

THE BEACON APARTMENTS

980 E 180th Street, The Bronx, NY 10460

Final Proposal

Bank of America
Low-Income Housing Challenge 2023



NYU Schack Institute of Real Estate
NYU VIDA Team : Alexander Wang, Antonio Lulli, Douglas Croll,
Fariza Sai, Omar Reynoso, Pragathi Katama, Zachary Ventrice

Team Advisor : Jerrod Delaine
Development Sponsor : Philip Petri, MDG Design + Construction

TABLE OF CONTENTS

Project Overview.....	1
Executive Summary.....	2
The Market.....	5
The Site.....	8
Entitlements.....	10
Design Concept.....	11
Resident Services and Community Engagement.....	18
Development Unit Mix and Income.....	20
Project Costs and Financing Structure.....	21
Development Timeline.....	23
Developer Capacity.....	23
NYU VIDA Team.....	24
Appendix.....	25



Project Overview



Basic Info

980 East 180th Street, The Bronx, NY

99,571 total SF; Residential: 85,631 SF; Community Facility: 12,690 SF

Targeting extremely low, low and moderate-income families and individuals earning 30% to 70% AMI

Housing Mix

115 affordable rental units (and one manager's unit) with a weighted average of 54.70%

Studio: **29** units

1 BR: **52** units

2 BR: **29** units

3 BR: **6** units

Community Facility

12,690 SF on ground level master leased to the current owner of the land, Beck Memorial Presbyterian Church, to be used for community space and possibly day care or other uses

Funding

LIHTC (4%) & Tax Exempt Bonds

HPD ELLA Subsidy Program Loan

HPD Resolution A Grant

HDC ELLA Subsidy Program Loan

Bronx Borough President Discretionary Grant

Structuring

99-year ground lease agreement with existing owner (Presbyterian Church) valuing the land at \$3,596,995 with an annual payment equivalent to 5% of the land value

1. EXECUTIVE SUMMARY

New York City is undergoing a well-documented and acute housing crisis. One estimate suggests that 560,000 apartments must be built in the city by 2030 to just accommodate population growth. That represents a 15% growth in housing stock compared to 2020 US census records. Exacerbating the situation, the recent expiration of 421a tax incentive in 2022 is expected to slow housing growth even further. Immediate action is necessary to support our local communities. As the city is unable to keep up with the demand for housing, affordability is persistently and increasingly the headline issue for the area.

As social developers, NYU VIDA is uniquely positioned to help directly address this issue and has looked to the West Bronx area, one of the nation's poorest, as an ideal place to do our part in the community. As such, we believe we have identified a great development opportunity to prove that **affordability, preservation, and development** can work hand in hand.

The NYU VIDA proposal is the conversion of a blighted church property into an innovative 116-unit affordable housing development with community facility space focused on sustainability, community support, and historical preservation. To that end, we have partnered with *MDG Design + Construction*, a leading real estate development firm that builds and manages high-quality affordable housing in the New York City area, to bring *The Beacon Apartments* to the West Farms section of the Bronx.

The development opportunity is located on the current site of the Beck Memorial Presbyterian Church and seeks to adaptively reuse the most architecturally noteworthy portions while adding affordable housing and community facility space. Our goal is to create a vibrant and sustainable community that serves the needs of working-class families and provides them with financial and housing security.

To enhance the project's sustainability, we intend to incorporate practices through an ESG lens and will retain the NYC-based green consultant, *Bright Power Inc.* to ensure we are maximizing our potential. In addition, as climate change is seen as a major risk to the city's struggling communities, the Beacon was designed under passive house methodologies that will increase occupant comfort while reducing energy consumption and increasing reliability when compared to traditional systems. We intend to incorporate other green building technology and environmentally friendly construction methods as well in order to promote a healthier living environment for residents and contribute to a more sustainable and eco-friendly community.

1. EXECUTIVE SUMMARY cont.

Executive Summary				
Design				
Floor Area	Total SF 99,571	Residential SF 85,631	Community Facility SF 11,814	Resi Loss Factor 15%
Floor Area %	100%	86.00%	11.86%	
Residential Type	<u>Supportive Housing</u> 15.52%	<u>Affordable Residential</u> 83.62%	<u>Manager Unit</u> 0.86%	
Unit Mix	<u>Studio</u> 29	<u>1 Bedroom</u> 51	<u>2 bedroom</u> 29	<u>3 Bedroom</u> 6
Unit Sizes	425-525 SF	575-625 SF	775-825 SF	950-1000 SF
Average AMI	51.0%	64.5%	40.0%	60.0%
Sources & Uses				
Total Costs	<u>Per SF</u> \$563.68	<u>Per Unit</u> \$483,844		
Uses	<u>Hard Costs</u> 67.67%	<u>Soft Costs</u> 7.05%	<u>Financing Costs</u> 7.95%	<u>Other Costs</u> 17.26%
Construction Sources	<u>Construction Loan</u> 51.50%	<u>ELLA Subsidies</u> 42.81%	<u>Grants</u> 4.33%	<u>Other</u> 1.36%
Conversion Sources	<u>Permanent Loan</u> 25.15%	<u>LIHTC Equity</u> 74.85%		
Opex Ratio	<u>Years 1-5</u> 49.0%	<u>Years 6-10</u> 50.6%	<u>Years 11-15</u> 52.3%	
DSCR	1.16x	1.19x	1.20x	

As a show of good faith, we have agreed to reduce the developer fee to 12.58%, from the allowed 15% of adjusted eligible costs, in order to ensure the viability of the development.

980 E 180th Street will be ground leased from the Beck Memorial Presbyterian Church for a term of 99 years. This ownership structure reduces risks related to regulatory approval of the transaction. For this purpose, we valued the land at \$50 per buildable SF for a total value of \$3,639,313 and a 5% annual ground rent of \$181,966.

Beck Memorial Presbyterian Church will also master lease the ground floor community facility space for a term of 50 years with additional extension options to match the 99-year ground lease. The master lease structure provides some mitigation against additional project costs related to the community facility space after conversion. We believe the ground and master lease structure with Beck Memorial Presbyterian Church enhances the financing position of the project to obtain the best financing available.

1. EXECUTIVE SUMMARY cont.

Sources and Uses	Construction	Permanent	
Construction Loan (HDC Tax Exempt Bonds)	\$25,905,724	\$0	
Bank of America Senior Permanent Debt	\$0	\$7,196,458	
LIHTC Equity	\$684,896	\$22,107,671	
HPD ELLA Subsidy Program Loan	\$14,067,900	\$14,067,900	
HPD Resolution A Grant	\$912,700	\$912,700	
HDC ELLA Subsidy Program Loan	\$7,464,600	\$7,464,600	
Bronx Borough President Discretionary Grant	\$1,265,637	\$1,265,637	
Deferred Discretionary Developer Fees	\$5,599,710	\$3,110,950	
GP Equity	\$0	\$0	
Other Deferrals	\$224,749	\$0	
TOTAL SOURCES	\$56,125,916	\$56,125,916	<i>Per Sqft</i>
Total Land Costs	\$50,000	\$50,000	\$1
Total Site Work	\$3,000,000	\$3,000,000	\$30
Total Hard Costs	\$37,980,200	\$37,980,200	\$381
Total Soft Costs	\$3,955,470	\$3,955,470	\$40
Total Financing Costs	\$4,463,469	\$4,463,469	\$45
Total Org Costs Start-Up	\$211,738	\$211,738	\$2
Total Reserves	\$203,139	\$203,139	\$2
Developer Fees	\$6,261,900	\$6,261,900	\$63
TOTAL USES	\$56,125,916	\$56,125,916	\$564
SURPLUS < SHORTAGE >	\$0	\$0	

We deemed the existing church structure to be an important neighborhood landmark and worth partially preserving. To that end, we have earmarked \$3,000,000 in site work and rehabilitation of the Gothic Revival facade and belfry. We will additionally invest \$37,980,200 in project hard costs, plus an additional \$8,833,816 in soft, financing, organizational and reserve costs. We have allocated a developer fee of \$6,261,900. All things considered, the total project cost comes to \$56,125,916. All these figures include respective contingencies.

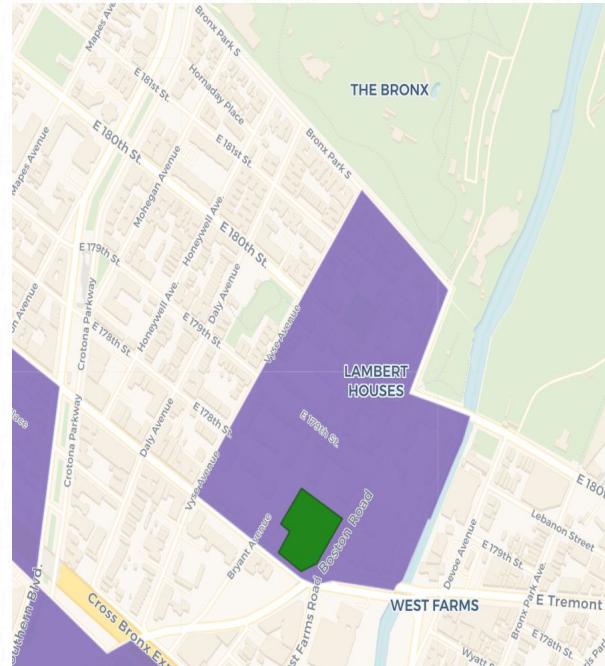
At 100% affordable housing, with an effective weighted average area median income (AMI) rent of 54.7%, the development adheres to the extremely low & low-income residential market and supports discounts to the state-recognized fair market rent for the area of 20-30%. The units set aside for formerly homeless supportive housing (with *The Bridge*), will support rental discounts of 80%+ to fair market rent. In efforts to maximize available subsidies, we expect to utilize Section 8 project-based vouchers (PBVs) for 8 of the units set aside for *The Bridge*.

