



Financial Assistance Request

The following information is to fulfill your request for documentation about the financing of this project, other financial assistance requests and the tenancy requirements associated with that, including our own internal policies for selecting residents.

The residential development to be located on the 3.25 acres on East Wilson Bridge Road would primarily be financed through the federal rental housing tax credit program administered by the Ohio Housing Finance Agency (OHFA). Sources of financing include equity raised from the sale of these tax credits which is providing approximately 70% of the total project sources of funding, a conventional first mortgage, and the developer deferring 45% of its fee. In order to make the development financially feasible given a challenging economic climate with both interest rates and construction costs rising, the development team is respectfully requesting a 15-year PILOT, land contribution where the land cost would not exceed \$100,000, and an additional \$540,000 of additional soft funds from the City of Worthington.

The tax credit program restricts residents to incomes up to 80% of the area median income and we will offer rents at several different price points but does not provide rental subsidies. Often projects financed under the tax credit program are confused with the Section 8 rental subsidy program, but they are unrelated and in fact no new housing has been constructed under the Section 8 program since the 1980s.

All applicants who would like to become a resident must pass screening for credit, criminal, and past landlord history as well as household income verification before being offered a rental home. Fair housing laws prohibit us from denying applicants a rental home based on their source of income to pay for their unit – such as a housing voucher – but all are held to the same standards for screening outlined above, and failure to meet those will result in a denial of a rental application. We use a 3rd party to conduct all tenant screening so that there is no question as to whether the application process is impartial.

Currently, we are projecting max next rents for a one-bedroom rental to be \$1,025.00 and for a two-bedroom rental to be \$1,145.00. Based upon the above items, Woda Cooper Companies, Inc. believes the project proforma accurately reflects all costs associated with the development, construction, and property management of the potential residential development.

Development Budget

- 1. Total Construction Costs** **Total: 16,934,301**

 - a. On-Site Improvements** **Total: \$1,400,000**
On-site improvements include site preparation and utility infrastructure.
 - b. Hard Construction** **Total: \$8,336,790**
This total number includes the materials needed for the building, including bricks, wood, siding, windows, and the actual construction of the building.
 - c. General Requirements** **Total: \$584,207**
General requirements include items that do not apply directly to construction but are necessary in order to open the development. Permitting, daily logs, inspections, meeting the

requirements to achieve an EarthCraft Gold certification, and project documentation are included in this category and are spread out over the time of the construction period.

- d. Contractor Overhead** **Total: \$194,735**
 Contractor overhead includes but is not limited to the administrative work, accounting expenses, taxes, and office supplies necessary to keep the construction site running.
- e. Contractor Profit** **Total: \$584,207**

- 2. Construction Contingency** **Total: \$554,997**
 This number is 5% of the construction costs to cover unexpected or additional costs that arise during construction of the development.
- 3. Land** **Total: \$0**
 The amount of the land currently is being projected to be a contribution by the City of Worthington.
- 4. Architectural Fees** **Total: \$463,998**
 The architect is responsible for preparing elevations, site plans, unit plans, and floor plans for the LIHTC application. If awarded tax credits, the architect will be responsible for working with Worthington to achieve final site plan approval on the site, which could involve 2-3 iterations of site plans and drawings to meet all requirements.
- 5. Survey Costs** **Total: \$25,000**
 The civil engineer must conduct an ALTA survey that provides the developer, and subsequently the County, with not only the boundary lines of the property, but also all easements and possible land features on the property.
- 6. Engineering Fees** **Total: \$85,000**
 The developer is required to hire an engineer that will create a site plan in coordination with the architect. Furthermore, the engineer is required to create civil engineering plans for the County to achieve final site plan approval. This could involve 2-3 iterations of site plans. The engineer may also work with neighbors or utility companies to determine if easements are needed.
- 7. Construction Insurance** **Total: \$111,000**
 With experience construction developments in 15 states, Woda Construction, Inc., the developments general contractor, has vast knowledge of what liability insurance is needed for a project of this size with the construction costs explained above.
- 8. Construction Interest** **Total: \$556,643**
 Interest accumulating on the construction loan during the construction of the development.
- 9. Construction Loan Fees** **Total: \$76,400**
 Origination Fee for the construction loan.
- 10. Permanent Loan Fees** **Total: \$38,500**
 Origination fee for the permanent loan.
- 11. Inspection Fees** **Total: \$20,000**
 Cost of the construction lender's inspecting architect.
- 12. Lender Legal** **Total: \$50,000**
 Expenses related to the legal fees with the lender.
- 13. Taxes During Construction** **Total: \$5,000**
 Real Estate Taxes incurred during construction of the development.
- 14. Appraisal** **Total: \$9,000**
 An appraisal is necessary to determine what the actual value of the land and subsequent development is worth.

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| 15. Market Study | Total: \$7,000 |
| A market study is required by OHFA to ensure that there is need in the area for this multifamily development. | |
| 16. Environmental | Total: \$25,000 |
| Environmental costs include a Phase I environmental review, a Phase II if necessary, and other associated costs with addressing any environmental concerns. | |
| 17. Housing Credit Application Fee | Total: \$5,000 |
| The fee required to apply for LIHTC. | |
| 18. Housing Credit Reservation Fee | Total: \$75,000 |
| If awarded LIHTCs from OHFA, this is the fee required for the allocation of the tax credits. | |
| 19. Marketing Costs | Total: \$10,000 |
| The property management company/owner must market the development to ensure a quick lease-up of the development. | |
| 20. Title Insurance and Recording | Total: \$50,000 |
| The owner must pay for a title search before applying for tax credits to ensure that there are not any encumbrances that may prohibit the development of multifamily housing on the property. At Closing, the owner must have the required documents recorded with the County, such as a deed and extended land use agreement. | |
| 21. Legal Fees | Total: \$70,000 |
| These legal fees include those of the owner's outside counsel to assist with questions preparing applications, any issues that arise during the development process, and the costs associated with closing on the property with the seller and investor. | |
| 22. Accounting (Cost Cert.) Fees | Total: \$12,000 |
| A CPA's cost certification is required after the project is placed-in service. | |
| 23. Organizational Cost | Total: \$45,000 |
| <u>Syndication costs and fees associated with creating the partnership which will own the property.</u> | |
| 24. Furnishings | Total: \$105,500 |
| This includes the cost of common area furniture and setting up free Wi-Fi in each unit. | |
| 25. Permits | Total: \$50,000 |
| This is the cost of obtaining necessary permits from the County/City. | |
| 26. Taps | Total: \$180,000 |
| This is the cost of connecting the development to both water and sewer. | |
| 27. Green Building Consultant | Total: \$30,000 |
| We anticipate this development to be green certified and a green building consultant must be utilized to ensure all requirements are met. | |
| 28. Developer's Fee | Total: \$1,750,000 |
| 29. Operating Reserve | Total: \$295,802 |
| <u>Funds set aside to cover potential operating deficits. This is calculated at 6 months of debt service + replacement reserve deposits + operating expenses and is required by both the investor and OHFA.</u> | |