



Amity Station Proposal

November 2018

# Q&A

- Is some measure of surface parking possible with this project?
  - Because of the size of the site (~2 acres), surface parking is not possible on the site and would remove the ability to provide commercial and residential square footage on the site. Furthermore, would result in less annual taxes to the Town
- Please provide a side by side comparison of the cost of a market rate residential unit versus an affordable unit
  - See page 4
- Can we apply additional value offered in Scenario 3 to provide other community benefits instead of public parking?
  - Scenario 3 assumes no solar setbacks
  - Yes, removing the public parking and maintaining the \$300,000 in tax abatement would allow the model to (1) absorb additional affordable housing units of approximately 20-30%, depending on the percentage of AMI; and, (2) up to an 80% discount to commercial rents
- If front-loading tax abatement has more value to the developer, how much more community benefit could you provide with this arrangement?
  - No, the front-loading of the tax abatement has the same value to the developer as if it were spread over 15 years. For example, in scenario 3, the value of the tax abatement today is \$2.8. The front-loading of this tax abatement results in approximately the same community benefits – (1) absorb additional affordable housing units to approximately 20-30%, depending on the percentage of AMI; and, (2) up to an 80% discount to commercial rents

## Q&A Cont'd

- How much more community benefit would the developer provide if you could do it off site?
  - This is uncertain as it would require the evaluation of several variables, including site acreage, land cost, construction cost and location
- Can you provide more information on what the development might look like? Will it have a high quality appearance?
  - The development will be an institutional quality asset and be of high quality
- Is the developer proposing to block Nunn Alley?
  - No
- Would the developer be willing to improve Nunn Alley up to Town standards?
  - Open to discussing.

# Side-by-Side of Market Rate vs. Affordable Housing

- The value of a market rate unit is approximately \$45K, and the cost of an affordable housing unit is approximately \$52K.

	<u>Unit Analysis</u>		<u>Total Analysis</u>	
	Market Rate <u>Unit</u>	Affordable Housing <u>Unit</u>	Market Rate <u>Total</u>	Affordable Housing <u>Total</u>
Development Cost	\$49,009,148	\$49,009,148	\$49,009,148	\$49,009,148
Units	208	246	208	246
Per Unit Cost	\$235,621	\$199,224	\$235,621	\$199,224
Rent	\$1,650	\$1,035	\$4,808,732	\$3,146,980
Vacancy	(\$83)	(\$52)	(\$240,437)	(\$157,349)
Parking Revenue	\$125	\$125	\$305,292	\$305,292
Other Revenue	\$350	\$350	\$84,516	\$84,516
Total Revenue	\$2,043	\$1,458	\$4,958,103	\$3,379,438
<b>Expenses</b>				
Management Fee	\$894	\$514	\$185,929	\$126,505
G&A	\$242	\$212	\$50,437	\$52,097
Marketing	\$239	\$179	\$49,623	\$43,911
Insurance	\$193	\$144	\$40,088	\$35,473
Taxes	\$3,002	\$2,534	\$624,460	\$623,419
Utilities	\$1,521	\$1,363	\$316,544	\$335,232
Payroll	\$1,725	\$1,386	\$358,806	\$340,983
Maintenance	\$307	\$230	\$63,801	\$56,457
Turnover	\$223	\$168	\$46,787	\$41,402
Total Operating Exp.	\$8,346	\$6,730	\$1,736,475	\$1,655,479
Net Operating Income	(\$6,304)	(\$5,272)	\$3,221,628	\$1,681,009
Required Capital Reserve	\$150	\$150	\$42,951	\$42,951
Return on Cost	-2.74%	-2.72%	6.49%	3.34%
<b>Enterprise Value Analysis</b>				
NOI			\$3,221,628	\$1,681,009
Cap Rate			5.50%	5.50%
Valuation			\$58,575,062	\$30,563,796
Per Unit			\$281,611	\$146,941
<b>Incremental Value to Developer (Enterprise Value - Cost to Build)</b>			\$45,990	(\$52,283)

