

TO: Westport Board of Finance

FROM: Baron's South Committee
(Membership List Attached)

DATE: October 1, 2012

SUBJECT: Presentation background material – October 3 Board of Finance meeting

The Baron's South Committee was appointed by First Selectman Gordon Joseloff in March 2011. Our charge was "To assist the First Selectman in accomplishing the vision of a Senior Living Community on Baron's South by:

- Formulating a Request for Proposal (RFP)
- Reviewing responses to the RFP.
- Making a recommendation to the First Selectman."

We have carried out that charge and have recommended Jonathan Rose Companies to develop a 99 unit rental senior housing facility linked with services on Baron's South. Fifty nine of the units will be affordable.

PROBLEM

Westport has a problem—a problem not at all unique to Westport. Seniors who have lived in and contributed to the community want to stay here but there is a lack of affordable as well as appropriate market value housing to meet their needs. We consistently hear comments like "Meadow Ridge is lovely, but it's too expensive and too far away. We want to stay here." And we need seniors to stay here. They add vibrancy and diversity to the community and want to age in place, a dream not currently available to most of them.

OPPORTUNITY

At the same time, the Town owns the 22+ acre (about 16-18 acres once the Center for Senior Activities is taken into account) Baron's South Property which is currently underutilized and poorly maintained. The property is situated in the center of town, adjacent to the popular Center for Senior Activities as well as a major shopping area. We have a unique opportunity to improve town property and add useable open space for public use, bringing approximately 150 people to live near the center of town, shopping in local stores and adding jobs both during construction and operation of the facility, while at the same time meeting a well documented community need and providing a substantial revenue stream to the Town.

NEED

The need for senior housing is well documented. Westport's 2007 Plan of Conservation and Development recognizes the importance of addressing these needs. It states: "Westport should continue efforts to help seniors who may not want or need large single-family houses to remain in Westport and provide opportunities for others. Since single-family detached housing may not meet the needs of all people, the Plan recommends that Westport explore ways to diversify the housing portfolio of the community."

The following is excerpted from the original 8-24 request submitted by the FS in October 2010:

The need for affordable housing and continuing health care for our seniors can be assessed in several ways, and it is a need being discussed and addressed throughout the country. Demographics, industry rules of thumb, surveys and focus groups all contribute to the assessment.

Demographics provide the best metric of need. Claritas-Neilsen's projections, which have been reliable for the town as it constructed its senior tax relief programs, estimate that in 2009 about 30% of Westport's population was 55 and older, and roughly half of that group was 65 and over. In 2014, Claritas projects that 33 percent of our residents will be 55 and over, and 17 percent will be over 65. Of a stable population of 26,000, in 2014 there will be approximately 5,600 seniors age 62 and over living in Westport. Westport's population is older and getting older still.

On the income side, Westport's average household income is estimated to be \$213,746 and expected to increase to \$229,751 as opposed to the current national average of \$69,376. Nevertheless, we have a significant group of seniors with household incomes below \$50,000. According to the 2000 census, there were 1,054 senior households in that bracket and that number is now estimated at 896 households. In 2014, the projection is for 854 senior households to have below \$50,000 in income – remaining a significant portion, close to 10 percent of our households.

While it is well known that we are a graying nation, industry experts estimate that approximately 25-30 percent of us will utilize some type of senior living. In Westport, that translates into about 1600 individuals over the age of 62 by the year 2014.

If we applied this same ratio to those projected to earn below \$50,000 in 2014, which would be a very conservative approach as the utilization of senior living increases as the income level decreases, we would expect around 240 households in the below \$50,000 category to utilize some form of senior living. Generally, if a single affordable housing unit becomes available, statistics show that at least 10 seniors are waiting hopefully for the rental to be theirs, the demand for affordable senior living outstripping the overall demand.

Significant attention has been paid to developing new models of home and community-based care, in particular linking independent living with health and supportive services so that older residents are able to age in place.

