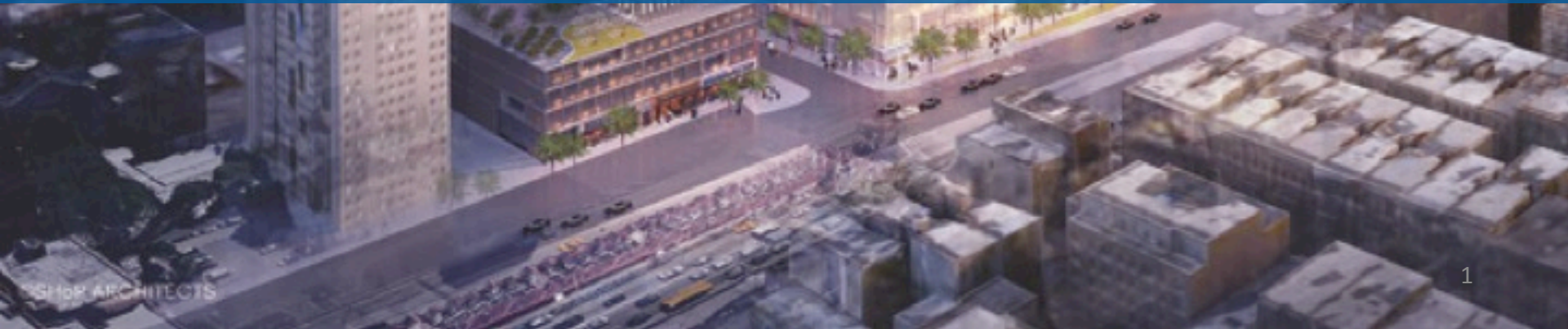




Essex Crossing

NOVEMBER 2016



Essex Crossing: Background

Sites mostly vacant since 1967; largest contiguous parcel of underdeveloped City-owned land in Manhattan south of 96th street and one of the most significant urban renewal developments in history of NYC

- 1955: City designated area bordered by Essex Street, Grand Street, and East Broadway, as the Seward Park Urban Renewal Area. Existing buildings were demolished and four large apartment buildings were constructed
- 1965: Seward Park Extension Urban Renewal Area (SPEURA) approved, located on 14 blocks between Delancey, Essex, Grand, and Willet Streets that consisted largely of low-scale, tenement-style residential buildings, many with ground floor commercial uses, and several community and religious institutions
- 1967: Demolition of the dilapidated buildings began. During 70's and 80's several apartment towers were built within SPEURA, but some sites were never developed. SPEURA development plan expired on July 22, 2005, 40 years after its adoption
- 2012: City received ULURP approval on October 11, 2012. Following the ULURP, there was a lengthy, collaborative process of consultation among community residents, community-based organizations, elected officials and City agencies (EDC and HPD), which resulted in a Request for Proposals ("RFP")
- 2013: Delancey Street Associates, a partnership between Taconic Investment Partners, L+M Development Partners Inc. and BFC Partners, was selected by the City of New York to develop the sites

Essex Crossing: Site Overview

SEWARD PARK - SITE OVERVIEW



Community Facilities & Open Space

Community Facilities

Approximately 64,000 SF permanently deeded as community facility space:

- Grand St. Settlement on Site 6
- Cultural Space on Site 1
- Urban farm on Site 2
- Residential portions certified under Green Communities
- All improvements designed to achieve [LEED-Neighborhood Development](#)

Open Space

- Landscape improvements to DOT plazas next to Sites 3 and 4
- Public access on the mezzanine gardens along Broome Street
- 15,000 SF Park on Site 5

Retail & Commercial Space

- No retail spaces above 30,000 SF except grocery store and movie theater.
- Key retail tenants include:
 - Movie theater (Site 2)
 - Bowling alley (Site 1)
 - Grocery store (Site 5)
- At least 40 micro-retail spaces within the overall Project
- Not more than three stores larger than 18,000 SF, which must be on 2nd floor or above
- 60,000 SF technology incubator space will be built on Site 4
- An additional 190,000 SF of office space will be built and operated on Sites 3,4, and 6

