# **DANISH VILLAGE**



### **REDWOOD**

Rochester Hills City Council PILOT Presentation March 18, 2024

### **WHO WE ARE**

Redwood is a mission-driven development organization focused on raising the standard of living for low-income seniors and families. We invest in people, properties, and neighborhoods to generate positive social impact that extends beyond project boundaries.

- Over \$2B of impact development and investment activities
- Focus on the preservation and rehabilitation of affordable senior, family and historically significant housing communities
- Team of passionate advocates of affordable housing with deep industry expertise
- Serve more than 50,000 residents throughout 15 states, including Michigan
- Success partnering with government agencies and non-profit organizations

### **COMMON GOALS**

- 1 Rochester Hills Housing Goals 2018 Master Plan
  - "Provide attractive, safe, quiet and well-maintained neighborhoods"
  - "Provide diversified range of housing for all ages to enable older residents to remain in the city"
- Oakland County Strategic Framework Goals 2023 Strategic Initiatives
  - "Improve affordability as measured by households spending >30% of income on housing"
- 3 The Mayors' Strategic Platform The Mayors' 2020 Vision: An American Breakthrough
  - "Make housing more affordable and address homelessness"
  - "Through low-income housing tax credits, inclusionary zoning, and developer incentives for mixed-use and affordable housing, mayors and local leaders are working in their communities to build thriving neighborhoods"

### PROJECT OVERVIEW

**Residents** Elderly-designated community providing housing for >150 residents

HAP Contract

All units are assisted by a project-based Section 8 Housing Assistance Payment ("HAP") contract

**Term** Plan to extend HAP contract for maximum allowable term of 20 years

Affordability Residents pay no more than 30% of household income on rent

**Condition** Approaching 20 years since major renovations and in need of investment/improvement

**Rehabilitation** Proposed comprehensive renovation consists of approximately \$7M in improvements/upgrades

Resident Impact 100% of low-income residents anticipated to remain in place through acquisition and rehabilitation

**Community Impact** Enhanced resident services and wellness programming limits draw on community resources

### PROPOSED RENOVATION

- Local partners include G. Fisher Construction Company (contractor) and Schneider and Smith (architect)
- Comprehensive unit upgrades, including new kitchen cabinets, countertops, stainless steel appliances, built in microwaves, vanities, fixtures, flooring, and lighting
- System improvements, including electrical panels, HVAC, domestic water/water conservation system, and generator
- Meaningful upgrades to the community amenities, including kitchen, library, offices, game room, laundry room, craft room, and salon
- Upgrades to envelope and site, including roof terrace, grounds, outdoor courtyard, barbeque area, outdoor gaming area, and lighting
- Accessibility upgrades throughout site exterior, common areas, and units