Additional income will be earned through the leasing of the community facility space. This additional income will cover the ground rent owed and provide additional cash flow that can be used to fund needs or improvements post conversion. It is important to note that the financial feasibility of this development was underwritten with only the residential rent component in order to prove the viability of the project as a standalone residential development.

2. THE MARKET

Bronx Community District 6 and West Farms

Community District 6 covers 1.5 square miles in the central Bronx, serving the communities of Belmont, Bathgate, Tremont, and West Farms. According to the 2018 American Community Survey, the population was 175,456. Bronx CB 6 is primarily populated by low-income residents; with an unemployment rate of 23.9% and has the second-highest percentage residents under the age of 18 at 28.4%. 60% of residents receive some form of income assistance and 30-34% of residents live under the NYC poverty line. CB 6 district had the 2nd highest private residential eviction filing rate, the 3rd highest housing code violation rate, and 7th highest crime rate in NYC. Also has the 2nd highest number if homeless shelters.



As of 2024, the median income was about \$24,800 per year. The majority of West Farms properties are small apartments (studio to two bedrooms) or high-rise (three or four bedrooms) or small apartment buildings. A majority of the West Farms neighborhood's residential property is renter-occupied which makes it a promising investment opportunity with upside financial and social impact potential [1]. West Farms in the Central Bronx is designated as a Qualified Opportunity Zone [2]. There is a high rate of poverty in this historically redlined district.

According to Census data, the West Farms neighborhood has a lower average per capita income than 98.8% of U.S. neighborhoods. This area also has an unusually high percentage of children living in poverty at 73.5%; this is a high percentage when compared to other neighborhoods in the country. With nearly one in four children growing up in poverty, this neighborhood stands out for the depth of the problem [3].

Current Housing Market in the Central Bronx

A large percentage of residents receive Housing Choice Voucher Section 8 subsidies (17.8%) and SNAP benefits (23.9%)[4].Community Board 6 is currently planning major development with nearly 3,000 new homes and at least 72,000 square feet of retail and commercial space incoming in the next five to ten years. Upzoning and Accessory Dwelling Units (ADUs) are two innovative approaches that would benefit both renters and homeowners, according to the Community Board 6 report. Additionally, the growing population calls for more schools and daycare facilities to ease overcrowding. A number of small businesses and vacant spaces can be found along the East Tremont commercial corridor in the Central Bronx.

[1] [West Farms Bronx, NY 10460, Neighborhood Profile - NeighborhoodScout](#)

[2] [Opportunity Zones \(Final Federal Selections\); carto.com](#)

[3] [West Farms Bronx, NY 10460, Neighborhood Profile - NeighborhoodScout](#)

[4] [Statements of Community District Needs and CB Budget Requests Fiscal Year 2024](#)

These small businesses need help getting organized in order to realize their great potential. Creating jobs along this corridor would enable more people to make a living wage [5].

Comparable Developments

Despite the relative undersupply of affordable housing in the Bronx, there are some comparable modern affordable housing developments in the surrounding area.

First are the *Lambert Houses*, an apartment community currently under construction. The property will eventually comprise 1,665 permanently affordable homes and 61,000 square feet of retail and community space. The first phase was completed in August 2019. And construction for phase two is expected to begin in January with expected completion in mid-2024. It will house 279 affordable units available for existing *Lambert* tenants. A total of 42 apartments will be reserved for formerly homeless households. Units will range from one- to four-bedroom layouts.



Then we have *Compass 1*, a complex of two buildings with varying heights, ranging from 3 to 15 stories. It offers 237 apartments plus retail spaces and a garage for residents and visitors. The 298,000-square-foot complex is located in the vicinity of Boone Avenue and West Farms Road, south of East 172nd Street. It is designed around a central, landscaped courtyard that serves as an outdoor



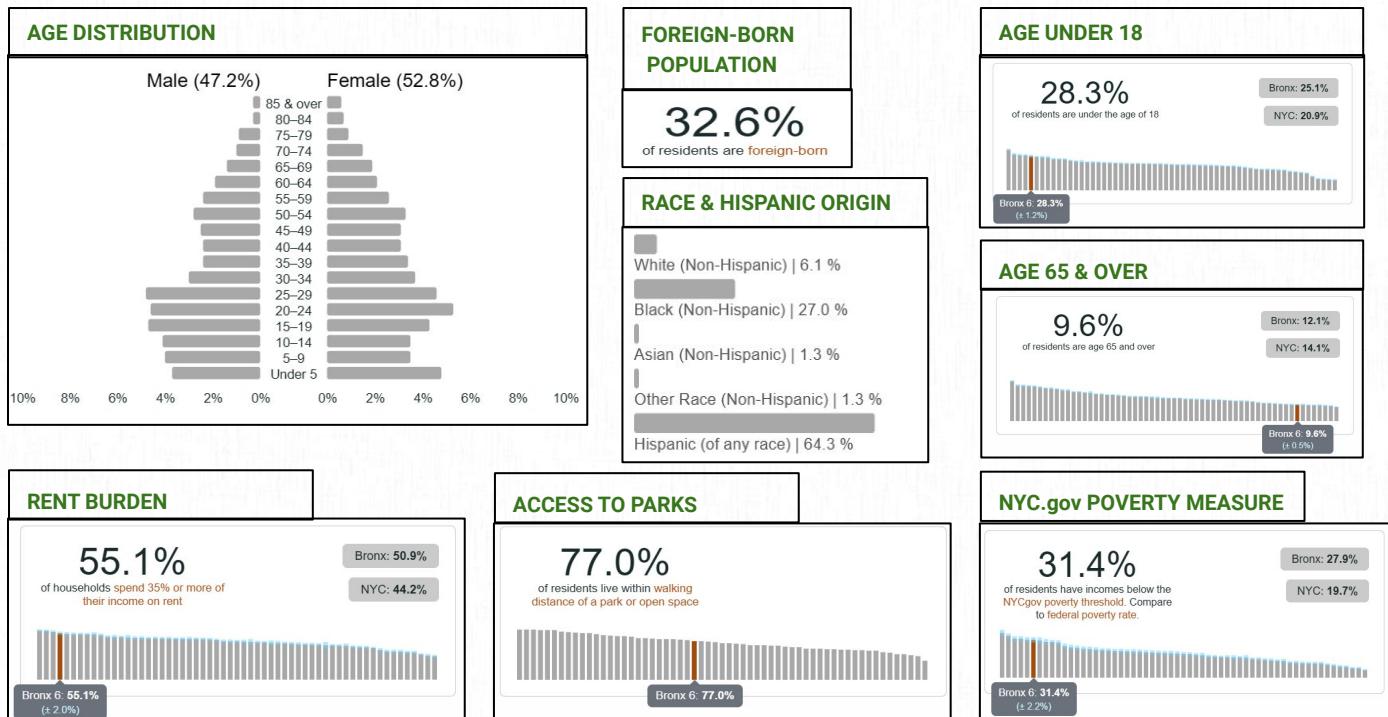
gathering space for residents. The courtyard leads to one of the buildings' lobbies, providing secure access to the apartments. The apartments in *Compass 1* are affordable housing units, aimed at families earning between 60% to 90% of the Area Median Income (AMI). A portion of these units is reserved for families who were previously homeless, while others are equipped to cater to residents with mobility, visual, or hearing impairments.

Community Characteristics

Demographics: The Central Bronx is a diverse neighborhood with a significant Hispanic and African-American population. According to the U.S. Census, the population of the Central Bronx is predominantly made up of people of Hispanic origin, with African-Americans, Caribbean-Americans also highly represented [6].

[5] Community Board Report 2023

[6] NYC Planning | Community Profiles



Education: The Central Bronx is served by a number of public and private schools, including the Bronx High School of Science and the Bronx High School of Music. There are also several community colleges and trade schools. Fordham University, a nationally-renowned Jesuit university, is only 2 miles away from the site.



Fordham University
University in New York City

Employment: The Central Bronx is home to a mix of small businesses, industrial companies, and retail establishments. Major employers in the area include Montefiore Medical Center, Lincoln Hospital, and the New York City Department of Education [7].

Culture and Recreation: The Central Bronx is home to several parks, including St. James Park and Crotona Park, as well as cultural institutions such as the Bronx Museum of the Arts, the Bronx Zoo, NY Botanical Garden. The neighborhood is also known for its vibrant street life, with street vendors and musicians adding to the bustling atmosphere.



Summary: Overall, the Central Bronx is a diverse and dynamic neighborhood that offers a mix of urban and suburban lifestyles. Despite its challenges, the Central Bronx is a vibrant community that is rich in history, culture, and community spirit.

[7] U.S. Census Bureau and 2020 Census Redistricting Data (Public Law 94-171) Summary Files Population Division, New York City Department of City Planning.

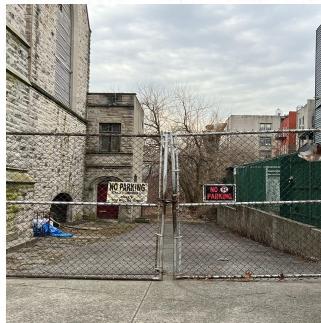
3. THE SITE

The site is currently on sale through a broker, making this a competitive but rewarding investment opportunity in one of New York's fastest-growing submarkets.

