

M E M O



County
Administrator

Robert W. Wilson
701-241-5770
wilsonro@casscountynd.gov

TO: Commissioners
FROM: Robert Wilson
DATE: September 11, 2019
SUBJECT: City Flats, LLC PILOT Application

On September 3rd the Commission deferred action on the City Flats, LLC PILOT application because not all Board members were in attendance. The item was rescheduled for September 16th. I have received several additional questions since the last meeting, and this memo is intended to address the issues that have been raised.

- The question of the project's Gross Income was raised and has been addressed with a 15-year pro forma provided by the developer and attached to this packet.
- Project land acquisition cost has also been questioned. The site has been purchased (or an option agreed to) for \$592,467. That cost equates to \$9.93/sq. ft. The assessed value is \$344,000, or \$5.76/sq. ft. The land has been or will be acquired by Commonwealth Development from a subsidiary of the Kilbourne Group.
- The assessed value and acquisition cost of this project are both identical (on a per sq. ft. basis) to The Edge Artist Flats project that the Commission considered and declined to participate in two years ago. Information has been requested from Kilbourne representatives about the discrepancy between the land's assessed value and sale price.

Please let me know if you have other questions and I will attempt to provide answers prior to the Commission meeting.

Respectfully Submitted,

Robert Wilson
County Administrator

PO Box 2806
211 Ninth Street South
Fargo, North Dakota 58108

www.casscountynd.gov

SUGGESTED MOTION:

Move to participate in the request for a payment in lieu of taxes (PILOT) incentive for a low income housing project in Fargo submitted by City Flates, LLC for a fifteen-year period.

OR

Move to **NOT** participate in the request for a payment in lieu of taxes (PILOT) incentive for a low income housing project in Fargo submitted by City Flates, LLC for a fifteen-year period and to negotiate the terms of the property tax incentive with the city as described in N.D.C.C. Chapter 40-05-24.



ASSESSMENT DEPARTMENT

RECEIVED
CASS COUNTY COMMISSION

AUG 21 2019

August 20, 2019

Mary Scherling, Chairman
Cass County Commission
211 9th St. S.
Fargo, ND 58103

Ms. Scherling,

According to N.D.C.C. Chapter 40-05-24 (attached), if the City of Fargo anticipates granting a property tax incentive for more than five years, the Chairman of the County Commission must be notified by letter. Within thirty days of receipt of the letter, the County Commission shall notify the City of Fargo whether they intend to participate in the incentive.

The City of Fargo has received an application for a payment in lieu of tax (PILOT) incentive for a low income housing project. This project will be owned by a for-profit entity and will be in the Low Income Housing Tax Credit (LIHTC) program under Section 42 of the Internal Revenue Code. According to existing City of Fargo policy for granting incentives under this program, the amount of the PILOT payments, for 15 years, are determined based on a value arrived at using the projected actual gross income to be received under the LIHTC program in the initial year with an annual increase of 2%. The proposed PILOT payment schedule is attached.

The proposed PILOT payment schedule is in lieu of property tax on the project improvements. Land will continue to be assessed the real estate tax as normal.

Please respond at your earliest convenience with the determination made by the County Commission regarding the participation.

Thank you.

Ben Hushka

A handwritten signature in black ink that reads "Ben Hushka".

Fargo City Assessor

cc: Robert Wilson

40-05-24. Duties of cities granting property tax incentives.

1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.
4. The term "negotiation" as used in this section means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax increments.
5. If an agreement is reached through negotiation under this section, the property tax incentive must be applied in accordance with the agreement.
6. Property subject to a development agreement entered pursuant to section 40-58-20.1 before August 1, 2017, and all amendments to the development agreement, is not subject to the requirements under this section. (Effective for property tax incentives approved after July 31, 2017)

Payment In Lieu of Property Tax

Payment Schedule

Pursuant to N.D.C.C. Chapter 40-57.1

PROJECT OPERATOR: City Flats, LLC

ASSUMPTIONS: \$5,700,000 improvement value

Initial year payment based on tax on the value of \$1,600,000 determined at 5.5 times gross restricted rent under LIHTC program, less projected land tax.

Annual PILOT Growth = 2%

PAYMENT SCHEDULE:

<u>YEAR</u>	<u>IN LIEU PAYMENT</u>
1	\$ 17,919
2	\$ 18,278
3	\$ 18,643
4	\$ 19,016
5	\$ 19,396
6	\$ 19,784
7	\$ 20,180
8	\$ 20,583
9	\$ 20,995
10	\$ 21,415
11	\$ 21,843
12	\$ 22,280
13	\$ 22,726
14	\$ 23,180
15	\$ 23,644

****Note** - The applicant will pay property tax on the land in addition to these in lieu payments.

**Application For Property Tax Incentives For
New or Expanding Businesses**

N.D.C.C. Chapter 40-57.1

Project Operator's Application To City of Fargo
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1.	Name of project operator of new or expanding business <u>City Flats LLC</u>
2.	Address of project <u>1329 5th Avenue North</u>
	City <u>Fargo</u> County <u>Cass</u>
3.	Mailing address of project operator <u>24 S. Brooke Street</u>
	City <u>Fond du Lac</u> State <u>WI</u> Zip <u>54935</u>
4.	Type of ownership of project
	<input type="checkbox"/> Partnership <input type="checkbox"/> Subchapter S corporation <input type="checkbox"/> Individual proprietorship
	<input type="checkbox"/> Corporation <input type="checkbox"/> Cooperative <input checked="" type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No. <u>application in process</u>
6.	North Dakota Sales and Use Tax Permit No. <u>not applicable</u>
7.	If a corporation, specify the state and date of incorporation <u>Not applicable</u>
8.	Name and title of individual to contact <u>Erin Anderson</u>
	Mailing address <u>260 Wentworth Avenue E., Suite 130</u>
	City, State, Zip <u>West St. Paul, MN 55118</u> Phone No. <u>612.791.0496</u>

Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.
	<input type="checkbox"/> Property Tax Exemption
	<input checked="" type="checkbox"/> Payments In Lieu of Taxes
	<u> </u> Number of years <u>2021</u> Beginning year <u>2036</u> Ending year
	<u> </u> Percent of exemption <u> </u> Amount of annual payments (attach schedule if payments will vary)
10.	Which of the following would better describe the project for which this application is being made:
	<input checked="" type="checkbox"/> New business project <input type="checkbox"/> Expansion of an existing business project

Description of Project Property

11. Legal description of project real property
Lot 1, Block 1, The Edge Addition, Fargo, ND

12. Will the project property be owned or leased by the project operator? Owned Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?
 Yes No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? New construction Existing facility