# REPRESENTATIVE WORK

#### **PRE-RENOVATION**







# REPRESENTATIVE WORK

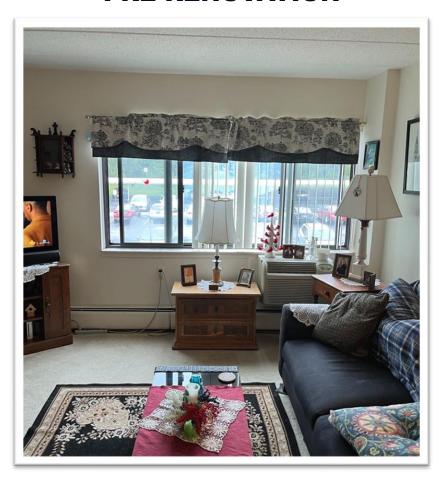
### **PRE-RENOVATION**

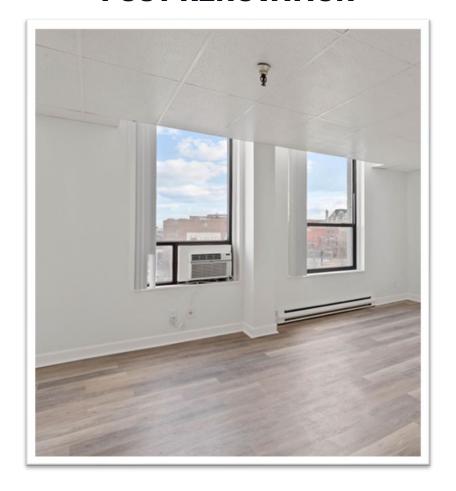




# REPRESENTATIVE WORK CONT.

### **PRE-RENOVATION**







# REPRESENTATIVE WORK CONT.

#### **PRE-RENOVATION**





### PILOT ELIGIBILITY

#### **CRITERIA**

#### **PROJECT ELIGIBILITY**

Owned by a limited dividend housing corporation



**DV Limited Dividend Housing Association** 



Financed by a federally or state aided mortgage or loan



Proposed loan considered federally aided due to underlying HAP contract



Occupied by low-income individuals or families



100% low-income occupancy



# **MEANINGFUL TAX REVENUE GROWTH**

- Total tax payment anticipated to increase nearly 3x on an annualized basis
- Total estimated tax revenue over 35-year term of \$6.1M