Property Information

Registered Owner	Beck Mem Presby Church
Address	980 E 180th St, The Bronx, NY 10460
Area	West Farms, Bronx, NY
Block Lot	3132 30
Community Board	CB 6
Borough	Bronx (Borough 2)
Gross Floor Area	3,110 sq ft
Lot Area	28,945 sq ft
Lot Frontage	115.03 ft
Lot Depth	275.19 ft
Year Built	1905
Building Class	M1: Churches, Synagogues, etc
Zoning District	R7-1

Site Pictures



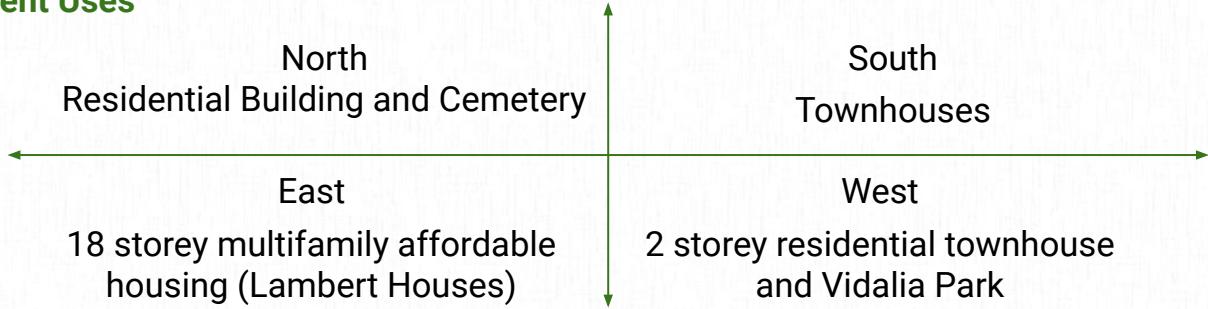
Public Transportation

The West Farms area of the Bronx is served by several forms of public transportation, providing residents with convenient access to other parts of the city and particularly Manhattan. Some of the options available in the area include:

1. **Buses:** B9, B19, B21, B36, B40
2. **Subway:** 2 and 5 trains to providing service to Manhattan and Brooklyn
3. **Commuter Rail:** Metro-North Railroad, providing commuter rail service to the suburbs of New York City, including Westchester County and Connecticut.



Adjacent Uses

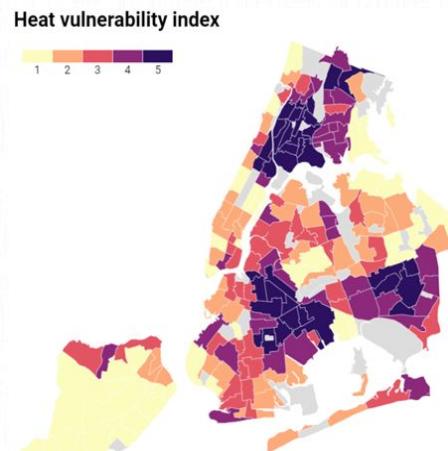


Aside from the zoo and the river, West Farms is bordered by Southern Boulevard and the Cross Bronx Expressway, also known as I-95.

Geography

The Bronx is characterized by four low-lying peninsulas or "necks" along the East River that were once salt marshes. As a result, inland flooding is a regular occurrence in the area; coastal flooding is a latent but lesser risk. 15% of all properties in Bronx County have a high risk of severe flooding [8].

West Farms is densely populated, with high concrete and asphalt coverage, plus limited tree cover. This urban heat island effect makes it susceptible to higher temperatures during heat waves. This is compounded the area's high proportion of older adults, low-income residents and communities of color who tend to be more vulnerable to heat-related problems.

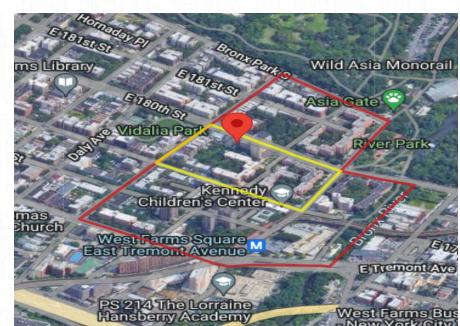


Soil

The soil is primarily composed of glacial till. It's a mixture of different-sized rocks, sand, silt, and clay that was deposited by glaciers. The soil is generally fertile and well-drained, making it suitable for urban development. However, some areas may have contaminated soil due to industrial activities and other human activities.

Air and Pollution

According to 2018's Community Health Profile, Belmont and East Tremont have 8.0 micrograms of fine particulate matter (PM2.5), the most harmful air pollutant, an amount higher than the Bronx (7.8) and NYC average (7.5). This pollution mainly comes from the thousands of cars traveling through and near the district, especially on the Cross Bronx Expressway [9].



[8] NYC Flood Hazard Mapper (arcgis.com)

[9] Community Board 6 report

4. ENTITLEMENTS

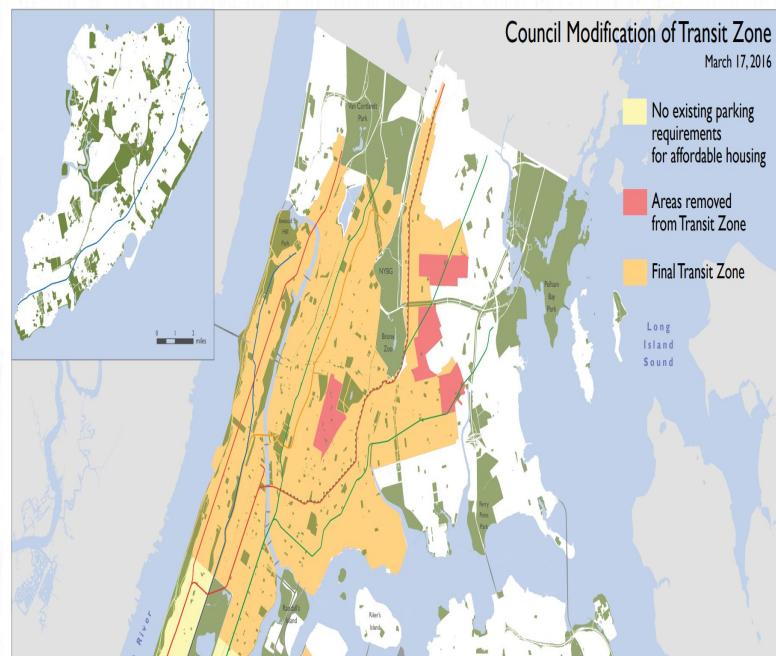
Entitlements: Zoning regulations in NYC are set by the Department of City Planning. The lot consists of a 28,945 SF, with a frontage of 115.03 ft, and depth of 275.19 ft. The lot is owned by the congregation, registered under *Beck Memorial Presbyterian Church*. The site's current use is Public Facilities and Institutions. See Exhibit A for Partnership rights.

Acquisition Risk: The Church has an existing building that is currently unused but is likely recognized as an important community landmark. The congregation is willing deliver the site in exchange for a turn key project that would benefit the community, primarily focused on low income housing. The main risk is the Church not delivering the premises under a Ground Lease option.

Mitigants: Conservative assumptions have been incorporated in the acquisition criteria that allow for a range of financial benefits to the congregation while allowing the project to remain financially viable. We will work closely with the Presbyterian Network, and work with the community to earn support for the new development. We will rehabilitate part of the existing church structure in order to minimize the environmental impact and retain this important piece of community history and character.

Zoning: We work with one zoning lot and work closely with HPD to ensure any needed approvals are in place. The site is within a Mandatory Inclusionary Housing (MIH) area and we expect 100-120 affordable housing units that conform to those standards.

Parking Requirements: For R7-1 districts, parking is required for 60% of dwelling units. Parking requirements can be waived if certain conditions are met. In R7-1 districts, parking requirements can be waived if 5 or fewer parking spaces are required. Since the property is located in a transit zone, the parking requirements may be lowered or waived. As soon as we are planning to waive parking requirements it could help reduce construction costs, making the development more cost-effective [10].



[10] [Zoning for Quality and Affordability - Land Use \(nyc.gov\)](#)

5. DESIGN CONCEPT

The Beacon Apartments were designed inside-out, with the priority being to create the best possible layouts for each unit type.

Each unit features an open-plan layout, maximizing the living space for all residents.

The orientation of the site also means that every unit will have exposure to natural light at some point throughout the day.

The *Barnes Foundation* in Philadelphia provided a fitting reference in how to stack the varied volumes for the massing of the building, and presents as somewhat as a *Beacon* itself with its translucent upper levels radiating light to its surroundings.

The annexation between the existing church facade and the apartment building features a double-height space with a pitched roofline that is conscious of the geometry of the church roof. It protrudes beyond the line of the church and welcomes the residents into the apartment; tucked in behind the belltower.

The elevator core faces back onto the main street and will provide views of the church tower as residents ascend to the upper levels.