One way to assess the demand for housing in Westport, apart from the demographics and industry statistics, is to look at the experience of the Westport Housing Authority which provides the only affordable options to seniors for rental housing. At the time of application to the P&Z for Text Amendment #625 Canal Park's waiting list was for more than 100 units. However, having been advised by DECD to limit the waiting list to the number of units that the WHA thought could be filled in a year, the wait list has been greatly reduced and has been closed for several months. The list will be reopened in the next few months – around Jan 1, with advertising in the CT Post – and kept open for 1 month.

The Department of Human Services confirms that the single main reason for phone calls into that department is for housing options, many of the calls from seniors living here; some from Westport families who wish to move their parents closer to them. The Department estimates that in addition to callers who make an appointment to meet with a social worker regarding finding affordable appropriate housing, on a weekly basis there are 15 requests for information about affordable housing by people who call or stop into the department and do not meet with a social worker. This does not include the many requests for information logged at the Westport Center for Senior Activities.

According to Human Services Director Barbara Butler, “There is a constant flow of residents looking for affordable housing, for themselves or their elderly parents. We simply do not have enough affordable alternatives to offer them.” The Department currently has an email contact list of 117 Westport senior residents interested in the progress of this proposal who have stated their hope to live in the Baron's South Senior Residential Community, the vast majority of whom have identified their need for below market rate housing.

Following the recommendation of Weston & Sampson that the best use for this site is housing, we surveyed Westport seniors and municipal workers in 2008 in order to get more direct feedback for this concept. We found that 60 percent of respondents were considering moving and the reasons most cited were the tax burden, a desire to downsize, and concerns about health.

Most likely to move were those in their 60's or 70's. Those with incomes in the \$40,000-\$60,000 or \$60-\$80,000 were more inclined to move.

After unveiling a conceptual plan for a senior community, focus groups were held to get reactions to the concept. Three focus groups were conducted by William Cohen, a Westport resident and marketing professional. The groups were composed of 12 participants each; they were a mix of men and women from mid 60's to late 80's.

Support for senior housing was high. Participants noted that the downtown location is ideal, the contiguity to the Center for Senior Activities an absolute necessity, that affordability is critical and the need is urgent. The discussion regarding available housing and rehabilitation options was revealing as well – Edge Hill and Meadow Ridge, full CCRC'S both entry fee, very well regarded but considered expensive and distant.

On January 10,2011 in his request for a Text Amendment to the zoning regulations to provide for a senior residential community First Selectman Joseloff said: “There is an urgent community

need to increase the available inventory of below market rate housing as well as a need to enhance the types of housing choices offered to Westport residents, especially seniors.”

The February 17, 2011 Proposed Text Amendments 32-2.1 states: “The purpose of this section of the regulations is to promote the public health, safety and general welfare of the community by providing decent, safe and sanitary housing units for senior persons at reasonable rents in order to assure especially adapted housing facilities for senior persons in the public interest by allowing multiple-family housing for senior persons within the Town of Westport”

RECOMMENDATION

The Baron’s South Committee received three responses to the RFP: Becker and Becker, Jonathan Rose Companies and Affirmative Hillspoint. We assigned each proposal to a team of committee members who reviewed the documents and reported back to the full committee. After discussing the written proposals in depth we met with each of the bidders to hear their presentations and ask questions. Then we developed a working matrix assessing the proposals against RFP specifications. The final version of this matrix is included in this report.

It became clear we had two viable proposals that met the requirements of the RFP. One bidder (Affirmative Hillspoint) was outside the parameters of the RFP, the 8-24 approval and the Text Amendment. If we entertained this proposal for more than double the number of units we requested and including the immediate construction of a long term care facility we would in all fairness need to write a new RFP and go out to bid again. At this point we consulted with the First Selectman who agreed with our approach.

We then spent several weeks visiting facilities built and in some cases operated by Becker & Becker and Jonathan Rose. Both proposals were clearly viable. There were elements of each that met our expectations. One exhibited creative architectural concepts; the other had a solid projected financing plan and strong management team. We had follow up meetings with each to on the one hand get more specifics about how the project would be financed and on the other to ascertain whether they were open to a more congenial and exciting design placed adjacent to the Center for Senior Activities.

