

Case Study: A Sample Project & Transaction

This is a **hypothetical** case study that will be used during the on-site CNA e-Tool Training. No such project or transaction is known to exist, although many markets include situations similar to this one.

Project

Location	Annapolis, Maryland
Market/Economy	Strong and stable local economy Seat of state government Strong anchor institution presence (e.g., U.S. Naval Academy)
Structure	# of units: 240 # of buildings: 20 buildings (of 12 units each) Each building is three stories with a breezeway in the middle Each building has either: <ul style="list-style-type: none"> ▪ (12) 2BR units, or ▪ (6) 1BR units & (6) 3BR units
Energy Consumption	Higher utility costs due to government requirements on utility companies to reduce impacts on the Chesapeake Bay ecosystem
Phases of Development	1 st phase developed around 1991 2 nd phase developed around 1995
Fair Housing Considerations	Some buildings constructed in the first phase, and all buildings in the second phase, are subject to the Fair Housing Act Design and Construction requirements. The 'covered units' do not meet all Fair Housing Act requirements. The 5'-0" x 6'-8" sliding glass doors don't have a wide enough opening (28+" vs. 32" required.) The property is not, however, subject to Section 504 (it has never been federally assisted.)

Transaction

A 223(f) refinancing is planned: the existing financing matures about 18 months from now. The rehab budget (critical + non-critical) is approximately \$4.0 million (\$16,628 per unit).

If the property is improved to be more energy- and water-efficient, increased rents will most likely be realized. Accordingly, the owner is pursuing the Green MIP reduction and LEED Bronze certification, and will be performing utility benchmarking. For that reason, the sample CNA includes utility consumption information.