Design Reference : The Barnes Foundation



Site Context Map

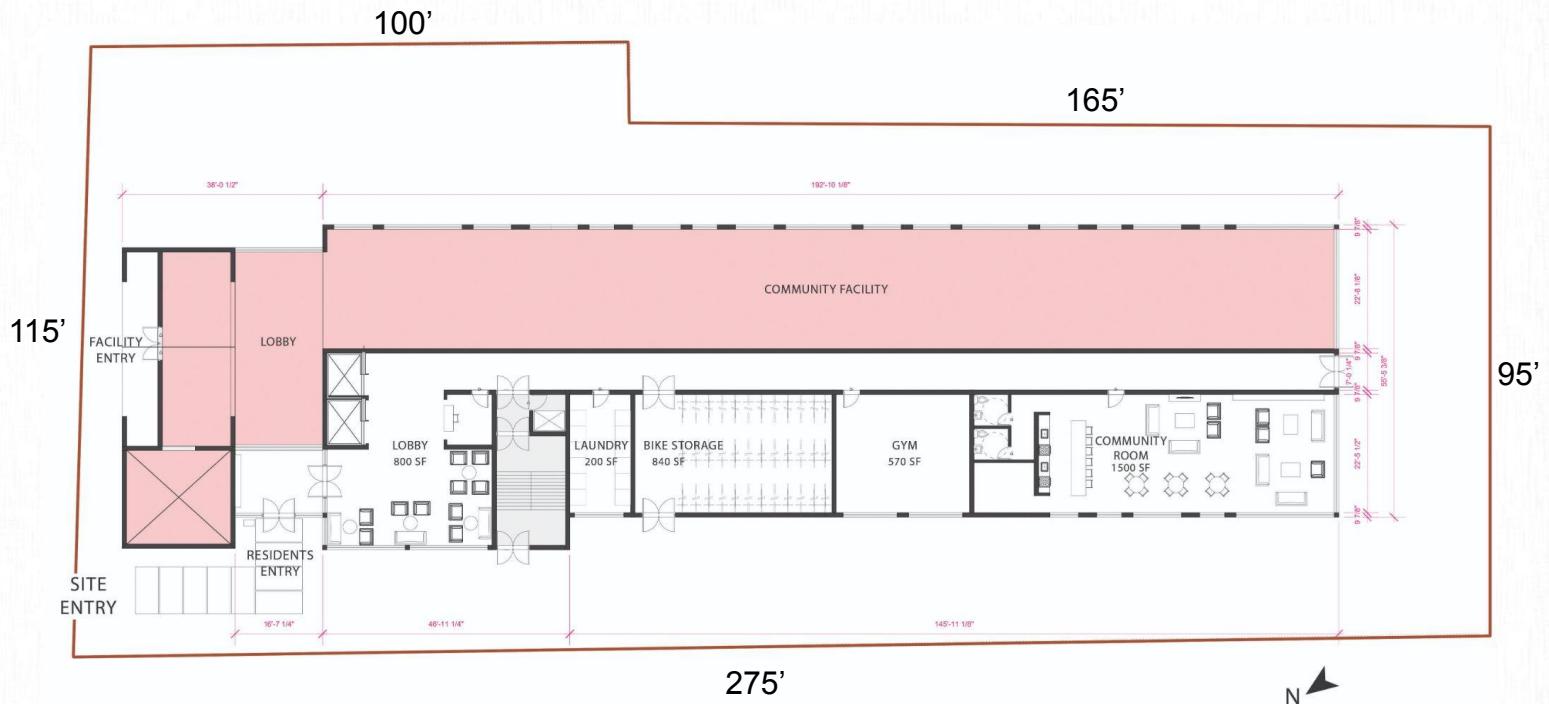


Site Plan



Floor Plans

Ground Floor Plan



Typical Floor Plan Level 2-6



STUDIO
1 BED 1 BATH
2 BED 1 BATH
3 BED 2 BATH

Typical Floor Plan Level 7-10

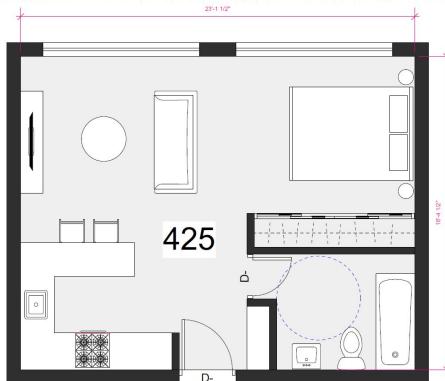


Typical Floor Plan Level 11-13

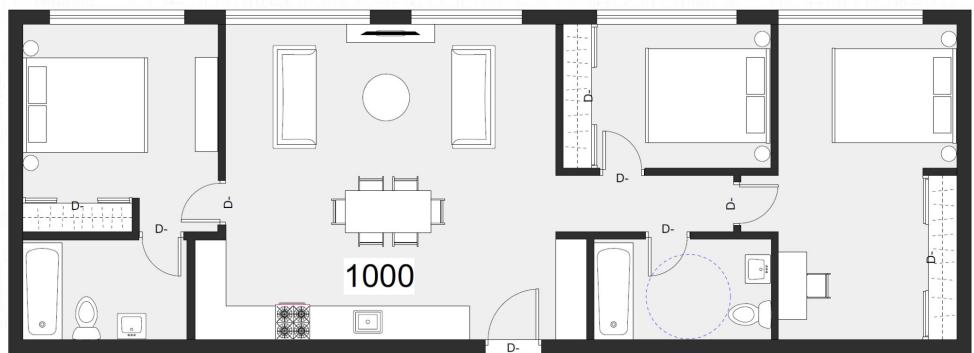


Unit Layouts

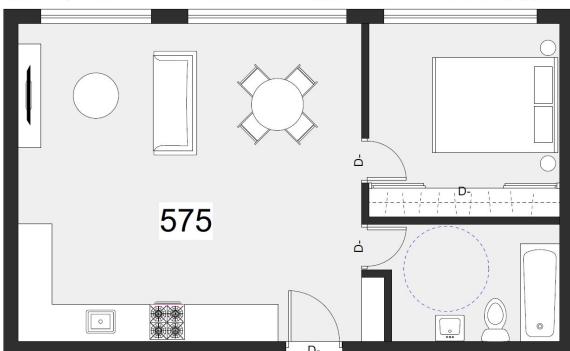
Every unit has an open-plan living space and ADA accessible bathrooms.



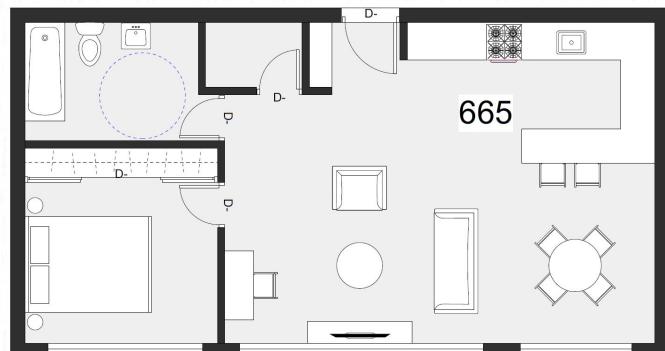
Studio Type A



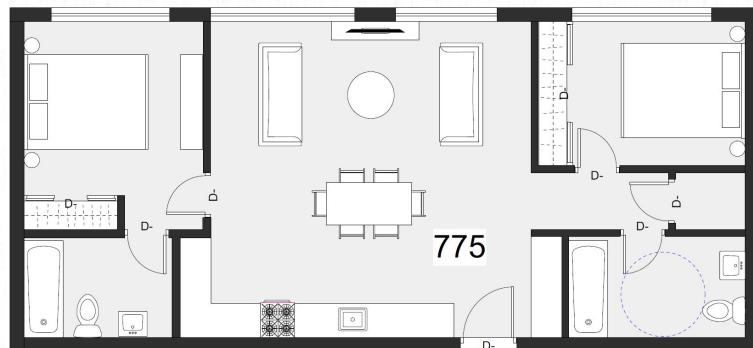
3 Bedroom



1 Bedroom Type A



1 Bedroom Type B



2 Bedroom Type A



Studio Type B

Sustainability Measures

Passive House

Passive house is a voluntary standard for energy efficiency in building in an effort to reduce the overall ecological footprint. Productive use of passive house design concepts results in highly efficient buildings that require little energy for cooling and heating. The passive house concept incorporated into the Beacon Apartments will be a closed-loop geothermal heating system.

We also plan to retain the NYC-based green consultant, Bright Power Inc, to ensure we are maximizing our sustainability potential.

Other Green Technology

Windows: The use of triple-pane windows will improve the insulation and energy efficiency of the residential units. These windows offer similar environmental benefits as triple-pane windows but are more budget-friendly.

Lighting: The use of energy-efficient LED lights for both residential units and common areas will save electricity and reduce utility costs.

Flooring and Cabinetry: We will use sustainably harvested wood from the New York area as part of our commitment to minimizing carbon footprint and supporting the local economy.

Water Usage Reduction: In addition to lowering utility bills for households, reducing water usage is crucial in areas that are experiencing rapid growth and drought. As climate change is projected to exacerbate drought in various parts of the United States, water-efficient development is becoming increasingly critical.



Low-voltage pumps switch off when not in use



Compact elevator machine cuts electrical load

Historic Preservation

The Beacon Apartments project contemplates using the site currently occupied by the Beck Memorial Presbyterian Church. This congregation in what was then West Farms Village in 1815, and after various facility upgrades over the years, the final and current church building was erected in 1905 in a Gothic Revival style. Its ornate facade and commanding tower have been a neighborhood landmark ever since.

From the outset, we identified the existing church building as a significant historical structure and important community asset worth preserving. Unfortunately, the building has been abandoned for some time and is in serious disrepair. It seems the nave has been partially demolished and is not viable to preserve the remaining portion, so we are focusing our efforts on the most distinctive features of the building: the façade, entryway and belfry. To this end, we are earmarking \$3,000,000 for site improvements and restoration of the historic structure to be preserved. We believe that despite the high cost involved, a considerable effort is warranted to revitalize this important piece of architectural beauty for the benefit of our tenants and the community at large.



Original 1815 church building.



Current building, pictured in 1928.



Belfry.



Entryway.