		_	Projections Projections																
			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	Year 16	Year 17
	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038	12/31/2039	12/31/2040
Service Charge Calculation																			
Gross Potential Rent			\$3,411,000	\$3,479,220	\$3,548,804	\$3,619,780	\$3,692,176	\$3,766,020	\$3,841,340	\$3,918,167	\$3,996,530	\$4,076,461	\$4,157,990	\$4,241,150	\$4,325,973	\$4,412,492	\$4,500,742	\$4,590,757	\$4,682,572
Vacancy (-)			(68,220)	(69,584)	(70,976)	(72,396)	(73,844)	(75,320)	(76,827)	(78,363)	(79,931)	(81,529)	(83,160)	(84,823)	(86,519)	(88,250)	(90,015)	(91,815)	(93,651)
Net Rent	1,315,178	1,307,887	3,342,780	3,409,636	3,477,828	3,547,385	3,618,333	3,690,699	3,764,513	3,839,803	3,916,600	3,994,932	4,074,830	4,156,327	4,239,453	4,324,242	4,410,727	4,498,942	4,588,921
Utilities (-)	(205,403)	(224,245)	(218,980)	(225,549)	(232,315)	(239,285)	(246,463)	(253,857)	(261,473)	(269,317)	(277,397)	(285,719)	(294,290)	(303,119)	(312,212)	(321,579)	(331,226)	(341,163)	(351,398)
Shelter Rent	1,109,775	1,083,642	3,123,800	3,184,087	3,245,513	3,308,100	3,371,869	3,436,842	3,503,040	3,570,486	3,639,203	3,709,213	3,780,540	3,853,208	3,927,241	4,002,664	4,079,501	4,157,779	4,237,523
% Low Income Tenancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Service Charge Shelter Rent	1,109,775	1,083,642	3,123,800	3,184,087	3,245,513	3,308,100	3,371,869	3,436,842	3,503,040	3,570,486	3,639,203	3,709,213	3,780,540	3,853,208	3,927,241	4,002,664	4,079,501	4,157,779	4,237,523
% Service Charge	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Service Charge	\$44,391	\$43,346	\$124,952	\$127,363	\$129,821	\$132,324	\$134,875	\$137,474	\$140,122	\$142,819	\$145,568	\$148,369	\$151,222	\$154,128	\$157,090	\$160,107	\$163,180	\$166,311	\$169,501
% Growth	1.49%	-2.35%	188.27%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%
	_									Projec	tions								
	-	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Project Year 26	tions Year 27	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33	Year 34	Year 35
	-	Year 18 12/31/2041	Year 19 12/31/2042	Year 20 12/31/2043	Year 21 12/31/2044	Year 22 12/31/2045	Year 23 12/31/2046	Year 24 12/31/2047	Year 25 12/31/2048			Year 28 12/31/2051	Year 29 12/31/2052	Year 30 12/31/2053	Year 31 12/31/2054	Year 32 12/31/2055	Year 33 12/31/2056	Year 34 12/31/2057	Year 35 12/31/2058
Service Charge Calculation	-									Year 26	Year 27								
Service Charge Calculation Gross Potential Rent										Year 26	Year 27								
		12/31/2041	12/31/2042	12/31/2043	12/31/2044	12/31/2045	12/31/2046	12/31/2047	12/31/2048	Year 26 12/31/2049	Year 27 12/31/2050	12/31/2051	12/31/2052	12/31/2053	12/31/2054	12/31/2055	12/31/2056	12/31/2057	12/31/2058
Gross Potential Rent		12/31/2041 \$4,776,223	12/31/2042 \$4,871,748	12/31/2043 \$4,969,183	12/31/2044 \$5,068,567	12/31/2045 \$5,169,938	12/31/2046 \$5,273,337	12/31/2047 \$5,378,803	12/31/2048 \$5,486,379	Year 26 12/31/2049 \$5,596,107	Year 27 12/31/2050 \$5,708,029	12/31/2051 \$5,822,190	12/31/2052 \$5,938,634	12/31/2053 \$6,057,406	12/31/2054 \$6,178,554	12/31/2055 \$6,302,125	12/31/2056 \$6,428,168	12/31/2057 \$6,556,731	\$6,687,866
Gross Potential Rent Vacancy (-)	-	\$4,776,223 (95,524)	\$4,871,748 (97,435)	\$4,969,183 (99,384)	\$5,068,567 (101,371)	\$5,169,938 (103,399)	\$5,273,337 (105,467)	\$5,378,803 (107,576)	\$5,486,379 (109,728)	Year 26 12/31/2049 \$5,596,107 (111,922)	Year 27 12/31/2050 \$5,708,029 (114,161)	\$5,822,190 (116,444)	\$5,938,634 (118,773)	\$6,057,406 (121,148)	\$6,178,554 (123,571)	\$6,302,125 (126,043)	\$6,428,168 (128,563)	\$6,556,731 (131,135)	\$6,687,866 (133,757)
Gross Potential Rent Vacancy (-) Net Rent	-	\$4,776,223 (95,524) 4,680,699	\$4,871,748 (97,435) 4,774,313	\$4,969,183 (99,384) 4,869,799	\$5,068,567 (101,371) 4,967,195	\$5,169,938 (103,399) 5,066,539	\$5,273,337 (105,467) 5,167,870	\$5,378,803 (107,576) 5,271,227	\$5,486,379 (109,728) 5,376,652	Year 26 12/31/2049 \$5,596,107 (111,922) 5,484,185	Year 27 12/31/2050 \$5,708,029 (114,161) 5,593,869	\$5,822,190 (116,444) 5,705,746	\$5,938,634 (118,773) 5,819,861	\$6,057,406 (121,148) 5,936,258	\$6,178,554 (123,571) 6,054,983	\$6,302,125 (126,043) 6,176,083	\$6,428,168 (128,563) 6,299,605	\$6,556,731 (131,135) 6,425,597	\$6,687,866 (133,757) 6,554,109
