

THE STOOP



UNIVERSITY OF MIAMI IMPACT INVESTING CASE COMPETITION
Columbia Business School Team



AGENDA

- Meet the Team
- Project Background
- Site Selection
- Project Specs
- Development Budget
- Development Timeline
- Design Intent
- Third-Party Partnerships
- Financial Analysis



Rendering of Sites 1 & 2 collectively, "The Stoop" in Bedford Stuyvesant "Bed-Stuy" Brooklyn, NY.

MEET THE TEAM



Nick Szuch

*Acquisitions, Asset and
Portfolio Management*

Hometown:

Morris Township, NJ



Sam Mitrani

*Budgeting, Design and
Development*

Hometown:

Miami, FL



Jessica Rosner

*Design, Development and
Entrepreneurship*

Hometown: *Merrick, NY*



Albert Kao

*Corporate Finance and
Development*

Hometown:

Piscataway, NJ



John Bae

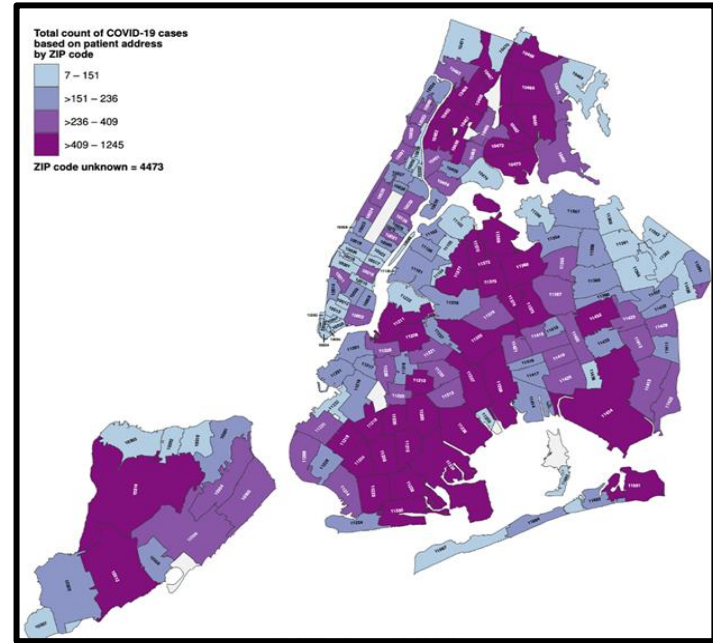
*Acquisitions and
Development*

Hometown:

Seoul, South Korea

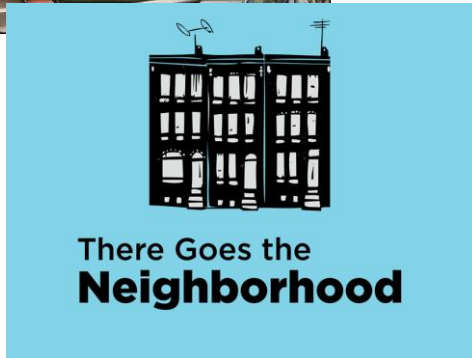
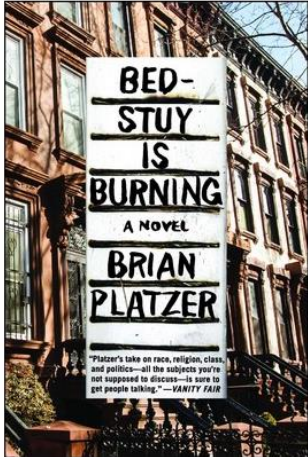
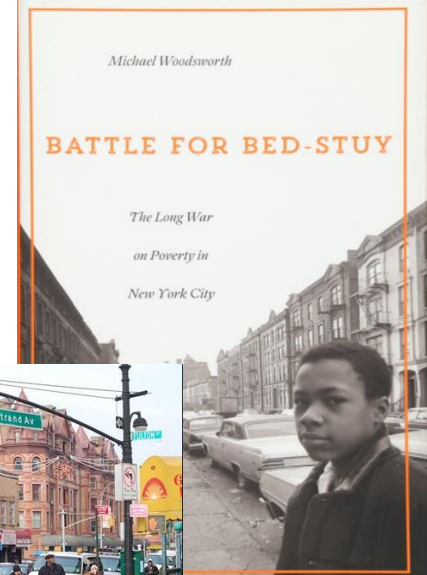
Project Background: COVID-19 in New York City