Essex Street Market & Market Line

New Essex Street Market

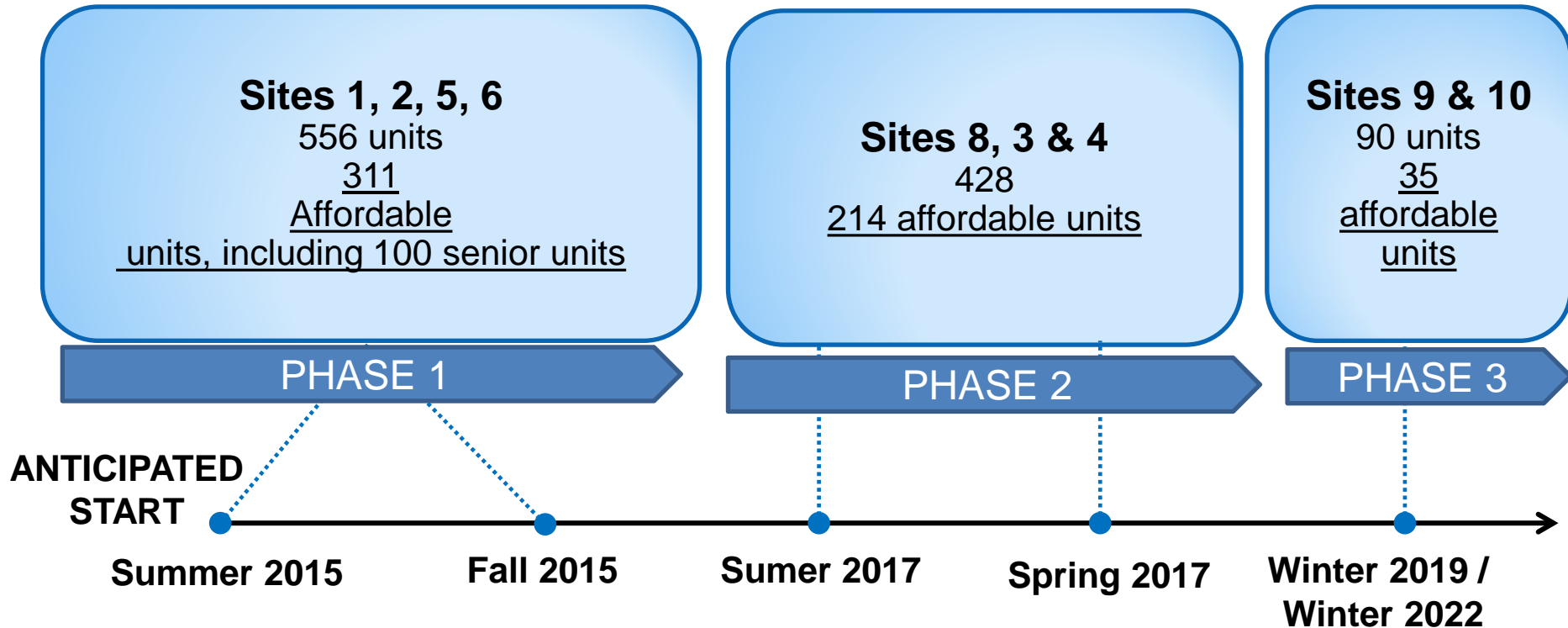
- New market facility on the southeast corner of Essex and Delancey Streets
- Double the size of the current market
- State-of-the-art public market design, including double-height ceilings, more public seating, increased visibility, better operational functions
- Existing vendors' relocation costs will be covered, and rent after the move will be in line with rents at that time

The Market Line

- Below-grade retail designed to complement Essex Street Market
- Includes incubator spaces for food and small-scale craft businesses
- Connected below-grade between Sites 2, 3 and 4



