# Unit Mix

|  |  |  |  |
| --- | --- | --- | --- |
| **Unit M**  Studio |  |  | |
| 1 Bedroom | 102 |
| 2 Bedroom | 44 | 11 |  |
| 3 Bedroom Homes | 6 | 1980 SF |  |
| **Total Units** | **160** | **901 SF** | **$** |

After the latest changes to the property design, the table on the right highlights the 160-unit mix of studio, one-bedroom, and two-bedroom apartments as well as 6 three-bedroom homes for rent.

# Project Budget

The Project Budget is inclusive of the changes from the original RFP submission, additional parking both below grade and on the ground level as well as adjusting the property orientation so that the main entrance faces East Broadway and lowering the traffic on Sutton Avenue.

Spirit KN are well financed and highly confident in its ability to capitalize this project. We are happy to discuss our financials with the Town of Stratford.

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| --- | --- | --- | --- | --- |
| **SOURCES & USES** | | | | |
|  | **LTC** | **$ Amount** | **PSF** | **$/Unit** |
| **SOURCES** |  |  |  |  |
| Construction Debt | 70% | $28,234,719 | $161 | $176,467 |
| Mezzanine Debt | 9% | $3,764,548 | $21 | $23,528 |
| Equity | 21% | $8,339,469 | $48 | $52,122 |
| **TOTAL SOURCES** |  | **$40,338,736** | **$230** | **$252,117** |
| **USES** |  |  |  |  |
| Land \*\* |  | $750,000 | $4 | $4,688 |
| Acquisition Costs |  | $550,000 | $3 | $3,438 |
| Soft Costs |  | $5,039,983 | $29 | $31,500 |
| Hard Costs |  | $30,810,963 | $175 | $192,569 |
| Financing Costs |  | $3,187,791 | $18 | $19,924 |
| **TOTAL USES \*\*\*** |  | **$40,338,736** | **$230** | **$252,117** |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **10 Year Cash Flow** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** |
| **Rental Income**  Market Rent | - | - | 1,382,260 | 4,155,441 | 4,257,093 | 4,386,576 | 4,519,998 | 4,657,478 | 4,799,140 | 4,945,111 |
| **Gross Potential Rent** | **-** | **-** | **1,382,260** | **4,155,441** | **4,257,093** | **4,386,576** | **4,519,998** | **4,657,478** | **4,799,140** | **4,945,111** |
| Loss to Lease | - | - | (9,136) | (56,397) | (60,664) | (62,509) | (64,410) | (66,369) | (68,388) | (70,468) |
| Concessions | - | - | (101,510) | (74,184) | (40,442) | (41,672) | (42,940) | (44,246) | (45,592) | (46,979) |
| Vacancy | - | - | (773,202) | (395,673) | (212,855) | (219,329) | (226,000) | (232,874) | (239,957) | (247,256) |
| Model Unit | - | - | (8,388) | (25,163) | (25,163) | (25,163) | (25,163) | (25,163) | (25,163) | (25,163) |
| Delinquency/Credit Loss | - | - | (6,911) | (20,777) | (21,285) | (21,933) | (22,600) | (23,287) | (23,996) | (24,726) |
| **Total Rental Income** | **-** | **-** | **483,114** | **3,583,247** | **3,896,684** | **4,015,971** | **4,138,886** | **4,265,540** | **4,396,045** | **4,530,521** |
| **Other Income** |  |  |  |  |  |  |  |  |  |  |
| Retail Income | - | - | - | - | - | - | - | - | - | - |
| Utility Income | - | - | 4,935 | 30,664 | 32,991 | 33,815 | 34,661 | 35,527 | 36,416 | 37,326 |
| Miscellaneous Income | - | - | 54,967 | 248,321 | 262,668 | 269,235 | 275,966 | 282,865 | 289,937 | 297,185 |
| **Total Other Income** | **-** | **-** | **59,902** | **278,985** | **295,659** | **303,051** | **310,627** | **318,392** | **326,352** | **334,511** |
| **Effective Gross Income** | **-** | **-** | **543,016** | **3,862,232** | **4,192,343** | **4,319,022** | **4,449,513** | **4,583,932** | **4,722,398** | **4,865,032** |
| **Controllable Expenses** |  |  |  |  |  |  |  |  |  |  |
| General & Administrative | - | - | 20,315 | 61,453 | 62,989 | 64,564 | 66,178 | 67,832 | 69,528 | 71,266 |
| Payroll & Benefits | - | - | 115,947 | 350,739 | 359,507 | 368,495 | 377,707 | 387,150 | 396,829 | 406,749 |
| Advertising & Marketing | - | - | 22,120 | 66,913 | 68,586 | 70,300 | 72,058 | 73,859 | 75,706 | 77,599 |
| Turnover | - | - | - | 7,790 | 31,550 | 48,308 | 49,515 | 50,753 | 52,022 | 53,323 |
| Repair and Maintenance | - | - | 13,333 | 40,333 | 41,342 | 42,375 | 43,435 | 44,520 | 45,633 | 46,774 |
| Contract Services | - | - | 74,667 | 225,867 | 231,513 | 237,301 | 243,234 | 249,315 | 255,547 | 261,936 |
| **Total Controllable Expenses** | **-** | **-** | **246,382** | **753,094** | **795,487** | **831,343** | **852,127** | **873,430** | **895,266** | **917,647** |
| **Non-Controllable** |  |  |  |  |  |  |  |  |  |  |
| Property Management | - | - | 24,000 | 106,211 | 115,289 | 118,773 | 122,362 | 126,058 | 129,866 | 133,788 |
| Utilities | - | - | 41,100 | 79,330 | 76,735 | 78,533 | 80,376 | 82,266 | 84,202 | 86,187 |
| Insurance | - | - | 21,333 | 64,533 | 66,147 | 67,800 | 69,495 | 71,233 | 73,014 | 74,839 |
| Property Taxes | - | - | - | - | 4,051 | 52,808 | 104,342 | 168,103 | 226,647 | 287,263 |
| **Total Non-Controllable Expenses** | **-** | **-** | **86,433** | **250,075** | **262,221** | **317,914** | **376,575** | **447,660** | **513,728** | **582,078** |
|  | | | | | | | | | | |
| **Total Operating Expenses** | **-** | **-** | **332,815** | **1,003,169** | **1,057,708** | **1,149,258** | **1,228,702** | **1,321,090** | **1,408,994** | **1,499,725** |
| **Net Operating Income** | **$ -** | **$ -** | **$ 210,201** | **$ 2,859,063** | **$ 3,134,635** | **$ 3,169,764** | **$ 3,220,811** | **$ 3,262,842** | **$ 3,313,404** | **$ 3,365,306** |