- Target market disproportionately negatively impacted by COVID-19
- More than half of NYS' COVID-19 cases located in NYC
- NYC cases predominantly in the outer boroughs
- Black and Brown communities account for 56% of cases but 64% of deaths



NYC Department of Health Map of COVID-19 Cases

Project Background: "Bed-Stuy," Brooklyn



Project Background: Housing Insecurity in NYC



Picture taken from Patch.com Article, New Map
Charts Bed-Stuy Evictions Block by Block

- **50+%**: proportion of Bed-Stuy residents classified as low or extremely low income
- **34% Lower**: Bed-Stuy's Median Income vs. Greater NYC
- **23% Lower**: Bed-Stuy's Median Income vs. Greater Brooklyn
- **40% Higher**: Bed-Stuy's 10-year price change for 1-bedroom home sales
- **56% Higher**: Bed Stuy's 10-year price change for 1-bedroom rentals

Project Background: The RFP

Program the development of two NYC-owned lots to:


- Support **household wealth creation** and;
- Promote **wellness** and **healing**

The Stoop's Impact in Bed-Stuy:

- **Homeownership** in high barrier to entry market
- Critical mass of **affordable rentals**
- Diverse **retail targeted at family/professional needs**
- Community **amenities** focused on **the environment** and **physical fitness**
- Significant **public green space**


Bedford-Stuyvesant Community Wealth and Wellness RFP

Bedford-Stuyvesant, Brooklyn



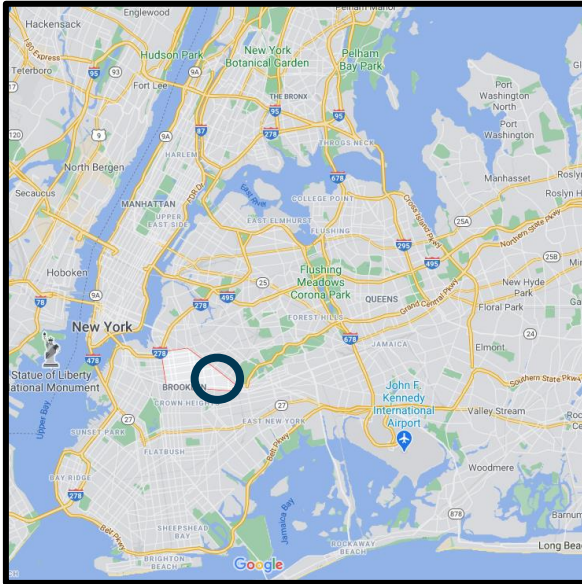
Request for Proposals

Issue Date: November 20, 2020
Pre-Submission Conference: December 22, 2020
Submission Deadline: February 22, 2021



Mayor: Bill de Blasio
Deputy Mayor, Housing and Economic Development, Vicki Bean
Commissioner, Department of Housing Preservation and Development, Louise Camilli

Site Selection



Access to the following bus lines:

B7

B25

B26

B47

Site Selection



Project Specs: Site 1, Fulton-Howard East Site

Goal of RFP: Homeownership

Site Details:

- Fulton Street between Howard and Saratoga Avenues
- Lot Area: **8,000 sf**

Zoning:

- R7D, Inclusionary Housing Program
- Max FAR: **5.60**
- Max GSF: **44,800 sf**



Project Specs: Site 1, Fulton-Howard East Site

For-Sale Cooperative Apartments

44,464 sf mixed-use building

Residential:

- 48 affordable units
- 750 sf resident lounge
- 2,360 sf private garden
- 4,000 sf rooftop terrace

Commercial:

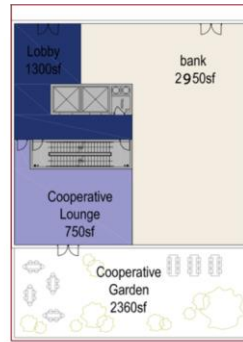
- 2,950 sf credit union



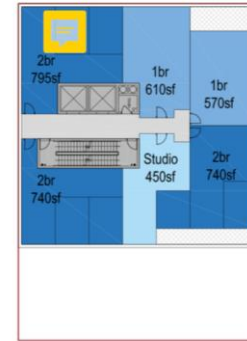
Project Specs: Site 1, Fulton-Howard East Site

Unit Mix and Pricing

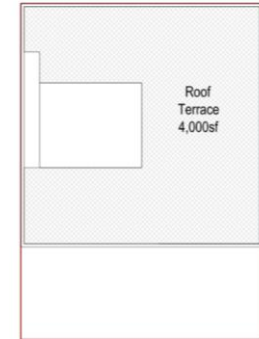
- **48** total units
 - **8** studios
 - **16** one-bedrooms
 - **24** two-bedrooms
- Utilizes NYC Housing Preservation and Development (“HPD”) Open Door Term Sheet
- Target those with incomes ranging from **90% to 130% of Area Median Income (“AMI”)**
- Average sale price of **\$454,136**



Ground Floor



2nd-9th Floor

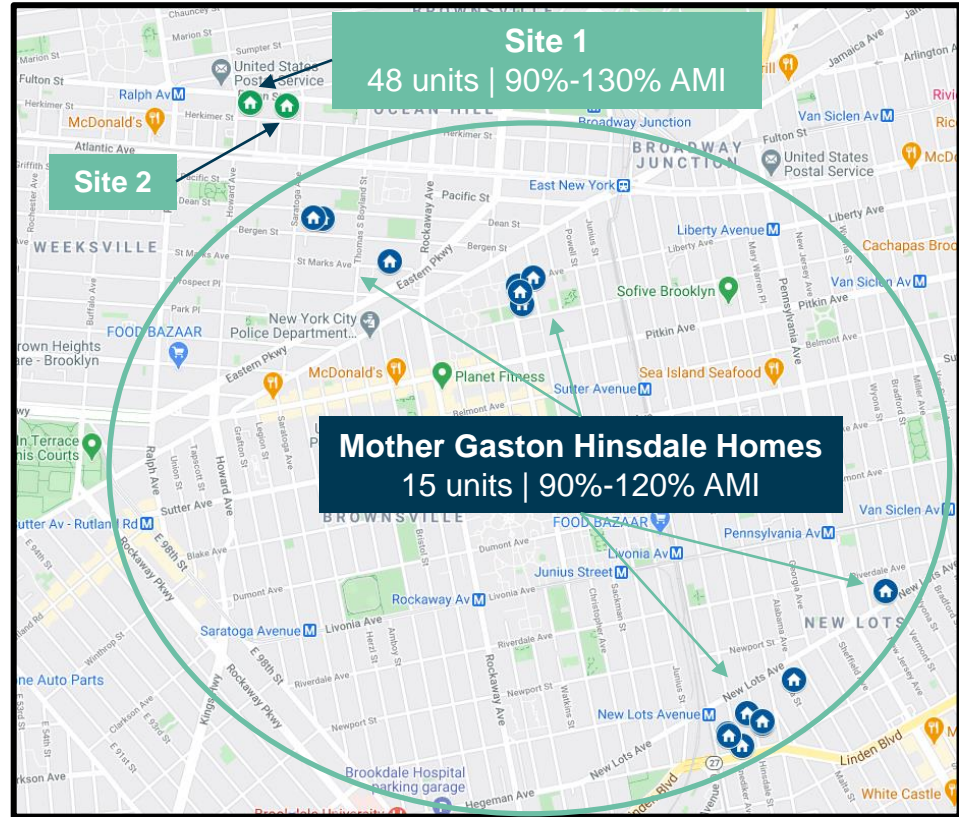


Roof



Site 1 – Fulton-Howard East Site

Comparable Properties



Project Specs: Site 2, Fulton-Saratoga Site

Goal of RFP: Wellness and Healing

Site Details:

- Southwest corner of Fulton Street and Saratoga Avenue
- Lot Area: **36,000 sf**

Zoning:

- R7D, Inclusionary Housing Program
- Utilizes FRESH Program*
- Max FAR: **5.60**
- Max GSF: **216,850 sf**

