



REAL ESTATE EQUITIES

Planned Unit Development Application

Lauderdale, MN

Description of Partnership

Real Estate Equities is a full-service real estate firm based in the Twin Cities with a primary focus on multifamily real estate investments. The company was founded by Terry Troy and Bob Bisanz in 1972 with a vision of providing quality rental housing and ownership opportunities that improve communities and provide strong economic returns for their investors. We have been the developer and managing partner in more than 70 projects in excess of 10,000 housing units with projects spanning from Minnesota, Wisconsin, Ohio, Missouri, South Dakota as well as Indiana.

Today, our real estate portfolio consists of approximately 3,600 housing units that range from artist lofts, luxury apartments, traditional apartments, affordable apartments, senior (affordable) apartments, as well as our luxury home portfolio that spans globally. Currently we have a regional portfolio with properties located in Minnesota, Wisconsin and Indiana. Real Estate Equities funds their investments with their own equity as well as numerous relationships with institutional and individual investors.

Real Estate Equities Management, LLC has experience in all facets of property management including: Marketing and Lease-up of new and renovated product; Financial Reporting and Controls including exceptional Compliance Administration and Reporting; Resident Relations and Communication programs; Plant Operations including maintenance, housekeeping and repairs; Safety, Security and Emergency Planning; Management of Major Capital Improvement Projects and Restoration of property after fire/water/wind damage; and, management of small scale Commercial Space.

Narrative of Project

The site in Lauderdale is located at 1795 Eustis Street. The parcel is a 1.69 acre site that is well positioned for multifamily with its visibility to downtown Minneapolis, as well as, easy access to two major arteries in the state of Minnesota, such as Highway 94 & Highway 280. The proposed project will consist of 114 senior affordable housing units consisting of both one and two-bedroom units. Within the City of Lauderdale, Dougherty Mortgage projects a demand of 1,414 affordable housing units needed in the area by 2019. With this pent-up demand and a vacancy rate of 4.8% Dougherty Mortgage reports that the City of Lauderdale and surrounding Saint Paul areas have notable shortfalls of affordable senior housing units. The proposed use of the project is senior housing, in which the target market will be hard working senior citizens residing within and outside of the city of Lauderdale. Escalating rent levels throughout the Twin Cities continues to force hard working Minnesotan seniors into less desirable and lower quality housing options which in turn pushes the demand for this housing need in the City of Lauderdale.

The proposed project will offer housing units at 50-60% of the area median income which will provide a 20-30% savings to tenants in comparison to other new market rate properties in the Lauderdale area. Additionally, the tenants will have access to several high-quality amenities that include a community room with outdoor patio, fire pit, fitness center, and underground parking. With these savings, amenities, and new landscaping providing connections to the surrounding community this housing project is a \$25,000,000 investment that the City of Lauderdale and its residents can be proud of.

These apartments will be affordable to persons at or below 60% of the area median income (AMI), through income averaging (i.e. some affordable at 50% of AMI and below, majority at 60% of AMI and below and some at 70% of AMI and below). In addition, the rent that can be charged for the units is restricted as well. Below are the 2018 income and rent limits (2019 data not yet available):

Income Limit By Household Size			Rent Limit by Unit Size		
Income/Rent Limit	1 Person	2 Person	Studio Rent	1Bdrm Rent	2Bdrm Rent
50% AMI	\$33,050	\$37,750	\$826	\$885	\$1,061
60% AMI	\$39,660	\$45,300	\$991	\$1,062	\$1,273
70% AMI	\$46,270	\$52,850	\$1,156	\$1,239	\$1,485

Application Overview

Real Estate Equities is submitting the Planned Unit Development (PUD) or Planned Unit Development Conservation application to apply for the rezoning of the property 1795 Eustis Street, Lauderdale, MN. In the later parts of this process Real Estate Equities will apply for CUP, the vacation of the alley exiting to Malvern Street, and final PUD approval. City staff will provide residents with the appropriate schedule for public hearings that will be held for both the consideration of the vacation of the alley ROW, as well as, the consideration of the PUD Development Stage Application.