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application September 2019

b. Description of project to be constructed including size, type and quality of construction
City Flats LLC will be a five-story, wood frame constructed apartment building with 42 units, first floor covered parking and surface parking. The site improvements will include significant landscaping and a playground. The apartments will be affordable to residents at 80 percent area income and lower and will be financed through the low-income housing tax credit program. The building will have a mix of 1, 2 and 3

c. Projected number of construction employees during the project construction 90

14. Approximate date of commencement of this project's operations September 2020

15. Estimated market value of the property used for this project:

a. Land..... \$ 358,200


b. Existing buildings and structures for which an exemption is claimed..... \$ _____

c. Newly constructed buildings and structures when completed..... \$ 5,700,000

d. Total..... \$ 5,700,000

e. Machinery and equipment..... \$ _____

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) 

b. Eligible existing buildings and structures..... \$ _____

c. Newly constructed buildings and structures when completed..... \$ 285,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 285,000

e. Enter the consolidated mill rate for the appropriate taxing district..... 288.60

f. Annual amount of the tax exemption (Line d multiplied by line e)..... \$ 82,251.00

Continuation Sheet to PILOT Application as information is cut off:

Question 13.b. Project description:

City Flats will be a five-story, wood frame constructed apartment building with 42 units, first floor covered parking and surface parking. The site improvements will include significant landscaping and a playground. The apartments will be affordable to residents at 80 percent area income and lower and will be financed through the low-income housing tax credit program. The building will have a mix of 1, 2- and 3-bedroom units.

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: Ag processing Manufacturing Retailing
 Wholesaling Warehousing Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

The proposed use will be an affordable multifamily apartment building which will be operated by the applicant.

19. Indicate the type of machinery and equipment that will be installed
 Not applicable

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>284,942</u>	<u>290641</u>	<u>296454</u>	<u>302383</u>	<u>308430</u>
Annual expense	<u>251,980</u>	<u>258,540</u>	<u>265,239</u>	<u>272,177</u>	<u>279,299</u>
Net income	<u>32,962</u>	<u>32,101</u>	<u>31,194</u>	<u>30,205</u>	<u>29,131</u>

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
0				2		

Year	(Before project)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) _____	_____	_____	_____	_____	_____
	(2) <u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Estimated payroll	(1) _____	_____	_____	_____	_____	_____
	(2) _____	<u>43,000</u>	<u>44,290</u>	<u>45,619</u>	<u>46,987</u>	<u>48,397</u>

(1) - full time
 (2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? Yes No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No
24. Has the project operator or any officers of the project received any prior property tax incentives? Yes No
- If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
Payment in Lieu of Taxes for Historic Apartments on 4th in Mandan, ND and The Edge Artist Flats in Fargo, ND

Business Competition

25. Is any similar business being conducted by other operators in the municipality? Yes No
- If YES, give name and location of competing business or businesses
Other affordable housing LIHTC development in Fargo include Herald Square, Dakota Pioneer Center and Graver Inn.
- Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition _____ %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? Yes No
- If the answer to 26 or 27 is Yes, list and explain

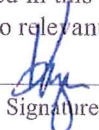
Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):
- To present additional facts or circumstances which were not presented at the time of the original application
 - To request continuation of the present property tax incentives because the project has:
 - moved to a new location
 - had a change in project operation or additional capital investment of more than twenty percent
 - had a change in project operators
 - To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Kristi Morgan, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.


Signature

Vice President
Title

8/20/19
Date

PRIVACY ACT NOTIFICATION

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Certification of Governing Body (To be completed by the Auditor of the City or County)

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the ____ day of _____, 20____, granted the following:

- | | |
|--|--|
| <input type="checkbox"/> Property Tax Exemption | <input type="checkbox"/> Payments in lieu of taxes |
| ____ Number of years | ____ Beginning year ____ Ending year |
| ____ Percent of exemption | ____ Amount of annual payments (Attach schedule if payments will vary) |

Auditor

SOURCES AND USES OF FUNDS

Sources of Funds

Equity			6,941,306
First Mortgage	Affordable Flexpace		604,943
Other: Soft debt	Housing Incentive Fund	4.2%	400,000
Other: City (TIF)	SOFT		-
Other: Housing Trust Fund	SOFT- 30 year deferred	0.00%	1,250,000
Other:			
Total Third Party Sources			9,196,248
FUNDING GAP		33.56%	260,391
TOTAL			9,456,639

	776,000
33.56%	(260,391)
	515,609
DFR	#DIV/0!

TOTAL USES	9,456,639	8,206,639
SURPLUS/DEFICIT	-	0.867817732

Use of Funds	Amount	Unit	Cost	9% Basis	4% Basis	Fed Hist.	State Hist.
A. Land & Buildings							
Land	-	/unit	592,467	-	-	-	-
House & Lot	0%	/unit	-	-	-	-	-
Building	-	/unit	-	-	-	-	-
Subtotal			592,467	-	-	-	-
B. Site Work							
Environmental Remediation- In soft costs	-	/unit	-	-	-	-	-
Off-site improvements	-	/unit	50,000	-	-	-	-
Landscaping	-	/unit	100,000	-	-	-	-
Subtotal			150,000	-	-	-	-
C. Rehab & New Construction							
Rehab Construction Costs		/unit	-	-	-	-	-
New Construction	132,000.00	/unit	5,544,000	5,544,000	-	-	-
Contingency			-	-	-	-	-
General Requirements	5.30%	301,782	301,782	301,782	-	-	-
Overhead	2.00%	113,880	113,880	113,880	-	-	-
Contractor P & L	5.50%	313,170	313,170	313,170	-	-	-
Subtotal	728,832.00	149,353	6,272,832	6,272,832	-	-	-
Construction Contract Amount Including Contingency		152,924.57	6,422,832	-	-	-	-
Land & Hard Cost Subtotal		167,031	7,015,299	6,272,832	-	-	-
D. Architectural							
Architect - Design	3.77%	4,881	175,000	175,000	-	-	142,778.00
Architect - Supervision			30,000	30,000	-	-	152,925
Surveying			12,000	12,000	-	-	10,147
Engineering			25,000	25,000	-	-	5.95%
Geotech			15,000	15,000	-	-	
Plan Review			2,500	2,500	-	-	65,818
Third Party Fees			-	-	-	-	77,480
Subtotal			259,500	259,500	-	-	

Keep Contingenc:
5,853,958
568,874
9.7%
142,778.00
152,925
10,147
5.95%
65,818
77,480

