

WORKFORCE AFFORDABLE RENTAL HOUSING DEVELOPMENT

“Ticcoma Green”

Public Presentation: June 21, 2017



HK HallKeen Management



Presentation Agenda & Presenters

Presentation Agenda

- Introduction
- Project Summary
- Proposed Design
- Q & A Period

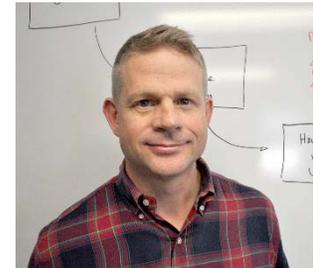
Presenters



Andy Burnes,
President and CEO
HallKeen Management Inc.



Mark Hess,
Vice President
HallKeen Management Inc.



Tim Williams,
President
Williams Building Co.



Treff LaFleche,
Principal
LDa Architecture & Interiors



Michelle Crowley,
Principal
Michelle Crowley Landscape Architecture

Development Team & Proposal Themes



**COLLABORATIVE &
SEASONED TEAM**



**OPTIMAL WORKFORCE
HOUSING MIX**



FEASIBLE PLAN



**HIGH QUALITY
"NANTUCKET" DESIGN**



Development Team & Proposal Themes



COLLABORATIVE & SEASONED TEAM



- Highest priority project with committed resources
- Local team with Cape and Islands presence
- Owner/operator with deep bench
- Significant experience with similar financing and high performance construction



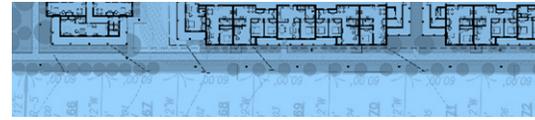
OPTIMAL WORKFORCE HOUSING MIX



- 64 SHI Units
- Range of generously sized units for range of key income bands
- Workforce tiers and unit sizes accommodate personal growth
- Over 500 municipal employees in targeted income bands
- Targets 2016 Nantucket HP Plan's priority band of "Below 50% of AMI to 150% of AMI"
- Mix competitively meets funding requirements



FEASIBLE PLAN



- "Highly Advantageous" per RFP
- No Town variances, easements, financing or other special asks
- Full fire truck access
- Solid underwriting based on experience
- Long term owner/operator stewardship
- Competitive for financing
- Simple subsidy structure



HIGH QUALITY "NANTUCKET" DESIGN



- Respect and appreciation for site, abutters and "Building with Nantucket in Mind"
- High quality
- Maximum greenspace
- High performing/green
- Rich amenities
- Creates community while encouraging stewardship and respecting privacy.

Project Summary

Unit Types



COLLABORATIVE & SEASONED TEAM



OPTIMAL WORKFORCE HOUSING MIX



FEASIBLE PLAN



HIGH QUALITY "NANTUCKET" DESIGN



	Studio 12		1 BR 14		2 BR 26				3 BR 12			All 64
	Flat	ADA	Flat	ADA	TH-A	TH-B	TH-C	ADA	TH-A	TH-B	ADA	TOTAL
Size (SF)	500	512	618	745	865	1105	1225	978	1525	1388	1278	914.5
Units	8	4	12	2	12	6	6	2	6	4	2	64

- Flat = Single Level Unit
- ADA = Single Level HC Accessible Unit
- TH = Multi-Level Townhome

Project Summary

Workforce Mix



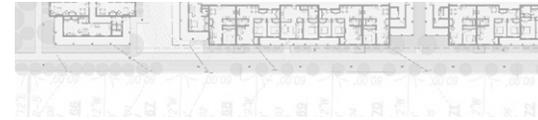
COLLABORATIVE & SEASONED TEAM



OPTIMAL WORKFORCE HOUSING MIX



FEASIBLE PLAN



HIGH QUALITY "NANTUCKET" DESIGN



Affordability Mix	30% AMI	60% AMI	120% AMI	Market	SHI
Studio		5	7		12
1 BR		2	10	2	14
2 BR	1	11	10	4	26
3 BR	1	2	2	7	12
Total	2	20	29	13	64

3% 31% 45% 20% 100%

Appx. Income	30% AMI	60% AMI	120% AMI	Market
Studio		34k-42k	72k-84k	
1 BR		36k-48k	77k-96k	89k+
2 BR	<27k	44k-54k	92k-108k	107k+
3 BR	<30k	50k-60k	106k-119k	113k+