*FRESH Program: Food Retail Expansion to Support Health Program



Project Specs: Site 2, Fulton-Saratoga Site

Affordable Multifamily and Senior Housing Apartments

216,040 sf mixed-use building

Residential

- 222 affordable units
- 700 sf apiary
- 2,400 sf resident lounges
- 3,250 sf resident gyms
- 4,400 sf recreation rooms
- 4,700 sf private gardens
- 7,150 sf communal terraces



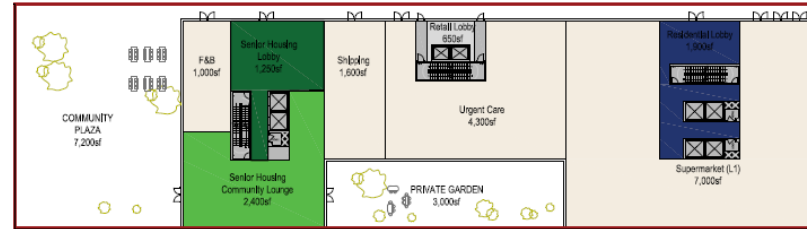
Project Specs: Site 2, Fulton-Saratoga Site

Affordable Multifamily and Senior Housing Apartments

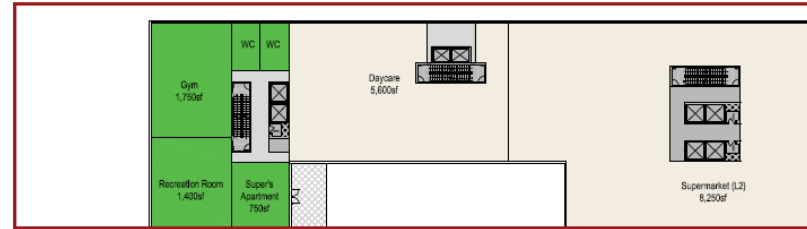
216,040 sf mixed-use building

Commercial

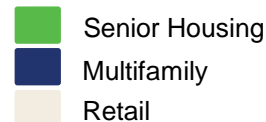
- 1,000 sf healthy QSR
- 1,600 sf shipping center
- 4,500 sf urgent care
- 5,800 sf daycare
- 7,200 sf community plaza
- 15,250 sf grocery store



Ground Floor



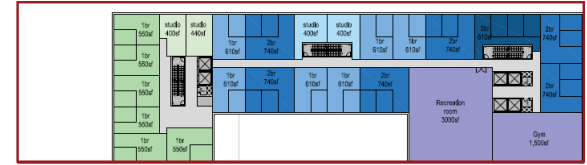
2nd Floor



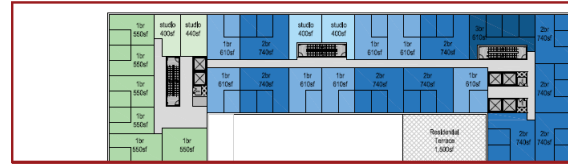
Project Specs: Site 2, Fulton-Saratoga Site

Affordable Senior Housing (“SH”) Unit Mix and Pricing

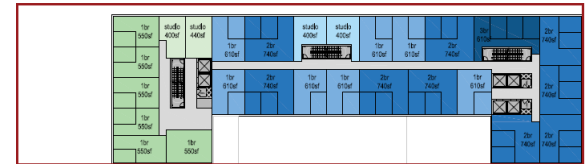
- **81** total units
 - **27** studios
 - **54** one-bedrooms
 - Includes **25 units** reserved for **homeless seniors**
- Utilizes HPD Senior Affordable Rental Apartments (“SARA”) term sheet
- Target those with incomes **up to 60% of AMI**
- Average monthly rent of **\$562**