Façade.



Nave (partially demolished) and transept.

6. RESIDENT SERVICES AND COMMUNITY ENGAGEMENT

Community Services

The Bronx Presbyterian Church Network will be able to resume services at the 180th Street location as the project's community facility occupant. The Church Network provides myriad benefits besides religious services, such as weekly food kitchen meals and pantries, charity drives for food, clothing, diapers, and rotating annual mission events targeting the current needs of local communities. It also provides youth community events and scholarships. The *Beacon Apartments* will provide the Church Network with the infrastructure and financial stability needed to continue carrying out its crucial mission as a community pillar. The *Beacon* will create new jobs, both construction and permanent, and stimulate economic growth in the area. We also aim to promote local hiring, making job opportunities accessible to everyone in the community. We believe that by prioritizing local hiring, we can create a more diverse and inclusive workforce that truly represents the community we serve.

Daycare

Furthermore, we recognize that access to affordable childcare is a critical need for many families in the area. As such, we will propose to the church the possibility of operating a daycare facility on site to provide a safe and nurturing environment for children while their parents are at work.



Supportive Housing

We plan to partner with The Bridge, a nonprofit organization specializing in supportive housing services for vulnerable populations in New York City. Together, we would manage 15% of the units in The Beacon Apartments that are dedicated to providing affordable housing for formerly unhoused individuals. The Bridge would work closely with these residents to provide comprehensive support services, including case management, healthcare, and mental health services, employment assistance, and life skills training. We believe that by partnering with The Bridge, we can make a meaningful impact on the lives of individuals in our community who need it the most.



The Bridge

Community Engagement

We have been working closely with the District Manager of Bronx Community Board 6, Rafael Moure, who has been instrumental in helping us understand the community's vision for the future and its most pressing needs. In addition, Frank Franz, Housing and Land-Use Committee Chairperson of CB6 reported on the committee's discussion regarding the need for more housing in New York City. The committee expressed its interest in making housing construction easier through changes in State law, in collaboration with the 5 Borough Housing Movement. The committee advocated for several proposals, including the easier conversion of office spaces into housing, lifting the Floor Area Ratio cap to allow for more units per lot, and providing tax incentives to build permanently affordable housing.



The Community Board 6 identified the following as their most pressing issues:

- Affordable Housing:** The district has an approximate rent burden of 50.7%, one of the highest in NYC, leading to widespread displacement. CB 6 urgently requires more resources and services to aid its tenants and homeowners, given that eviction cases were filed against 20% of its residents last year, highlighting the poverty, employment, and housing issues that predispose them to housing court involvement. Unfortunately, the board lacks sufficient social and legal services to assist residents in avoiding housing court. Despite contributing to the city's housing stock and providing housing for needy populations, the over-concentration of such facilities has created a significant transient population in the District. [11].
- Economic Development and Recovery:** The COVID-19 pandemic has resulted in an approximate 30% unemployment rate as of June 2022 in CB 6, and only 19% of residents have a college degree. It is therefore crucial to provide economic opportunities that do not require college a degree .
- Crime and Public Safety:** Board members are particularly alarmed by the increase in crime from 2019 to the present, and call for the city to implement public-health and economic strategies to address the issue.



[11] Community Board Report

7. DEVELOPMENT UNIT MIX & INCOME

Unit Mix		Studio	1 Bedroom	2 Bedroom	3 Bedroom	Total	%
TheBridge [Supportive Housing Program]		8	5	5	0	18	15.5%
Affordable Units		21	46	24	6	97	83.6%
Manager		0	1	0	0	1	0.9%
		25.00%	44.83%	25.00%	5.17%	116	

Residential Space

The residential unit mix for the development is structured to support the long term financial viability of the development while remaining in compliance with applicable LIHTC and HPD/HDC unit requirements. We believe this unit mix is appropriate to the current and expected average household size trends. In addition, as part of the HPD and HDC Extremely Low and Low Income (ELLA) subsidy programs, the development will also set aside 15% of the residential units to support the formerly homeless. The formerly homeless supportive housing component will be managed by The Bridge, a local non-profit organization. In maximizing available subsidy sources, we also expect to obtain Section 8 project-based vouchers for eight (8) of the units set aside for supportive housing; five (5) one-bedrooms and three (3) studios.

Total			116	71,910	\$150,952	\$25.19	\$261,784	\$43.69	\$29,760	\$121,192	42.34%	
Unit Type	Baths	Unit Classification	AMI	No. of Units	SF	Gross Monthly Affordable Rent	Rent / SF	Gross Monthly Market Rate Rent	Rent / SF	Utility Allowance Monthly	Net Monthly Rent	Discount to Market
Studio	1	LIHTC	40%	5	525	\$934	\$21.35	\$2,123	\$48.53	\$211	\$723	56.0%
Studio	1	TheBridge	40%	8	425	\$215	\$6.07	\$2,123	\$59.94	\$211	\$4	89.9%
Studio	1	LIHTC	60%	16	425	\$1,401	\$39.56	\$2,123	\$59.94	\$211	\$1,190	34.0%
1 Bedroom	1	LIHTC	50%	4	665	\$1,251	\$22.57	\$2,170	\$39.16	\$237	\$1,014	42.4%
1 Bedroom	1	TheBridge	40%	5	625	\$283	\$4.53	\$2,170	\$41.66	\$237	\$46	87.0%
1 Bedroom	1	LIHTC	60%	5	575	\$1,501	\$31.33	\$2,170	\$45.29	\$237	\$1,264	30.8%
1 Bedroom	1	LIHTC	70%	37	575	\$1,751	\$36.54	\$2,170	\$45.29	\$237	\$1,514	19.3%
2 Bedroom	1	LIHTC	40%	5	825	\$1,201	\$17.47	\$2,451	\$35.65	\$314	\$887	51.0%
2 Bedroom	1	LIHTC	40%	8	775	\$1,201	\$18.60	\$2,451	\$37.95	\$314	\$887	51.0%
2 Bedroom	1	TheBridge	40%	5	775	\$425	\$6.58	\$2,451	\$37.95	\$314	\$111	82.7%
2 Bedroom	1	LIHTC	40%	11	775	\$1,201	\$18.60	\$2,451	\$37.95	\$314	\$887	51.0%
3 Bedroom	2	LIHTC	60%	3	1,000	\$2,081	\$24.97	\$3,078	\$36.94	\$408	\$1,673	32.4%
3 Bedroom	2	LIHTC	60%	3	950	\$2,081	\$26.29	\$3,078	\$38.68	\$408	\$1,673	32.4%
1 Bedroom	1	Manager	-	1	575	\$0	\$0	\$0	\$0	\$0	\$0	

The unit rents for the development fall in the range of 40%-70% AMI with an averaged weighted AMI of 54.7%. All unit rents are at considerable discount to the state recognized fair market rent for the area. As an extremely low and low income affordability project, the low AMIs make the Beacon Apartments an effective tool in directly helping address the community's affordability concerns.

Community Facility Space

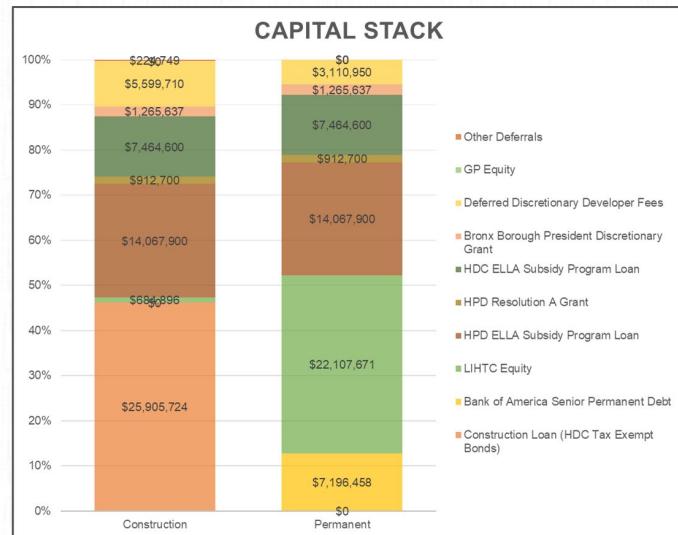
Additional income will be derived from the leasing of the community facility space back to Beck Memorial Presbyterian Church. This income will completely offset the ground rent for the land from conversion and beyond with the remaining cash flow available for debt servicing or utilization in other additional improvements. In addition, the relationship will be a master lease with an initial term of 50 years with extension options to the full 99 year ground lease.

8. PROJECT COSTS AND FINANCING STRUCTURE

The development of our 116-unit, 99,571 SF affordable housing project carries a number of costs, which have been elevated due to recent and dramatic increases in construction costs due to labor shortages, COVID-driven supply constraints, and other market conditions. In a show of good faith to make this project feasible, we have taken a haircut on the developer fee due.

There is an existing historic church on the site, which we deem to be an important neighborhood landmark and worth partially preserving. To that end, we have earmarked \$3,000,000 in site work and rehabilitation of the existing Gothic Revival facade structure and belfry. We will additionally invest \$37,980,200 in project hard costs, plus \$8,833,816 in soft costs plus financing, financing, organizational and reserve costs. Finally, we have allocated 12.58% (out of an allowed 15%) of these costs for a developer fee, which comes to a total of \$6,221,900. All things considered, the total project cost comes to \$56,125,916. All these figures include respective contingencies.

Our intended financing structure to carry out the project includes a myriad of construction, permanent, and government agency subsidy loans and grants that will allow us to build this top-tier affordable housing project that will provide much needed shelter and meet the needs of the broader community, while addressing the significant funding headwinds in today's capital markets environment.