Jonathan Rose and his team were extremely responsive and flexible and presented a much improved architectural rendering. They assured us they would further revise the design in consultation with the Town if they were the successful bidder. They also moved the proposed building from its original site behind the mansion to one adjacent to the CSA.

Most importantly, the Committee is unanimous and enthusiastic about our recommendation because we have great faith that Jonathan Rose can put together this complex financial deal. The Rose team has depth of experience in creating successful projects and we are truly confident they can see the project through reliably.

Once we had a consensus that Jonathan Rose would develop a facility which met Westport's standards we met informally with the First Selectman on September 14 to give him a sense of the direction we were taking and subsequently voted to recommend Jonathan Rose Companies as Westport's partner as we develop much needed senior housing. Mr. Rose and his team will attend the October 3rd Board of Finance meeting. They and the Baron's South Committee will be happy to elaborate on the proposal.

FINANCIAL PERSPECTIVE

There are several ways to look at the Rose proposal from the perspective of its financial value to the town. First, we must recognize that the proposal utilizes 4 acres of the property, leaving remaining acreage for potential other uses, including sale for single property homes--something outside the scope of this Committee's charge. But looking at the utilization, we asked Finance Director Gary Conrad to give us the carrying cost for the property. His response: "In the meantime, Barons under the Jonathan Rose Plan will use 4.0 acres of the 22.7 acre property. This was used to breakdown the carrying cost on the 4.0 acres which translates to \$65,354 debt expense P&I per year until the final payment is made in August 2021." Clearly, the revenue stream far exceeds the town's carrying cost.

Next, we considered the Net Present Value of the payments proposed. Again, we asked Gary for an analysis. His response: "The NPV for the cash flow of \$500k in year one and then \$250k in each year thereafter with an escalation rate equal to a tax increase of 2.5% per year translates to \$6,180,653." 6.25% was used as the discount rate. If the cost of borrowing for the town were used instead, the NPV would be much greater. The appraisal conducted by Pat Wellspeak includes \$13.3 million for a PUD (planned unit development). However, the PUD described in the appraisal differed considerably from that of the JR proposal in that Mr. Wellspeak envisioned 65-75 market rate units that would be sold, not rented, akin to a Terra Nova type development. The entire parcel would be sold as well. The JR proposal is for 99 rental units, on a portion of the property, and 60 of them are affordable--these factors must be taken into account, and would change the appraisal substantially. ."

Finally, we wanted to know what a development of this nature on private property might yield to the town in terms of tax revenues. Gary's response indicates that this is not a simple question: "Paul Friaa is working with the appraiser and will be talking to the Norwalk Assessor who was involved in a court case on this same issue where the tax credits that are given by the State and Federal governments are considered part of the real property value. Paul stated this is a very complex matter that cannot be answered in a day. We will have to get the valuation next Tuesday." We await this particular financial perspective, but based on both carrying costs and NPV, we feel that the JR proposal—in addition to meeting the goals of the RFP as based on the 8-24 and Text Amendment 625—presents a solid financial benefit to the town.