	Amount	Unit	Cost	9% Basis	4% Basis		
E. Interim Costs							
Contingency		5.0%	321,142	321,142			
Construction Insurance			24,073	24,073			
Construction Period Interest			225,000	200,000			
Construction Loan Fee			60,000	60,000			
Real Estate Taxes			8,000	8,000			
Special Inspections			20,000	20,000			
Subtotal			658,215	633,215			CDC pays Specia
F. Financing Fees & Exp.							
Permanent Loan Fee			6,049	-			
Construction Inspections			10,000	10,000			
Title & Recording	0.0030		17,000	-			
Other: Syndication Fees			25,000	-			
Subtotal			58,049	10,000			
G. Soft Costs							
Appraisal			8,000	8,000			
Market Study			6,500	6,500			
Environmental Assessment & Mitigation			60,000	60,000			CDC pays first \$6
NDHFA Fees	1,869	/unit	78,500	-			
Rent-up Marketing			50,000	-			
Cost Certification			15,000	15,000			
Misc- balancing with application			-	-			
Furniture			30,000	30,000			
Green Communities			23,420	23,420			
Legal			60,000	55,000			
Subtotal			331,420	197,920			
H. 221(d)4 Costs							
SJC Fees			-	-			
HUD MIP			-	-			
HUD Exam Fee			-	-			
HUD Inspection Fee			-	-			
Subtotal			-	-			
I. Developer's Fee							
Developer's Overhead			-	-			
Developer's Profit			776,000	776,000			
Other: Consultant -			-	-			
Subtotal			776,000	776,000			
J. Development Reserves							
Operating Reserve	-	/unit	158,156	-			(26,580)
Housing Trust Fund Reserve	-		200,000	-			
Subtotal			358,156	-			
Intermediary Cost Total			2,441,340	1,876,635	0		
TOTAL DEVELOPMENT COST		225.158	9,456,639	8,149,467	0	(200,000)	-
Eligible Basis				8,149,467	0	(200,000)	(200,000)
% Low-income Units (Commercial Space Taken Out of Basis)				1.00			
Minus Housing Trust Fund				8,149,466.60			
Minus Developer Fee				7,373,467			
State Designated Basis Boost (30% Units)				130.00%	100.0%	100.0%	100.0%
Bonus Basis				9,585,507	0	(200,000)	(200,000)
Add Back in Developer Fee				10,361,507			
Rate			932,536	9,000%	3.190%	20.000%	0.000%
Annual Credit Amount		23,459	780,000	\$ 780,000	\$ 0	\$ -	\$ -
Price				\$ 0.8900	\$ 0.870	\$ 0.890	\$ 0.920
Equity Proceeds			6,941,306	6,941,306	0	-	-

PROJECT FINANCIAL ANALYSIS
15 YEAR PRO FORMA

FOR:

Permanent Loan	
Rate:	1.000%
DCR:	1.200
Amort:	25
Constant	4.5225%
Annual Debt Service:	31,917
Mortgage Amount	705,747

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Rental Income from Units	# Units	Variables	Annual Total														
Average Annual % Inflation			2%														
Average Monthly Rental Rates																	
Housing Trust Fund	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Two Bedroom	2	463	11,112	11,334.24	11,560.92	11,792.14	12,027.99	12,268.55	12,513.92	12,764.20	13,019.48	13,279.87	13,545.47	13,816.38	14,092.70	14,374.56	14,662.05
Three Bedroom	2	537	12,888	13,145.76	13,408.68	13,676.85	13,950.39	14,229.39	14,513.98	14,804.26	15,100.35	15,402.35	15,710.40	16,024.61	16,345.10	16,672.00	17,005.44
One Bedroom	4	697	33,456	34,125.12	34,807.62	35,503.77	36,213.85	36,938.13	37,676.89	38,430.43	39,199.04	39,983.02	40,782.68	41,598.33	42,430.30	43,278.90	44,144.48
Two Bedroom	2	795	19,080	19,461.60	19,850.83	20,247.85	20,652.81	21,065.86	21,487.18	21,916.92	22,355.26	22,802.37	23,258.41	23,723.58	24,198.05	24,682.01	25,175.65
Three Bedroom	3	875	31,500	32,130.00	32,773	33,428	34,097	34,779	35,474	36,184	36,907	37,645	38,398	39,166	39,950	40,749	41,564
One Bedroom	-	782	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Two Bedroom	-	850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Three Bedroom	-	975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One Bedroom	8	750	72,000	73,440	74,909	76,407	77,935	79,494	81,084	82,705	84,359	86,047	87,768	89,523	91,313	93,140	95,002
Two Bedroom	4	850	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804	48,760	49,730	50,730	51,744	52,779	53,835
Three Bedroom	4	1,000	48,000	48,960	49,939	50,938	51,957	52,996	54,056	55,137	56,240	57,364	58,512	59,682	60,876	62,093	63,335
	41																
Total Gross Rent Revenue			303,744	309,819	316,015	322,336	328,782	335,358	342,065	348,906	355,885	363,002	370,262	377,667	385,221	392,925	400,784
Commercial Space- Daycare			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry & Garage Income	5		2,460	2,509	2,559	2,611	2,663	2,716	2,770	2,826	2,882	2,940	2,999	3,059	3,120	3,182	3,246
Less Vacancy	7%		(21,262)	(21,687)	(22,121)	(22,563)	(23,015)	(23,475)	(23,945)	(24,423)	(24,912)	(25,410)	(25,918)	(26,437)	(26,965)	(27,505)	(28,055)
Total Income			284,942	290,641	296,454	302,383	308,430	314,599	320,891	327,309	333,855	340,532	347,343	354,289	361,375	368,603	375,975
Operating Expenses and Real Estate Taxes		Per Unit															
Annual % escalation		3%															
Office/Advertising	340		14,280	14,708	15,150	15,604	16,072	16,554	17,051	17,563	18,089	18,632	19,191	19,767	20,360	20,971	21,600
Personnel (Site Manager and Maintenance)	1,024		43,000	44,290	45,619	46,987	48,397	49,849	51,344	52,885	54,471	56,105	57,788	59,522	61,308	63,147	65,041
Utilities (Sewer/Water, Common Area, Trash)	857		39,000	40,170	41,375	42,616	43,895	45,212	46,568	47,965	49,404	50,886	52,413	53,985	55,605	57,273	58,991
Property Taxes	1,958		87,420	89,168	90,917	92,700	94,519	96,373	98,263	100,190	102,156	104,159	106,203	108,286	110,410	112,575	115,953
Property Tax Exemption			(64,332)	(65,618.64)	(66,931.01)	(68,269.63)	(69,635.03)	(71,027.73)	(72,448.28)	(73,897.25)	(75,375.19)	(76,882.70)	(78,420.35)	(79,988.76)	(81,588.53)	(83,220.30)	(84,884.71)
Insurance	349		14,660	15,100	15,553	16,019	16,500	16,995	17,505	18,030	18,571	19,128	19,702	20,293	20,902	21,529	22,175
Other: Support Services	457		16,000	16,480	16,974	17,484	18,008	18,548	19,105	19,678	20,268	20,876	21,503	22,148	22,812	23,497	24,201
Repairs & Maint.	850		31,500	32,445	33,418	34,421	35,454	36,517	37,613	38,741	39,903	41,100	42,333	43,603	44,911	46,259	47,647
Property Mgmt.	0		19,938	20,536	21,152	21,787	22,440	23,113	23,807	24,521	25,257	26,014	26,795	27,599	28,427	29,279	30,158
Accounting/Audit	131		5,500	5,665	5,835	6,010	6,190	6,376	6,567	6,764	6,967	7,176	7,392	7,617	7,842	8,077	8,319
NDHFA Compliance	35		2,025	2,086	2,148	2,213	2,279	2,348	2,418	2,490	2,565	2,642	2,721	2,803	2,887	2,974	3,063
Replacement Reserve	400		16,800	17,304	17,823	18,358	18,909	19,476	20,060	20,662	21,282	21,920	22,578	23,255	23,953	24,671	25,412
Total Operating Expenses	6,401		225,791	232,334	239,033	245,929	253,027	260,333	267,852	275,592	283,558	291,758	300,198	308,885	317,827	327,031	337,674
Net Operating Income			59,151	58,307	57,420	56,453	55,403	54,266	53,039	51,717	50,297	48,774	47,145	45,404	43,548	41,572	38,301
Total Debt Service Payment by Partnership			31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917	31,917
Cash Flow			27,234	26,390	25,503	24,536	23,486	22,349	21,121	19,800	18,379	16,857	15,228	13,487	11,631	9,655	6,383
Accumulated Cash Flow			27,234	53,624	79,127	103,663	127,149	149,498	170,619	190,419	208,798	225,855	240,883	254,370	266,001	275,656	282,039
Debt Service Coverage - Hard Only			1.85	1.83	1.80	1.77	1.74	1.70	1.66	1.62	1.58	1.53	1.48	1.42	1.36	1.30	1.20