Appx. Max Rent	30% AMI	60% AMI	120% AMI	Market
Studio		990	2,090	
1 BR		1,060	2,240	2,610
2 BR	590	1,270	2,690	3,130
3 BR	680	1,450	3,100	3,300

Project Summary

Funding Sources



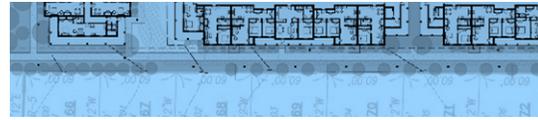
COLLABORATIVE & SEASONED TEAM



OPTIMAL WORKFORCE HOUSING MIX



FEASIBLE PLAN



HIGH QUALITY "NANTUCKET" DESIGN



Permanent Sources	
MassHousing Construction Perm Loan	12,087,000
MassHousing Workforce Housing Trust Funds	2,900,000
Federal Low Income Housing tax Credits (Boston Financial)	8,506,283
State Low Income Housing tax Credits (Dorfman Capital)	1,875,000
Developer Fee Loaned Back to Project	1,904,530
Total	\$ 27,272,813

Development Team & Proposal Themes



COLLABORATIVE & SEASONED TEAM



- Highest priority project with committed resources
- Local team with Cape and Islands presence
- Owner/operator with deep bench
- Significant experience with similar financing and high performance construction



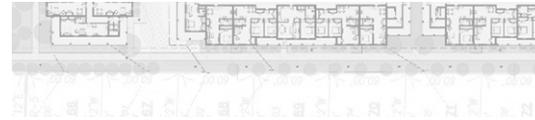
OPTIMAL WORKFORCE HOUSING MIX



- 64 SHI Units
- Range of generously sized units for range of key income bands
- Workforce tiers and unit sizes accommodate personal growth
- Over 500 municipal employees in targeted income bands
- Targets 2016 Nantucket HP Plan's priority band of "Below 50% of AMI to 150% of AMI"
- Mix competitively meets funding requirements



FEASIBLE PLAN



- "Highly Advantageous" per RFP
- No Town variances, easements, financing or other special asks
- Full fire truck access
- Solid underwriting based on experience
- Long term owner/operator stewardship
- Competitive for financing
- Simple subsidy structure



HIGH QUALITY "NANTUCKET" DESIGN



- Respect and appreciation for site, abutters and "Building with Nantucket in Mind"
- High quality
- Maximum greenspace
- High performing/green
- Rich amenities
- Creates community while encouraging stewardship and respecting privacy.

Proposed Design

Inspiration: The Unique Architecture of Nantucket



Figure 118. Porches are inviting transitions from the interior living space to the outdoors.



No. 35 George Lawrence (Snow House)

No. 33 John Russell Home (Maj. Brock House)

No. 31 Eliab Hussey House (Dunham)

