

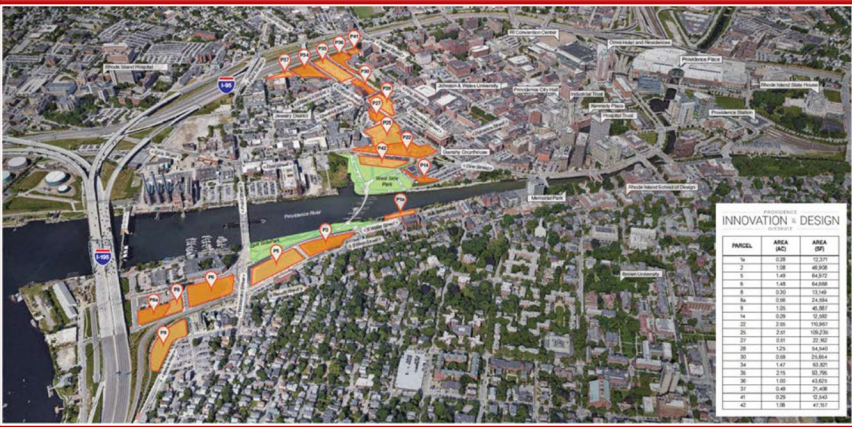
# Public Presentation

## I-195 Commission

### Parcel 9

### Proposal Comparison

### Snapshots



**RESGroup**  
REAL ESTATE SOLUTIONS

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# Proposal Comparison – Parcel 9

	ONE NB			Pennrose A			Pennrose B		
GBA (SF Including Parking)	85,500			80,310			71,155		
Parking Area (SF)	9,800			8,800			10,110		
Parking Spaces	32 on-site / 30 off-site			27 on-site / 24 on street (shared with B)			31 / 24 on street (shared with A)		
Retail Area (SF)	8,500 SF Childcare			3,000 SF Café 2,400 SF TBD			None		
Unit Mix	Market	13	22%	Market	27	41%	Market	27	42%
	Workforce <sup>1</sup>	18	31%	Workforce <sup>1</sup>	12	18%	Workforce <sup>1</sup>	11	17%
	Affordable	27	47%	Affordable	27	41%	Affordable	27	42%
	Total <sup>2</sup>	58	100%	Total	66	100%	Total	65	100%
Anticipated Construction Start	March 2022			July 2022			July 2022		
Acquisition Price	\$1 million			\$0.4 million <sup>3</sup>			\$0.4 million <sup>3</sup>		
Project Cost Per SF	\$268			\$311			\$324		

1. Workforce is 120% AMI and below; Affordable is 60% AMI and below (Pennrose includes several tiers below 60% AMI).
2. ONE|NB plans to combine their Parcel 9 project with a renovation of 46 offsite units in their LIHTC application
3. Pennrose acquisition price proposed to be subsidized by a loan from I-195 District.
4. ONE|NB adds \$4.4 million in renovation costs for 89,318 SF of off-site properties. Project costs total \$27.3 million when including offsite.

# Proposal Snapshot – ONE NEIGHBORHOOD BUILDERS



## Comments on Market Assumptions

- Full tax estimate appears to be high. Lower tax liability would result in higher net operating income, possibly increasing the potential amount of private debt and reducing the need for subsidy.
- Parking rents for income-restricted tenants may cause income-restricted rents to exceed 60% AMI limits.
- Construction costs appear low compared to other projects in the area.

## Project Summary:

Gross Building Area:	85,500 SF on Parcel 9 plus 89,318 SF of offsite renovations
Uses:	58 mixed-income housing units, 8,500 SF of childcare space with some parking on-site. <i>(Financing plan combines with 46 renovated off-site affordable units plus 4,736 SF of commercial space.)</i>
Start construction:	March 2022
Purchase price:	\$1.0m

# Proposal Snapshot – ONE NEIGHBORHOOD BUILDERS

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Smaller market-rate component and smaller overall project minimizes market risk</li><li>• Tenant identified for commercial space</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Project timeline appears reasonable</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• Combining new construction with renovation of off-site low-income units will likely score well in obtaining LIHTC</li><li>• Exclusion of 130% boost to eligible basis of the Parcel 9 component leaves room to increase potential LIHTC equity if additional funds are needed</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Experience with low-income housing (over 500 affordable units developed), particularly with smaller in-fill sites</li><li>• Experience with commercial development with over 50,000 SF of space leased to 13 tenants</li></ul>	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Full real estate tax estimate appears to be high, possibly inflating the amount of subsidy needed</li><li>• Estimated parking rental rates may cause some income-restricted tenants to exceed 60% AMI limit, reducing potential gross rents</li><li>• Commercial revenue represents a significant portion of total income (8.8%)</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• Need for offsite parking is a risk. If offsite lease is not extended, it will be difficult to replace</li><li>• Project costs appear low compared to other projects in the area</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Limited experience with ground-up construction, particularly for multi-family projects larger than a few units in size</li><li>• Very limited experience with market-rate housing and mixed-income projects</li></ul>

# Proposal Snapshot – Pennrose A & B



## Comments on Market Assumptions

- Taxes on the land are not separated from the taxes on the improvements. Therefore, taxes would be slightly higher in the early years of the TSA abatement. This may result in an increased need for subsidy.
- Phase-in of taxes begins in year 4 but should be year 5, partly offsetting the impact of land taxes above.
- \$0 rent for commercial space and parking for rent-restricted tenants is conservative

## Project Summary:

Gross Building Area:	80,310 SF (Bldg. A) 71,155 SF (Bldg. B)
Uses:	131 mixed-income housing units , 5,400 SF of commercial space and parking
Start construction:	July 2022
Purchase price:	\$0.8m <sup>1</sup>

1. Acquisition price proposed to be funded by loan from I-195 District.

# Proposal Snapshot – Pennrose

## Strengths

### Market Feasibility

- Rent and operating expense estimates appear reasonable
- \$0 rent for commercial space offers cushion for possibility of additional income

### Project Readiness

- Project timeline appears reasonable

### Financial Feasibility

- If two phases are required to obtain needed LIHTC funds, developer has had similar experience with multi-phase projects
- Realistic cost estimates

### Developer Experience

- Significant experience with ground-up construction of similar projects combining affordable, workforce, and market rate
- Top 5 mixed-income developers in country
- Developed over 17,200 units totaling \$3.5 billion in development cost including 265 affordable and mixed-income deals

## Weaknesses

### Market Feasibility

- Exclusion of taxes on the land in the early years may result in a greater need for subsidy
- Larger market-rate component increases market risk, particularly with active market development in the area (risk may be reduced if development is phased)
- Attracting commercial tenants may be challenging in this location, although developer is open to other uses for those spaces and is not reliant on commercial income in their pro forma

### Project Readiness

- Ability to obtain LIHTC for both buildings at once is very unlikely; impacting the timeline of second building

### Financial Feasibility

- LIHTC request and per unit cost approach RI Housing maximums, leaving little room for potential cost increases, although developer is somewhat conservative with cost estimates and has experience in obtaining LIHTC funding