



120 Ingell Street,
Taunton, MA 02780
508.821.9347

August 20, 2013

Ms. Josephine A. Ruthwicz
Secretary
Middleborough Community
Preservation Committee
8 Benton Street
Middleborough, MA 02346

RE: Shoe Shop Place

Dear Ms. Ruthwicz:

Per your request, the following is an update for the Shoe Shop Place project since the time that it was approved at the Town meeting.

On August 2, 2013 we submitted our application to the Department of Housing and Community Development (DHCD) for the balance of the funding that is necessary to complete the rehabilitation.

Since our previous submission to DHCD in October 2012, the development team has been successful in obtaining additional financial commitments to reduce the request of funding from DHCD while addressing a reduction the amount of permanent financing in the amount of \$50,000 due to higher interest rates and increase in construction costs by \$169,766. **We have reduced our request by over \$68,000.** This current reduction is in addition to our previous reduction from the April 2011 to October 2012 of \$1,500,000. We were able to do this in the following manner.

- Received additional allocation of Massachusetts Historic Tax Credits in the amount of \$ 200,000 for a total of \$1,300,000.
- Received a higher yield from the investors for the Low Income Housing Tax Credits and State Historic Tax Credits.
- Received an award of \$40,000 from the Town of Middleborough of Community Preservations funds.

It is anticipated that DHCD will announce the awards in late October 2013 and will be in a position to **close within 90 days on all the financing** from the date of the award.

In addition, attached is the following information regarding Shoe Shop Place.

1. Updated Project Sources and Uses
2. Updated Project Schedule
3. Updated Rent Schedule

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "DEAN E. HARRISON", with a long horizontal flourish extending to the right.

Dean E. Harrison
Executive Director

LEONARD, SHAW & DEAN SHOE FACTORY/SHOE SHOP PLACE 24 UNITS
 CPC APPLICATION
 TOWN OF MIDDLEBOROUGH
 DEVELOPMENT PROFORMA - USES OF FUNDS
 NOVEMBER 1, 2012, UPDATED AUGUST 20, 2013

<u>USES</u>	<u>Project Total</u>	<u>CPA</u>	<u>OTHER</u>
<u>Acquisition</u>			
Land - Estimated Value	90,000		90,000
Carrying Cost	50,000		50,000
<u>Building - Residential</u>	<u>600,000</u>		<u>600,000</u>
Subtotal: Site Acquisition Expense	\$ 740,000		\$ 740,000
<u>Construction</u>			
Direct Construction - Residential	\$ 4,975,273	\$ 40,000	\$ 4,935,273
Number of Square Feet	29,510		
Cost per Square Foot	\$169		
Construction Contingency 10.00%	497,527	0	497,527
Subtotal: Construction Costs	\$ 5,472,800	\$ 40,000	\$ 5,432,800
<u>General Development Costs</u>			
Architect & Engineering (Site & Civil)	255,000		255,000
Permits & Surveys - ALTA Survey	240,000		240,000
Environmental Engineer/Site Investigation	25,000		25,000
Legal - Borrower	200,000		200,000
Title & Recording	60,000		60,000
Accounting & Cost Cert.	30,000		30,000
Marketing & Rent-up	70,000		70,000
Real Estate Taxes During Construction	25,000		25,000
Insurance - Property, Liability, Builder's Risk	75,000		75,000
Appraisal & Market Study	10,000		10,000
Construction Interest	150,000		150,000
Historic Preservation Consultant	25,000		25,000
Inspecting Engineer (Lender)	20,000		20,000
Fee: Construction Lender/Bridge Financing	50,000		50,000
Fee: DHCD	38,000		38,000
Capitalized Oper. & Debt Reserve	68,762		68,762
Other: Personal Property	45,000		45,000
Other: Rent-up Deficit	50,000		50,000
<u>Soft Cost Contingency</u>	<u>50,000</u>		<u>50,000</u>
Subtotal: General Development Costs	\$ 1,486,762		\$ 1,486,762
Subtotal: Acquisition, Construction & GDC	\$ 7,699,562	\$ 40,000	\$ 7,659,562
<u>Other Project Expenses</u>			
Development Consultant	75,000		75,000
Developer Profit	409,290		409,290
<u>Developer Overhead</u>	<u>409,290</u>		<u>409,290</u>
Subtotal: Developer's Proceeds	\$ 893,580		\$ 893,580
TOTAL DEVELOPMENT COSTS	\$ 8,593,142	\$ 40,000	\$ 8,553,142