City Flats LIHTC		Initial Year GI \$379,619
Parcel Number	01-8680-00100-000	
Address	1329 S Ave S	
Date Application Received	9/14/2018	
1st Publication Date		
2nd Publication Date		
TRC Meeting Date	9/25/2018	
Commission Hearing Date		
Notice Delivery To School/County		
School/County 30-Day Response		
Exemption Type	PILOT	
Estimated Improvements Value	\$5,700,000	
Building Value to Remain Taxable	\$0	
Current Land Value	\$358,200	
Estimated Improvements Value	\$5,700,000	
Anticipated Tax Growth	2.0%	
Current Mill Levy	288.60	
Number of Years Granted	15	
Discount Rate (for Present Value)	4.50%	
Total Gross Estimated Benefit	\$1,112,517	
Present Value of Benefit	\$164,400	

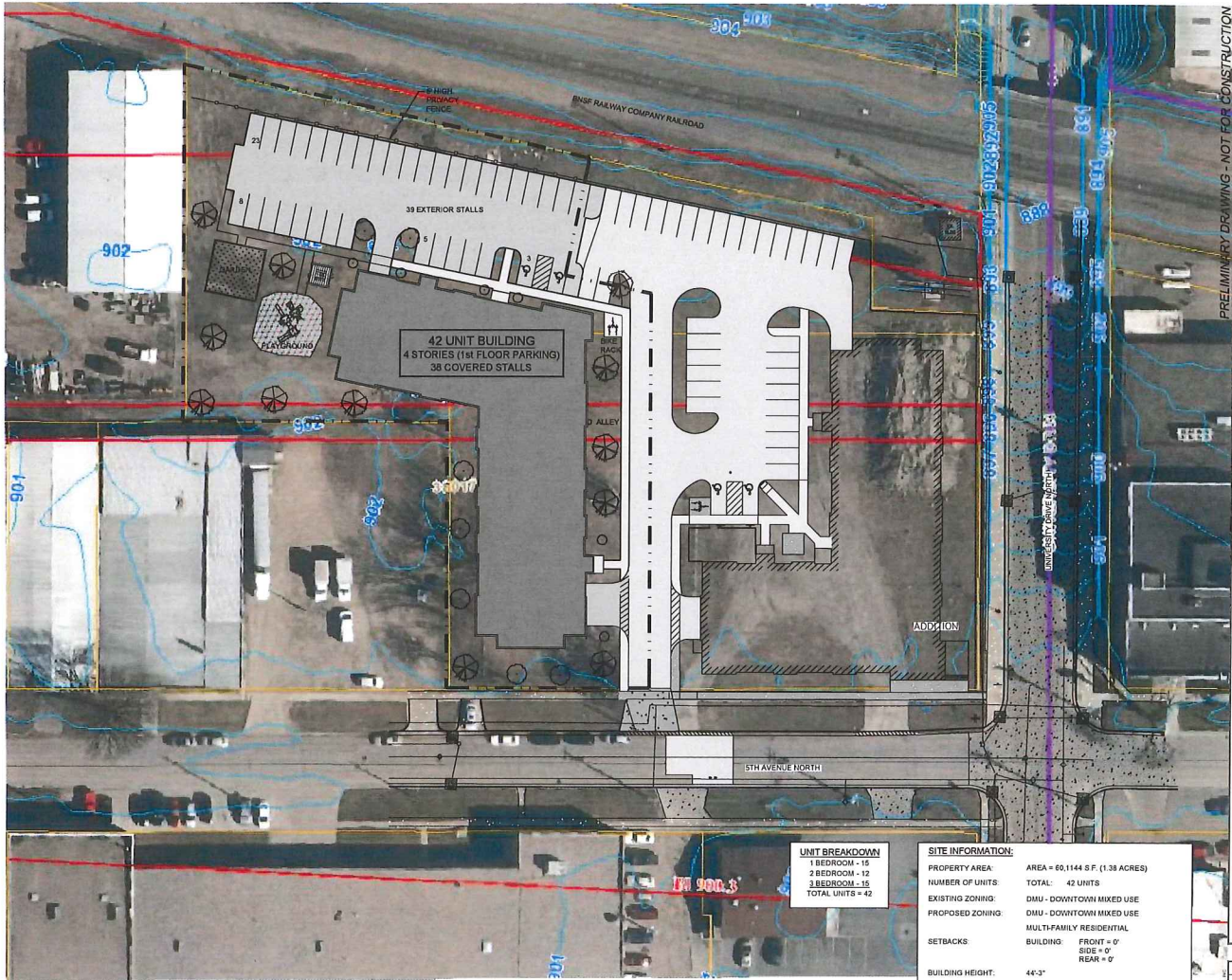
City Flats LIHTC - With PILOT participation by all taxing entities						
Tax Year	% Ex	PILOT Pymt	Full Bldg Tax	Benefit	PV of Benefit	PILOT & Tax
1	78%	\$17,919	\$82,251	\$64,332	\$61,600	\$23,088
2	78%	\$18,276	\$83,896	\$65,618	\$60,100	\$23,446
3	78%	\$18,643	\$85,574	\$66,931	\$58,700	\$23,812
4	78%	\$19,016	\$87,285	\$68,269	\$57,200	\$24,185
5	78%	\$19,396	\$89,031	\$69,635	\$55,900	\$24,565
6	78%	\$19,784	\$90,812	\$71,028	\$54,500	\$24,953
7	78%	\$20,180	\$92,628	\$72,448	\$53,200	\$25,349
8	78%	\$20,583	\$94,481	\$73,897	\$52,000	\$25,752
9	78%	\$20,995	\$96,370	\$75,375	\$50,700	\$26,164
10	78%	\$21,415	\$98,298	\$76,882	\$49,500	\$26,584
11	78%	\$21,843	\$100,264	\$78,420	\$48,300	\$27,012
12	78%	\$22,280	\$102,269	\$79,989	\$47,200	\$27,449
13	78%	\$22,726	\$104,314	\$81,588	\$46,000	\$27,895
14	78%	\$23,180	\$106,400	\$83,220	\$44,900	\$28,349
15	78%	\$23,644	\$108,528	\$84,884	\$43,900	\$28,813
TOTALS		\$309,884	\$1,422,401	\$1,112,517	\$783,700	\$387,416
Building Tax To Remain		\$0	Current Land Tax	\$5,169		