The current plan includes a below grade parking structure consisting of 206 spaces, of which 50 will be allocated to the Board of Education. The remaining 156 spaces will be rented to residents of Sutton Place. The previous plan had 198 below grade spaces, all of which were available for rent for residents of the building. As such, the difference equates to $25,200 in lost annual revenue (42 spaces at $50 per month) or approximately

$504,000 in reduced value. Additionally, the cost of the below grade structure has increased to $6.9M as a result of the increased parking count. As with Spirit KN’s previous submission, the goal of the proposed PILOT is to structure an abatement schedule that pays for the cost of the below grade garage plus the lost value of the parking on a net present value basis.

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| **Calendar Year** | **Full Tax Amount** | **Year of Tax Incentive**  **Agreement** | | **% of Taxes Phased In** | **Tax Savings** | **Abated Taxes to Pay** |
| 2024 | 904,585 | Year | 1 | 0% | 904,585 | - |
| 2025 | 937,782 | Year | 2 | 0% | 937,782 | - |
| 2026 | 954,835 | Year | 3 | 0% | 954,835 | - |
| 2027 | 972,198 | Year | 4 | 10% | 874,979 | 97,220 |
| 2028 | 989,877 | Year | 5 | 15% | 841,396 | 148,482 |
| 2029 | 1,088,260 | Year | 6 | 15% | 925,021 | 163,239 |
| 2030 | 1,108,049 | Year | 7 | 20% | 886,440 | 221,610 |
| 2031 | 1,128,199 | Year | 8 | 25% | 846,149 | 282,050 |
| 2032 | 1,148,714 | Year | 9 | 30% | 804,100 | 344,614 |
| 2033 | 1,169,603 | Year | 10 | 35% | 760,242 | 409,361 |
| 2034 | 1,339,730 | Year | 11 | 40% | 803,838 | 535,892 |
| 2035 | 1,364,092 | Year | 12 | 45% | 750,251 | 613,841 |
| 2036 | 1,388,897 | Year | 13 | 50% | 694,449 | 694,449 |
| 2037 | 1,414,153 | Year | 14 | 60% | 565,661 | 848,492 |
| 2038 | 1,439,869 | Year | 15 | 70% | 431,961 | 1,007,908 |
| 2039 | 1,643,755 | Year | 16 | 80% | 328,751 | 1,315,004 |
| 2040 | 1,673,645 | Year | 17 | 90% | 167,365 | 1,506,281 |
| 2041 | 1,704,079 | Year | 18 | 100% | - | 1,704,079 |

|  |  |
| --- | --- |
| **Net Present Value of Tax Incentive Agreement** | **$ 7,403,808** |
| Total Subterranean Parking Garage Costs | $ 6,889,520 |
| Value of Lost Parking Revenue | $ 504,000 |