Sources and Uses	Construction	Permanent	
Construction Loan (HDC Tax Exempt Bonds)	\$25,905,724	\$0	
Bank of America Senior Permanent Debt	\$0	\$7,196,458	
LIHTC Equity	\$684,896	\$22,107,671	
HPD ELLA Subsidy Program Loan	\$14,067,900	\$14,067,900	
HPD Resolution A Grant	\$912,700	\$912,700	
HDC ELLA Subsidy Program Loan	\$7,464,600	\$7,464,600	
Bronx Borough President Discretionary Grant	\$1,265,637	\$1,265,637	
Deferred Discretionary Developer Fees	\$5,599,710	\$3,110,950	
GP Equity	\$0	\$0	
Other Deferrals	\$224,749	\$0	
TOTAL SOURCES	\$56,125,916	\$56,125,916	<i>Per Sqft</i>
Total Land Costs	\$50,000	\$50,000	\$1
Total Site Work	\$3,000,000	\$3,000,000	\$30
Total Hard Costs	\$37,980,200	\$37,980,200	\$381
Total Soft Costs	\$3,955,470	\$3,955,470	\$40
Total Financing Costs	\$4,463,469	\$4,463,469	\$45
Total Org Costs Start-Up	\$211,738	\$211,738	\$2
Total Reserves	\$203,139	\$203,139	\$2
Developer Fees	\$6,261,900	\$6,261,900	\$63
TOTAL USES	\$56,125,916	\$56,125,916	<i>\$564</i>
SURPLUS < SHORTAGE >	\$0	\$0	

Construction Financing	
Construction Budget	\$50,301,457
Construction Sources	\$50,301,457
Construction Loan (HDC Tax Exempt Bonds)	\$25,905,724
LIHTC Equity	\$684,896
HPD ELLA Subsidy Program Loan	\$14,067,900
HPD Resolution A Grant	\$912,700
HDC ELLA Subsidy Program Loan	\$7,464,600
Bronx Borough President Discretionary Grant	\$1,265,637
Conversion Financing	
Conversion Uses	\$28,619,234
Construction Loan Repayment	\$25,905,724
Soft Cost + HTF Interest	\$21,610
Operating Reserve	\$203,139
Developer Fees	\$2,488,760
Conversion Sources	\$28,619,234
Bank of America Senior Permanent Debt	\$7,196,458
LIHTC Equity	\$21,422,775

During the construction and stabilization phase, we are targeting approximately \$25,775,200 in construction loan (HDC tax exempt bonds) proceeds from Bank of America at a loan to cost (LTC) ratio of 46%, interest rate of 8.20% (30-day BSBY index of 4.90% as base rate plus a 2.30% lender spread and a 1% cushion on top), with a term of 36 months.

The project will also utilize financing from both the New York City Housing Development Corporation (HDC) and the Housing Preservation & Development Department's (HPD) Extremely Low & Low Income Affordable (ELLA) program for an aggregate of \$21,532,500 in supplemental loans (for combined LTC/LTV of 38%). We expect to repay these instruments at the mandatory payment minimum of 1% interest on the accrued balance per year. Additional funding for construction will be sourced from the upfront portion of the sale of 4% Low Income Housing Tax Credits (LIHTC) for \$684,896 (at 98 cents on the dollar), a NYC HPD Resolution A grant of \$912,700 and other deferred funds of \$224,749. Further, we plan to request a Bronx Borough President Discretionary Grant of \$1,265,637. Finally, we plan to use a \$5,599,710 piece of the deferred discretionary developer fee as additional construction capital. This funding carries a \$3,823,685 interest reserve requirement, which will be reflected on the project costs.

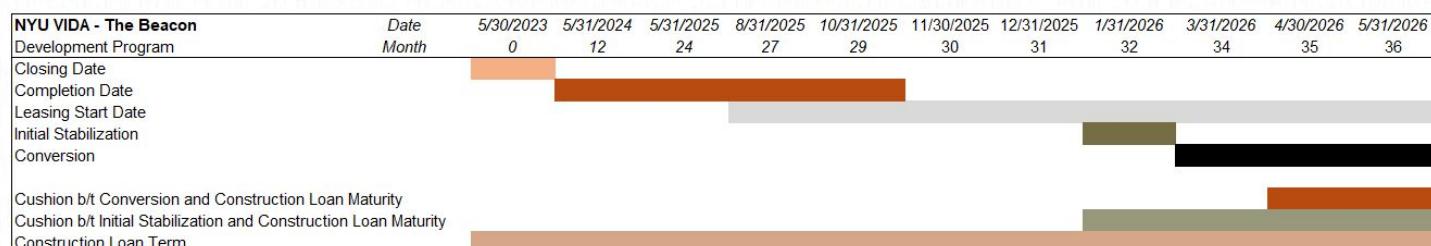
Construction capital will then transition to permanent financing after completion and conversion. We expect to pay off the construction loan using a combination of the proceeds from the senior permanent loan at \$7,196,458 (term sheet approval was for up to \$7,416,500). The senior loan was underwritten to a cumulative DSCR of 1.15, which accounts for the debt service on the senior loan plus the minimum debt service for both ELLA loans, and does not consider the property's community facility income for loan sizing purposes. It will carry an interest rate of 6.01%. This loan is supplemented with the remaining portion of the 4% LIHTC equity deferred proceeds of \$22,107,671. Both the HPD and HDC ELLA loans stay on for permanent financing at an unchanged aggregate of \$21,532,500, and the deferred portion of our developer fee would be reduced to \$3,110,950 at conversion. Our plan does not contemplate any GP equity injection, either at the construction or permanent stages.

This means the capital stack at the permanent stage will be composed of a debt component of 51.58% of the total, with the remainder coming from grants and LIHTC equity. This satisfies the '50% rule' used for LIHTC financing.

8. DEVELOPMENT TIMELINE

A preliminary development timeframe assumes our predevelopment will commence no later than 30 days after the issuance of a Negotiation Letter by HPD. Then, we will complete the schematic design phase and expect HPD approval of the plans and drawings within 6 months of Negotiation Letter issuance. Construction will then commence no more than 12 months from plans and drawings approval.

Project Schedule			
Closing Date	5/30/2023		
Completion Date	10/30/2025	29	months from closing
Placed In Service Deadline			
Leasing Start Date	8/30/2025	27	months from closing
Initial Stabilization	1/30/2026	5	months after leasing start date
Conversion	3/30/2026	2	months stabilized
Cushion b/t Initial Stabilization and Construction Loan Maturity		4	
Cushion b/t Conversion and Construction Loan Maturity		2	
Construction Loan Term	36	months	



We project a 25-month construction duration plus a lease-up period of 8-12 months.

9. DEVELOPER CAPACITY

MDG Design + Construction

For this project, we partnered with MDG Design + Construction, a leading real estate development firm that builds, and manages high-quality affordable housing. MDG is an expert in property management, construction, development, and design. They have nearly 30 years of experience in new construction and moderate rehabilitation of residential apartment buildings across New York City and Long Island.

Recent Project

MDG was a partner in the Vital Brookdale development located in Brooklyn's Brownsville neighborhood. It offers 160 affordable and supportive homes and 25,000 SF of health-focused community space. This project is the result of NYSHCR's Vital Brookdale initiative with a focus on affordable housing and resilient, sustainable infrastructure and to that end is pursuing Passive House Institute US (PHIUS) + 2015 certification [14].



[14] Vital Brookdale – MDG Design + Construction (mdgny.com)

10. NYU VIDA TEAM

Fariza Sai has 5 years of experience in sales & business development in mining industry. Originally from Kazakhstan, she has lived and worked on 3 continents and is currently pursuing her M.S. in Real Estate Development from New York University with a focus on affordable housing and sustainable development.

Pragathi Katama graduated from India with a degree in Architecture and has 1.5 years of professional design experience focusing on all phases of residential and commercial projects. Researched on sustainable development during her undergrad thesis which led to her pursuing M.S. in Real Estate Development from New York University with Sustainability as the core concentration.

Antonio Lulli has 7 years of experience working in various roles within commercial real estate, including acquisitions, development, advisory, capital markets and credit. He holds a B.S. in Finance from the University of Maryland and is originally from Lima, Peru. He is now pursuing his M.S. in Real Estate Finance & Investment from New York University while employed full-time.

Alexander Wang has 6 years of experience working in various financial oriented roles including sales and trading and financial services project management. He holds a B.S. in Finance and Information Systems from New York University and is currently pursuing an M.S. in Real Estate Finance at New York University.

Douglas Croll obtained a degree in architecture from University College London and has 7 years of professional design experience. Half British and half Japanese, he enjoys how the fusion of different styles and cultures can inform design. Currently pursuing an M.S. in Real Estate Development at New York University.

Zachary Ventrice has 4 years of commercial real estate experience in various roles across acquisitions, development, asset management, and investment sales. He holds a B.S. from Syracuse University and is currently pursuing a M.S. in Real Estate Finance from New York University.

Omar Reynoso holds a B.S. in civil engineering from Universidad Iberoamericana (Mexico City). He is an M.S in Real Estate Finance and Investment candidate at New York University. Hirsh Fellow. Asset and Investments AVP at Grupo Haddad (Mexico).

