

APPENDIX A: PRO FORMA METHODOLOGY

Appendix A supports the detailed methodology for the Pro Formas and Appendix B contains seven pro formas for the seven home types that we suggest being built in the State and Division Neighborhood. The following pro formas include five development scenarios, with multiple single-family detached home types:

- Rental Quadplex New Construction (Appendix B.1)
- Single Family For-Sale Restoration (Appendix B.2)
- Rowhouse For-Sale New Construction (Appendix B.3)
- Townhome For-Sale New Construction (Appendix B.4)
- Single-Family For-Sale New Construction (Appendices B.5-B.7)

Below is a list of assumptions that were taken into account when quoting the cost of construction (Table 8), the appraisal costs (Tables 9 and 10), and the income calculations (Table 11) for the following features:

- Construction costs include (Table 8):
 - Estimates of a craftsmen-style, 1,736 detached home
 - Crawlspace
 - Permitting
 - Architectural composite shingles
 - Vinyl-clad wood windows
- Construction costs do not include:
 - Surveying and utility fees
 - Garage
 - Basement
 - Developer fees (10-12%)
- Historic cost estimation includes:
 - Fiber Cement Siding

Table 1. Construction cost quotes of a 1,736 ft² detached home from builders in Elkhart County presented at total cost and cost per square foot. The three quotes were averaged and then the average was divided by the square footage of the property.

Builder #	Historic Estimate	Price	Non-Historic Estimate	Price
Builder 1	\$300,000		\$285,000	
Builder 2	No estimate provided		\$243,200	
Builder 3	\$308,000		\$263,580	
Average	\$304,000		\$263,927	
Cost Per Square Foot (Assuming 1,736 ft ²)	\$172		\$150	

- Appraised value is taken using six comparables built between 2018-2019 and appraised in the past year. We assume that the cost is the same for historic and non-historic infill homes. See Table 9 below.

Table 2. Residential appraisal value estimates of cost per square foot for various configurations of a newly constructed single-family home in Elkhart City and the surrounding area. These values were averaged using six newly-built comparables.

New Construction in the City of Elkhart and Surrounding Area	House Including Basement, Garage, and Lot Costs	Housing including Lot Excluding Basement and Garage Costs	Housing Excluding Lot, Basement, and Garage Costs
Average Cost (\$ Per Square Foot)	\$136*	\$115*	\$103*

*It was assumed that a non-historic house would appraise \$4/ft² less than the values in Table 10 and that a historic house would appraise at the values in Table 10.

Table 3. Residential appraisal value estimates of cost per square foot for various configurations of a renovated or restored single-family home in Elkhart City. These values were averaged using four comparables of homes built before 1900 currently for-sale in Elkhart City.

Restoration Property in the City of Elkhart and Surrounding Area	House Including Basement, Garage, and Lot Costs	Housing including Lot Excluding Basement and Garage Costs	Housing Excluding Lot, Basement, and Garage Costs
Average Cost (\$ Per Square Foot)	\$71*	\$50*	\$38*

*It was assumed that a non-historic house would appraise \$5/ft² less than the values in Table 10 and that a historic house would appraise at the values in Table 11.

- The income limits for each property were calculated based on the number of bedrooms per rental or for-sale property using Housing and Urban Development’s (HUD’s) “2+1” rule, which states that a reasonable occupancy is calculated by doubling the number of rooms and adding one (Table 11).¹

Table 4. Income limits separated by the number of bedrooms per apartment for the Elkhart-Goshen, IN MSA in 2019.²

		FY 2019 Income Limits in Elkhart-Goshen, IN MSA			
# Bedrooms in Unit	# People Maximum	Low (80%) AMI	Low (60%) AMI	Very Low (50%) AMI	Extremely Low (<50%) AMI
1	3	\$48,400	\$36,300	\$30,250	\$21,330
2	5	\$58,050	\$43,538	\$36,300	\$30,170
3	7	\$66,650	\$49,988	\$41,700	\$39,010
4	9	\$70,950	\$53,213	\$44,400	\$43,430

¹ Johnson, A.J. (2018). *Occupancy Standards and Fair Housing*. <https://ajjcs.net/paper/main/2018/12/02/occupancy-standards-and-fair-housing/>

² HUD (2019). *FY 2019 Income Limits Summary*. <https://www.huduser.gov/portal/datasets/il/il2019/2019summary.odn>