No. 29 Benjamin Swift House

No. 27 Robert Folger House



Proposed Design

Inspiration: The Landscape and Natural Beauty of Nantucket



©Tom Brosnahan

Proposed Design

An Integrated Balance of Town and Island

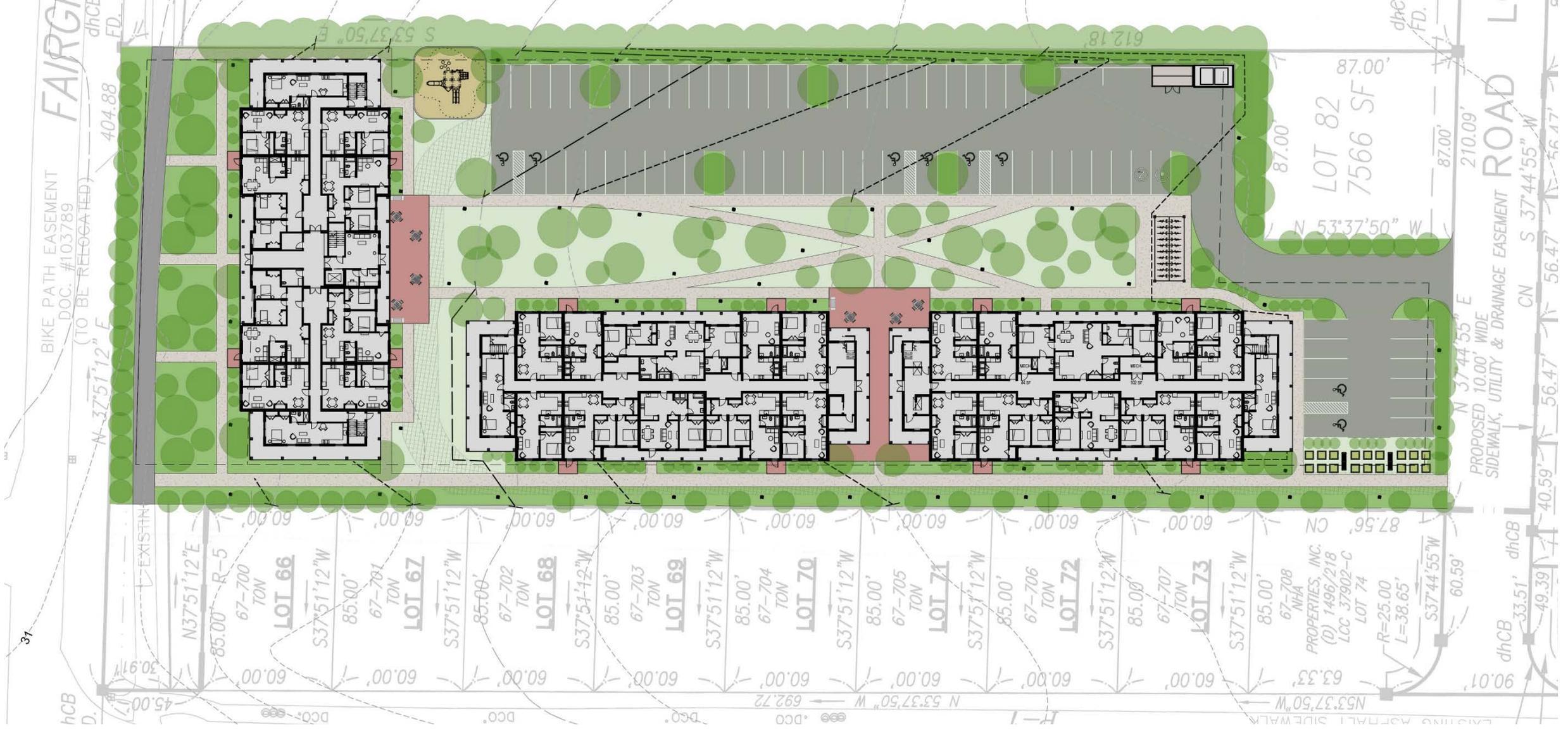


No. 35 George Lawrence (Snow House) No. 33 John Russell Home (Maj. Brock House) No. 31 Eliab Hussey House (Dunham) No. 29 Benjamin Swift House No. 27 Robert Folger House