LEONARD, SHAW & DEAN SHOE FACTORY/SHOE SHOP PLAI	24	UNITS
CPC APPLICATION		
DEVELOPMENT PROFORMA - SOURCES OF FUNDS		
NOVEMBER 1, 2012, UPDATED AUGUST 20, 2013		

<u>SOURCES OF CAPITAL</u>	<u>TOTAL</u> <u>Nov 2012</u>	<u>Updated</u> <u>Aug 2013</u>	<u>Funding</u> <u>Requested</u>	<u>Funding</u> <u>Secured</u>
Amortizing Debt				
MHP Fund	1,500,000	1,450,000	Yes	Yes
Subsidized Debt				
Local HOME (Greater Attleboro/Taunton HOME Consortium)	100,000	100,000	Yes	Yes
Local CPA Funds	40,000	40,000	Yes	No
<u>Affordable Housing Trust Fund</u>	<u>647,550</u>	<u>585,644</u>	Yes	No
Subtotal - Subsidized Debt	<u>787,550</u>	<u>725,644</u>		
Developer's Funding				
Federal Low Income Housing Tax Credit	3,985,200	4,001,400	Yes	Yes
Massachusetts Historic Tax Credits	924,000	1,105,000	Yes	Yes
<u>Federal Historic Tax Credit</u>	<u>1,238,438</u>	<u>1,311,098</u>	Yes	Yes
Subtotal - Tax Credit Equity	<u>6,147,638</u>	<u>6,417,498</u>		
TOTAL SOURCES OF CAPITAL	8,435,188	8,593,142		

**LEONARD, SHAW & DEAN SHOE FACTORY/SHOE SHOP PLACE, MIDDLEBOROUGH, MA
PROJECT SCHEDULE/TIMELINE
AUGUST 20, 2013**

<u>Event</u>	<u>Date</u>	<u>Status</u>
Submission to Middleborough ZBA - Zoning Revisions	February 1, 2011	Completed
Submission to MHC/NPS - Part 1 HPCA	April 1, 2011	Completed
Submission to MHC/NPS - Part 2 HPCA	April 1, 2011	Completed
Submission to MHC Parts 1 and 2 MA Historic Rehab Tax Credit Application	April 1, 2011	Completed
Application to DHCD for Affordable Housing Funds	April 1, 2011	Completed
Execution of Construction Contract	April 1, 2011	Completed
Approval by Middleboro ZBA - Zoning Revisions	May 1, 2011	Completed
MHC approval of Part 1 HPCA	June 28, 2011	Completed
MHC approval of Part 2 HPCA	June 28, 2011	Completed
Certification of the project by Mass Rehabilitation Commission for application for Community Based Housing (CBH) funds	June 29, 2011	Completed
MHC Allocation of State Historic Rehab Tax Credits (\$300,000)	July 31, 2011	Completed
NPS approval of Part 1 HPCA	August 9, 2011	Completed
Re-application to MHC for MA Historic Rehab Tax Credits	August 31, 2011	Completed
Submission of Funding Application to DHCD	September 30, 2011	Completed
NPS request for changes and additional information re Part 2 HPCA	October 24, 2011	Completed
MHC Allocation of State Historic Rehab Tax Credits (\$400,000)	October 26, 2011	Completed
Submission of additional information to NPS	October 26, 2011	Completed
Submission of additional information to NPS	December 8, 2011	Completed
NPS conditional approval of Part 2 HPCA	January 13, 2012	Completed
Re-application to MHC for MA HRTC's	January 17, 2012	Completed
Submission of Funding Application to DHCD	February 10, 2012	Completed
MHC Allocation of State Historic Rehab Tax Credits (\$200,000)	March 8, 2012	Completed
Re-application to MHC for MA HRTC's	April 30, 2012	Completed
Application of Eligibility, Town of Middleborough, CPA	July 2, 2012	Completed
Submission of Funding Application to DHCD	October 15, 2012	Completed
MHC Allocation of State Historic Rehab Tax Credits	July 15, 2012	Completed
Application for Community Preservation Funding, Town of Middleborough	November 1, 2012	Completed
MHC Allocation of State Historic Rehab Tax Credits	November 13, 2012	Completed
Community Preservation Funding, Town Meeting, Town of Middleborough	April 30, 2013	Completed
Submission of Funding Application to DHCD	August 2, 2013	Completed
Funding from DHCD	October 30, 2013	Expected
Financial Closing / Start of Construction	February 1, 2014	Expected
Complete Construction	January 31, 2015	Expected