BARON'S SOUTH COMMITTEE

Steve Daniels, <i>Co-Chair</i>	Partner, CSD Select Homes LLC, Westport real estate brokerage Immediate Past President A Better Chance of Westport Former Member Westport Human Services Commission Past President United Way of Westport/Weston
Marty Hauhuth, <i>Co-Chair</i>	Former Westport First Selectman 12 year Member Board of Selectmen Executive Director Positive Directions - Westport nonprofit Deacon and former Moderator Saugatuck Congregational Church
G. Kenneth Bernhard Esq.	Partner, Law Firm of Cohen and Wolf, P.C. Town Attorney, Town of Wilton Former Town Attorney Westport and Weston Four term Republican State Representative
Rev. Edward Horne	Pastor, Westport-Weston United Methodist Church Member, Westport Human Services Commission Co-chair, Interfaith Council of Westport and Weston Duke University (B.A); Yale Divinity School (M.Div)
Jo Fuchs- Luscombe	Five term member CT State House of Representatives Assistant Minority Leader and Republican Whip Chair, Westport School Building Committee Former Chair Westport Zoning Board of Appeals
Sharon Rosen Esq.	MA and PhD Health Psychology with research in Gerontology JD Cardozo Law School Practices Elder Law in Stamford and Westport Member, Westport Commission for Senior Services
Yvonne Senturia MD	Fellow, American Academy of Pediatrics MSc Epidemiology and Statistics University of London Retired Academic Pediatrician and Epidemiologist Immediate Past President, Westport League of Women Voters
John Thompson	NY Certified Public Accountant; Member NY Bar Ret. Chairman-KMG Main Hurdman and KMG International Led negotiating team for merger with Peat Marwick Mitchell Trustee Clarkson University
Paul W. Van Orden	Ret. Executive Vice President General Electric Dartmouth College AB; Northwestern University MBA Executive in Residence, Adjunct Professor Columbia Business Sch Board of Directors Federated Department Stores

Request for Proposal Core Criteria	Jonathan Rose Companies	Becker & Becker	Westport Capital Partners, LLC Affirmative Hillspoint, LLC
DEVELOPMENT DESCRIPTION			
Number of units	99	99	220 Independent Units 48 Health Care Beds
Distribution of Units	59 1Bdrm 1Bth 550sq ft 24 1Bdrm 2Bth 700sq ft 16 2Bdrm 2Bth 900sq ft	Varied sizes starting at 650 Sq Ft	See Schedule A
Number of affordable units	59 1Bdrm 1Bth 550sq ft If tax credits are used, CT Housing Finance Authority (CHFA) restricts fewer than 3 people from occupying a 2bdrm unit. Also sets maximum rent/month/unit based upon income	60 1bdrm 1Bth starting at 650 sq ft If tax credits are used, CT Housing Finance Authority restricts fewer than 3 people from occupying a 2bdrm unit. Also sets maximum rent/month/unit based upon income	30 units with entrance fees waived and rent subsidized by town administered scholarship fund and 40 units with \$400K entrance fee plus town subsidy, 20 at 55% median income with town and 20 at 70% median income plus 50% of resident's income towards monthly rent.
Uniformity	Difference in affordable units versus market rate, 550 vs. 700 sq ft If tax credits are used CHFA sets maximum rent/month/unit based on income To lease market rate units, there must be a discernable difference between affordable and market rate units	Affordable units may vary in size. Has to be clarified To lease market rate units, there must be a discernable difference between affordable and market rate units	Units classified as 'affordable' are all apartments.; No affordable units in Maison Court and Cottages
Services Provided	PT service coordinator will offer an ala carte menu of health and support services for selection by each tenant Tenant is not required to use the coordinator or accept their suggestion. Coordinator is a Jewish Home employee	PT service coordinator will offer an ala carte menu of health and support services for selection by each tenant. Tenant not required to use the coordinator or accept their suggestions. Coordinator is Winn Residential employee.	Full time services coordinator offering an array of hospitality and supportive services some but not all of which are included in their rent
Tenant Cost to Occupy	See Schedule B	Market Rate avg. \$3385/mo	See Schedule A

Parking	Affordable avg. \$1216/mo	200 underground 30 surface
Passive Public Recreation and Minimal Development <i>IVN</i>	75 under bldg Roads and paths will be repaved or repaired & maintained; balance of maintenance is negotiable	Will maintain the entire property excluding WCSA
Acreage Used	One acre for building	Entire property except for land occupied by WCSA
Community Space	Kitchen for tenants' events or meetings with the infrastructure for expansion	Library, meeting rooms, gym, pool, multiple dining venues for residents
FINANCIAL		
Team of Professionals <i>IVF</i> Capital Partner & Owner Development Manager Construction Company Architect Property Management	Becker & Becker Bruce Becker To be determined Bruce Becker Winn Residential	Westport Capital Partners LLC Affirmative Hillspoint LLC Suffolk Construction Perkins Eastman Continuing Care Management LLC
No Town Financing <i>IVG</i>	Yes	Yes
Town retains ownership of land <i>IVG</i>	Yes	Yes
Highest & most dependable Revenue Stream or initial capital payment <i>IVH</i>	\$150,000 per year	\$1,250,000 annual ground lease at initiation of construction, \$810,000 to create scholarships to make 30 units affordable. 40 additional units may also need scholarship funding. Estimated property taxes of \$1,018,800 annually
Ground Lease	99 years	75 years & one option for an additional 25 years
Cost of Construction	\$34 million Schedule C.2	\$133 million Schedule C.3
Equity Structure	Becker & Becker would form a for-profit LLC	Westport Capital Partners would form a for-profit LLC
Estimated Profit 10 Yr plan	Cash Flow \$2,470,536	Cash Flow \$65,876,939