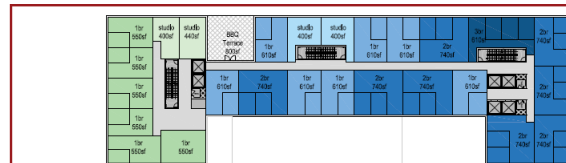
3rd Floor



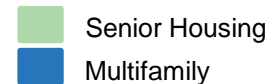
4th Floor



5th-7th Floor



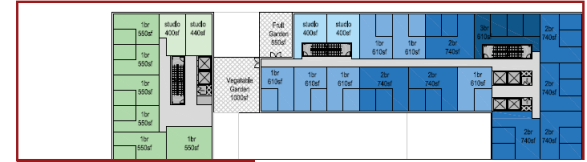
8th Floor



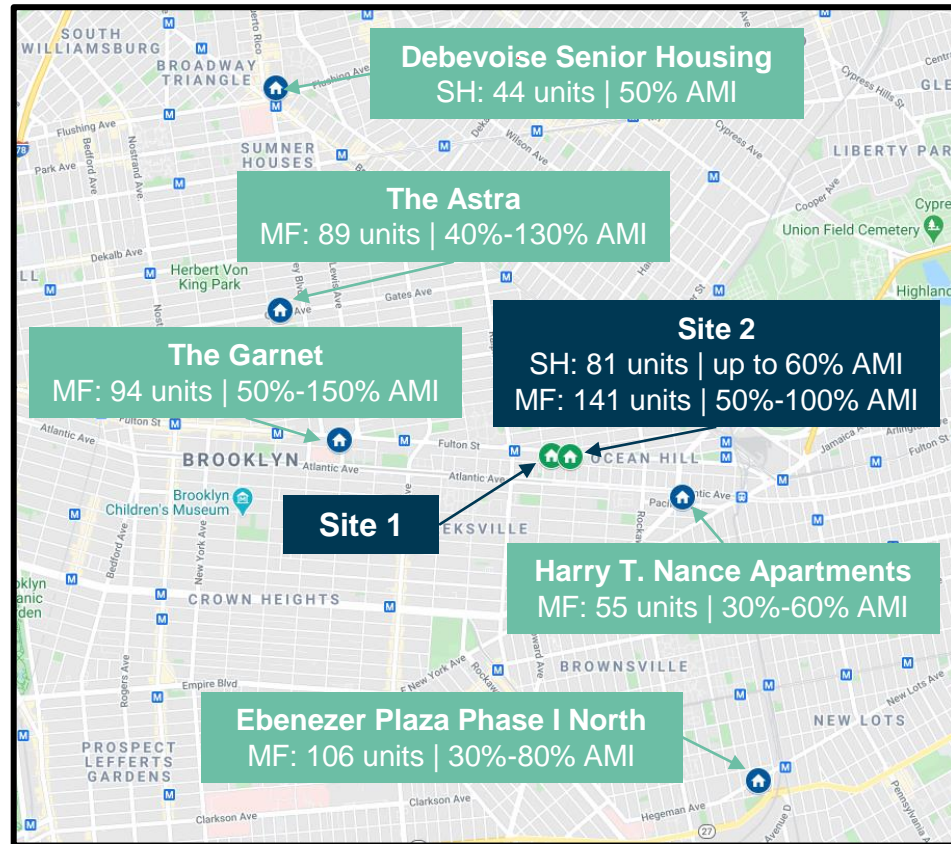
Project Specs: Site 2, Fulton-Saratoga Site

Affordable Multifamily Apartments (“MF”) Unit Mix and Pricing

- **141** total units
 - **14** studios
 - **46** one-bedrooms
 - **70** two-bedrooms
 - **11** three-bedrooms
- Target those with incomes **ranging from 50% to 100% of AMI**
- Average monthly rent of **\$1,555**



