

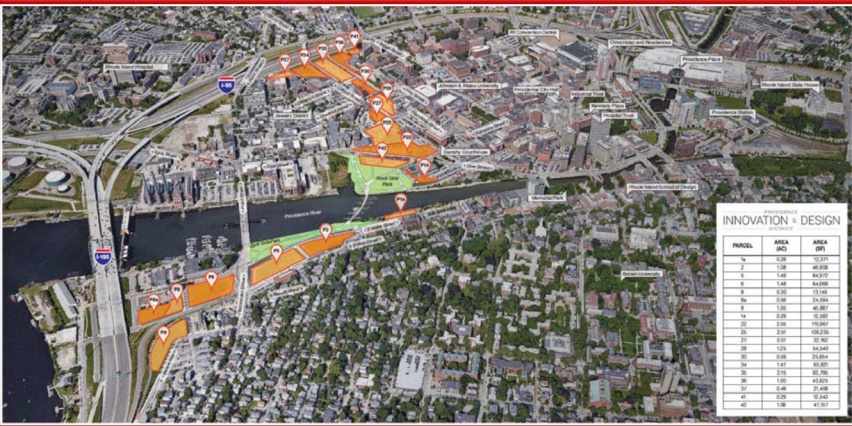
Public Presentation

I-195 Commission

Parcel 2

Proposal Comparison

Snapshots



RESGroup
REAL ESTATE SOLUTIONS

10/19/2021

Draft

Proposal Comparison

	Eden Properties	Providence Partnership for Community Reinvestment, LLC	Urbanica, Inc. Collage Providence
GBA (SF incl. Parking)	184,683 SF	198,203 SF	180,294 SF
Parking Spaces	52 ground floor ¹	140 basement ²	90 basement
Parking Area	20,088 SF	38,250 SF	39,000 SF
Retail Area (SF)	8,554 SF	19,490 SF	16,000 SF
# Market-Rate Units	163 rental	108 condo	182 rental
# Workforce/Affordable Units	0	12 condo (80-100% AMI)	12 (60% AMI)
Total Units	163	120	194
Construction Start mo.	September 2022	February 2023	February 2023
Purchase Price	\$200,000	\$1,000,000 ³	\$2,689,000
Subsidy Request	15-year TSA plus \$4,064,226	\$0	20-year TSA
Project Cost Per SF (including parking SF)	\$328	\$339	\$330

1. Off site at Garrahy garage as needed, willing to add parking stackers on-site
2. Includes double-stacked vehicle storage
3. Plus additional funds after 20% IRR threshold

Proposal Snapshot – Eden Properties



Comments on Market Assumptions

- Adjusted retail vacancy from 5% to 10%
- Market assumptions are generally in line with market.
- Willing to add parking stackers on-site, but also assumes Garrahy Garage can be used by tenants if on-site parking does not meet demand.

Project Summary:

Gross Building Area:	184,683 SF
Uses:	163 market-rate units; 8,554 SF retail, 52 ground-level parking spaces
Construction start:	September 2022
Purchase price:	\$200,000
Subsidy requested:	15-year TSA plus \$4,064,226 Commerce RI Rebuild Tax Credit Equity

Proposal Snapshot – Eden Properties

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">Market assumptions for residential, retail, and parking are in line with market. Market support for rental apartments is strong, making feasibility very likely.Moderate retail size is likely to be absorbed in the market.Residential unit mix captures a broad market mix. <p><u>Project Readiness</u></p> <ul style="list-style-type: none">Project milestones are aggressive but reasonable <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">Financial assumptions are conservative but reasonable, making feasibility likelyExpressions of interest from lender partnersGrade-level parking is proven in the market and is less expensive than underground. <p><u>Developer Experience</u></p> <ul style="list-style-type: none">Strong developer experience with the product type in the Boston area.	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">No comment <p><u>Project Readiness</u></p> <ul style="list-style-type: none">The ability of the project to receive approvals for the requested amount of subsidy may delay the project. <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">No comment <p><u>Developer Experience</u></p> <ul style="list-style-type: none">No comment

