

DEVELOPMENT DEAL CHECK

RIVERWORKS DISTRICT - PHASE I

City of Fairhaven • Illustrative Final Underwriting • September 2026

ILLUSTRATIVE SAMPLE - NOT AN ACTUAL PROJECT

Riverworks District, the developer, public agency, market data, financing terms, costs, revenues and conclusions in this report are entirely fictional. This sample is provided solely to demonstrate the Civic Basis Development Deal Check product and methodology.

\$72.4M	\$8.5M	\$5.9M	SUPPORT IN
DEVELOPMENT COST	DEVELOPER REQUEST	SUPPORTED AMOUNT	PART
			FINDING

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What this sample demonstrates

A concise, decision-first underwriting report that distinguishes the developer's case from independently normalized assumptions and converts the financial analysis into actionable public deal terms.

Executive Deal Assessment

Civic Basis reviewed the fictional Riverworks District Phase I proposal, a mixed-use redevelopment of a former industrial site into 184 apartments, 31,000 square feet of commercial space, a 420-space structured parking facility and public-realm improvements.

\$72.4M	\$8.5M	\$5.9M	11.3 : 1
TDC	REQUEST	VERIFIED GAP	PUBLIC LEVERAGE

Civic Basis finding

SUPPORT IN PART - CAP PUBLIC PARTICIPATION AT \$5.9 MILLION

The project demonstrates a credible but-for case. Extraordinary site and infrastructure costs, together with market-supported limits on permanent debt, create a financing gap. The full \$8.5 million request is not supported. After normalizing operating assumptions, debt capacity and developer compensation, Civic Basis estimates a maximum supportable public contribution of \$5.9 million.

Key findings

- Development costs are generally supportable, but \$0.8 million of developer/related-party compensation and \$0.4 million of financing/contingency costs should not be included in the subsidy basis.
- Stabilized residential rents and commercial lease rates are broadly supportable; the applicant's 4.0% residential vacancy assumption was adjusted to 6.0%.
- Normalized stabilized NOI is approximately \$4.47 million, supporting about \$39.8 million of permanent debt at a 1.25x DSCR and 6.25% interest rate.
- Without assistance, the project produces an estimated 8.1% leveraged IRR and 6.7% yield on cost; the supported \$5.9 million participation raises returns to approximately 12.4% and 7.5%, respectively.
- The public contribution should be reimbursement-based and self-reducing if final costs fall, private financing increases, or project sources exceed the underwritten capital stack.

Transaction Snapshot

Item	Illustrative transaction
Project	184 apartments; 31,000 SF commercial; 420-space garage; streetscape and utility improvements
Site	6.2-acre former industrial property adjacent to the fictional Riverworks downtown district
Sponsor	Riverworks Development Partners, LLC (fictional)
Total development cost	\$72,400,000
Public request	\$8,500,000 TIF reimbursement
Civic Basis supported amount	Up to \$5,900,000
Construction period	24 months
Stabilization	Month 36
Private capital	\$39.8M permanent debt; \$26.7M sponsor/investor equity after supported assistance

Public rationale

The City is considering participation because the project remediates a difficult infill site, extends public utilities, adds publicly accessible streetscape improvements, introduces housing and employment-generating commercial space, and is expected to materially increase taxable value.

Decision question

Can the project reasonably proceed without the requested \$8.5 million TIF commitment?

Civic Basis finds that some assistance is justified, but the evidence supports a smaller maximum contribution of \$5.9 million.

Scope, Evidence & Methodology

For this illustrative final underwriting, Civic Basis assumes receipt of a detailed development budget and pro forma, fictional appraisal and market study, contractor pricing, lender term sheet, equity indication, site-remediation estimate and proposed TIF term sheet.

Evidence classification	Use in this sample
Applicant-provided	Development budget, pro forma, financing plan and requested public participation.
Third-party supported	Illustrative market rents, vacancy, cap rate, construction pricing and lender parameters.
Civic Basis adjustment	Normalized vacancy, management income, debt sizing, developer compensation and contingency.
Policy judgment	Whether the public benefits warrant investment up to the financially supportable amount.