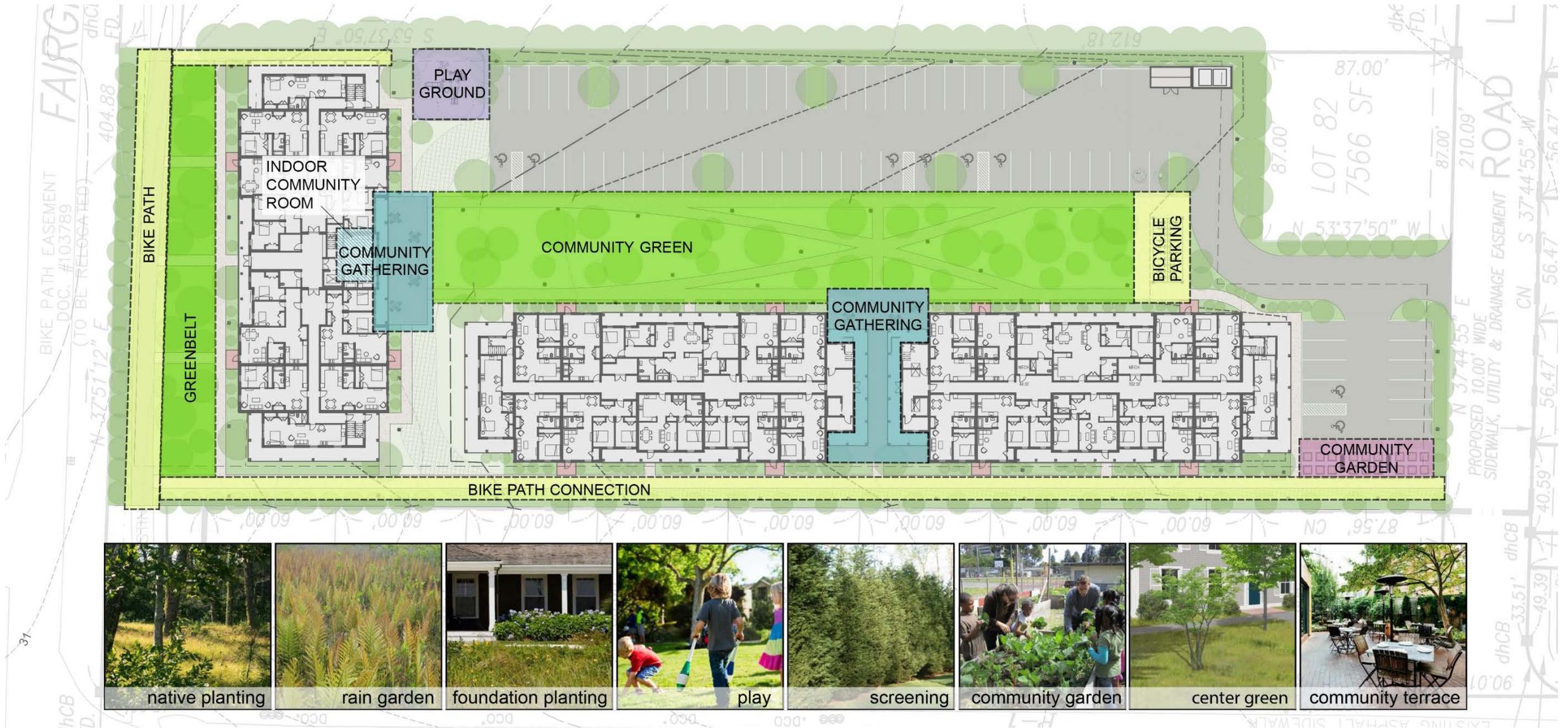
Proposed Scheme

Site Plan



Proposed Scheme

Community Amenities and Open Space



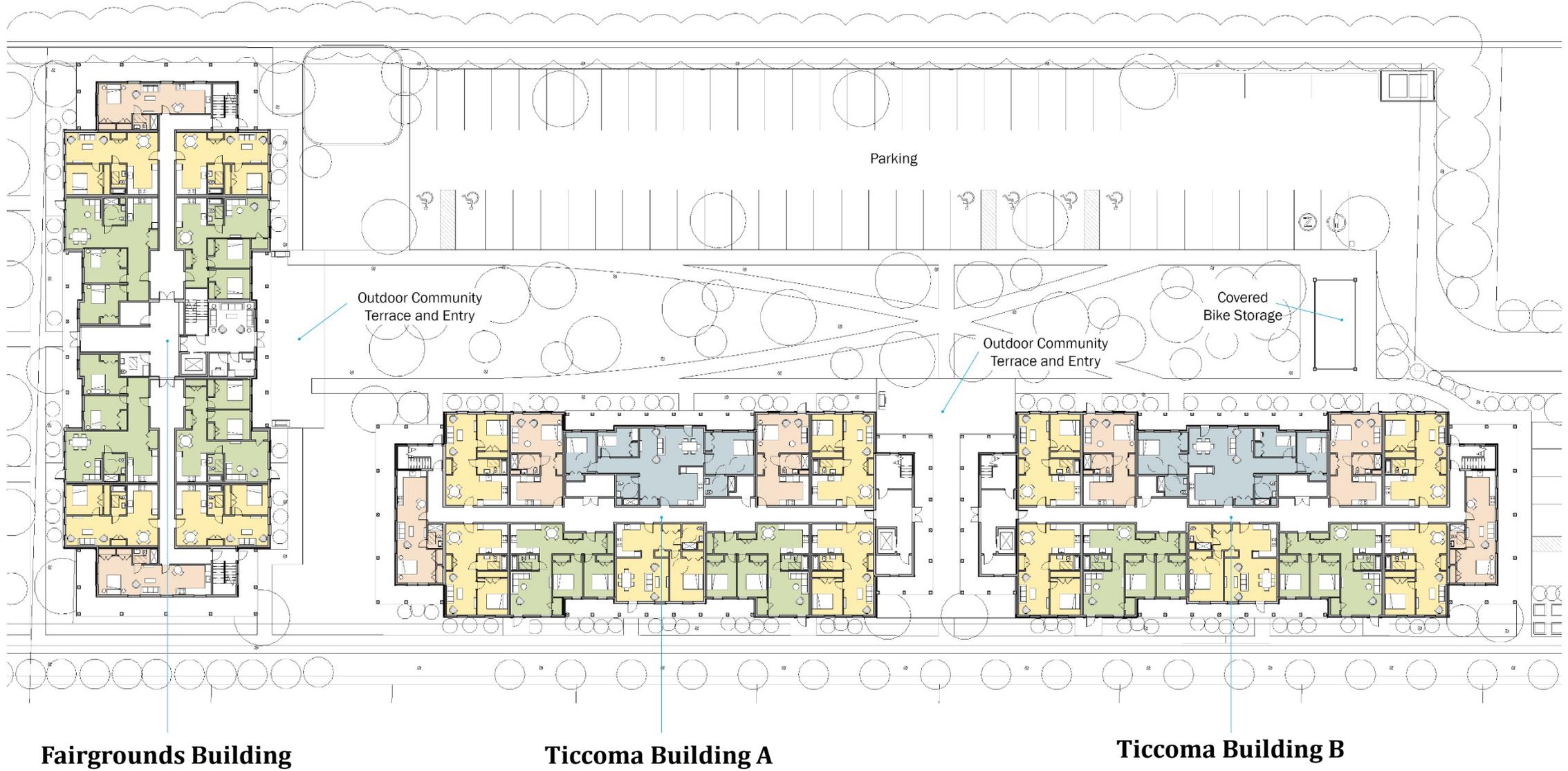
Proposed Scheme

Rendering:



Proposed Scheme

First Floor Plan



Fairgrounds Building

Ticcoma Building A

Ticcoma Building B

Unit Types



UNIT TYPE 0A 500 SF
 Location: Fairgrounds and Ticcoma Way
 Floor: Second and Third Floor
 Qty: 8



UNIT TYPE 1A 618 SF
 Location: Fairgrounds and Ticcoma Way
 Floor: First Floor
 Qty: 12



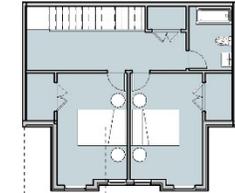
UNIT TYPE 2A 865 SF
 Location: Fairgrounds and Ticcoma Way
 Floor: First and Second Floor
 Qty: 12



UNIT TYPE 2C 1,225 SF
 Location: Ticcoma Way
 Floor: Second and Third Floor
 Qty: 6



UNIT TYPE 3A 1,525 SF
 Location: Fairgrounds and Ticcoma Way
 Floor: Second and Third Floor
 Qty: 6



UNIT TYPE 3B 1,388 SF
 Location: Ticcoma Way
 Floor: Second and Third Floor
 Qty: 4

ACCESSIBLE STUDIO



UNIT TYPE 0B 512 SF
 Location: Ticcoma Way
 Floor: First Floor
 Qty: 4

STUDIO

ACCESSIBLE 1 BEDROOM



UNIT TYPE 1B 745 SF
 Location: Ticcoma Way
 Floor: First Floor
 Qty: 2

1 BEDROOM



UNIT TYPE 2B 1,105 SF
 Location: Fairgrounds and Ticcoma Way
 Floor: Second and Third Floor
 Qty: 6