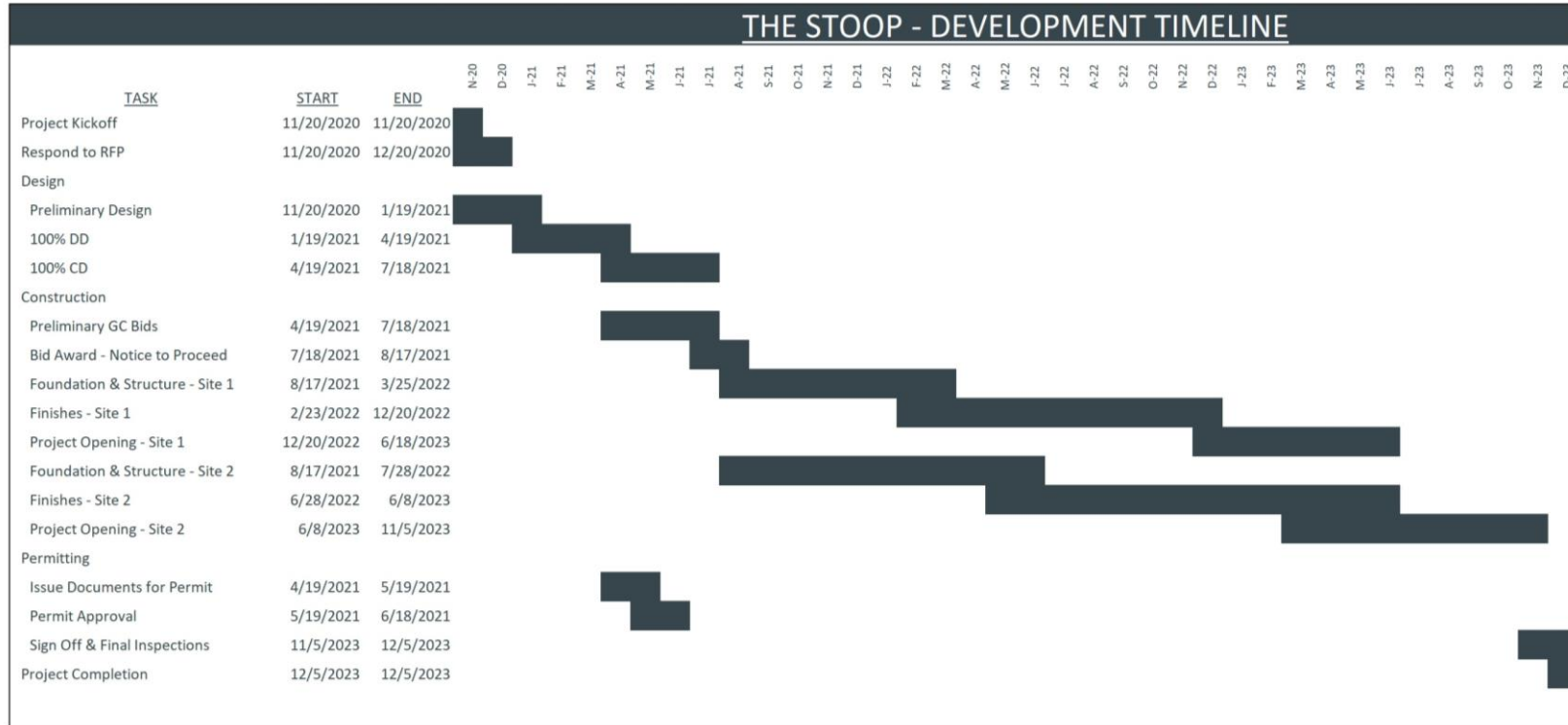
Site 2 – Fulton Saratoga Site Comparable Properties



DEVELOPMENT BUDGET

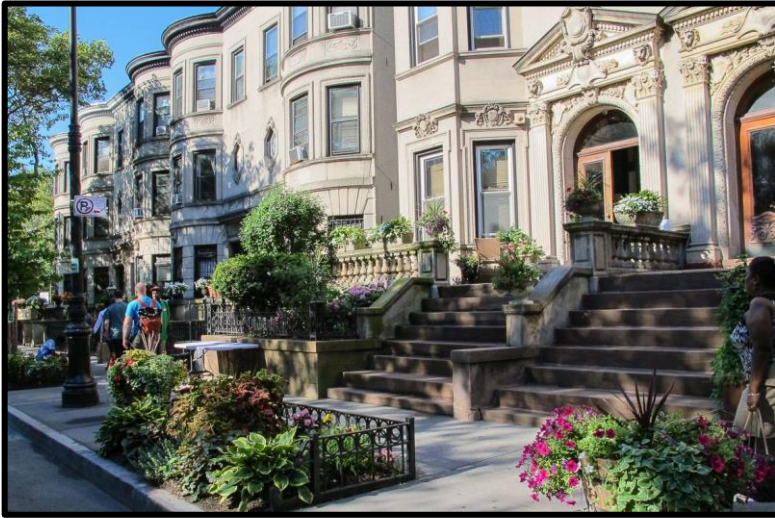
	Site 1	\$/psf	Site 2	\$/psf
Hard Costs	\$22,249,733	\$439	\$74,193,639	\$343
Soft Costs	\$397,111	\$9	\$2,084,524	\$10
FFE Allowance	\$222,320	\$5	\$1,080,200	\$5
Low Voltage	\$333,480	\$8	\$1,620,300	\$8
Total Cost	\$23,202,644	\$460	\$78,978,664	\$366
Total Cost + Contingency (5%)	\$24,362,776	\$508	\$82,927,597	\$384