If County opted out of this incentive, PILOT Pymt + County Addl Share will be the PILOT Payment in addition to Land Tax									
County Share PLT	County Addl PILOT	County Share Impr Tax	Full Impr Net Tax	Benefit PILOT & Tax	% Ex	Benefit	PV of Benefit		
\$3,225	\$10,996	\$14,222	\$82,251	\$63,336	\$34,084	65%	\$19,252	\$18,400	
\$3,280	\$10,932	\$14,222	\$82,251	\$63,042	\$34,378	65%	\$18,664	\$17,100	
\$3,356	\$10,866	\$14,222	\$82,251	\$62,742	\$34,678	66%	\$18,064	\$15,800	
\$3,423	\$10,799	\$14,222	\$82,251	\$62,436	\$34,983	66%	\$17,453	\$14,600	
\$3,491	\$10,730	\$14,222	\$82,251	\$62,125	\$35,295	66%	\$16,829	\$13,500	
\$3,561	\$10,660	\$14,222	\$82,251	\$61,806	\$35,613	66%	\$16,193	\$12,400	
\$3,632	\$10,589	\$14,222	\$82,251	\$61,482	\$35,938	67%	\$15,544	\$11,400	
\$3,706	\$10,516	\$14,222	\$82,251	\$61,151	\$36,269	67%	\$14,882	\$10,500	
\$3,779	\$10,442	\$14,222	\$82,251	\$60,813	\$36,606	67%	\$14,207	\$9,600	
\$3,855	\$10,367	\$14,222	\$82,251	\$60,469	\$36,951	68%	\$13,518	\$8,700	
\$3,932	\$10,290	\$14,222	\$82,251	\$60,118	\$37,302	68%	\$12,816	\$7,900	
\$4,010	\$10,211	\$14,222	\$82,251	\$49,760	\$37,660	68%	\$12,100	\$7,100	
\$4,091	\$10,131	\$14,222	\$82,251	\$49,394	\$38,026	69%	\$11,369	\$6,400	
\$4,172	\$10,049	\$14,222	\$82,251	\$49,022	\$38,398	69%	\$10,623	\$5,700	
\$4,256	\$9,965	\$14,222	\$82,251	\$48,641	\$38,778	69%	\$9,863	\$5,100	
TOTALS	\$157,943			\$766,338	\$544,960		\$221,378	\$164,200	

FULL PARTICIPATION	
Initial year effective gross income	\$284,942
Gross Income Multiplier	5.9
Implied Tax Value	\$1,600,000
Projected tax	\$23,088
Less estimated land tax	(\$5,169)
PILOT PAYMENT	\$17,919
ESTIMATED LAND TAX	\$5,169
INITIAL YEAR PILOT & RE Tax	\$23,088
PROJECTED VALUE	\$5,700,000
PROJECTED TOTAL TAX	\$82,251
EQUIVILANT % EXEMPT	78%

NO COUNTY PARTICIPATION	
Initial year effective gross income	\$284,942
Gross Income Multiplier	5.9
Implied Tax Value	\$1,600,000
Projected tax	\$23,088
Less estimated land tax	(\$5,169)
PILOT PAYMENT	\$28,915
ESTIMATED LAND TAX	\$5,169
INITIAL YEAR PILOT & RE Tax	\$34,084
PROJECTED VALUE	\$5,700,000
PROJECTED TOTAL TAX	\$82,251
EQUIVILANT % EXEMPT	65% - 69%

CALCULATION OF ADDITIONAL TAX DUE TO COUNTY							
Land Value	Improve Value	Year	Mill Levy	CO Levy	%	Full Impr Net Tax	Co Share Impr Tax
\$358,200	\$5,700,000	1	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	2	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	3	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	4	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	5	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	6	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	7	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	8	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	9	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	10	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	11	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	12	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	13	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	14	288.60	49.90	17.3%	\$82,251	\$14,222
\$358,200	\$5,700,000	15	288.60	49.90	17.3%	\$82,251	\$14,222



UNIT BREAKDOWN	
1 BEDROOM - 15	
2 BEDROOM - 12	
3 BEDROOM - 15	
TOTAL UNITS = 42	

SITE INFORMATION:	
PROPERTY AREA:	AREA = 60,144 S.F. (1.38 ACRES)
NUMBER OF UNITS:	TOTAL: 42 UNITS
EXISTING ZONING:	DMU - DOWNTOWN MIXED USE
PROPOSED ZONING:	DMU - DOWNTOWN MIXED USE
SETBACKS:	BUILDING: FRONT = 0' SIDE = 0' REAR = 0'
BUILDING HEIGHT:	44'-3"
PARKING PROVIDED:	39 EXTERIOR STALLS (2 H.C. ACCESSIBLE) 38 COVERED STALLS (2 H.C. ACCESSIBLE) 77 TOTAL STALLS