SHOE SHOP PLACE

UNIT SIZE

First Floor Unit	Unit #	Square Footage	Bedrooms	Unit Program	% of AMI	Gross Rent	Utility Allowance	Net Rent
	101	1,119	2	LIHTC	60%	\$1,128	\$51	\$1,077
	102	968	2	LIHTC	60%	\$1,128	\$51	\$1,077
	103	1105	2	LIHTC	60%	\$1,128	\$51	\$1,077
	104	769	1 HP	LIHTC	60%	\$939	\$42	\$897
	105	1,084	2 HP	MRVP	30%	\$1,122	\$51	\$1,071
	106	1,431	3 HP	MRVP	30%	\$1,432	\$65	\$1,367
	107	1,006	2	LIHTC	60%	\$1,128	\$51	\$1,077
	108	864	2	LIHTC	60%	\$1,128	\$51	\$1,077

Second Floor Unit

Second Floor Unit	Unit #	Square Footage	Bedrooms	Unit Program	% of AMI	Gross Rent	Utility Allowance	Net Rent
	201	1,100	2	LIHTC	60%	\$1,128	\$51	\$1,077
	202	956	2	MRVP	30%	\$1,122	\$51	\$1,071
	203	1105	2	LIHTC	60%	\$1,128	\$51	\$1,077
	204	748	1	LIHTC	60%	\$939	\$42	\$897
	205	750	2 TH	LIHTC	60%	\$1,128	\$51	\$1,077
	206	740	1	LIHTC	60%	\$939	\$42	\$897
	207	1,431	3	LIHTC	60%	\$1,302	\$65	\$1,237
	208	1,006	2	LIHTC	60%	\$1,128	\$51	\$1,077
	209	864	2	LIHTC	60%	\$1,128	\$51	\$1,077

Third Floor Unit

Third Floor Unit	Unit #	Square Footage	Bedrooms	Unit Program	% of AMI	Gross Rent	Utility Allowance	Net Rent
	301	865	2	LIHTC	60%	\$1,128	\$51	\$1,077
	302	938	2	MRVP	30%	\$1,122	\$51	\$1,071
	304	766	1	LIHTC	60%	\$939	\$42	\$897
	205	404	TH	LIHTC	60%	See 205	See 205	See 205
	305	1,084	2	LIHTC	60%	\$1,128	\$51	\$1,077
	306	1,431	3	LIHTC	60%	\$1,302	\$65	\$1,237
	307	1,006	2	LIHTC	60%	\$1,128	\$51	\$1,077
	308	864	2	MRVP	30%	\$1,122	\$51	\$1,071