Analytical sequence

Normalize the pro forma → test costs and market assumptions → size private debt/equity → establish the no-assistance case → test reasonable returns → solve for the gap → evaluate public return → stress-test the transaction → structure protections.

Important limitation

Every figure in this website sample is fabricated. The analysis is internally consistent for demonstration purposes but is not based on an actual property, developer, lender, appraisal, market study, municipality or incentive district.

Project Economics

Uses	Amount	%
Land & acquisition	\$6.20M	8.6%
Hard construction	\$45.90M	63.4%
Site remediation / public infrastructure	\$4.80M	6.6%
Soft costs	\$5.65M	7.8%
Financing & interest	\$4.15M	5.7%
Developer fee	\$3.60M	5.0%
Reserves & contingency	\$2.10M	2.9%
TOTAL	\$72.40M	100%

Underwriting adjustments

Item	Applicant	Civic Basis	Adjustment
Developer / related-party compensation	\$3.60M	\$2.80M	-\$0.80M subsidy basis
Financing / interest allowance	\$4.15M	\$3.90M	-\$0.25M
Contingency eligible for gap	\$2.10M	\$1.95M	-\$0.15M
Total adjustment			-\$1.20M

The adjustments do not necessarily imply the applicant cannot incur these costs. They reflect the amount Civic Basis considers appropriate when determining the public financing gap.

05 / OPERATING CASE

Market & Operating Assumptions

Assumption	Applicant	Civic Basis
Average apartment rent	\$2.42/SF/mo.	\$2.38/SF/mo.
Residential vacancy	4.0%	6.0%
Commercial rent	\$31.00/SF NNN	\$30.00/SF NNN
Commercial vacancy	8.0%	10.0%
Revenue growth	3.0%	2.5%
Expense growth	2.5%	3.0%
Exit cap rate	5.50%	5.75%

Normalized stabilized operations

Operating item	Annual
Residential effective gross income	\$4.31M
Commercial / other income	\$0.93M
Parking and ancillary income	\$0.41M
Effective gross revenue	\$5.65M
Operating expenses	(\$1.18M)
Stabilized NOI	\$4.47M

Finding

The applicant's revenue case is achievable but slightly optimistic. The principal normalization is higher vacancy and a more conservative exit capitalization rate.

Capital Structure & Debt Capacity

Metric	Applicant	Civic Basis
Permanent interest rate	6.00%	6.25%
Amortization	30 years	30 years
Minimum DSCR	1.20x	1.25x
Maximum LTV	70%	65%
Supportable permanent debt	\$43.7M	\$39.8M

Civic Basis sizes debt to the most constraining reasonable lender metric rather than maximizing leverage under a single ratio. At normalized NOI, the project supports approximately \$39.8 million of permanent debt.

Illustrative supported capital stack

Source	Amount	%
Permanent debt	\$39.80M	55.0%
Sponsor / investor equity	\$26.70M	36.9%
Public participation	\$5.90M	8.1%
TOTAL	\$72.40M	100%

Sponsor capacity

For sample purposes, the sponsor is assumed to have relevant mixed-use experience, sufficient liquidity to fund required equity and guarantees, and no material capacity concern. In an actual engagement, Civic Basis would document the evidence supporting that conclusion.

Returns, But-For Test & Financing Gap

Return metric	No assistance	\$5.9M support	\$8.5M request
Leveraged IRR	8.1%	12.4%	15.3%
Yield on cost	6.7%	7.5%	7.9%
Equity multiple	1.42x	1.68x	1.86x

For this risk profile, the illustrative underwriting assumes that a leveraged IRR in the low-to-mid teens and a yield-on-cost spread of roughly 150-200 basis points above the stabilized cap rate are sufficient to attract equity without materially over-subsidizing the transaction.

Financing gap

Calculation	Amount
Adjusted development cost / supported uses	\$71.20M
Supportable permanent debt	(\$39.80M)
Reasonable private equity	(\$25.50M)
Verified gap	\$5.90M

But-for conclusion

The project does not appear financeable at the proposed scope under the normalized no-assistance case. However, the \$8.5 million request exceeds the amount required to close the verified gap and achieve a reasonable risk-adjusted return.