Proposal Snapshot – Providence Partnership for Community Reinvestment, LLC



Changes to Market Assumptions

Category	Developer	RESGroup
Average Condo Price/SF	\$624	\$600
Retail Rent/SF	\$40	\$35
Retail Vacancy	5%	10%
Retail Cap Rate	5%	6%

Project Summary:

Gross Building Area:	198,203 SF
Uses:	108 market-rate condos; 12 workforce condos; 19,490 SF retail, 140 basement parking spaces with double-stacked vehicle storage
Construction start:	February 2023
Purchase price:	\$1,000,000 (plus additional funds after 20% IRR threshold)
Subsidy requested:	None requested

- PPCR is willing to set aside up to a 10% equity investment opportunity as a Rhode Island based minority micro-investment crowdfund, with The Providence Partnership for Community Reinvestment, LLC to be responsible for the program and to develop it with the crowdfunding consultant/broker.
- Comparable sales include at least 1 parking space per unit. Subject sale prices exceed the market.

Proposal Snapshot – Providence Partnership for Community Reinvestment, LLC

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Market support for condominium ownership appears to be growing and there is very little recently developed competition.• Includes 12 workforce units. <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• No comment <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Expressions of interest from lender partners <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Strong developer experience with the product type in the Boston area.	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Assumptions for residential condominium sale prices are aggressive.• The depth of the market for ownership units as small as those proposed has not been tested.• Large amount of retail space may be difficult to lease in the market.• Retail rents are aggressive and may not be supportable in the market. <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• No comment <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Loan-to-cost ratio is somewhat high and may not be available in the market, likely requiring developer to fund more equity than planned.• Underground parking is a complicated and expensive element <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• No comment

Proposal Snapshot – Urbanica, Inc. – Collage Providence



Comments on Market Assumptions

- High average estimates of rental rates per SF are unproven in the market and are driven by a high proportion of small studio units.

Project Summary:

Gross Building Area:	180,294 SF
Uses:	182 market-rate apartments; 12 affordable apartments at 60% AMI; 16,000 SF retail, 90 basement parking spaces
Construction start:	February 2023
Purchase price:	\$2,869,000
Subsidy requested:	20-year TSA

Proposal Snapshot – Urbanica, Inc. – Collage Providence

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Market support for rental apartments is strong, making the feasibility likely.• Includes 12 affordable units. <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Project milestones are conservative <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Expressions of interest from lender partners.• Committed to funding additional equity if necessary. <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Strong developer experience with the product type in the Boston area.• In-house design and construction management streamlines delivery and helps control costs.	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• The depth of the market for the high proportion of studio units as small as those proposed has not been tested. On a per-unit basis, rents are in line with the market.• TSA estimate required adjustment. <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• No comment <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Loan-to-cost ratio is high and may not be available in the market, requiring developer to fund more equity than planned, although they are committed to doing so if necessary.• Hard costs appear aggressive given the complexity of the design and the provision of sub-surface parking.• Underground parking is a complicated and expensive element. <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• No comment

Residential Demand in Providence

- RESGroup outreach to residential operators in the market found low vacancy rates and strong rent growth with vacant units being re-leased within 2 weeks.
- New buildings are surpassing demand projections – e.g., Nightingale Apartments opened downtown last year and surpassed absorption estimates reaching full occupancy in 17 months or an average of 8.5 units per month. This trend is expected to continue for residential projects in the development pipeline.
- Demographic changes show an increasing population in Providence of 7.2% over 10 years with a slower rate of increase in housing units of 5.2% suggesting that housing supply is not keeping pace with demand, particularly for new product.
- Although not captured in the demographic trends below, since 2020 COVID has also had a strong impact on demand for housing in smaller cities such as Providence.

Project	Vacancy Rate
Westminster Lofts	1.5%
Regency Plaza	0.0%
Promenade (Foundry)	0.0%
Station Row	1.0%
Nightingale Apartments	2.1%
Chestnut Commons	0.0%

Demographics	2010	2020	Change
Population	178,162	190,934	7.2%
Housing Units	71,530	75,257	5.2%
Occupied Units	62,718	69,597	11.0%
Vacant Units	8,812	5,660	-35.8%