SHOE SHOP PLACE - PROGRAM RENT LESS UTILITIES

Size of Unit	Rental Rates		Section 8 Program	
	30% Rents	60% Rents	Section 8 FMR	Section 8 FMR +10%
One Bedroom	\$428	\$897	\$817	\$903
Two Bedroom	\$512	\$1,077	\$1,071	\$1,183
Three Bedroom	\$586	\$1,237	\$1,367	\$1,510

MAXIMUM RENTAL RATES - AFFORDABLE HOUSING PROGRAMS

Size of Unit	Other Rent Rates		Section 8 Program	
	30% Rents	60% Rents	Section 8 FMR	Section 8 FMR +10%
One Bedroom	\$470	\$939	\$859	\$945
Two Bedroom	\$563	\$1,128	\$1,122	\$1,234
Three Bedroom	\$651	\$1,302	\$1,432	\$1,575
MHP 2013 Rental Chart HUD 2013 (8/3/12)				

UTILITY ALLOWANCES

= THIS PROJECT

Type of Unit	Electric Cooking	Gas Cooking	Personal Electricity	Gas Water Heat	Gas Space Heat	Gas Charge	Refr	Range	This Project TOTAL
One Bedroom	\$10	\$8	\$32	\$24	\$52	\$9	\$10	\$10	\$42
Two Bedroom	\$13	\$9	\$38	\$30	\$68	\$9	\$13	\$10	\$51
Three Bedroom	\$18	\$11	\$47	\$38	\$82	\$9	\$13	\$10	\$65

Source: South Shore Housing Development Corp. 12/1/2012

Multi Family

MHP
2013 INCOME LIMITS FOR AFFORDABLE UNITS

At least 20% of the units in an MHP-financed project must be affordable to households earning no more than 50% of the area median income, or at least 40% of the units must be affordable to households earning no more than 60% of the area median income, or at least 50% of the units must be affordable to households earning no more than 80% of the area median income. Alternatively, at least 25% of the units in each project must be rented to households earning less than 80% of the median area income, provided that the maximum allowable restricted rents are at least 10% below comparable market rents. The MHP requires that tenants in affordable units meet income-eligibility guidelines, and also requires that the rents for the affordable units not exceed the Maximum Allowable Rents published annually by the MHP.

"TC" refers to Multifamily Tax Subsidy Income Limits and are to be used for projects funded with tax credits. Please contact the MHP for more information about determining the income-eligibility of tenants. Here are the current income requirements for new tenants in affordable units:

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
<u>Area Median Income</u>								
(AMI)								
Barnstable Town, MA	17,200	19,650	22,100	24,550	26,550	28,500	30,450	32,450
30% AMI	28,700	32,800	36,900	40,950	44,250	47,550	50,800	54,100
50% AMI	28,700	32,800	36,900	40,950	44,250	47,550	50,800	54,100
TC 50% AMI	34,440	39,360	44,280	49,140	53,100	57,060	60,960	64,920
60% AMI	34,400	39,360	44,280	49,140	53,100	57,060	60,960	64,920
TC 60% AMI	45,400	51,550	58,000	64,400	69,600	74,750	79,900	85,050
80% AMI	63,140	72,160	81,180	90,090	97,350	104,610	111,760	119,020
110% AMI								
Boston-Cambridge-Quincy, MA	19,850	22,650	25,500	28,300	30,600	32,850	35,100	37,400
30% AMI	33,050	37,800	42,500	47,200	51,000	54,800	58,550	62,350
50% AMI	33,050	37,800	42,500	47,200	51,000	54,800	58,550	62,350
TC 50% AMI	39,660	45,360	51,000	56,640	61,200	65,760	70,260	74,820
60% AMI	39,660	45,360	51,000	56,640	61,200	65,760	70,260	74,820
TC 60% AMI	47,150	53,900	60,650	67,350	72,750	78,150	83,550	88,950
80% AMI	72,710	83,160	93,500	103,840	112,200	120,560	128,810	137,170
110% AMI								
Brockton, MA	17,550	20,050	22,550	25,050	27,100	29,100	31,100	33,100
30% AMI	29,250	33,400	37,600	41,750	45,100	48,450	51,800	55,150
50% AMI	29,250	33,400	37,600	41,750	45,100	48,450	51,800	55,150
TC 50% AMI	35,100	40,080	45,120	50,100	54,120	58,140	62,160	66,180
60% AMI	35,100	40,080	45,120	50,100	54,120	58,140	62,160	66,180
TC 60% AMI	45,100	51,550	58,000	64,400	69,600	74,750	79,900	85,050
80% AMI	64,350	73,480	82,720	91,850	99,220	106,590	113,960	121,330
110% AMI								