APPENDIX A. Unit Mix and Affordable Calculations

Total				116	71,910	\$150,952	\$25.19	\$261,784	\$43.69	\$29,760	\$121,192	42.34%
Unit Type	Baths	Unit Classification	AMI	No. of Units	SF	Gross Monthly Affordable Rent	Rent / SF	Gross Monthly Market Rate Rent	Rent / SF	Utility Allowance Monthly	Net Monthly Rent	Discount to Market
Studio	1	LIHTC	40%	5	525	\$934	\$21.35	\$2,123	\$48.53	\$211	\$723	56.0%
Studio	1	TheBridge	40%	8	425	\$215	\$5.07	\$2,123	\$59.94	\$211	\$4	89.9%
Studio	1	LIHTC	60%	16	425	\$1,401	\$39.56	\$2,123	\$59.94	\$211	\$1,190	34.0%
1 Bedroom	1	LIHTC	50%	4	665	\$1,251	\$22.57	\$2,170	\$39.16	\$237	\$1,014	42.4%
1 Bedroom	1	TheBridge	40%	5	625	\$283	\$5.43	\$2,170	\$41.66	\$237	\$46	87.0%
1 Bedroom	1	LIHTC	60%	5	575	\$1,501	\$31.33	\$2,170	\$45.29	\$237	\$1,264	30.8%
1 Bedroom	1	LIHTC	70%	37	575	\$1,751	\$36.54	\$2,170	\$45.29	\$237	\$1,514	19.3%
2 Bedroom	1	LIHTC	40%	5	825	\$1,201	\$17.47	\$2,451	\$35.65	\$314	\$887	51.0%
2 Bedroom	1	LIHTC	40%	8	775	\$1,201	\$18.60	\$2,451	\$37.95	\$314	\$887	51.0%
2 Bedroom	1	TheBridge	40%	5	775	\$425	\$6.58	\$2,451	\$37.95	\$314	\$111	82.7%
2 Bedroom	1	LIHTC	40%	11	775	\$1,201	\$18.60	\$2,451	\$37.95	\$314	\$887	51.0%
3 Bedroom	2	LIHTC	60%	3	1,000	\$2,081	\$24.97	\$3,078	\$36.94	\$408	\$1,673	32.4%
3 Bedroom	2	LIHTC	60%	3	950	\$2,081	\$26.29	\$3,078	\$38.88	\$408	\$1,673	32.4%
1 Bedroom	1	Manager	-	1	575	\$0	\$0	\$0	\$0	\$0	\$0	

Key Metrics & Checks		% of Total Units
Extremely Low Income %		40.52%
OurSpace %		15.52%
Wtd Avg AMI		54.70%
Market Rate %		0.00%
Max Units/ Resi NSF	146	72,786
Market Discount		19.31%

Community Facility	
SF	11,223
Rent / SF	\$35.00
Annual Rent	\$392,804

APPENDIX B. Financing Information

Valuation	
Project NOI - Restricted Rents	794,740
Cap Rate	5.00%
Stabilized Property Value	15,894,791
Federal Tax Credit Value	22,107,671
State Tax Credit Value	\$0
Total Value	\$38,002,462

Ground Lease	
Land Value (per BSF)	\$50
Land Value	\$3,639,313
Ground Lease Rate	5%
Annual Ground Lease Payment	\$181,966

THOMSON REUTERS CHECKPOINT™

REV. RUL. 2023-3 TABLE 1
Applicable Federal Rates (AFR) for February 2023

Period for Compounding				
	Annual	Semiannual	Quarterly	Monthly
AFR	4.47%	4.42%	4.40%	4.38%
110% AFR	4.92%	4.86%	4.83%	4.81%
120% AFR	5.37%	5.30%	5.27%	5.24%
130% AFR	5.83%	5.75%	5.71%	5.68%

Must Pay		Construction Senior
Lender		Bank of America
Loan Amount		\$25,905,724
LTV/LTC		46.16%
Interest Rate		8.20%
Payment Rate		N/A
Min DY		N/A
Max LTV/LTC		66.00%
Min DSCR		N/A
Yrs Amortizing (Assumes Actual/360)		N/A
Term (# yrs to maturity)		3
Pymnt Freq (Monthly)		12
Maximum Debt Service - Per Proforma		
Annual Debt Service		\$2,124,269
Cumulative Debt Service		
Cumulative Debt Service Coverage Ratio (DSCR)		
Cumulative Loan Sizing DSCR		
Cumulative LTV		
Cumulative DY		
(Project Requirement - Cumulative DSCR to be no less than 1.15x)		

Senior Permanent	HPD ELLA Subsidy Program	HDC ELLA Subsidy Program
Bank of America	HPD	HDC
\$7,196,458	\$14,067,900	\$7,464,600
12.82%	25.06%	13.30%
6.01%	4.47%	4.47%
N/A	1.00%	1.00%
8.00%	N/A	N/A
75.00%	N/A	N/A
1.15	40	40
40	17	12
12	\$0	\$0
\$475,753	\$140,679	\$74,646
\$691,078		
1.15		
1.15		
75.60%		
11.04%		

APPENDIX C. Operating Pro Forma - Initial 15 Years

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rental Revenue	2.25%	1,454,304	1,487,026	1,520,484	1,554,695	1,589,675	1,625,443	1,662,016	1,699,411	1,737,648	1,776,745	1,816,722	1,857,598	1,899,394	1,942,130
Section 8 Surcharge		181,908	186,001	190,186	194,465	198,841	203,315	207,889	212,567	217,349	222,240	227,240	232,353	237,581	242,927
Other Income / Laundry Misc		55,680	56,933	58,214	59,524	60,863	62,232	63,633	65,064	66,528	68,025	69,556	71,121	72,721	74,357
Total Vacancy	5.00%	(84,595)	(86,498)	(88,444)	(90,434)	(92,469)	(94,549)	(96,677)	(98,852)	(101,076)	(103,350)	(105,676)	(108,054)	(110,485)	(112,971)
Effective Gross Income		1,607,297	1,643,462	1,680,439	1,718,249	1,756,910	1,796,440	1,836,860	1,878,190	1,920,449	1,963,659	2,007,841	2,053,018	2,099,211	2,146,443
Management Fees	6.00%	96,438	98,608	100,826	103,095	105,415	107,786	110,212	112,691	115,227	117,820	120,470	123,181	125,953	128,787
Insurance	3.00%	101,500	104,545	107,681	110,912	114,239	117,666	121,196	124,832	128,577	132,434	136,408	140,500	144,715	149,056
Real Estate Taxes	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ground Lease Payment	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Administration	3.00%	117,400	120,922	124,550	128,286	132,135	136,099	140,182	144,387	148,719	153,180	157,776	162,509	167,384	172,406
Payroll and Benefits	3.00%	205,300	211,459	217,803	224,337	231,067	237,999	245,139	252,493	260,068	267,870	275,906	284,183	292,709	301,490
Total Utilities	3.00%	98,125	101,069	104,101	107,224	110,441	113,754	117,166	120,681	124,302	128,031	131,872	135,828	139,903	144,100
Marketing	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	3.00%	158,995	163,765	168,678	173,738	178,950	184,319	189,848	195,544	201,410	207,452	213,676	220,086	226,689	233,490
Miscellaneous	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social Services	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses		777,758	800,367	823,639	847,592	872,246	897,623	923,743	950,629	978,303	1,006,788	1,036,108	1,066,287	1,097,352	1,129,328
Operating Reserves	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserves	1.00%	34,800	35,148	35,499	35,854	36,213	36,575	36,941	37,310	37,683	38,060	38,441	38,825	39,214	39,606
Total Expenses & Reserves		812,558	835,515	859,138	883,446	908,459	934,198	960,684	987,939	1,015,986	1,044,848	1,074,548	1,105,113	1,136,566	1,168,934
Net Operating Income (NOI)		794,740	807,946	821,301	834,803	848,451	862,242	876,176	890,250	904,463	918,811	933,293	947,905	962,645	977,509
Bank of America Senior Permanent Dei	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753	475,753
HPD ELLA Subsidy Program Loan	140,679	145,561	150,612	155,838	161,245	166,841	172,630	178,620	184,818	191,231	197,867	204,733	211,837	219,188	226,794
HDC ELLA Subsidy Program Loan	74,646	77,236	79,916	82,689	85,559	88,528	91,600	94,778	98,067	101,470	104,991	108,634	112,404	116,304	120,340
Total Debt Service		691,078	698,550	706,281	714,280	722,557	731,121	739,982	749,151	758,638	768,454	778,611	789,120	799,994	811,245
Cash Flow After Debt Service		103,662	109,397	115,021	120,523	125,894	131,121	136,194	141,099	145,825	150,357	154,682	158,785	162,651	166,264
Debt Service Coverage Ratio	1.15	1.16	1.16	1.17	1.17	1.18	1.18	1.19	1.19	1.20	1.20	1.20	1.20	1.20	1.21
Opex Ratio	48.4%	48.7%	49.0%	49.3%	49.6%	50.0%	50.3%	50.6%	50.9%	51.3%	51.6%	51.9%	52.3%	52.6%	53.0%
HPD ELLA Subsidy Program Loan															
Beginning Balance	14,067,900	14,556,056	15,061,151	15,583,773	16,124,530	16,684,051	17,262,988	17,862,014	18,481,825	19,123,145	19,786,718	20,473,317	21,183,741	21,918,817	22,679,400
Interest Earned	628,835	650,656	673,233	696,595	720,766	745,777	771,656	798,432	826,138	854,805	884,466	915,157	946,913	979,771	1,013,769
Interest Payment	140,679	145,561	150,612	155,838	161,245	166,841	172,630	178,620	184,818	191,231	197,867	204,733	211,837	219,188	226,794
Interest Accrual	14,556,056	15,061,151	15,583,773	16,124,530	16,684,051	17,262,988	17,862,014	18,481,825	19,123,145	19,786,718	20,473,317	21,183,741	21,918,817	22,679,400	23,466,375
HDC ELLA Subsidy Program Loan															
Interest Due	7,464,600	7,723,622	7,991,631	8,268,941	8,555,873	8,852,762	9,159,953	9,477,803	9,806,683	10,146,975	10,499,075	10,863,393	11,240,352	11,630,393	12,033,967
Interest Earned	333,668	345,246	357,226	369,622	382,448	395,718	409,450	423,658	438,359	453,570	469,309	485,594	502,444	519,879	537,918
Interest Payment	74,646	77,236	79,916	82,689	85,559	88,528	91,600	94,778	98,067	101,470	104,991	108,634	112,404	116,304	120,340
Interest Accrual	7,723,622	7,991,631	8,268,941	8,555,873	8,852,762	9,159,953	9,477,803	9,806,683	10,146,975	10,499,075	10,863,393	11,240,352	11,630,393	12,033,967	12,451,546

APPENDIX D. BofA Financing Term Sheet Key Terms

Construction Loan

Construction Loan Amount: Information obtained by the Bank is so far insufficient to establish a loan amount. Based on our general underwriting parameters for what we believe to be similar transactions, the construction loan amount in this transaction would be the lesser of:

- 1) \$25,775,200
- 2) 65% LTC based on final Bank approved construction budget or
- 3) 80% LTV based on an appraisal in form and substance acceptable to the Bank.