DEVELOPMENT TIMELINE



Design Intent

Respect Vernacular Architecture



Design Intent

Respect Vernacular Architecture



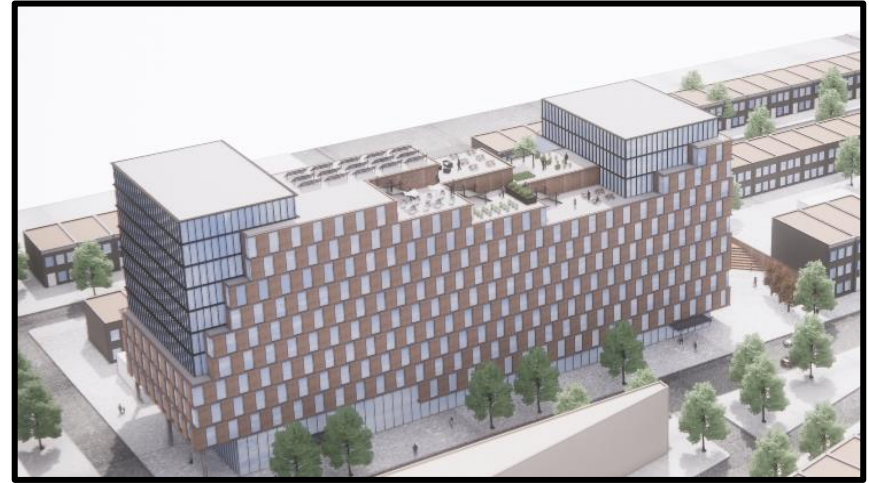
Design Intent

Spur Community Gathering



Design Intent

Spur Community Gathering



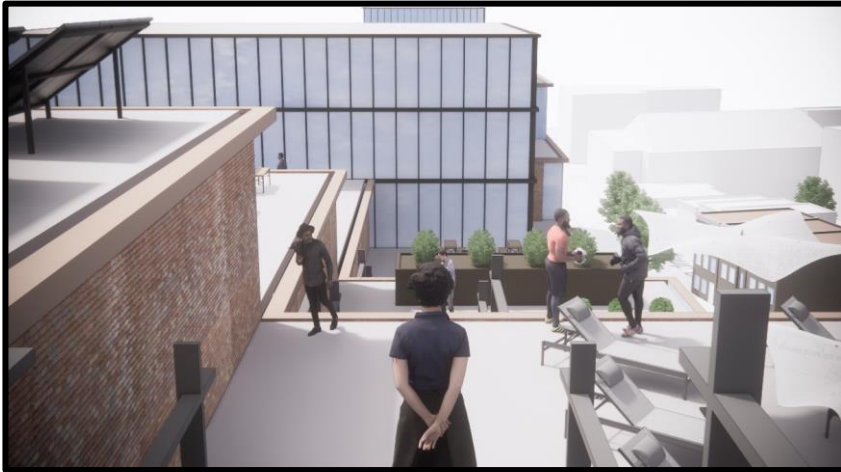
Design Intent

Promote Health and Wellness



Design Intent

Promote Health and Wellness



Design Intent: Promote Health and Wellness



Third-Party Partnerships

Our development and management team will be comprised solely of MBEs/WBEs:



Financial Analysis: Site 1

Metric		Notes
Levered IRR/Equity Multiple	11.2%/1.2x	<ul style="list-style-type: none"> 43-month hold period
Deal Capitalization	Equity: 6.9% <u>Debt: 93.1%</u> Total: 100%	<ul style="list-style-type: none"> 34.8% from NYC Open Door Subsidy (0.25% fixed interest rate, 20-year term) 65.2% market loan (L+400, five-year term)
Wtd. Avg. Condo Price	\$454,136	<ul style="list-style-type: none"> 8 studios, 16 1-beds, 24 2-beds Pricing based on capping total housing costs at 33% of total income Sale process run by NYC HPD lottery
Total Co-Op Sale Proceeds	\$23.9 mm	<ul style="list-style-type: none"> 12-month period assumed to collect proceeds
Total Retail Sale Proceeds	\$1.8 mm	<ul style="list-style-type: none"> Single-tenant retail lease, 6.5% exit cap rate

Financial Analysis: Site 2

Metric		Notes
Levered IRR/Equity Multiple	18.2%/2.3x	<ul style="list-style-type: none"> 60-month hold period
Deal Capitalization	Equity: 9.9% <u>Debt: 90.1%</u> Total: 100%	<ul style="list-style-type: none"> 27.9% from SARA term sheet (1.25% fixed interest rate, 30-year term) 72.1% market loan (4.5% fixed, five-year term)
Multifamily Wtd. Avg. Rent Senior Housing Wtd. Avg. Rent	\$1,555 per month \$561 per month	<ul style="list-style-type: none"> 27 studios, 54 1-beds 14 studios, 46 1-beds, 70 2-beds, 11 3-beds Pricing based on capping rent at 30% of total income
Stabilized NOI (Site-level)	\$3.3 mm	<ul style="list-style-type: none"> Multifamily: \$2.3 mm Senior Housing: \$1.0 mm
Exit Cap Rate	5.28%	<ul style="list-style-type: none"> Sale comp analysis (RCA) yielded a weighted average cap rate of 5.15% Given cash flow profile of senior housing, 35 bp premium was applied
Total Sale Proceeds	\$62.5 mm	

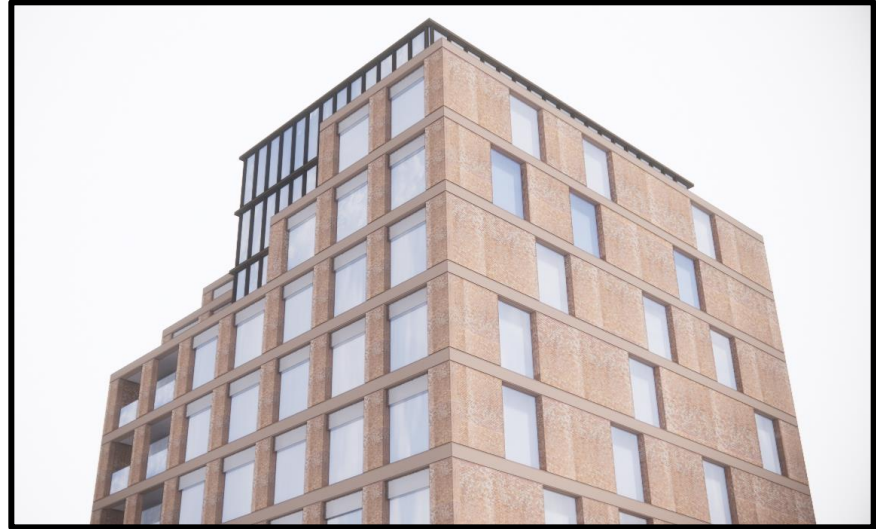
SWOT Analysis

Strengths

- Contributes **270 for-sale and rental homes** to a community that has been greatly harmed impacted by COVID-19, and has experienced rapidly escalating housing costs over the past decade
- Contributes **lacking retail and green space amenities** at scale

Weaknesses

- Financial viability of the project is **substantially reliant** on receiving support from NYC HPD



SWOT Analysis

Opportunities

- Obtain additional funding from NYC in form of **tax credits and city bonds** to limit equity contribution
- Pursue **LEED certification**
- Implement **sustainability curriculum** for residents in conjunction with Diamond Mine Real Estate

Threats

- Affordability profile of Site 2 assets may make it difficult to **obtain long-term financing**



THE STOOP: **Intentional. Affordable. Impactful.**