*SHOP
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MHP
2013 MAXIMUM ALLOWABLE RENTS FOR AFFORDABLE HOUSING UNITS

At least 20% of the units in an MHP-financed project must be affordable to households earning no more than 50% of the area median income, or at least 40% of the units must be affordable to households earning no more than 60% of the area median income, or at least 50% of the units must be affordable to households earning no more than 80% of the area median income. Alternatively, at least 25% of the units in each project must be rented to households earning less than 80% of the median area income, provided that the maximum allowable restricted rents are at least 10% below comparable market rents. The MHP requires that tenants in affordable units meet income-eligibility guidelines, and also requires that the rents for the affordable units not exceed the Maximum Allowable Rents published annually by the MHP. These rents assume that the landlord pays all utilities; an allowance for any utilities paid by tenants must be deducted from these rents. Utility allowances are available from the local housing authority or by calling the MHP. "TC" refers to Maximum Allowable Rents under the Tax Credit Program. Here are the current Maximum Allowable Rents for the affordable units in all MHP-financed projects:

	# Bedrooms	SRO	Studio	1BR	2BR	3BR	4BR
Barnstable Town, MA	30% RENT	322	430	460	552	638	712
	50% RENT	537	717	768	922	1,065	1,188
	TC 50% RENT	717	717	768	922	1,065	1,188
	60% RENT	645	861	922	1,107	1,278	1,426
	TC 60% RENT	860	860	922	1,107	1,278	1,426
	80% RENT	851	1,135	1,211	1,450	1,675	1,868
	110% RENT	1,183	1,578	1,691	2,029	2,343	2,615
Boston-Cambridge-Quincy, MA	30% RENT	372	496	531	637	736	821
	50% RENT	619	826	885	1,062	1,227	1,370
	TC 50% RENT	826	826	885	1,062	1,227	1,370
	60% RENT	743	991	1,062	1,275	1,473	1,644
	TC 60% RENT	991	991	1,062	1,275	1,473	1,644
	80% RENT	883	1,178	1,263	1,516	1,751	1,953
	110% RENT	1,362	1,817	1,948	2,337	2,700	3,014
Brookton, MA	30% RENT	328	438	470	563	651	727
	50% RENT	548	731	783	940	1,085	1,211
	TC 50% RENT	731	731	783	940	1,085	1,211
	60% RENT	657	877	939	1,128	1,302	1,453
	TC 60% RENT	877	877	939	1,128	1,302	1,453
	80% RENT	845	1,127	1,208	1,450	1,675	1,868
	110% RENT	1,206	1,608	1,722	2,068	2,388	2,664
Lawrence, MA	30% RENT	335	447	479	575	664	741
	50% RENT	558	745	798	957	1,106	1,235
	TC 50% RENT	745	745	798	957	1,106	1,235
	60% RENT	670	894	957	1,149	1,328	1,482
	TC 60% RENT	894	894	957	1,149	1,328	1,482
	80% RENT	845	1,127	1,208	1,450	1,675	1,868
	110% RENT	1,229	1,639	1,755	2,106	2,435	2,717

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