# Executive Summary

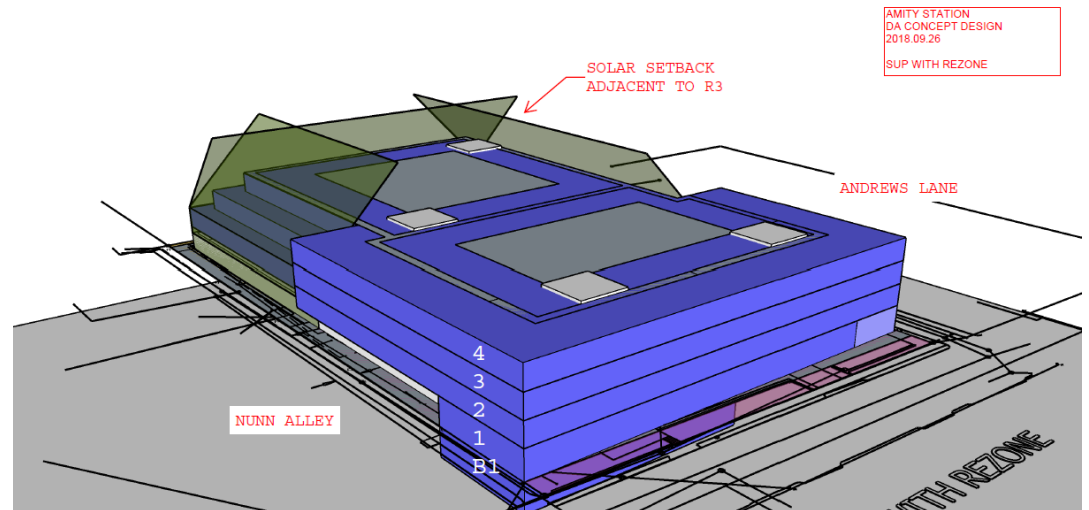
- The Amity Station development team (“Amity”) has prepared scenarios of potential alternatives based on the financial analysis performed by the Noell Consulting Group (attached as Exhibit A)
- The scenarios herein are suggestions and the Amity team is open to other scenarios which may better achieve the community benefits the council desires
- Amity has proposed the following community benefits to the project:
  - Commercial space of 14,465 SF
  - 10% affordable units at 80% of AMI
  - Live-work units
  - Micro units
- Compensation for the community benefits, per the Noell Group:
  - One additional floor (i.e., 5<sup>th</sup> floor) of residential (either with or without solar setbacks), ranging from 39,000-50,300 square feet
  - Waiving of permit / impact fees
  - Potential property tax reductions

# Summary of Alternatives

	West Rosemary Guide Base Scenario	Scenario 1	Scenario 2	Scenario 3
Base Units	• 208 units	• 184 units	• 184 units	• 184 units
Commercial	• --	• 14,465 sq. ft. @ \$22 • Cost – \$265 / SF	• 14,465 sq. ft. (50% of sq. ft. leased at 50% of market rate) • Cost – \$375 / SF	• 14,465 sq. ft. • Cost – \$265 / SF
Affordable Housing	• --	• 10% at 80% AMI • Cost – \$90,000 / unit	• 10% at 80% AMI • Cost – \$90,000 / unit	• 10% at 80% AMI • Cost – \$90,000 / unit
Live-Work Units	• --	• Yes	• Yes	• Yes
Additional Private Parking Spaces	• --	• 1 per additional unit (excluding micro and affordable housing units) • Cost – \$50,000 / space	• 1 per additional unit (excluding micro and affordable housing units) • Cost – \$50,000 / space	• 1 per additional unit (excluding micro and affordable housing units) • Cost – \$50,000 / space
Additional Public Parking Spaces	• --	• --	• --	• 170 spaces (entire 2 <sup>nd</sup> floor underground) • \$50,000 / space
Micro Units	• --	• 10% of total units	• 10% of total units	• 10% of total units
Additional Density	• --	• 5 <sup>th</sup> floor with solar setbacks – 39,000 sq. ft. • Each additional unit is \$40,000	• 5 <sup>th</sup> floor with no solar setbacks – 50,300 sq. ft. • Each additional unit is \$40,000	• 5 <sup>th</sup> floor with no solar setbacks – 50,300 sq. ft. • Each additional unit is \$40,000
Permit / Impact Fee Relief	• Fees waived (\$25,000-\$50,000)	• Fees waived (\$25,000-\$50,000)	• Fees waived (\$25,000-\$50,000)	• Fees waived (\$25,000-\$50,000)
Tax Abatement	• --	• \$100,000 / Yr. for 15 years • Value today: \$929,498	• \$100,000 / Yr. for 15 years • Value today: \$929,498	• \$300,000 / Yr. for 15 years • Value today: \$2.8 million