Housing Sequencing



■ ■ ■ Essex Crossing: Site 6

- 100 units of affordable senior housing
 - Approx. 70,000 square feet of commercial and community facility space
 - 100% affordable to families earning up to 80% AMI
 - Commercial uses include space for community partner to provide senior services and approx. 35,000 sq for NYU Langone
-
- Residential Floor Area: 89,000 (100 Units)
 - Commercial Floor Area: 32,000
 - Community Gross Floor Area: 46,000
 - Common/Mech Gross Floor Area: 9,500
 - Total Gross Floor Area: **176,000**
 - Project Height: 14 Stories
 - Building Type: Poured in Place Concrete
 - Projected Hard Cost incl. TI: 49mm
 - TDC: 83mm
 - Construction Period: 24 Months
 - Start Date: December 2015



Essex Crossing: Site 1



- 55 for-sale condominiums
- Approx. 81,000 square feet of commercial and community facility space, with total gross square footage of 166,000
- 80% of units will be sold at market rate and 20% will be affordable to families earning up to 110% of AMI
- Key commercial tenants include a bowling alley and a museum
- Construction: June 2015 – September 2017

Essex Crossing: Site 2



- 195 mixed-income rental units including one superintendent unit
- Approx. 156,000 square feet of commercial and community facility space; total gross square footage will be 400,000
- 50% affordable to families earning up to 155% of AMI
- Key commercial tenants include a new 41,000 square foot Essex Street Market, a 60,000 square foot movie theatre, and micro retail that comprise the Market Line
- Entrance to the F, J, M and Z trains will be at the base of the building
- Construction: June 2015 – June 2018

Essex Crossing: Site 5



- 211 mixed-income rental units including one superintendent unit
- Approx. 81,000 square feet of commercial and community facility space; total gross square footage is 403,000 square feet
- 15,000 square foot park
- 50% of the residential units will be priced at market, 50% between 40% and 155% AMI
- Key tenants include: Trader Joes. Planet Fitness. Ground Floor Retail
- Construction: June 2015 – December 2017

ESSEX CROSSING - PHASE 1 SUMMARY

Sources & Uses	SITE 1		SITE 2		SITE 5		SITE 6		Total
<u>Construction Uses</u>									
Land	\$	18,829,352	\$	1	\$	7,140,000	\$	-	\$ 25,969,353
Hard Costs	\$	88,460,674	\$	211,502,149	\$	82,142,916	\$	49,321,933	\$ 431,427,672
Soft Costs	\$	15,853,610	\$	26,161,522	\$	25,356,769	\$	9,502,009	\$ 76,873,910
TI/LC	\$	3,466,593	\$	-	\$	-	\$	3,703,165	\$ 7,169,758
Financing/Carry Costs	\$	16,118,341	\$	15,525,474	\$	10,579,789	\$	11,809,684	\$ 54,033,289
Cross Subsidy Payment	\$	-	\$	-	\$	10,000,000	\$	-	\$ 10,000,000
Developer's Fee	\$	5,431,664	\$	9,764,738	\$	6,391,369	\$	4,912,000	\$ 26,499,771
Total Cost	\$	148,160,234	\$	262,953,884	\$	141,610,843	\$	79,248,791	\$ 631,973,753
<u>Construction Sources</u>									
Debt	\$	95,000,000	\$	165,360,000	\$	109,620,000	\$	44,376,529	\$ 414,356,529
Cross Subsidy Equity	\$	-	\$	-	\$	-	\$	-	\$ -
Commercial Equity: NMTC	\$	1,560,000	\$	-	\$	-	\$	11,705,850	\$ 13,265,850
Tax Credits: SLIHC	\$	-	\$	-	\$	-	\$	-	\$ -
LIHTC Equity	\$	-	\$	1,400,000	\$	1,177,316	\$	10,363,308	\$ 12,940,624
Def Fee	\$	-	\$	-	\$	-	\$	2,946,273	\$ 2,946,273
Equity	\$	-	\$	-	\$	-	\$	-	\$ -
Goldman Equity	\$	43,860,199	\$	81,764,802	\$	26,191,498	\$	8,378,307	\$ 160,194,806
DSA Equity	\$	7,740,035	\$	14,429,083	\$	4,622,029	\$	1,478,525	\$ 28,269,672
Total	\$	148,160,234	\$	262,953,884	\$	141,610,843	\$	79,248,792	\$ 631,973,753
<u>Permanent Sources</u>									
Debt	\$	101,742,792	\$	150,360,000	\$	122,185,033	\$	37,334,059	\$ 411,621,884
Cross Subsidy Equity	\$	-	\$	-	\$	-	\$	-	\$ -
Commercial Equity: NMTC	\$	1,560,000	\$	-	\$	-	\$	11,705,850	\$ 13,265,850
Tax Credits: SLIHC	\$	-	\$	-	\$	-	\$	-	\$ -
LIHTC Equity	\$	-	\$	13,941,637	\$	11,773,161	\$	23,414,696	\$ 49,129,494
Def Fee	\$	-	\$	-	\$	-	\$	702,887	\$ 702,887
Equity	\$	-	\$	-	\$	-	\$	-	\$ -
Goldman Equity	\$	38,128,826	\$	83,854,410	\$	6,615,252	\$	5,177,605	\$ 133,776,093
DSA Equity	\$	6,728,616	\$	14,797,837	\$	1,167,397	\$	913,695	\$ 23,607,546
Total	\$	148,160,234	\$	262,953,884	\$	141,740,843	\$	79,248,792	\$ 632,103,753



