

OFFERING MEMORANDUM

Sterling Creek Apartments, Independence, Missouri



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Exclusively Presented By:

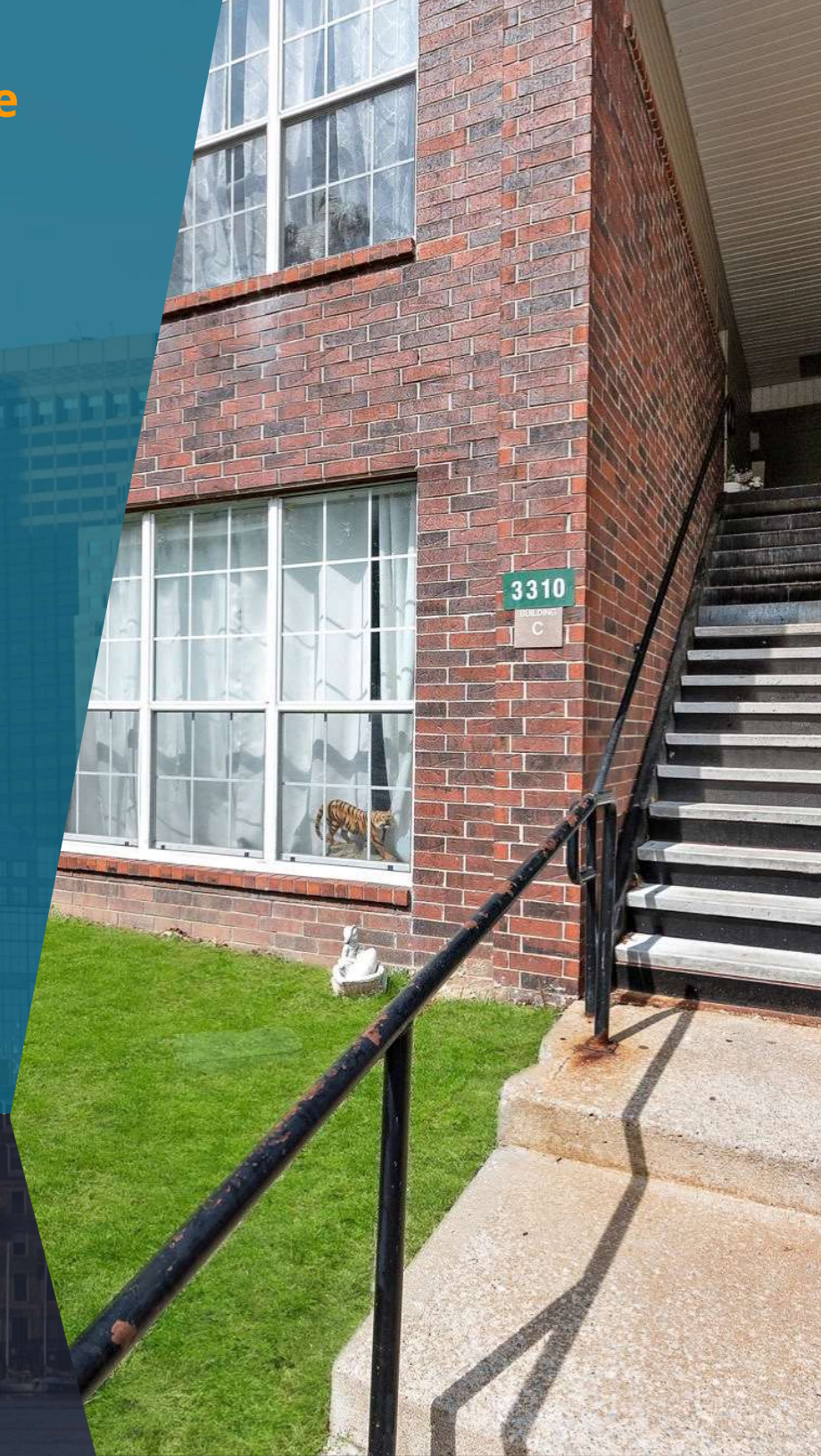
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EXECUTIVE SUMMARY

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Zeal Property Advisors, LLC is pleased to present the exclusive offering of Sterling Creek Apartments (“The Property”), a 48-unit apartment community located just off Interstate 70 and Sterling Ave in Independence, Missouri. The Property currently operates under the Section 42 LIHTC program with 7 years remaining in the Extended Compliance Period. Prospective investors may take advantage of growing rents 7% annually for occupied units and full market rents on vacant units where \$250 rent premiums have been achieved.