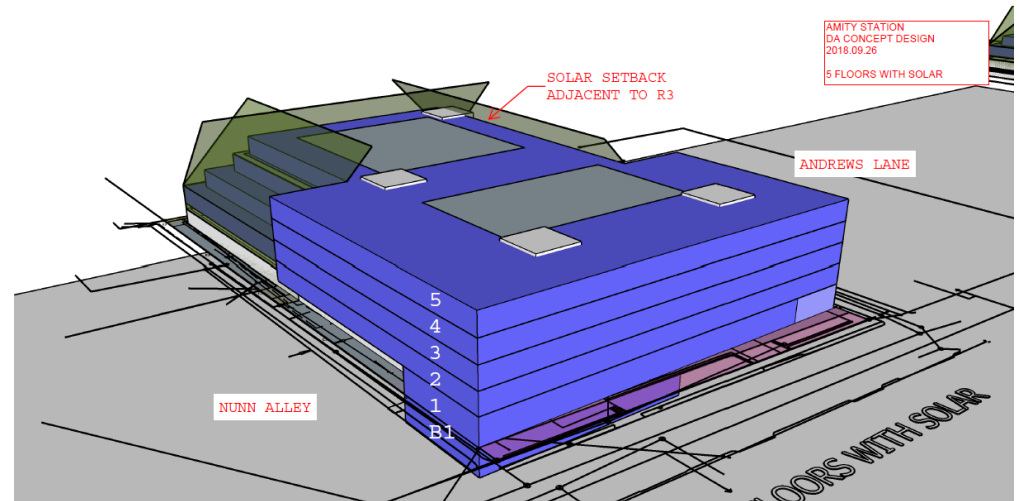
# West Rosemary Guide Base Scenario

	West Rosemary Guide Base Scenario
Base Units	• 208 units
Commercial	• --
Affordable Housing	• --
Live-Work Units	• --
Additional Private Parking Spaces	• --
Additional Public Parking Spaces	• --
Micro Units	• --
Additional Density	• --
Permit / Impact Fee Relief	• Fees waived (\$25,000-\$50,000)
Tax Abatement	• --