Rent Structure:

Unit Type	Set Aside	SF	Gross Rent	Utility Allowance	Net Rent
1 Bed/1 Bath	70%	779	\$1,239	\$78	\$1,161
1 Bed/1 Bath	50%	779	\$885	\$78	\$807
1 Bed/1 Bath	60%	779	\$1,062	\$78	\$984
2 Bed/2 Bath	50%	900	\$1,061	\$95	\$966
2 Bed/2 Bath	70%	1,238	\$1,485	\$95	\$1,390

- Residents can also pay \$75 for parking stalls as well as an additional \$15 for storage.

Project Summary:

- Completed survey/title review. Continued meetings with staff to identify overall project timelines.
- Updated project design/renderings
- Discussing terms with lenders and investors and ready to execute with them once we get approval on TIF to move forward with term sheets.
- Have met with City Engineer to discuss road construction and timeline.
- Traffic Study completed; shows no traffic or parking issues with development.

Project Highlights/Amenities:

Unit Finishes/Amenities: In Unit washer/dryer, solid surface countertops, 9 ft ceilings, full stainless-steel appliance package, low-flow fixtures/LED lighting, High Efficiency HVAC.

Building Amenities: Full on-site management team, secure entrance with Luxor package storage system, community room, rooftop patio, fitness center, office/conference room, underground parking.

Exterior Materials: Masonry, Energy Star Windows, Concrete Fiber Board, Wood Look CFB, Metal Panel Accents.

Project Demand:

- Marquette Advisors Report projects 1,414 additional affordable housing units needed by 2020 in Minneapolis/St. Paul submarket.
- Vacancy rate in Lauderdale is 4.8%.
- Market research indicates that Lauderdale and surrounding Saint Paul areas have notable production shortfalls of affordable senior housing units.

Parking Data:

- West Saint Paul Development (The Winslow)
 - Price: \$65.00
- Dominion Senior Property (The Legends at Silver Lake)
 - Price: \$80.00
- Dominion Senior Property (The Legends of Columbia Heights)
 - Price: \$75.00

Project Investment:

- TIF Request \$1,480,870
- First Mortgage: \$12,868,985
- Tax Credit Equity \$8,882,866
- Total Development Cost \$25,640,249

Development Team

Officers/Shareholders/Partners

- 1) William Bisanz
- 2) Terry Troy
- 3) Bob Bisanz
- 4) Alex Bisanz
- 5) Patrick Ostrom

Project Contact Information

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Development Plan

The table below identifies the key milestones dates and duration associated with each key stage of the development plan.

Real Estate Equities - Lauderdale Senior Housing Timeline		
<u>Milestone</u>		<u>Date Complete</u>
City Council Worksession		11/27/2018
Submit TIF Application		12/18/2018
Review Set to City Planner		1/9/2019
Ehlers / REE Underwrite TIF		1/10/2019
Neighborhood Meeting		3/19/2019
Entitlement Submittal		4/12/2019
Preliminary Bond Inducement Resolution Approval		4/23/2019
PUD Development Stage Review		5/14/2019
Public Hearing in Consideration of PUD Development Stage Application		5/14/2019
Design Development Completed		7/16/2019
PUD Final Approval		8/13/2019
Public Hearing to consider Alley ROW Vacation		8/13/2019
Approval of Rezoning		8/13/2019
Approval of Development Agreement		8/13/2019
TIF & Purchase Agreement Approval		8/13/2019
Construction Documents Completed		8/30/2019
Building Permit Application		9/15/2019
Finalize Underwriting		10/29/2019
Close		11/13/2019
Construction Start		12/1/2019

Comparable Senior Properties

Property	Type	Rate	Parking Occupancy	Stalls	Surface	Units	Ratio	# of 1BR	# of 2BR
The Legends at Silver Lake	Underground	\$ 80.00	88%	110	85	169	1.15	111	58
The Legends of Columbia Heights	Underground	\$ 75.00	90%	136	85	192	1.15		
The Cavanagh	Underground	\$ 80.00	82%	90	80	130	1.31	85	40
Cambric	Underground	\$ 75.00	92%	82	45	113	1.12	80	33
The Legends of Champlin	Underground	\$ 75.00	N/A	130	100	184	1.25		
The Legends of Cottage Grove	Underground	\$ 75.00	88%	129	83	185	1.15	70	78
The Legends of Spring Lake Park	Underground	\$ 80.00	27%	125		194	0.64		