The Property is offered as a fee simple sale and offers prospective investors the opportunity to acquire a stabilized asset with value-add components in addition to several future capital events such as resyndicating with new 4% tax credits or applying for QCP in 2029. Prospective investors must agree to maintain the affordability restrictions under the Section 42 program through the Extended Compliance Period.

INVESTMENT HIGHLIGHTS

- 1999 Vintage
- Desirable Unit Mix With Large Units
- W/D Hookups
- \$250 Rent Premiums In Current Condition
- Eligible For QCP In 2029
- Newly Refreshed Units + Low Flow Upgrades



PRICE: Market



NOI: \$334,816



CAP RATE: N/A



PROPERTY OVERVIEW



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Sterling Creek Apartments is a 48-unit apartment community built in 1999 and encompasses 3.63 AC. The Property consists of all 2BR and 3BR units with approximately 53,592 rentable square feet in addition to an on-site leasing office. The ownership recently completed an all-unit refresh campaign inclusive of new grey LVT in entry way, kitchen and bath, epoxy coated formica countertops, commercial grade carpet in living room and bedrooms, low-flow fixtures and new paint scheme. The Property boasts submarket strengths such as supply constraints and low cost of living combined with a unit mix designed to attract long term tenants at an affordable price point.

AFFORDABLE RESTRICTIONS

Sterling Creek Apartments currently operates under the Section 42 Low Income Housing Tax Credit (LIHTC) program. There is a Land Use Restriction Agreement (LURA) in effect that restricts 100% of the units to 60% or less of the Area Median Income (AMI). The placed-in-service date is June 09 of 2000 and the 15-year Mandatory Compliance Period has elapsed. The Property is currently in the Extended Compliance Period which expires in June of 2030. Sterling Creek Apartments is eligible for the Qualified Contract Process in June of 2029. The 2023 HERA Special Income Limit for a family of four in Jackson County is \$63,300. 2023 Schedule II approved rents by MHDC can be found in the deal room.

Address	3302 South Sterling Ave, Independence, MO	Water/Sewer	Per Building Metered Reimbursed by Tenant
Units	48	Electric	Separately Metered Paid by Tenant
Year Built	1999	Gas	None
Lot Size	3.63 AC	HVAC	Central Air Electric Furnace
RSF	53,592	Hot Water	Individual 40 Gal Electric
Number of Buildings	6 Buildings 2 Stories	Laundry	Washer + Dryer Hookups
Parking	95 Surface Spaces With Dedicated Handicap Stalls	Safety	Fire Extinguisher Hallway Wired Smoke Detector In Unit Camera Security System
Wiring	Copper	Plumbing	PVC
Roofs	Pitched Composition Shingle 5-Years Old	Exterior	Brick + Vinyl
Windows	Dual Pane Vinyl Windows	Construction Type	Slab on Grade

