50 per month per unit in meter fee, allowing for higher base rent. Assumes commercial tenants pay their utilities.  
 Note 3: MHFA Requires minimum of 6% contingency or positive cash flow

**Financial breakeven occurs Year 4**