# Scenario 1 – 5<sup>th</sup> floor with solar setbacks

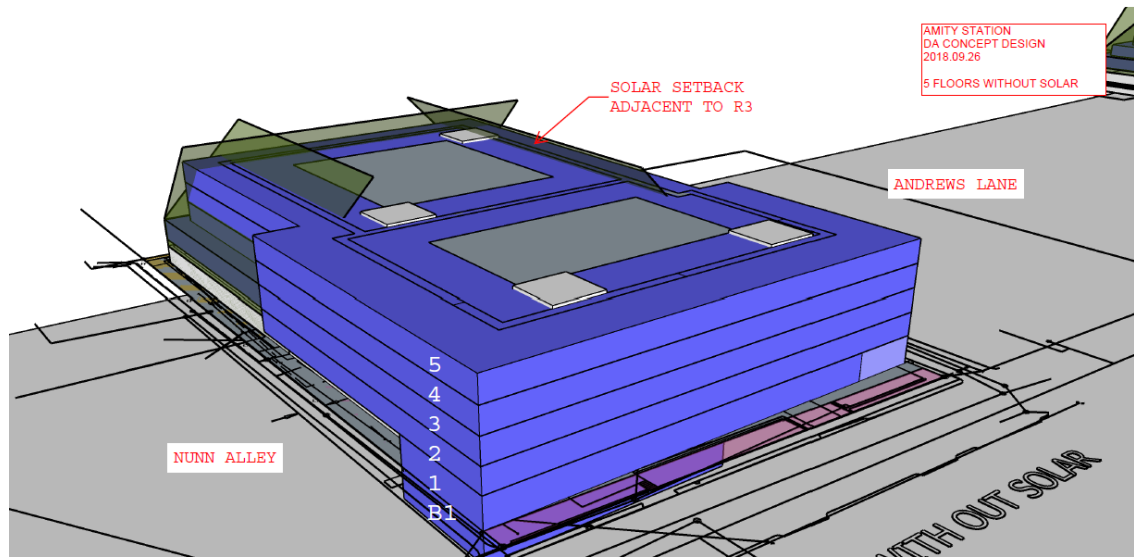
	Scenario 1
Base Units	<ul style="list-style-type: none"> <li>• 184 units</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>• 14,465 sq. ft. @ \$22</li> <li>• Cost – \$265 / SF</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>• 10% at 80% AMI</li> <li>• Cost – \$90,000 / unit</li> </ul>
Live-Work Units	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Additional Private Parking Spaces	<ul style="list-style-type: none"> <li>• 1 per additional unit (excluding micro and affordable housing units)</li> <li>• Cost – \$50,000 / space</li> </ul>
Additional Public Parking Spaces	<ul style="list-style-type: none"> <li>• --</li> </ul>
Micro Units	<ul style="list-style-type: none"> <li>• 10% of total units</li> </ul>
Additional Density	<ul style="list-style-type: none"> <li>• 5<sup>th</sup> floor with solar setbacks – 39,000 sq. ft.</li> <li>• Each additional unit is \$40,000</li> </ul>
Permit / Impact Fee Relief	<ul style="list-style-type: none"> <li>• Fees waived (\$25,000-\$50,000)</li> </ul>
Tax Abatement	<ul style="list-style-type: none"> <li>• \$100,000 / Yr. for 15 years</li> <li>• Value today: \$929,498</li> </ul>





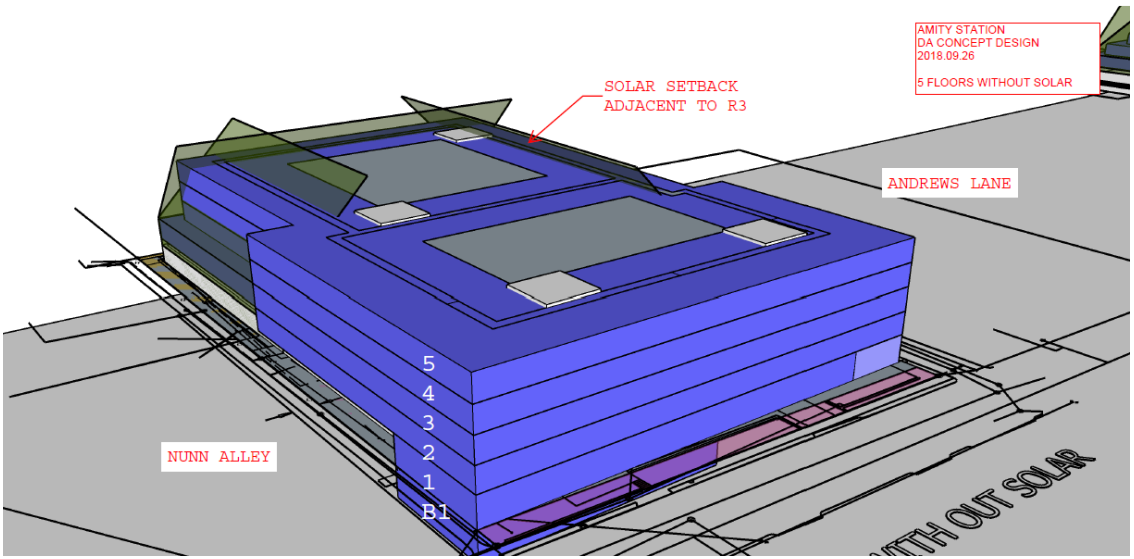
# Scenario 2 – 5<sup>th</sup> floor with no solar setbacks