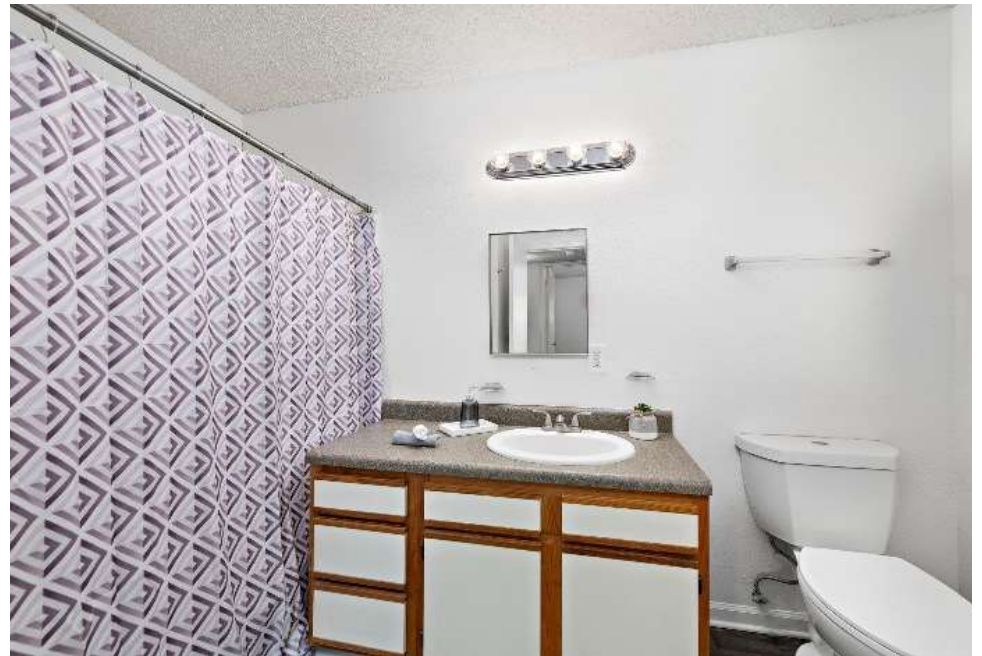


**PROPERTY
PHOTOS**

EXTERIOR & COMMON AREA PHOTOS



UNIT INTERIOR PHOTOS





FLOOR PLANS

FLOOR PLANS



2 Bedrooms, 2 Bathrooms
1,046 Square Feet

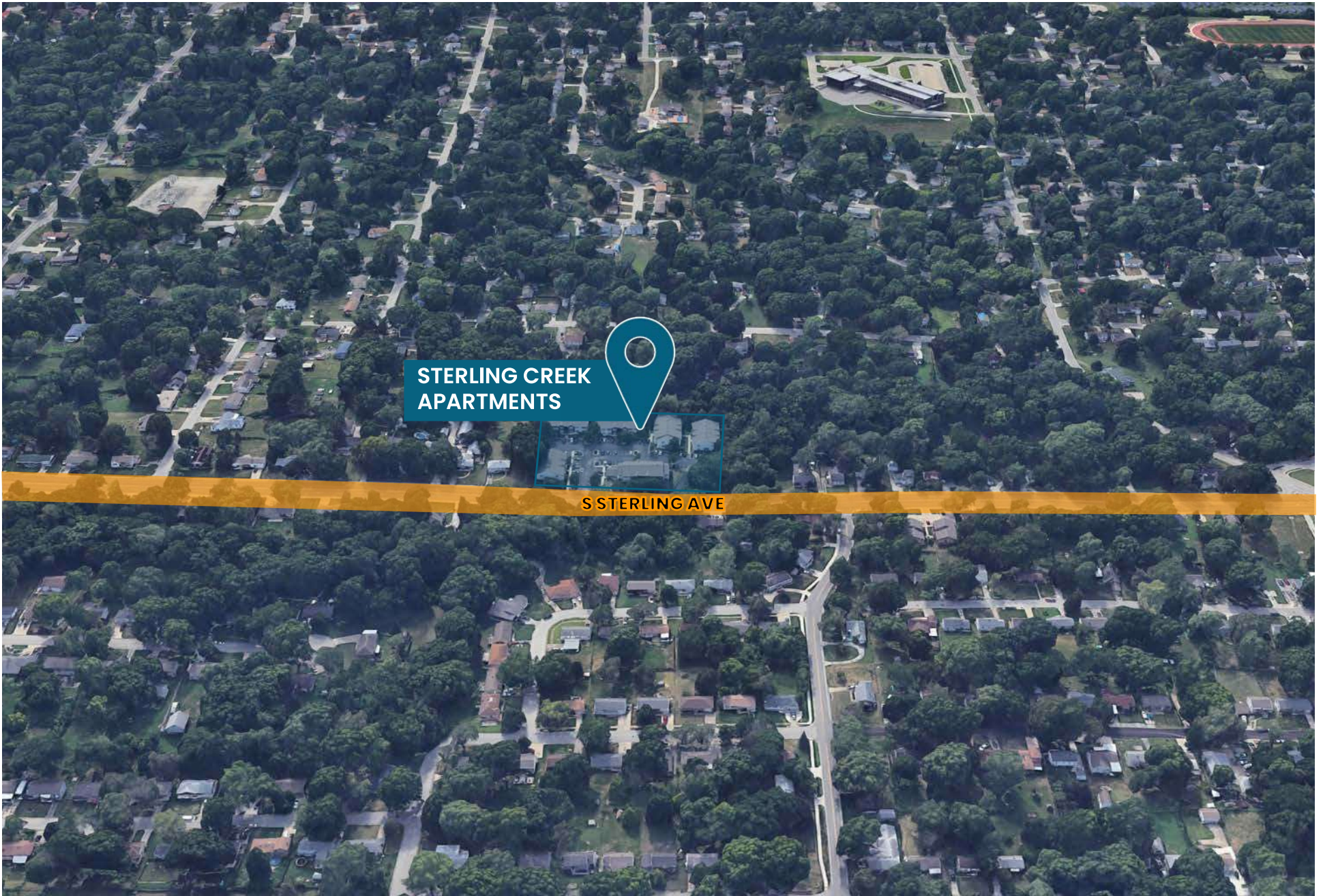


3 Bedrooms, 2 Bathrooms
1,187 Square Feet



AERIALS

AERIAL



**STERLING CREEK
APARTMENTS**

S STERLING AVE