PRELIMINARY SITE PLAN
SCALE: 1" = 10'

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
SHEET DATES:
12-17-2018

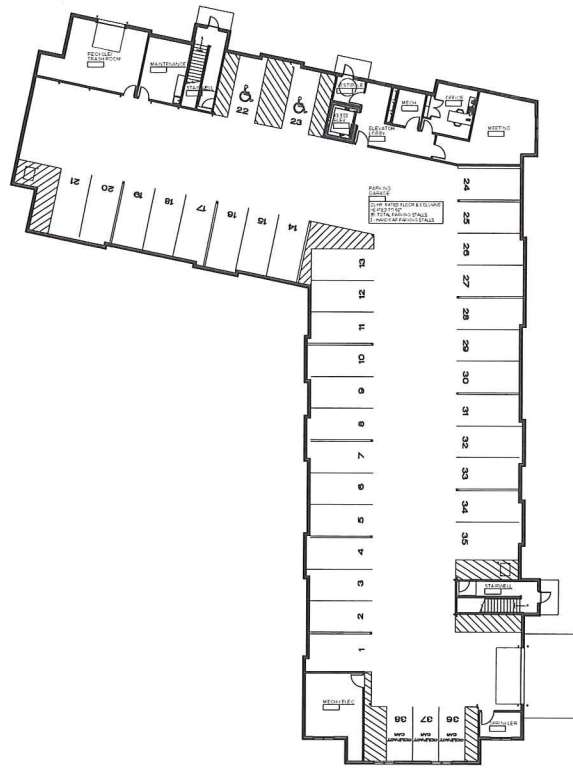
W&A DESIGN, INC.
25 SOUTH MAIN STREET
DENVER, CO 80202
1.800.441.4411

COMMONWEALTH COMPANIES
1515 SOUTH MAIN STREET
DENVER, CO 80202
(303) 733-8178 FAX: (303) 733-8171



NEW PROJECT FOR:
CITY FLATS
5th Avenue North
Denver, CO

JOB NUMBER:
2018.28
SHEET:
C1.0



UNIT BREAKDOWN		GROSS SF BREAKDOWN	
1 BEDROOM - 3	62' X 14'6"	1ST FLOOR	17,253 SF
1 BEDROOM - 24	13' X 14'6"	2ND FLOOR	16,203 SF
1 BEDROOM - 18	13' X 14'6"	3RD FLOOR	16,203 SF
TOTAL UNITS = 42		4TH FLOOR	16,203 SF
		TOTAL	66,062 SF



PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
 PRELIMINARY SHEET DATES:

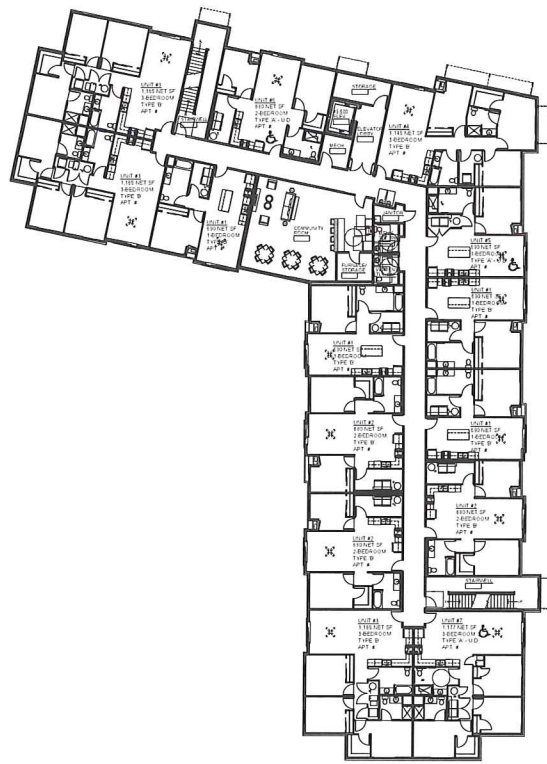
V.A. DESIGN, INC.
 25 SOUTH MAIN STREET, SUITE 100
 FORT SMITH, AR 72205-1435
 (501) 822-8170 FAX (501) 822-8171

COMMONWEALTH COMPANIES
 1001 W. MAIN STREET, SUITE 100
 FORT SMITH, AR 72205-1435
 (501) 822-8170 FAX (501) 822-8171



NEW PROJECT FOR:
CITY FLATS
 1001 W. MAIN STREET, SUITE 100
 FORT SMITH, AR 72205-1435

JOB NUMBER:
2018.28
 SHEET:
A1.1



UNIT BREAKDOWN		GROSS SF BREAKDOWN	
1 BEDROOM - 3	03 'K' UNITS	1ST FLOOR	17,231 SF
2 BEDROOM - 24	13 'K' UNITS	2ND FLOOR	16,513 SF
3 BEDROOM - 15	13 'K' UNITS	3RD FLOOR	16,513 SF
TOTAL UNITS = 42		4TH FLOOR	16,513 SF
		TOTAL	66,770 SF



PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
 SHEET DATES:

08-27-2018

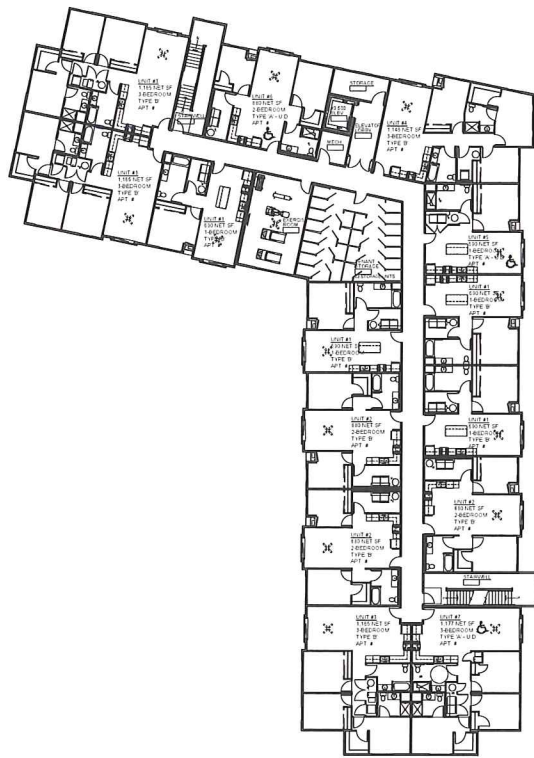
V-H-D DESIGN, INC.
 25 SOUTH MAIN STREET
 FORT MYERS, FL 33901
 1-888-488-8888

COMMONWEALTH COMPANIES
 25 SHEDDEN STREET
 FORT MYERS, FL 33901
 (888) 832-8175 FAX (888) 832-8171



NEW PROJECT FOR:
CITY FLATS
 59 AVENUE N
 PRASCO, IN

JOB NUMBER:	2018.28
SHEET	A1.2



UNIT BREAKDOWN		GROSS SF BREAKDOWN	
1 BEDROOM - 8	15 'X' UNITS	1ST FLOOR	17,222 SF
2 BEDROOM - 24	15 'X' UNITS	2ND FLOOR	16,515 SF
3 BEDROOM - 18	15 'X' UNITS	3RD FLOOR	16,515 SF
TOTAL UNITS = 42		4TH FLOOR	16,515 SF
		TOTAL	66,767 SF



PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
 PRELIMINARY SHEET DATES:
 08-27-2018

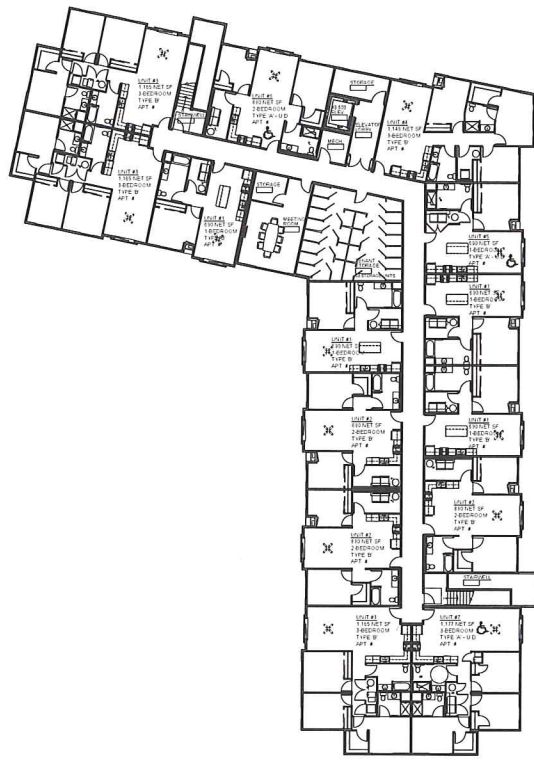
V. J. DESIGN, INC.
 25 SOUTH MAIN STREET
 FARMINGTON, CT 06031
 (860) 646-3400

COMMONWEALTH COMPANIES
 25 SHEDDEN STREET
 FARMINGTON, CT 06031
 (860) 646-3470 FAX (860) 646-3471



NEW PROJECT FOR:
CITY FLATS
 59 AVENUE N
 FARMINGTON, CT

JOB NUMBER:
2018.28
 SHEET:
A1.3



UNIT BREAKDOWN		GROSS SF BREAKDOWN	
1 BEDROOM - B	15 'X' UNITS	1ST FLOOR	17,233 SF
2 BEDROOM - D4	15 'X' UNITS	2ND FLOOR	16,513 SF
3 BEDROOM - E5	13 'X' UNITS	3RD FLOOR	16,513 SF
TOTAL UNITS = 43		4TH FLOOR	16,513 SF
		TOTAL	66,772 SF



PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
 PRELIMINARY SHEET DATES:

V.A. DESIGN, INC.
 25 SOUTH MAIN STREET
 FORT WORTH, TEXAS 76102
 TEL: (817) 335-1111
 FAX: (817) 335-1112

COMMONWEALTH COMPANIES
 500 AVENUE N
 FORT WORTH, TEXAS 76102
 (817) 335-1111 FAX (817) 335-1112

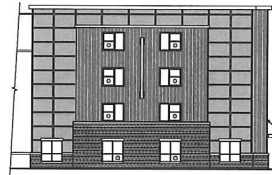


NEW PROJECT FOR:
CITY FLATS
 500 AVENUE N
 FORT WORTH, TX

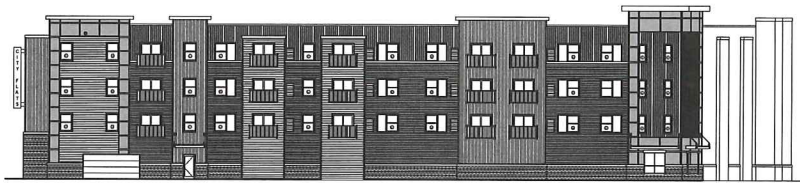
JOB NUMBER:	2018.28
SHEET:	A1.4



SOUTHWEST ELEVATION
SCALE 1/32" = 1'-0"



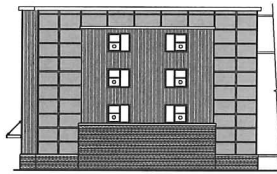
SOUTH ELEVATION
SCALE 1/32" = 1'-0"



EAST ELEVATION
SCALE 1/32" = 1'-0"



NORTH ELEVATION
SCALE 1/32" = 1'-0"



NORTHWEST ELEVATION
SCALE 1/32" = 1'-0"



WEST ELEVATION
SCALE 1/32" = 1'-0"

SYMBOL	DESCRIPTION	DATE
1	FOUNDATION	08-14-18
2	FIRST FLOOR	08-14-18
3	SECOND FLOOR	08-14-18
4	THIRD FLOOR	08-14-18
5	FOURTH FLOOR	08-14-18
6	FIFTH FLOOR	08-14-18
7	SIXTH FLOOR	08-14-18
8	SEVENTH FLOOR	08-14-18
9	EIGHTH FLOOR	08-14-18
10	NINTH FLOOR	08-14-18
11	TENTH FLOOR	08-14-18
12	ROOF	08-14-18

NO.	DESCRIPTION	DATE
1	FOUNDATION	08-14-18
2	FIRST FLOOR	08-14-18
3	SECOND FLOOR	08-14-18
4	THIRD FLOOR	08-14-18
5	FOURTH FLOOR	08-14-18
6	FIFTH FLOOR	08-14-18
7	SIXTH FLOOR	08-14-18
8	SEVENTH FLOOR	08-14-18
9	EIGHTH FLOOR	08-14-18
10	NINTH FLOOR	08-14-18
11	TENTH FLOOR	08-14-18
12	ROOF	08-14-18