	Scenario 2
Base Units	<ul style="list-style-type: none"> <li>184 units</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>14,465 sq. ft. (50% of sq. ft. leased at 50% of market rate)</li> <li>Cost – \$375 / SF</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>10% at 80% AMI</li> <li>Cost – \$90,000 / unit</li> </ul>
Live-Work Units	<ul style="list-style-type: none"> <li>Yes</li> </ul>
Additional Private Parking Spaces	<ul style="list-style-type: none"> <li>1 per additional unit (excluding micro and affordable housing units)</li> <li>Cost – \$50,000 / space</li> </ul>
Additional Public Parking Spaces	<ul style="list-style-type: none"> <li>--</li> </ul>
Micro Units	<ul style="list-style-type: none"> <li>10% of total units</li> </ul>
Additional Density	<ul style="list-style-type: none"> <li>5<sup>th</sup> floor with no solar setbacks – 50,300 sq. ft.</li> <li>Each additional unit is \$40,000</li> </ul>
Permit / Impact Fee Relief	<ul style="list-style-type: none"> <li>Fees waived (\$25,000-\$50,000)</li> </ul>
Tax Abatement	<ul style="list-style-type: none"> <li>\$100,000 / Yr. for 15 years</li> <li>Value today: \$929,498</li> </ul>



# Scenario 3 – 5<sup>th</sup> floor with no solar setbacks and 2<sup>nd</sup> Level of Public Parking

	Scenario 3
Base Units	<ul style="list-style-type: none"> <li>• 184 units</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>• 14,465 sq. ft.</li> <li>• Cost – \$265 / SF</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>• 10% at 80% AMI</li> <li>• Cost – \$90,000 / unit</li> </ul>
Live-Work Units	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Additional Private Parking Spaces	<ul style="list-style-type: none"> <li>• 1 per additional unit (excluding micro and affordable housing units)</li> <li>• Cost – \$50,000 / space</li> </ul>
Additional Public Parking Spaces	<ul style="list-style-type: none"> <li>• 170 spaces (entire 2<sup>nd</sup> floor underground)</li> <li>• \$50,000 / space</li> </ul>
Micro Units	<ul style="list-style-type: none"> <li>• 10% of total units</li> </ul>
Additional Density	<ul style="list-style-type: none"> <li>• 5<sup>th</sup> floor with no solar setbacks – 50,300 sq. ft.</li> <li>• Each additional unit is \$40,000</li> </ul>
Permit / Impact Fee Relief	<ul style="list-style-type: none"> <li>• Fees waived (\$25,000-\$50,000)</li> </ul>
Tax Abatement	<ul style="list-style-type: none"> <li>• \$300,000 / Yr. for 15 years</li> <li>• Value today: \$2.8 million</li> </ul>



# Appendix – No Permit/Impact Fee Relief and No Tax Abatement

	West Rosemary Guide Base Scenario	Scenario 1	Scenario 2
Base Units	<ul style="list-style-type: none"> <li>• 208 units</li> </ul>	<ul style="list-style-type: none"> <li>• 184 units</li> </ul>	<ul style="list-style-type: none"> <li>• 184 units</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• 10,000 sq. ft. @ \$22</li> <li>• Cost – \$265 / SF</li> </ul>	<ul style="list-style-type: none"> <li>• 10,000 sq. ft. (50% of sq. ft. leased at 50% of market rate)</li> <li>• Cost – \$375 / SF</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• 10% at 80% AMI</li> <li>• Cost – \$90,000 / unit</li> </ul>	<ul style="list-style-type: none"> <li>• 5% at 80% AMI</li> <li>• Cost – \$90,000 / unit</li> </ul>
Live-Work Units	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Additional Private Parking Spaces	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• 1 per additional unit (excluding micro and affordable housing units)</li> <li>• Cost – \$50,000 / space</li> </ul>	<ul style="list-style-type: none"> <li>• 1 per additional unit (excluding micro and affordable housing units)</li> <li>• Cost – \$50,000 / space</li> </ul>
Additional Public Parking Spaces	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>
Micro Units	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• 10% of total units</li> </ul>	<ul style="list-style-type: none"> <li>• 10% of total units</li> </ul>
Additional Density	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• 5<sup>th</sup> floor with solar setbacks – 39,000 sq. ft.</li> <li>• Each additional unit is \$40,000</li> </ul>	<ul style="list-style-type: none"> <li>• 5<sup>th</sup> floor with no solar setbacks – 50,300 sq. ft.</li> <li>• Each additional unit is \$40,000</li> </ul>
Permit / Impact Fee Relief	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>
Tax Abatement	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>