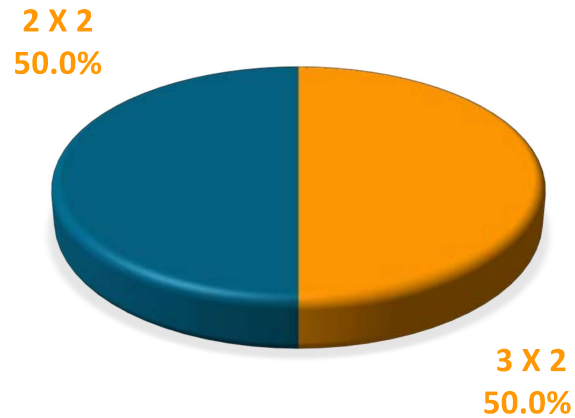
FINANCIALS



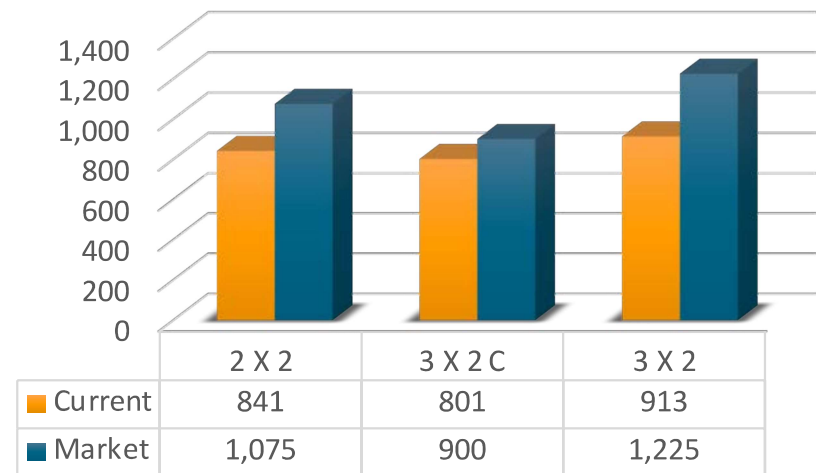
RENT ROLL SUMMARY

Unit Type	Count	% Total	Size (SF)	Avg Rent	Avg Rent / SF	Market Rent
2 X 2	24	50.0%	1,046	\$841	\$0.80	\$1,075
3 X 2 Clubhouse Unit	1	2.1%	1,187	\$801	\$0.67	\$900
3 X 2	23	47.9%	1,187	\$913	\$0.77	\$1,225
TOTAL / AVERAGE	48	100%	1,117	\$874	\$0.78	\$1,143