Public Investment & Public Return

Public objective	Illustrative result	Assessment
Private investment leveraged	\$66.5M private / \$5.9M public	Strong
Public leverage	11.3 private dollars per \$1 public	Strong
Taxable value	Approx. \$78M at stabilization	Material increase
Housing	184 new infill units	Positive
Commercial activity	31,000 SF	Positive
Infrastructure / public realm	Utilities, sidewalks, streetscape and site remediation	Direct benefit
Strategic alignment	Reuses constrained infill site and connects downtown district	Strong

Public return conclusion

The public case is strongest when participation is limited to the verified gap and tied to completion of the infrastructure, public-realm and redevelopment outcomes. The analysis does not treat projected tax increment as proof of need; it is a separate consideration regarding affordability and public return.

09 / STRESS TEST

Sensitivity & Risk Assessment

Downside case	Illustrative effect
Residential rents 5% below base	IRR falls to ~9.9%; DSCR compresses materially.
Construction cost +7.5%	Creates roughly \$3.4M additional capital requirement absent offsetting savings.
Interest rate +100 bps	Supportable permanent debt declines by approximately \$3.0M.
Exit cap +50 bps	Meaningful reduction in terminal value and sponsor IRR.
Stabilization delayed 12 months	Adds carry and delays TIF-generating value; sponsor return declines.

Risk register

Risk	Likelihood	Impact	Mitigation
Construction / remediation	Medium	High	GMP, contingency, environmental allowance, completion guarantee
Lease-up / market	Medium	High	Conservative vacancy; phased commercial tenant improvements
Financing	Medium	High	Final commitments before public obligation
Cost savings / excess sources	Medium	Medium	Automatic reduction of public reimbursement
Timing	Medium	Medium	Outside completion date and milestone schedule

Recommended Deal Structure

Term	Civic Basis recommendation
Maximum participation	Up to \$5,900,000
Form	Pay-as-you-go TIF reimbursement and/or reimbursement of verified eligible public improvements
Funding trigger	No reimbursement until specified private capital is invested and eligible work is completed
Private equity	Minimum \$25.5M, subject to final capital stack
Cost savings	Dollar-for-dollar reduction in public participation until verified gap is maintained
Additional debt / sources	Public commitment resets downward if additional sources eliminate the gap
Completion deadline	Substantial completion within 30 months of commencement, subject to defined force majeure
Public benefits	Infrastructure/public-realm scope and mixed-use program incorporated into agreement

Why this structure

The project has a demonstrable financing need but also meaningful uncertainty. A capped, reimbursement-based structure keeps private capital at risk, allows the public contribution to adjust downward if economics improve, and links payment to verified performance rather than projected need alone.

Conditions & Protections

Before execution

- Confirm eligible TIF expenditures and legal authority.
- Finalize development scope, site plan and public-benefit commitments.
- Resolve any material change from the underwritten capital stack.

Before reimbursement

- Evidence of final debt and equity commitments.
- Evidence that required private equity has been funded.
- Invoices and cost certification for reimbursable expenditures.
- Certification that the project remains in material compliance with the development agreement.

Ongoing protections

- Maximum public obligation of \$5.9 million.
- No reimbursement beyond legally available increment.
- Reduction for cost savings, insurance proceeds or excess project sources where they reduce the verified gap.
- Repayment or clawback for failure to complete required improvements or material breach of public-benefit commitments.
- Annual reporting until the public obligation is satisfied.

Conclusion

ADVANCE WITH CONDITIONS

Civic Basis supports public participation in the fictional Riverworks District Phase I project at an amount not to exceed \$5.9 million. The analysis supports a genuine financing gap, but not the developer's full \$8.5 million request. Assistance should be structured as a capped, performance-based reimbursement that automatically adjusts if final project economics improve.

Decision summary

\$8.5M	\$5.9M	\$2.6M	ADVANCE
REQUESTED	SUPPORTED	REDUCTION	FINDING

About this sample

This report is a fictional demonstration of the Civic Basis Development Deal Check. It is intended to show how Civic Basis can translate complex real estate underwriting into a clear public-sector decision framework. No real project, municipality, developer or financing transaction is represented.

Civic Basis

Independent development finance for public decision-makers.
A better basis for public investment.