2 BEDROOM

ACCESSIBLE 2 BEDROOM



UNIT TYPE 2D 975 SF
 Location: Fairgrounds
 Floor: First Floor
 Qty: 2

ACCESSIBLE 3 BEDROOM



UNIT TYPE 3C 1,278 SF
 Location: Ticcoma Way
 Floor: First Floor
 Qty: 2

3 BEDROOM

Proposed Scheme

Elevations: Ticcoma Building

TICCOMA BUILDING
EAST ELEVATION



TICCOMA BUILDING
WEST ELEVATION



Brick Mechanical
Chimney

Brick End Walls

TICCOMA BUILDING
NORTH ELEVATION



Rectangular Asphalt
Shingles of a Uniform
Dark Color

5" Exposed
White Cedar Shingles,
Naturally Weathered

TICCOMA BUILDING
SOUTH ELEVATION



TYPICAL

- White Widows
- White Trim
- White Gutters
- Gray-Blue Doors

Proposed Scheme

Elevations: Fairgrounds Building

FAIRGROUNDS BUILDING
NORTH ELEVATION



FAIRGROUNDS BUILDING
SOUTH ELEVATION



FAIRGROUNDS BUILDING
EAST ELEVATION



FAIRGROUNDS BUILDING
WEST ELEVATION



- TYPICAL**
- White Widows
 - White Trim
 - White Gutters
 - Gray-Blue Doors

Proposed Scheme

Rendering: View of Outdoor Community Space



Proposed Scheme

Rendering: View of Outdoor Community and Play Space (Day)



Figure 118. Porches are inviting transitions from the interior living space to the outdoors.

Proposed Scheme

Rendering: View Towards Entry and Ticcoma Buildings



Proposed Scheme

Rendering: View of Courtyard from Parking Entry



Proposed Scheme

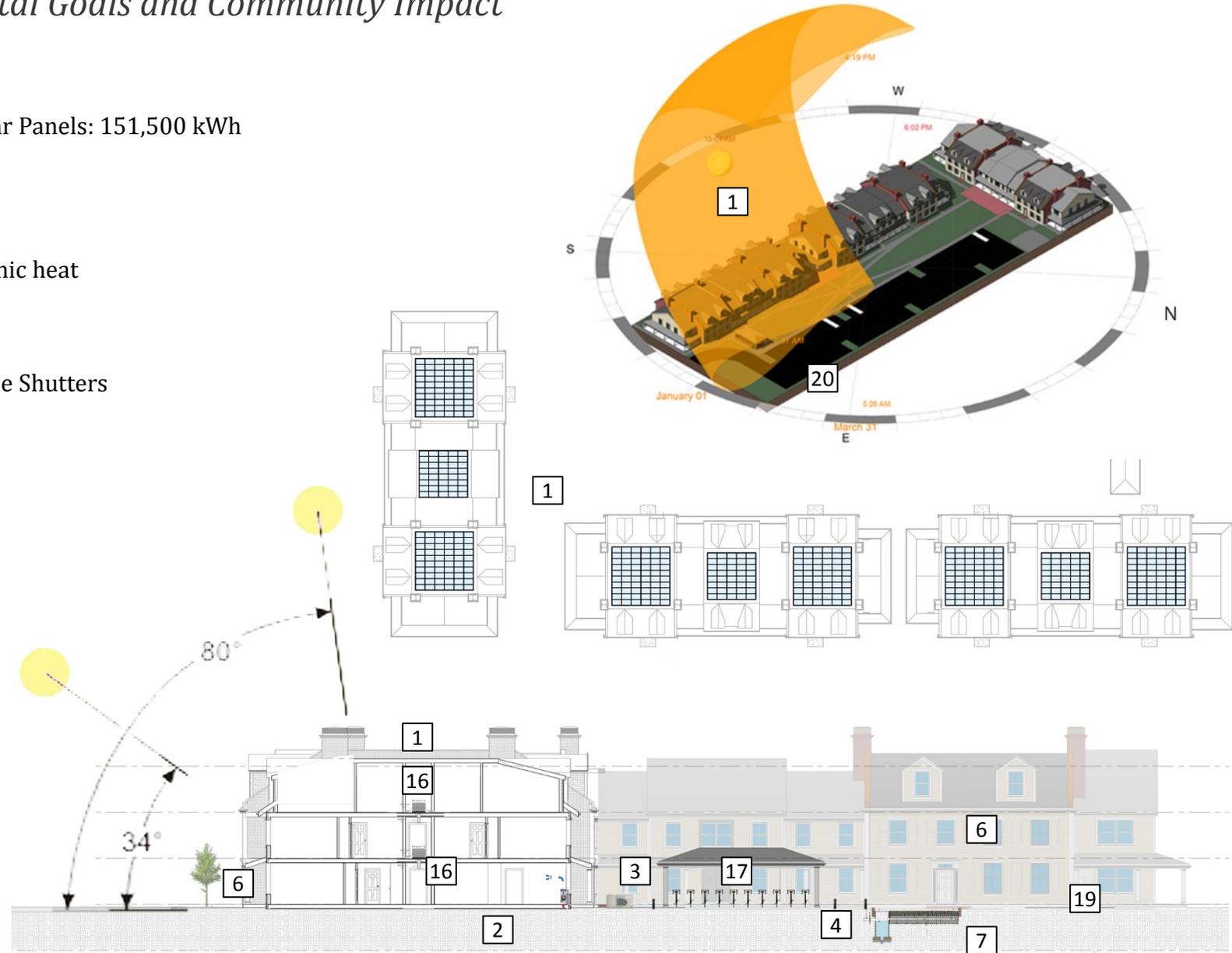
Rendering: View of Outdoor Community and Play Space (Night)