UNIT MIX



UNIT RENT



FINANCIAL ANALYSIS

	T-3 April	Year 1	Pro Forma	Notes	Per Unit
INCOME					
Gross Scheduled Rent	\$497,876	\$503,424	\$658,500	[1]	\$13,718
Physical Vacancy	(24,960) 5.0%	(25,171) 5.0%	(32,925) 5.0%		(685)
Concessions	(396) 0.1%	None	(3,292) 0.5%		0
Bad Debt	(6,756) 1.4%	(7,551) 1.5%	(6,585) 1.0%		(137)
Total Vacancy	(32,112) 6.5%	(32,722) 6.5%	(42,802) 6.5%		(891)
Economic Occupancy	93.5%	93.5%	93.5%		
Effective Rental Income	465,764	470,702	615,698		12,827
Utility Reimbursement	28,080	32,832	32,832	[2]	684
Other Income	22,188	22,188	22,188		462
Effective Gross Income	\$516,032	\$525,722	\$670,718		\$13,973
EXPENSES					
Real Estate Taxes	24,443	24,443	59,565	[3]	1,240
Insurance	29,447	21,600	21,600		450
Utilities	36,805	36,805	36,805		766
Trash Removal	13,062	4,800	4,800		100
Repairs and Maintenance	43,218	19,200	19,200	[4]	400
Contract Services	27,344	12,000	12,000		250
Turnover	23,448	13,200	13,200		275
Marketing / Advertising	2,450	4,800	4,800		100
Payroll	74,633	None	None	[5]	0
General and Administration	15,859	12,000	12,000		250
Management Fee	17,149 (3.3%)	42,058 (8.0%)	46,950 (7.0%)		978
Replacement Reserves	None	None	12,000		250
Total Expenses	\$307,858	\$190,906	\$242,920		\$5,060
Net Operating Income	\$208,174	\$334,816	\$427,798		\$8,912

Notes

[1] Pro Forma GSR reflects unit mix section market rents annualized.
 [2] Pro Forma Utility Reimbursement reflects a flat charge of \$60 per unit per month for water, sewer, trash and pest at 95% physical occupancy.

[3] Jackson County reassesses every odd year. Year 1 represents 2024 and Pro Forma represents 2025.

[4] Repairs and Maintenance reduced to submarket / vintage standards.

[5] Payroll absorbed by management company per management quote.

PRICING SUMMARY

Summary	
Price	Market
Number of Units	48
Price Per Unit	N/A
Rentable SF	53,592
Price Per SF	N/A
Lot Size	3.63 Acres
Year Built	1999
Type of Ownership	Fee Simple

Debt Analysis			
Loan Type	Bank	Agency	223-F HUD
Proposed Financing	First Loan	First Loan	First Loan
Max Loan Amount	75% LTC	75% LTV	85% LTV
Term	5-Years	10-Years	35-Years
Interest Rate	6.475%	5.45%	5.55%
Amortization	25-Years	30-Years	35-Years
Interest Only	18-24 Months	12-24 Months	None
Pre-Payment Penalty	None	YM	Step-Down
DSCR	1.25x	1.25x	1.17x
Recourse	Yes	No	No

For More Information Regarding Financing This Asset:



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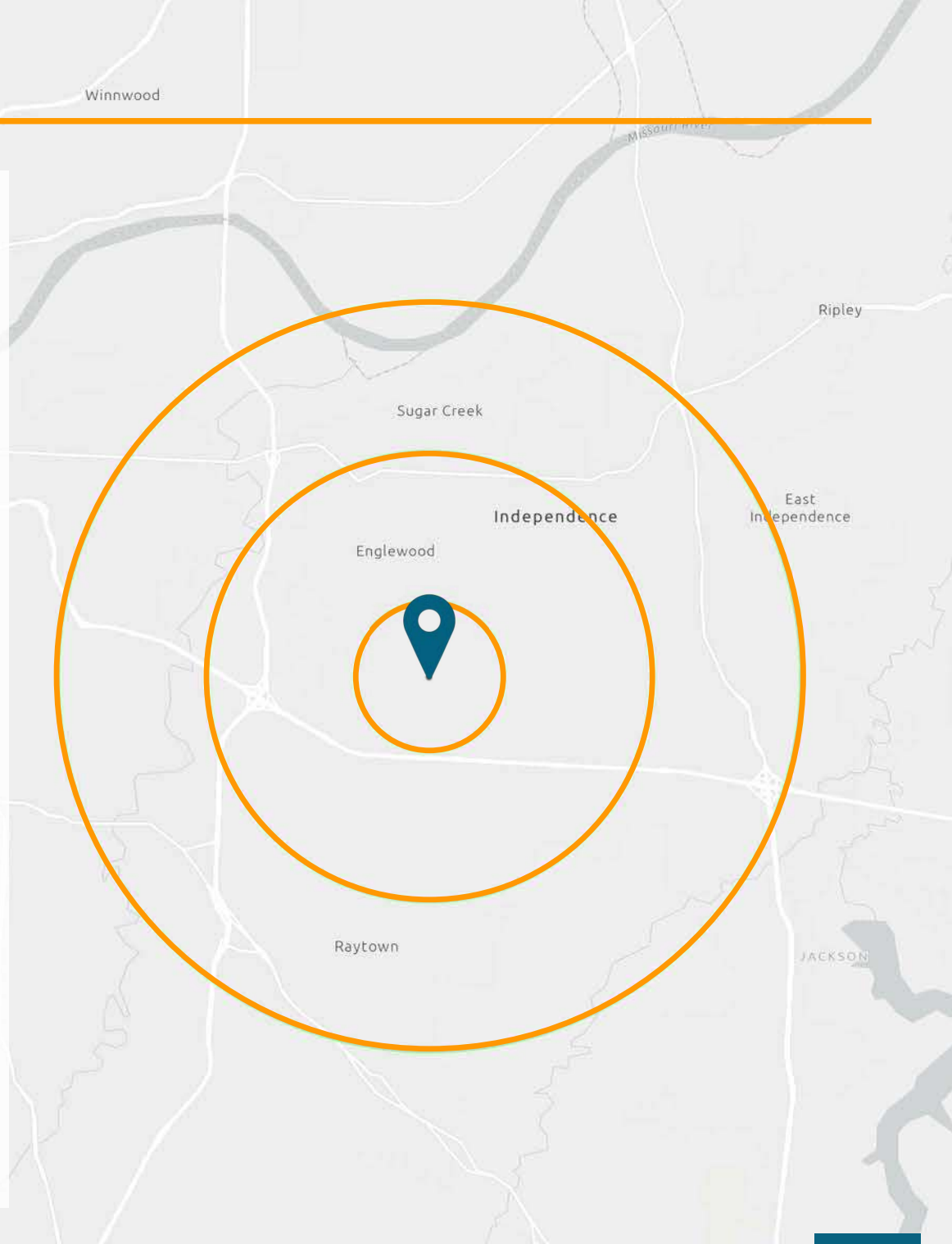
Unit Type	Unit Count	Size (SF)	Current Rents	Pro Forma Rents
2 X 2	24	1,046	\$841	\$1,075
3 X 2 Clubhouse Unit	1	1,187	\$801	\$900
3 X 2	23	1,187	\$913	\$1,225
Total / Average	48	1,117	\$874	\$1,143



DEMOGRAPHICS

DEMOGRAPHIC SUMMARY

2022 SUMMARY	1 MILE	3 MILES	5 MILES
Population	10,612	70,867	170,775
Households	4,381	29,807	70,695
Families	2,443	16,964	42,152
Average Household Size	2.41	2.34	2.39
Owner Occupied Housing Units	2,902	17,735	41,986
Renter Occupied Housing Units	1,479	12,072	28,709
Median Age	43.7	41.6	39.9
Median Household Income	\$52,599	\$50,512	\$49,982
Average Household Income	\$65,208	\$67,906	\$66,869
2027 SUMMARY	1 MILE	3 MILES	5 MILES
Population	10,495	70,331	169,736
Households	4,327	29,633	70,413
Families	2,416	16,878	42,023
Average Household Size	2.41	2.34	2.39
Owner Occupied Housing Units	2,940	18,028	42,725
Renter Occupied Housing Units	1,386	11,605	27,688
Median Age	44.1	42.0	40.4
Median Household Income	\$62,879	\$59,825	\$58,610
Average Household Income	\$78,866	\$81,693	\$80,289



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