	Range annually \$97,635-\$170,387	Annual range \$212,728-\$274,046	Range annually \$2.3-19.8 million
Financing of project <i>IVJ</i>	Schedule D. 1	Schedule D. 2	\$46,685,445 Westport Capital Partners 35% \$86,701,541 Construction Loan 65%
OTHER			
Compliance with applicable provisions Planning and Zoning regulations <i>IVJ</i>	Will work with the town to insure compliance	Will work with the town to insure compliance	No this would require some text amendment changes at a minimum.
Preference for Westport Residents <i>IVM</i>	Within the law. Possible to use municipality as overriding factor in a system in which this is one of the factors based upon the advice of their lawyer	Yes, within the law	Some questions about units qualifying as affordable if the town is subsidizing monthly cost
Synergy between WCSA and the Senior Residential Community <i>IVO</i>	Walking path between 2 buildings and some coordination of services and activities	Yes, would seek to coordinate activities whenever possible	unknown
Liaison between residents and Westport Department of Human Services <i>IVQ</i>	Yes	Yes	uncertain
Green Application - LEED <i>IVR</i>	yes	Yes	yes
Description of plans for existing residential structures <i>VK</i>	Will evaluate & make recommendations	Will evaluate & make recommendations	Renovate and reuse some bldgs. for events, programs, meetings and guest accommodation
Time line for construction <i>VN</i>	Anticipated completion June, 2016	Detailed completed 2016	Completed January, 2017
Description of similar projects within past 10 years <i>VO</i>	Yes	Yes	Yes
Liability insurance <i>VIB</i>	Yes	yes	If chosen, will provide evidence
Audited Financial Statements <i>VIC</i>	No	No	No
Three references <i>VID</i>	Yes	Yes	Yes
Past legal actions <i>VIE</i>	Yes	Yes	Yes

Do you have a phase 2 vision? <i>IVA & IVE</i>	No Phase 2 at at this time	No Phase 2 at this time	CCRC incorporates Phase 2 includes critical care beds
Bus parking	Yes, but concerned about impact on market rate homes	Would have to consider	Would plan to accommodate
Quality of Product	Excellent quality based on site visits	Excellent quality based on site visits	Unknown

Schedule A

Baron South CCRC Proposed Rate Schedule (preliminary)						
CCRC APARTMENT UNITS						
UNITTYPE	UNITS	UNIT SIZE	Entrance Fees (w. avg)	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee	
Unit A	5	805	400,493	3,000	3,500	
Unit A - Affordable	20	805	No Fee	3,000	3,500	
Unit B	25	958	471,466	3,500	4,000	
Unit C	22	958	471,466	3,500	4,000	
Unit C - Affordable	5	958	No Fee	3,500	4,000	
Unit D	38	1,204	603,274	4,200	4,700	
Unit D - Affordable	5	1,204	No Fee	4,200	4,700	
Unit E	25	1,545	785,777	5,200	5,700	
Unit F	15	1,610	811,125	5,400	5,900	
TOTALS Apartment	160	1,153	493,107			
MAISON COURTS UNITS						
UNITTYPE	UNITS	UNIT SIZE	Entrance Fees (w. avg)	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee	
Unit G	12	1,531	820,107	5,500	6,000	
Unit H	18	1,488	793,652	5,400	5,900	
Unit I	18	1,256	714,287	4,900	5,400	
TOTALS Maison Court	48	1,412	770,504			
COTTAGES UNITS						
UNITTYPE	UNITS	UNIT SIZE	Entrance Fees (w. avg)	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee	
Unit J	6	1,160	740,742	4,500	5,000	
Unit K	6	1,562	873,018	5,500	6,000	
TOTALS	12	1,361	806,880			