Essex Crossing: Site 5 Sources and Uses

Development Costs

	<u>Market Residential</u>	<u>Moderate Income Residential</u>	<u>Low Income Residential</u>	<u>Commercial</u>	<u>Total</u>
Gross SF	101,953sf	33,950sf	43,854sf	85,879sf	231,686sf
Sellable/Rentable SF	82,056sf	31,865sf	41,161sf	65,956sf	189,173sf

Land	\$ 5,057,500	\$ 2,082,500	\$ -	\$ -	\$ 7,140,000
Hard Costs	\$ 32,778,102	\$ 13,496,865	\$ 16,599,482	\$ 19,268,467	\$ 82,142,916
Soft Costs (incl TI/LC)	\$ 6,249,559	\$ 2,731,598	\$ 3,123,452	\$ 13,252,160	\$ 25,356,769
Financing/Carry Costs	\$ 3,902,507	\$ 1,606,915	\$ 2,068,208	\$ 3,002,159	\$ 10,579,789
Cross Subsidy Payment	\$ 3,541,667	\$ 1,458,333	\$ -	\$ 5,000,000	\$ 10,000,000
Developer's Fee	\$ 1,339,720	\$ 551,649	\$ 3,500,000	\$ 1,000,000	\$ 6,391,369
Total Cost	\$ 52,869,055	\$ 21,927,861	\$ 25,291,141	\$ 41,522,787	\$ 141,610,843

Construction Capitalization

Debt	\$ 46,064,255	\$ 19,055,745	\$ 13,500,000	\$ 31,000,000	\$ 109,620,000
Cross Subsidy Equity	\$ -	\$ -	\$ -	\$ -	\$ -
LIHTC Equity	\$ -	\$ -	\$ 1,177,316	\$ -	\$ 1,177,316
Equity	\$ 6,804,800	\$ 2,872,116	\$ 10,613,825	\$ 10,522,787	\$ 30,813,527
Total	\$ 52,869,055	\$ 21,927,861	\$ 25,291,141	\$ 41,522,787	\$ 141,610,843

Permanent Capitalization

Debt	\$ 55,736,523	\$ 23,013,477	\$ -	\$ 43,435,033	\$ 122,185,033
Cross Subsidy Equity	\$ -	\$ -	\$ -	\$ -	\$ -
LIHTC Equity	\$ -	\$ -	\$ 11,773,161	\$ -	\$ 11,773,161
Equity	\$ (2,737,469)	\$ (1,085,616)	\$ 13,517,980	\$ (1,912,246)	\$ 7,782,649
Total	\$ 52,999,055	\$ 21,927,861	\$ 25,291,141	\$ 41,522,787	\$ 141,740,843