PRELIMINARY SHEET DATES:
18-07-2018

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION

COMMONWEALTH COMPANIES
290 AVENUE N
FRANCO, ILL
(815) 322-8370 FAX (815) 322-8371



NEW PROJECT FOR:
CITY FLATS
290 AVENUE N
FRANCO, ILL

JOB NUMBER:
2018.28
SHEET
A2.0

Application Comparison

The Edge Artist Flats - August 2017				The Edge 2 - August 2018				City Flats - August 2019	
INCOME	Unit Type	# Units	Rent Rate	# Units	Rate	# Units	Rate		
30% County Median Income	One-Bed	2	Zero		2	Zero	3	Zero	
	Two-Bedroom - Supp	5	Zero		5	Zero	4	Zero	
	Two Bedroom	3	456.00		3	Zero	2	Zero	
	Three Bedroom	3	530.00		1	456.00	2	463	
30.95%	Three Bedroom				4	530.00	2	537	
40% County Median Income	One Bedroom	-	533.00		0	533.00	0	541	
	Two Bedroom	2	643.00		2	643.00	1	650	
7.14%	Three Bedroom	1	746.00		2	746.00	3	753	
50% County Median Income Lir	One Bedroom	6	689.00		3	689.00	4	697	
	Two Bedroom	12	795.00		5	795.00	2	795	
52.38%	Three Bedroom	4	922.00		2	875.00	3	875	
60% CMI	One Bedroom	1	782.00						
	Two Bedroom	2	850.00						
9.5%	Three Bedroom	1	975.00						
80% CMI	One Bedroom				4	875.00	8	750	
	Two Bedroom				9	1,000.00	4	850	
0.0%	Three Bedroom	-			6	1,200.00	4	1000	
Gross Rental	Total/Average	42	614.50		48	703.29	42	602.67	

EXPENSES		The Edge	The Edge 2	City Flats
Office/Advertising	340 /unit	14,280.00	14,280.00	14,280
Personnel (Site Manager and Maintenance)	1024 /unit	43,000.00	43,000.00	43,000
Utilities (Sewer/Water, Common Area, Trash)	857 /unit	36,000.00	39,000.00	39,000
Property Taxes (Without PILOT)	1786 /unit	75,000.00	87,438.00	82,251
Property Taxes (With PILOT full participation by County)		22,373.00	41,522.00	23,088
Insurance	349 /unit	14,660.00	14,660.00	14,660
Other: Support Services	486 /unit	17,000.00	20,000.00	16,000
Repairs & Maint.	850 /unit	31,500.00	31,500.00	31,500
Property Mgmt.	7%	20,326.04	26,559.24	19,938
Accounting/Audit	155	6,500.00	5,500.00	5,500
NDHFA Compliance	35 /unit	2,025.00	2,235.00	2,025
Replacement Reserve	400 /unit	16,800.00	19,200.00	16,800
Total Operating Expenses	550 /unit	277,091.04	303,372.24	284,954
Expense Ratio		0.95	0.80	100%
Expense Per Unit	550 PUPM	6,597.41	6,320.25	6,785
NET OPERATING INCOME (before debt service assuming PILOT)		56,190.00	122,163.00	64,320
Cash Flow After Debt Service in Year 15		2,634.00	23,788.00	7,526

Sources of Funds	The Edge	The Edge 2	City Flats
Equity	6,548,345.13	6,611,338.82	6,941,305.82
First Mortgage	Affordable Flexpace 853,350.95	2,232,255.16	716,429.53
Other: Housing Trust Fund	SOFT 0	-	400,000.00
Other: City (TIF)	SOFT -	-	-
Other: Housing Trust Fund	SOFT- 30 year deferre 0 1,369,263.00	1,450,000.00	1,250,000.00
Other:			
Total Third Party Sources	8,770,959.08	10,293,593.97	9,307,735.36
Deferred Developer Fee	136,762.25	244,055.48	150,539.59
TOTAL	8,907,721.33	10,537,649.46	9,458,274.94

Use of Funds	The Edge		
	The Edge	The Edge 2	City Flats
A. Land & Buildings			
Land	511,000.00	592,467.00	592,467.00
House & Lot	-	-	-
Building	-	-	-
Subtotal	511,000.00	592,467.00	592,467.00
B. Site Work			
Demolition	-	-	-
Off-site improvements	50,000.00	50,000.00	50,000.00
Landscaping	100,000.00	100,000.00	100,000.00
Subtotal	150,000.00	150,000.00	150,000.00
C. Rehab & New Construction			
Rehab Construction Costs	-	-	-
New Construction	5,047,547.21	6,336,000.00	5,544,000.00
Contingency	292,697.92	360,663.81	321,141.60
General Requirements	272,158.00	272,158.00	301,782.00
Overhead	102,701.00	102,701.00	113,880.00
Contractor P & L	281,552.20	352,417.10	313,170.00
Subtotal	5,996,656.33	7,423,939.91	6,593,973.60
D. Architectural			
Architect - Design	228,501.00	230,000.00	175,000.00
Architect - Supervision	30,000.00	30,000.00	30,000.00
Legal		12,000.00	12,000.00
Surveying	12,000.00	25,000.00	25,000.00
Engineering	25,000.00	15,000.00	15,000.00
Plan Review	2,500.00	2,500.00	2,500.00
Third Party Fees	-	-	-
Subtotal	298,001.00	314,500.00	259,500.00

	The Edge	The Edge 2	City Flats
E. Interim Costs			
Construction Insurance	24,073.00	24,073.00	24,073.00
Construction Period Interest	430,000.00	270,000.00	225,000.00
Construction Loan Fee	30,000.00	60,000.00	60,000.00
Real Estate Taxes	10,000.00	4,000.00	8,000.00
LOC Fees	-		
Subtotal	494,073.00	358,073.00	317,073.00
F. Financing Fees & Exp.			
Permanent Loan Fee	1,700.00	22,322.55	7,164.30
Construction Inspections	-	10,000.00	10,000.00
Title & Recording	17,000.00	17,000.00	17,000.00
Other: Syndication Fees	35,000.00	25,000.00	25,000.00
Subtotal	53,700.00	74,322.55	59,164.30
G. Soft Costs			
Appraisal	8,000.00	8,000.00	8,000.00
Market Study	6,500.00	6,500.00	6,500.00
Environmental	20,000.00	60,000.00	60,000.00
NDHFA Fees	74,500.00	76,500.00	78,500.00
Rent-up Marketing	50,000.00	50,000.00	50,000.00
Cost Certification	15,000.00	15,000.00	15,000.00
Furniture	50,000.00	50,000.00	30,000.00
Green Communities	23,420.00	23,420.00	23,420.00
Legal	60,000.00	60,000.00	60,000.00
Subtotal	307,420.00	349,420.00	331,420.00
H. Developer's Fee	776,000.00	776,000.00	776,000.00
I. Reserves			
Housing Trust Fund Operating A	168,566.00	202,162.65	200,000.00
Operating Reserve	152,305.00	276,764.35	158,677.05
TOTAL DEVELOPMENT COST	8,907,721.33	10,537,649.46	9,458,274.94