Rent / Unit Matrix

Schedule B

Unit Type	Affordability	Number	Rent	Square Footage
1-BR	50% of AMI (CGS 8-30g compliant)	59	\$1,084	550 SF
1-BR	Market Rate	24	\$2,200	700 SF
2-BR	Market Rate	16	\$2,800	900 SF
Totals		99		90,926 SF

Town Revenue

Acquisition (anticipated in 2015): \$500,000

Annual PILOT (anticipated to commence in 2016): \$250,000

A. DEVELOPMENT COST SUMMARY

Total Project Costs	% of Total Budget	Total Budget	Total Cost/GSF	Commercial Costs	Residential Costs	Residential Cost/Unit
Acquisition/Infrastructure	2%	500,000	5.50	0	500,000	5,051
Hard Costs	73%	21,803,548	239.79	0	21,803,548	220,238
Soft Costs	20%	5,840,393	64.23	0	5,840,393	58,994
Carrying Charges & Financing F	6%	1,645,929	18.10	0	1,645,929	16,626
Total Project Costs	100%	29,789,871	327.63	0	29,789,871	300,908

B. ALLOCATIONS BY GROSS SQUARE FOOTAGE

Use	Residential	Commercial	Total	% of Rentable GSF
Residential	85,926	0	85,926	100%
Commercial	0	0	0	0%
Parking	37,920	0	37,920	
Baron's Mansion	5,000	0	5,000	
Open Space	0	0	0	
Total	128,846	0	128,846	
% of Total	100%	0%	100%	

C. SOURCES AND USES OF FUNDS - RESIDENTIAL

Type	SOURCES		USES		Amount	
	Lender	Total	Total	\$/Unit	Total	\$/Unit
Construction Loan	Citibank	0	0	0	500,000	5,051
First Mortgage	Citibank	11,392,281	115,074	Acquisition/Infrastructure	20,886,713	210,977
Second Mortgage	DECD HTF	3,750,000	37,879	Hard Costs	3,026,836	30,574
Third Mortgage	Sponsor Loan	2,000,000	20,202	Soft Costs	1,645,929	16,626
LIHTC	Tax Credit Investor	12,147,589	122,703	Carrying Charges & Financing Fees	916,836	9,261
HTCC	CHFA	500,000	5,051	Hard Cost Contingency	150,842	1,524
	Total Sources	29,789,870	300,908	Soft Cost Contingency	2,662,716	26,896
	(Gap) / Excess Funds	(0)	(0)	Development Fee		
	Total Development Cost	29,789,871	300,908	Total Uses	29,789,871	300,908

D. STABILIZED RESIDENTIAL OPERATING SUMMARY

Residential Income	1,938,672
Commercial Income	0
Parking Income	0
Laundry	0
Storage	0
Other	0
Total Income	1,938,672
Less Vacancy	(155,494)
Effective gross Income	1,783,178
Less Operating Expenses	(850,859)
Net Operating Income	932,319
Debt Service	(776,209)
Net Cash Flow	156,110
Debt Service Coverage	1.20

