DRAFT FOR INTERNAL DISCUSSION ONLY

FULTON ELLIOTT-CHELSEA REDEVELOPMENT

Financing Overview

Presentation to CB4 and Elected Officials

10/28/24

Agenda

- FEC Project Overview and Timing
- FEC Master Development Agreement
- FEC Financing Sources
- Variables
- FEC Financing Scenarios for Phase 1
- FEC Phase 2+

FEC Project Overview and Timing

	# Bldgs	GSF	Units	Approx. Cost	Approx. Duration Start	Approx. Duration Finish
Replacement Project						
Phase 1	2	750,000	656	$700M	2025	2028
Phase 2*	4	1,150,000	1,400	$1.2B	2029	2031
Total	6	1,900,000	2,056	$1.9B		
Mixed Income Project*	8	2,900,000	3,400			

*Assumes ULURP as planned. With As of Right zoning the Replacement Project would be in 3 phases, more buildings and longer duration (as the buildings would be smaller) and Mixed Income Project would be smaller with approxiamtely 1800 units.

FEC Master Development Agreement

Given the duration of the overall project, and the inherent unknowns, the MDA is structured as a road map with the following pillars:

1

Resident rights (including a new home) and increased quality of life while they wait for their new homes

2

Prioritize the 2,056 new Replacement homes

3

Plan flexibility, alignment of interest, and financial levers to ensure that ALL of the Replacement Buildings can be financed and will be completed *(without relying on City capital subsidies)*

4

No demolition until applicable new Replacement Building construction is guaranteed

5

Upon completion of Replacement Buildings, provide much needed additional mixed income housing for NYC

FEC Financing Sources

<u>Sources of Financing:</u>

1) **Tax Exempt Bond Debt**

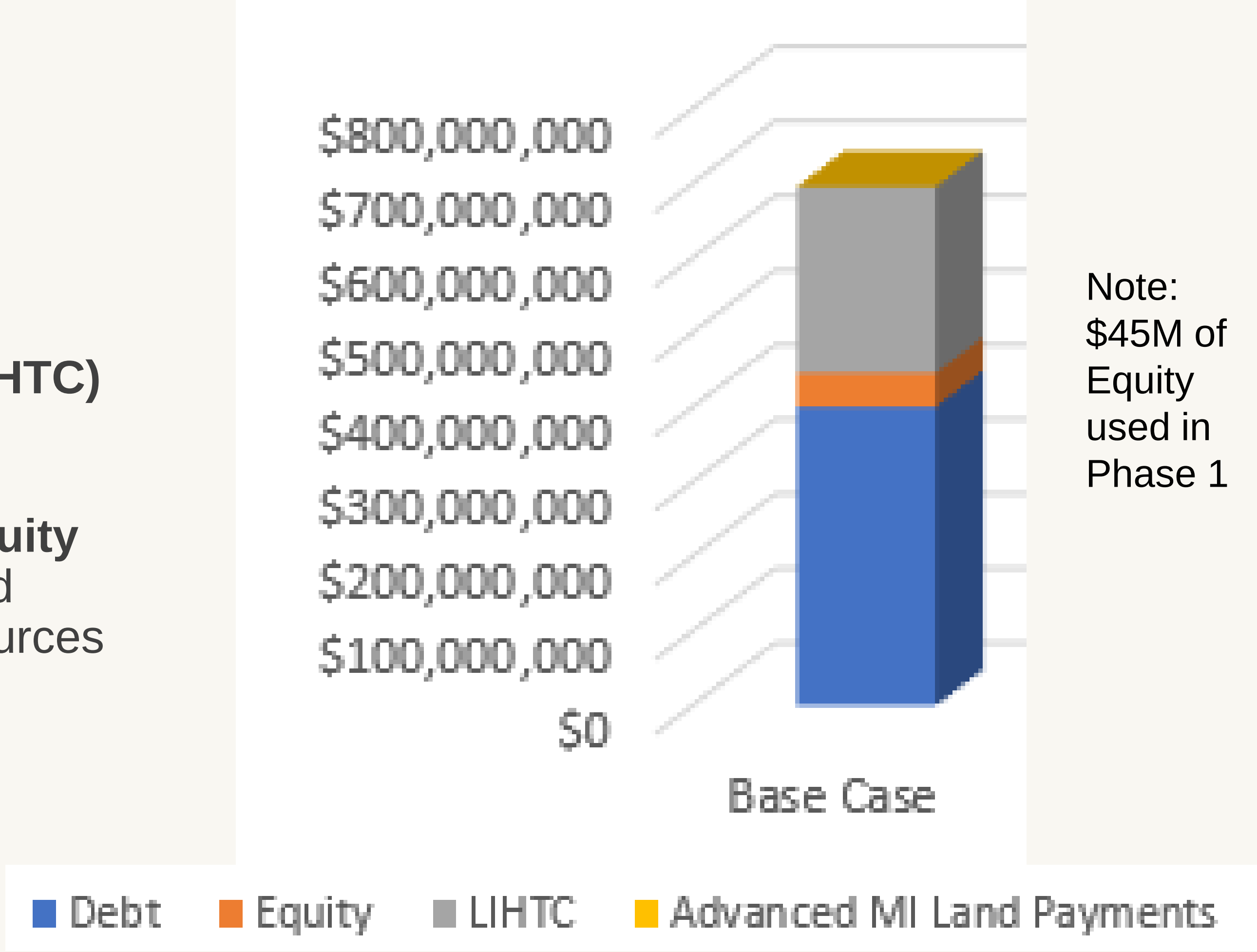
2) **Conventional Debt**

3) **Equity ($63.4M for Replacement Project)**

4) **Low Income Housing Tax Credit equity (LIHTC) generated by Tax Exempt Bonds.**

5) **Advance MI Land Payments (additional equity supported by Mixed Income Project).** Used as/if necessary to fill financing gap if other sources are not sufficient.