Essex Crossing: Site 5 Residential NOI

<u>Affordable Unit Mix</u>	28.0%	<u>Total Monthly</u>		<u>Total Annual</u>	
		<u>Rent</u>		<u>Rent</u>	
<u>37% AMI</u>					
	6	\$	3,723	\$	44,676
<u>57% AMI</u>					
	53	\$	49,830	\$	597,960
<u>110% AMI</u>					
	17	\$	30,599	\$	367,188
<u>155% AMI</u>					
	28	\$	71,055	\$	852,660
Total Affordable Income	104	\$	84,152	\$	\$1,862,484
<u>Market Rate Income</u>					
Total Market Rate Income	106	\$	581,233	\$	\$6,974,799
Gross Residential Revenue					\$8,837,283
Residential Vacancy	5.0%				\$ (441,864)
Net Residential Revenue			\$ 699,618.25		\$8,395,419
Total Other Income		\$	2,782	\$	33,383
TOTAL RESIDENTIAL REVENUE		\$	702,400	\$	\$8,428,802
Land Lease Payment	\$ -	\$	-	\$	-
Real Estate Taxes	\$ 359	\$	6,287	\$	75,449
Residential Operating Expenses	\$ 7,916	\$	138,525	\$	\$1,662,306
Net Operating Income					\$6,691,047



Essex Crossing: Site 5 Residential Construction Debt Sizing

Construction Capitalization

Conventional Loan	\$ 65,120,000.00
Bonds	<u>\$ 13,500,000.00</u>
Total Bond Amount	\$ 78,620,000.00

Interest Rates - Construction Term

NEW VOL CAP

Variable Rate - Actual Pay	<u>Annual</u>
SIFMA	0.14%
Spread	0.00%
Cushion	1.00%
Issuer and Trustee Fees (HDC)	0.00%
Remarketing	0.10%
Total	1.24%

CONVENTIONAL LOAN

	<u>Annual</u>
LMIR	0.18%
Spread	1.95%
Cushion	1.50%
Issuer and Trustee Fees (HDC)	0%
Remarketing	0%
Total	3.63%



Essex Crossing: Site 5 Perm Loan and Tax Credit Sizing

PERM LOAN SIZING	
NOI	\$ 6,691,047
Max Proceeds	\$ 78,620,000
Term	30
Rate	5.95%
Amortization	35
Amount Amortized	\$ 78,620,000
Debt Service	\$ (5,347,756)
DSCR	1.20
LTV	59%

Tax Credit Sizing		
Eligible Basis	\$	23,986,185.48
Difficult to Develop Area (DDA) Boost		130%
Boost Basis	\$	31,182,041.12
Qualified Basis Based on Income Levels		100%
Tax Credit Annual Rate		3.20%
Annual Credit Amount		\$997,825
Years of Allocation		10
Syndication Rate		\$1.18
Potential LIHTC Investment Proceeds		\$11,773,161



Essex Crossing: Commercial NOI

Retail Below Grade			\$ 1,420,100.00
Retail/Office Above Grade			\$ 3,310,360.00
Gross Revenue			\$ 4,730,460.00
	<u>Above Grade</u>	<u>Below Grade</u>	
Vacancy:	3%	3%	\$ (141,913.80)
Effective Gross Revenue:			\$ 4,588,546.20
Expenses:			
Management Fee		3.0%	\$ (141,913.80)
Ground Rent	0	\$.00psf	\$ -
Real Estate Taxes *		\$1.11psf	\$ (75,787)
Operating Expenses	Per RSF at Stabilization	\$5.38psf	\$ (461,692.00)
Total Expenses:			\$ (679,393.27)
Net Operating Income:			\$ 3,909,153



Essex Crossing: Commercial Debt Sizing

Construction Loan Amount		% LTC
First	\$ 31,000,000.00	70.0%
Second	\$ -	0.0%
Total Loan Amount	\$ 31,000,000.00	70.0%
Interest Rates - Construction Term		
Variable Rate -	<u>Annual</u>	<u>Monthly</u>
LIBOR	0.25%	
Bank Spread	2.75%	
Cushion	1.50%	
Total	4.50%	0.38%

Perm Loan Sizing		
NOI	\$	3,909,152.93
Debt Yield		9%
Max Loan Amount	\$	43,435,032.56
Monthly Payment	\$	201,154.41