Proposed Design

Sustainable Design: Balancing Environmental Goals and Community Impact

1. \$250,000 allowance for Solar Panels if approved by HDC
 - Site potential is an estimated 3600 Sq. meters of Solar Panels: 151,500 kWh to 168,380 kWh Per Year
2. High Efficiency Exterior Insulation
 - R40-45 Roof, R30-35 Walls, R10 Below Slab
3. Mini-Split AC and Heating Units as well as gas-fired hydronic heat
4. Light Pollution Control by Ground Directed Lighting
5. Electric Car Charging Station
6. Passive Shading through Overhangs, Porches, and Operable Shutters
7. Storm Water Retention for Irrigation
8. FSC Certified Wood Products
9. LED Interior and Exterior Light Fixtures
10. Low Flow Plumbing Fixtures
11. High Efficiency Tank-less Hot Water
12. Programmable Thermostats and Motion Sensor Lights
13. 5 Star Energy Appliances
14. ERVs for Fresh air Ventilation in Units and Common Areas
15. Bike Storage, Access to Public Transportation, and Access to Local Bike Path Reduce the Need for Cars
16. Recycling Stations Located on Each Floor
17. Porous Parking And Site Path Coverings
18. High Performance Double Pane U=0.25 Windows
19. Enough Points to be LEED Gold Certified
20. Rain Garden at North Side



Williams Building Co. and the Development Team

Anticipated Sustainable Features:

- Cape based and started in 2001
- Experience working on the Islands
- Experience working with LDa & MCLA
- Experience with 700+ units of affordable, workforce & senior housing
- Methodology used in preparing our estimate of Hard Cost for both Site Development and Buildings are based upon past similar projects and experience
- Our Construction mythology (stick-built, panelized and or modular) will depend on labor and the final design. WBC is experienced and has used all 3 on Martha's Vineyard
- Addressing Construction Phasing Plan
- Estimated Construction time period for construction and site improvements is 44 weeks. They will be run concurrently.



WORKFORCE AFFORDABLE RENTAL HOUSING DEVELOPMENT

“Ticcoma Green”

Public Presentation: June 21, 2017

Question & Answer Period

HK HallKeen Management



Challenges and Risk Factors

Project Execution:

To execute the project successfully we are ready to address immediate and long term challenges such as:

- 1) finalizing the design in a way that maximizes the workforce housing benefits for the Town while creating an attractive, Nantucket community;
- 2) complete the project on time and within budget;
- 3) secure 9% credits in in a timely manner and
- 4) maintaining the same high standards in year 15 as are maintained in year 1.

Risk Factors:

Potential risk factors that could increase costs are similar to those in other development projects. These include any material changes in raw materials, prevailing wage rate, any new scope that becomes mandatory as part of the final permitting, any material delay in construction and soft cost factors such as unanticipated legal challenges or similar complications. Our \$27 million budget anticipates a reasonable amount of complication.

Funding:

HallKeen is confident that it will have a very competitive 9% application in for the February 2018 round. Though it is an extremely competitive environment and often takes more than one application before funding, a one-of-a-kind, high quality project like Ticcoma Green with the Town demonstrating material support by supplying the land should receive special consideration. While we are optimistic and extremely competitive, it would be unrealistic for HallKeen or any sponsor to guarantee the immediate availability of competitive subsidy resources.

Costs:

Projected costs include annual deposits into a capital improvement reserve of \$32,000 per year. This reserve, combined with an initial deposit of \$32,000 combined with a healthy repairs and preventative maintenance budget helps maintain high property standards, curb appeal and marketability. As part of the annual budgeting process, property managers are required to prepare 5-year maintenance look-ahead budgets for major capital items to assure larger capital needs can be met as they come due. This proactive capital planning and preventative maintenance combined with significant recapitalization and renovation events every 15 year intervals +/-will keep the property looking good and serving the community for generations.