Schedule C1

Schedule C.2

Baron's South

March 20, 2011

Sources and Uses

total GSF

110,000 excluding parking garage

Hard Costs	SF	\$ or %	Cost
Residential Construction	110,000	245	26,950,000
Residential Common Areas	-	0	-
Commercial Construction	-	0	-
Basement Improvements	-	28	-
Less Sales Tax Exemption			-
Total GMP			26,950,000 ✓
Bond		1%	- no GC bond - but bond all major subs
Site Work and Utilities			1,000,000 ✓
Fuel Cell - 400kw			\$2,500,000 if added
Asbestos Abatement			- Included in GMP
Miniblinds			49,500 \$500 per unit
FFE, Common Areas, Storage			400,000 360 was \$500k
Fitness Equipment			105,000 same as 360
Parking	10,000		750,000
Contingency		10.0%	2,925,450
Total Hard Costs			32,179,950
Soft Costs			
Architecture Design and Supervision		6.9%	2,220,417 of total hard costs, same as the Wauregan
MEP Engineering		1.8%	471,625 of GMP; 360 was \$986k
Structural Engineering and Peer Review		1.5%	404,250 GUESS
Survey			35,000
Code Consultant and Expediter			40,000 360 was \$91k
Cost Estimating			50,000 360 was \$162k
Printing			10,000
Interior Design/ FFE Procurement			100,000
Elevator Consultant			20,000 360 was \$42k
Telecom Consultant			15,000 360 was \$32k
Green Building Commissioning/Consulting			200,000
Environmental Reports			10,000
Construction Utilities/Winter Conditions			100,000
Accounting and Cost Certification			45,000 360 was \$166k
City Building Permit Fee			-
State Building Permit Fee			7,064 Same per unit as 360
Insurance - construction period		0.15%	66,276 360 was .115%; assumed somewhat higher without MEPT
CHFA Oversight			60,800 \$950 per week x 64 weeks through punch list completion
CHFA Legal			60,000
City Legal Fees (for Section 108 Loan)			-
Bank Legal			50,000
Owner Legal/Transaction/Syndication			150,000
Real Estate Taxes			182,312 4.5% of stabilized gross effective income for 18 months
Title Policy			62,400 Same per unit as 360
Transfer Tax		1.45%	-
Appraisal and Market Study			28,000 Carl Stenman at CHFA suggested \$18k; added \$10k for HUD
CHFA LIHTC Fees		8.0%	155,841 8% of 1 Yr LIHTC allocation
Marketing and Leasing			100,000
Soft Cost Contingency		5.0%	232,199
Total Soft Costs			4,876,183
			10,434,604
Subtotal - Hard/Soft Costs			37,056,133
✓ Developer Fee		15%	5,558,420
Acquisition Cost and Option Fees			
			-
Financing and Reserves			
Lease Up Operating Reserve (developer's)			285,120 3 months of annual operating expenses to cover short-falls during lease
Commitment Fee		1.00%	321,046 bank fee - BofA estimate
Equity Bridge/Construction Interest		6.00%	963,139 See Draw Schedule and Interest Calculation

Proprietary and Confidential

Schedule C.2

1,569,306

Total Dev Cost		44,183,859	Monthly Draw	
			Cumulative	
Sources				
Federal LIHTC Equity	0.98	19,090,506	9% credit	
State GBTC Equity		1,667,744		
Developer Equity/deferred fees	50%	2,779,210		
DECD CHAMP Grant		4,800,000	80,000	per affordable housing unit
Urban Act Grant		4,500,000	75,000	per affordable housing unit
Section 108 Bonds - construction and perm		-		
✓ Permanent Loan		<u>11,346,400</u>		
Total Permanent Sources		44,183,859		
✓ Bridge Loan		32,104,649		

Attachment 5.F.2
Baron South CCRC
Summary Consolidated Financial Schedules
Sources and Uses of Funds