FEC Phase 1 Sources
Base Case Scenario
No MI subsidy required



Note: $45M of Equity used in Phase 1

Variables

Main Variables that Drive Sources	**Primary Affect**
1) **HUD Rents** →	**Debt Amount** (debt must be serviced by Net Operating Income so lower revenue means less debt can be serviced)
2) **Allocation of Tax Exempt Bonds** →	**LIHTC Equity** (fewer TE Bonds means less LIHTC)
3) **Construction Cost** →	**Total Sources required** (increased budget means more financing sources are required)

FEC Financing Scenarios for Phase 1

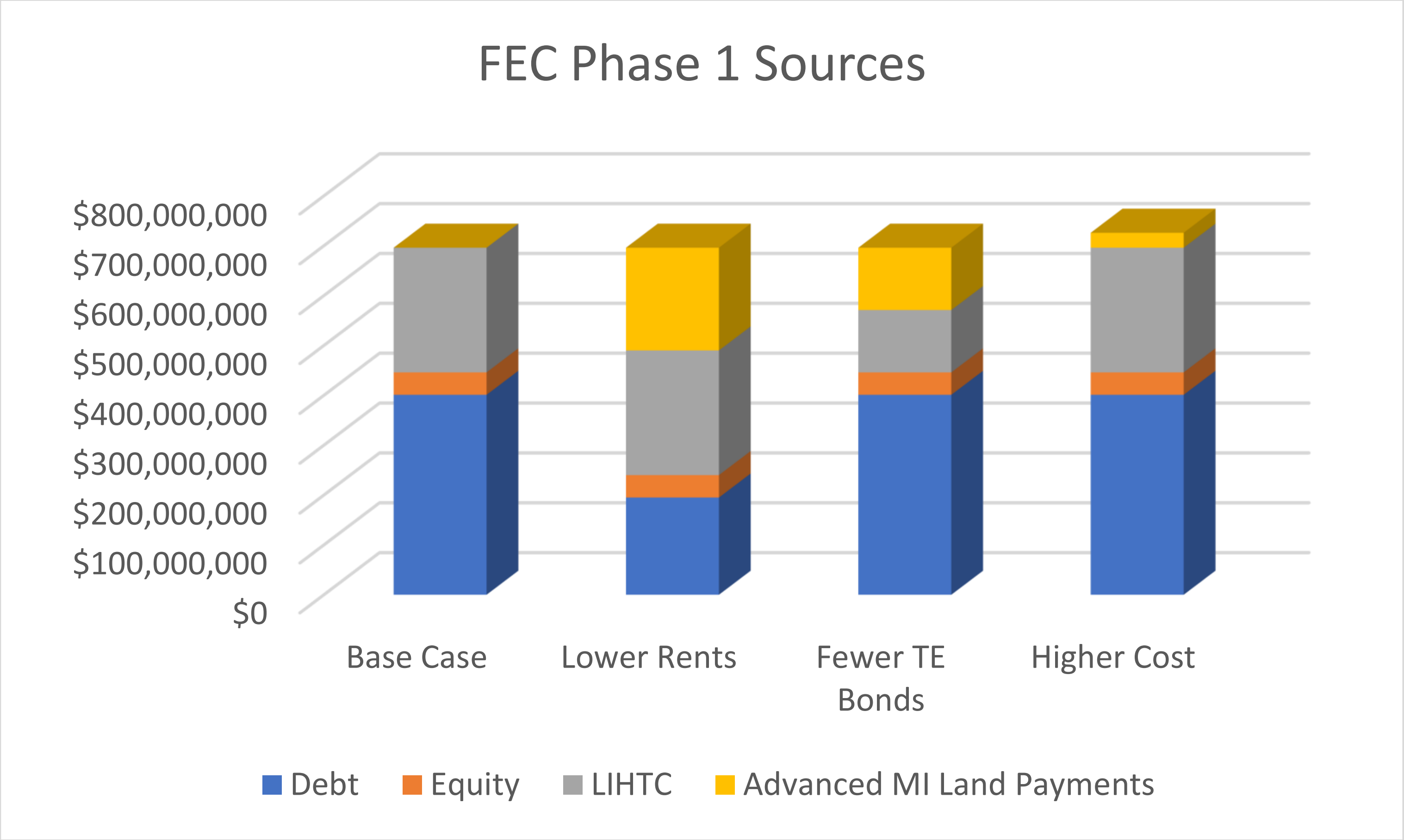
Base Case: Rents, LIHTC, and Costs are such that MI subsidy is not needed

ALT 1: Lower HUD Rents

ALT 2: Lower Tax Exempt Bonds Allocation (Less LIHTC)

ALT 3: Higher Construction Costs

Each Alternate Case requires MI Land Subsidy



FEC Replacement Phase 2+

After completion of Phase 1, financing will be arranged for (at least) four more Replacement Buildings. Anticipated financing need of $1.2B for these buildings. Remaining equity of $18.4M.

Thus, maximum flexibility and financial levers need to be kept available to ensure all Replacement Buildings can be financed and constructed.