Construction Assumptions

Planting Budget:

A budget for plantings of \$140,000 has been carried.

Construction Period:

We have allowed for a construction period of 15 months, though are expecting completion in as little as 10 months depending on when construction starts and coordination with utilities. Much of the site work and construction would progress concurrently. We would expect the first building to start vertical construction after about 1.5 months of site prep and foundation work.

High Performance Design:

Ticcoma Green will have high performance buildings built substantially in conformance with LEED GOLD standards. Related costs are based on Williams' experience building high performance multi-family properties on the Cape and Vineyard with some adjustments for the Ticcoma Green design. While the design is intended to be in conformance with LEED gold standard, we have not budgeted for any formal LEEDS certification process.

Business Plan and Developer Compensation

HallKeen has no near term or long term intent to sell Ticcoma Green. Tax Credit investments generally require about a 17 year hold period. Growing our management portfolio is a core business objective so our business model generally does not include selling properties. Similar to what we do today with expiring tax credit properties, in year 17 it is likely that HallKeen will seek to buy out its tax credit investor, retain control, refinance Ticcoma Green and take it through another renovation.

HallKeen has projected a total cash fee and overhead over the development period of about \$750,000 with the intent that about 1/3 get paid at closing, 1/3 over the construction and leasing period and 1/3 once the property is fully stabilized. The lenders and tax credit investors will often dictate the final payment schedule and hold back funds at any time there are anticipated material overruns or delays.

Equity/Debt:

In the event cost overruns cannot be covered by reserves, the cash portion of the fee will typically be used to cover the overrun. Additional overruns would be covered by Sponsor guarantees. In the event of savings, the cash portion of the fee might be increased, but depending on the circumstances DHCD often requires some amount to be returned to the State. HallKeen has never experienced an increase or decrease in affordability as a result of a change in development costs and does not expect any such change.

Revenues:

After stabilization, a projected \$7,500 per year will be paid to each of the GP and tax credit investor for asset management and additional amounts will be paid 90% to the developer and 10% to the tax credit investor. Projected combined stabilized payments to the sponsor party are \$142,500 per year which will first be used to pay down the portion of the developer fee loaned to the project. MassHousing will likely limit distributions to 10% of equity.

Management Assumptions

Household Size:

We have assumed rents will be set based on 1.5 persons per household regardless of actual household size.

Municipal Employees:

HallKeen has recently and successfully managed DHCD local preferences and/or municipal preferences at Tenney Place in Haverhill and Village Green in Hyannis. Tenney Place had over 150 applicants for 40 local and municipal preference units. 18 units were filled under the preferences. Village Green had over 169 applicants for 42 local and municipal preference units. 19 were filled under the preferences.

In some cases, there was acute demand for certain unit types and low demand for other unit types so once the high demand units were taken, people in the lottery that only wanted those units dropped out. A material number of applicants were also disqualified because of background checks or credit. While a 50% lottery fill rate is a reasonable result, because Ticcoma Green will offer a broader mix of unit types and affordability tiers, we would expect the demand from qualified residents and municipal employees to be materially higher in Nantucket and would expect to fill all preference slots through the lottery.

Parking:

We have 68 parking spaces including 8 HC spaces. We expect to manage parking through a one-apartment one-sticker program with no assigned spaces and a lottery or waitlist for surplus spaces, if consistently and fairly enforced, families will manage their transportation needs and conflicts can be minimized. The combination of public transportation, adjacent bike path and ride sharing should be sufficient to address surplus demand. Management can also maintain a ride-share bulletin board in the main office and technology based ride sharing solutions can also be used to help make the best use of car trips running from the property to common destinations.

Pet Policy:

Pet policies vary by community. Typical fees are \$25-\$50 per pet per month to help defray the cost of wear and tear and we would expect a similar policy would be implemented at Ticcoma Green. In many cases there are breed and weight restrictions for pets depending on the insurance carrier. All pets must be registered with management, all immunization records and licenses must be submitted and in no cases are pets with bite or aggressiveness histories allowed. Management retains the right to remove any pet deemed to be dangerous or disruptive to other residents.

WORKFORCE AFFORDABLE RENTAL HOUSING DEVELOPMENT

“Ticcoma Green”

Public Presentation: June 21, 2017



HK HallKeen Management