Schedule C.3

<u>SOURCES OF FUNDS</u>	<u>Total Budget</u>
WCP subordinate loan	46,685,445
Construction Loan	86,701,541
TOTAL SOURCES OF FUNDS	<u><u>\$133,386,987</u></u>
<u>USES OF FUNDS</u>	
<u>LAND AND RELATED</u>	
Ground lease during construction	2,500,000
Total Land and Related	<u>\$2,500,000</u>
<u>DESIGN AND ENGINEERING</u>	
Architecture Fees	3,099,167
Interiors Fees	175,000
Structural & Engineering Fees	150,000
Landscape Fees	150,000
Civil Engineer Fees	250,000
Reimbursable	125,000
Total Design and Engineering	<u>\$3,949,167</u>
<u>DIRECT CONSTRUCTION</u>	
Construction Contract	88,547,621
Site Improvements	3,500,000
Building Permits	1,455,678
Construction Contingency	3,541,905
Total Direct Construction	<u>\$97,045,204</u>
<u>INDIRECT CONSTRUCTION</u>	
Preconstruction Services - Budgets	350,000
Developer Project Mgt. (AHLLC)	10,422,252
FF&E	1,750,000
Total Indirect Construction	<u>\$12,522,252</u>
<u>OCCUPANCY DEVELOPMENT</u>	5,000,000
Total Marketing & Market Study	<u>\$5,000,000</u>
<u>OTHER COSTS</u>	
Legal, Insurance and Misc. Costs	
Owner Legal	250,000
Insurance	40,000
State Licensure/ Feasibility / Actuarial Study/COA	200,000
Site Plan Review	150,000
Authorities	75,000
Miscellaneous	100,000
Land use approvals (legal, design, engineering, P/R, etc.)	<u>250,000</u>
Total Other Costs	<u>\$1,065,000</u>
<u>PROJECT CONTINGENCY</u>	\$2,000,000
<u>FUNDED CAPITAL COSTS (GROSS)</u>	
Funded Interest - Construction Loan	8,338,348
Total Funded Capital Costs	<u>\$8,338,348</u>
<u>FINANCING AND ISSUANCE COSTS</u>	
Underwriter's & Lender Fee	867,015
Accounting	50,000
Other	50,000
Total Financing and Issuance Costs	<u>\$967,015</u>
TOTAL USES OF FUNDS	<u><u>\$133,386,987</u></u>

Schedule D2

Becker and Becker

Summary of Sources of Funds

Federal Low Income Housing Tax Credit Equity	\$19,090,506	43%
State GBTC Equity	\$1,667,744	4%
Developer Equity/deferred fee	\$2,779,210	6%
CT DECD CHAMP Housing Trust Fund	\$4,800,000	11%
CT Urban Act Grant	\$4,500,000	10%
Permanent Loan	\$11,346,400	26%
Total Sources	----- \$44,183,860	

Barons South Proposal
Financial Comparisons

<u>CAPITAL</u>	Number of Units	Total Square Feet	Hard Costs	Hard Costs/Sq Ft	Soft Costs	Total Hard & Soft Costs	Developers Fee	Interim Finance Costs	Total Development Costs
Jonathan Rose	99	123,846	\$22,303,548	\$180	\$3,177,677	\$25,481,225	\$2,662,716	\$1,645,929	\$29,789,870
Becker & Becker	99	110,000	\$32,179,950	\$293	\$4,876,183	\$37,056,133	\$5,568,420	\$1,569,306	\$44,183,859
Westport Capital Partners	220	294,000	\$105,494,371	\$359	\$9,132,015	\$114,626,386	\$10,422,252	\$8,338,348	\$133,386,986

<u>OPERATING STABILIZED YR</u>	Affordable Units	Eff. Gross Income	Operating Expenses	Net Oper. Expenses	R.E. Taxes	Perm Loan	Debt service	Cash Flow after Debt Svc
Jonathan Rose	59	\$1,783,178	\$850,859	\$932,319	\$250,000	\$11,392,281	\$776,209	\$156,110
Becker & Becker	60	\$2,430,822	\$1,209,935	\$1,220,887	\$121,541	\$11,346,400	\$824,304	\$221,199
Westport Capital Partners	30	\$20,957,062	\$12,638,008	\$8,319,054	\$1,216,856	?	\$4,500,000	\$2,602,198

* CHFA Construction Effectiveness Scoring is \$180 per sq. ft. for New Construction single/multiple story steel frame.

Notes:

Becker & Becker

- Does not contain a CM Bond Cost
- Does not have breakdown of 1 and 2 Bdr Units
- Permanent Loan is 30 yrs at 6%
- Does not include parking Sq Ft
- Jonathan Rose
- 83 one Bdrfm & 16 2 Bdr units
- Citibank perm loan terms not provided
- Westport Capital Partners
- Does not include parking square feet