Construction Interest Rate: 30-Day BSBY+ 2.30%, floating. Term Loan Interest Rate as further described below.

Construction Loan Term: 36 months from the loan closing.

Construction Loan Amortization: Interest only for Construction Loan Term.

Construction Loan Fee: 1.00% of the total Loan Commitment, payable at closing.

Term Loan

Term Loan Amount:

Least of 1) \$7,416,500 2) 90% LTV based on an appraisal in form and substance acceptable to the Bank, or 3) the principal amount based on debt service payments sufficient to achieve a 1:1.5x DSCR.

Term Loan Interest Rate:

Fixed rate for the life of the financing. Note rate will be fixed immediately prior to construction closing based upon then applicable market rates for like tenor and character loans. The Bank estimates that, were the Note rate fixed as of the date of this letter, the rate would be approximately 6.01%. THIS RATE IS INDICATIVE ONLY AND THE ACTUAL NOTE RATE MAY DIFFER.

The interest rate will be forward locked for a period of 36 months.

Forward rate lock extension for one six-month period will be available, subject to a fee of 0.25% if the Loan does not convert within the first ninety (90) days of the extension. Fee to be paid at the earliest of the conversion or expiration of the extension.

Replacement Reserves:

\$300/unit/year

Operating Reserve:

\$203,139 funded at or prior to conversion

Term Loan Maturity:

17 years from the term loan conversion and closing.

Amortization:

40 years

Term Loan Fees:

0.50% of the Term Loan Amount, payable at closing.

Conversion Terms:

1) Lien free completion.

APPENDIX E. Construction Costs

Uses Construction - Phase 1

Per Sq Ft	Per Unit	MASTER BUDGET	GROSS BUDGET	COST BASIS	USES DEFERRED TO COMPLETION OR LATER	NET CONSTRUCTION BUDGET
Line Item						
		Land Value	-	0	-	-
0.70	431	Building and Improvement Value	-	0	-	-
		Legal, Title, Due Diligence, Titles, Org Costs	50,000	0	-	50,000
0.70	431	Transfer Tax	-	0	-	-
0.70	431	TOTAL LAND COSTS	50,000	-	-	50,000
3.48	2,155	Off-Site Improvements	250,000	250,000	-	250,000
10.43	6466	On-Site Improvements	750,000	750,000	-	750,000
27.81	17,241	Demolition	2,000,000	2,000,000	-	2,000,000
41.72	25,882	TOTAL SITE WORK	3,000,000	3,000,000	-	3,000,000
29.69	24,937	Residential - Substructure	2,892,860	2,892,860	-	2,892,860
72.85	61,195	Residential - Shell	7,098,573	7,098,573	-	7,098,573
61.81	51,924	Residential - Interiors	6,023,133	6,023,133	-	6,023,133
125.34	105,287	Residential - Mechanical Services	12,213,284	12,213,284	-	12,213,284
5.07	4256	Residential - Passive House Additional Cos	493,984	493,984	-	493,984
2.93	2,461	Residential - Additional Amenity Budget	285,427	285,427	-	285,427
32.74	27,507	Contractor Overhead	11.00%	3,190,777	3,190,777	3,190,777
14.88	12,503	Contractor Profit	5.00%	1,450,353	1,450,353	1,450,353
24.14	20,276	Other Construction Costs	-	2,352,000	2,352,000	2,352,000
20.32	17,069	Construction Contingency	-	1,980,010	1,980,010	1,980,010
589.76	327,416	TOTAL CONSTRUCTION/HARD COSTS	37,980,200	36,450,078	-	37,980,200
2.08	1288	Insurance	149,356	149,356	-	149,356
0.70	431	Utility Connection Fees	50,000	50,000	-	50,000
		Real Estate Taxes	-	-	-	-
1.39	862	Legal	100,000	-	100,000	-
0.07	43	Tax Opinion	5,000	-	5,000	-
7.23	4480	Architect	519,703	519,703	-	519,703
0.70	431	ALTA Survey	50,000	50,000	-	50,000
0.70	431	Appraisal & Market Study	50,000	50,000	-	50,000
		Bols Investigation	-	-	-	-
16.48	10,216	Local Development Impact Fees	1,185,036	1,185,036	-	1,185,036
4.17	2,566	Permits	300,000	300,000	-	300,000
		Organizational Costs	-	-	-	-
0.70	431	Phase I Report	50,000	50,000	-	50,000
1.39	862	Environmental Surveys	100,000	100,000	-	100,000
6.95	4310	Environmental Abatement	500,000	500,000	-	500,000
6.95	4310	Project Administration	500,000	500,000	-	500,000
2.43	1,509	Consultant - Other Engineering	175,000	175,000	-	175,000
0.70	431	Environmental Consultant	50,000	50,000	-	50,000
0.70	431	Consultants (Land Use Outreach & Others)	50,000	0	-	50,000
1.69	1,046	soft Cost Contingency	-	121,375	-	121,375
65.01	34,069	TOTAL SOFT COSTS	3,955,470	3,679,095	-	3,955,470
		Percentage of Hard Costs	10.41%	-	-	-
3.60	2,233	Condo Loan Origination Fee	259,057	259,057	-	259,057
0.42	259	Condo Title & Recording	30,000	30,000	-	30,000
0.28	172	Construction Loan Inspection	20,000	20,000	-	20,000
0.64	399	B of A Lender Legal	45,830	45,830	-	45,830
		Other Construction Financing Costs	-	-	-	-
1.00	620	Perm Loan Origination Fee	71,985	71,985	-	71,985
0.14	86	Perm Conversion Fee	10,000	10,000	-	10,000
1.48	917	Perm Lender Commitment Fee	108,322	108,322	-	108,322
0.35	216	Perm Lender Closing Costs	25,000	25,000	-	25,000
0.35	216	Perm Title & Recording	25,000	25,000	-	25,000
0.35	216	Perm Lender Legal	25,000	25,000	-	25,000
		Bond Costs	-	-	-	-
		Upfront LC Fees	-	-	-	-
		Annual LC Fee	-	-	-	-
		FHA Costs (See separate detail schedule)	-	-	-	-
		FHA Escrows (See separate detail schedule)	-	-	-	-
0.30	186	Soft Cost + HTF Interest	21,610	0	21,610	-
		Other	-	-	-	-
		Other	-	-	-	-
53.17	32,963	Bank of America Interest Reserve	3,823,865	-	3,823,865	-
82.07	38,478	TOTAL FINANCING COSTS	4,463,469	618,174	21,610	4,441,859
0.93	575	Tax Credit Fees (Application, etc.)	66,704	0	-	66,704
		Syndication Fees	-	-	-	-
1.04	647	Marketing, Lease-up	75,034	0	-	75,034
0.21	129	Accounting/Audit	15,000	15,000	-	15,000
0.76	474	Investor Equity Legal	55,000	-	-	55,000
2.84	1,828	TOTAL O&G COSTS, START-UP	211,738	15,000	-	211,738
		Commercial Reserves, First Year T&I Impound	-	-	-	-
		Replacement Reserves	-	-	-	-
2.82	1,751	Operating Reserves	203,139	203,139	203,139	-
		Supportive Services Reserve	-	-	-	-
		Transition Reserves	-	-	-	-
		Operating Deficit / Leaseup Reserves	-	-	-	-
2.82	1,751	TOTAL RESERVES	203,139	203,139	203,139	-
0.56	345	Tax Credit Consultant	40,000	40,000	-	40,000
86.52	53,637	Developer Fees	6,221,900	6,221,900	5,599,710	622,190
87.08	53,982	TOTAL DEVELOPER FEE and RELATED	6,261,900	6,261,900	5,599,710	622,190
780.60	483,844	TOTAL PROJECT COSTS	56,125,916	50,227,386	5,824,459	50,301,457

Operating Reserve Requirements		
	Months	
Op exp	3	194,439
Debt Service	3	-
Replacement Reserve	3	8,700
Other	-	-
Total Operating Reserve	203,139	-

Developer Fee Schedule		
Timing	Amount	%
Upfront	622,190	10%
Construction Completion	-	-
Conversion	2,238,760	36%
8609	250,000	4%
Deferred	3,110,950	50%
Total	6,221,900	100%

A

APPENDIX F. Design and Floor Plan

Rendings





Alternate Material Options