Gross Potential Rent Vacancy (-) Net Rent Utilities (-)		\$4,776,223 (95,524) 4,680,699 (361,940)	\$4,871,748 (97,435) 4,774,313 (372,798)	\$4,969,183 (99,384) 4,869,799 (383,982)	\$5,068,567 (101,371) 4,967,195 (395,501)	\$5,169,938 (103,399) 5,066,539 (407,366)	\$5,273,337 (105,467) 5,167,870 (419,587)	\$5,378,803 (107,576) 5,271,227 (432,175)	\$5,486,379 (109,728) 5,376,652 (445,140)	Year 26 12/31/2049 \$5,596,107 (111,922) 5,484,185 (458,494)	Year 27 12/31/2050 \$5,708,029 (114,161) 5,593,869 (472,249)	\$5,822,190 (116,444) 5,705,746 (486,417)	\$5,938,634 (118,773) 5,819,861 (501,009)	\$6,057,406 (121,148) 5,936,258 (516,040)	\$6,178,554 (123,571) 6,054,983 (531,521)	\$6,302,125 (126,043) 6,176,083 (547,466)	\$6,428,168 (128,563) 6,299,605 (563,890)	\$6,556,731 (131,135) 6,425,597 (580,807)	\$6,687,866 (133,757) 6,554,109 (598,231)
Gross Potential Rent Vacancy (-) Net Rent Utilities (-) Shelter Rent		\$4,776,223 (95,524) 4,680,699 (361,940) 4,318,759	\$4,871,748 (97,435) 4,774,313 (372,798) 4,401,515	\$4,969,183 (99,384) 4,869,799 (383,982) 4,485,817	\$5,068,567 (101,371) 4,967,195 (395,501) 4,571,694	\$5,169,938 (103,399) 5,066,539 (407,366) 4,659,173	\$5,273,337 (105,467) 5,167,870 (419,587) 4,748,283	\$5,378,803 (107,576) 5,271,227 (432,175) 4,839,052	\$5,486,379 (109,728) 5,376,652 (445,140) 4,931,512	Year 26 12/31/2049 \$5,596,107 (111,922) 5,484,185 (458,494) 5,025,690	Year 27 12/31/2050 \$5,708,029 (114,161) 5,593,869 (472,249) 5,121,619	\$5,822,190 (116,444) 5,705,746 (486,417) 5,219,329	\$5,938,634 (118,773) 5,819,861 (501,009) 5,318,852	\$6,057,406 (121,148) 5,936,258 (516,040) 5,420,219	\$6,178,554 (123,571) 6,054,983 (531,521) 5,523,463	\$6,302,125 \$6,302,125 (126,043) 6,176,083 (547,466) 5,628,617	\$6,428,168 \$128,563 \$6,299,605 \$163,890 \$1735,714	\$6,556,731 (131,135) 6,425,597 (580,807) 5,844,790	\$6,687,866 (133,757) 6,554,109 (598,231) 5,955,877
Gross Potential Rent Vacancy (-) Net Rent Utilities (-) Shelter Rent % Low Income Tenancy		\$4,776,223 (95,524) 4,680,699 (361,940) 4,318,759 100%	\$4,871,748 (97,435) 4,774,313 (372,798) 4,401,515 100%	\$4,969,183 (99,384) 4,869,799 (383,982) 4,485,817 100%	\$5,068,567 (101,371) 4,967,195 (395,501) 4,571,694 100%	\$5,169,938 (103,399) 5,066,539 (407,366) 4,659,173 100%	\$5,273,337 (105,467) 5,167,870 (419,587) 4,748,283 100%	\$5,378,803 (107,576) 5,271,227 (432,175) 4,839,052 100%	\$5,486,379 (109,728) 5,376,652 (445,140) 4,931,512 100%	Year 26 12/31/2049 \$5,596,107 (111,922) 5,484,185 (458,494) 5,025,690 100%	Year 27 12/31/2050 \$5,708,029 (114,161) 5,593,869 (472,249) 5,121,619 100%	\$5,822,190 (116,444) 5,705,746 (486,417) 5,219,329 100%	\$5,938,634 (118,773) 5,819,861 (501,009) 5,318,852 100%	\$6,057,406 (121,148) 5,936,258 (516,040) 5,420,219 100%	\$6,178,554 (123,571) 6,054,983 (531,521) 5,523,463 100%	\$6,302,125 \$126,043 6,176,083 \$1247,466 5,628,617 \$100%	\$6,428,168 (128,563) 6,299,605 (563,890) 5,735,714 100%	\$6,556,731 (131,135) 6,425,597 (580,807) 5,844,790 100%	\$6,687,866 (133,757) 6,554,109 (598,231) 5,955,877 100%
Gross Potential Rent Vacancy (-) Net Rent Utilities (-) Shelter Rent % Low Income Tenancy Service Charge Shelter Rent		\$4,776,223 (95,524) 4,680,699 (361,940) 4,318,759 100% 4,318,759	\$4,871,748 (97,435) 4,774,313 (372,798) 4,401,515 100% 4,401,515	\$4,969,183 (99,384) 4,869,799 (383,982) 4,485,817 100% 4,485,817	\$5,068,567 (101,371) 4,967,195 (395,501) 4,571,694 100% 4,571,694	\$5,169,938 (103,399) 5,066,539 (407,366) 4,659,173 100% 4,659,173	\$5,273,337 (105,467) 5,167,870 (419,587) 4,748,283 100% 4,748,283	\$5,378,803 (107,576) 5,271,227 (432,175) 4,839,052 100% 4,839,052	\$5,486,379 (109,728) 5,376,652 (445,140) 4,931,512 100% 4,931,512	Year 26 12/31/2049 \$5,596,107 (111,922) 5,484,185 (458,494) 5,025,690 100% 5,025,690	Year 27 12/31/2050 \$5,708,029 (114,161) 5,593,869 (472,249) 5,121,619 100% 5,121,619	\$5,822,190 (116,444) 5,705,746 (486,417) 5,219,329 100% 5,219,329	\$5,938,634 (118,773) 5,819,861 (501,009) 5,318,852 100% 5,318,852	\$6,057,406 (121,148) 5,936,258 (516,040) 5,420,219 100% 5,420,219	\$6,178,554 (123,571) 6,054,983 (531,521) 5,523,463 100% 5,523,463	\$6,302,125 \$126,043 6,176,083 (547,466) 5,628,617 100% 5,628,617	\$6,428,168 (128,563) 6,299,605 (563,890) 5,735,714 100% 5,735,714	\$6,556,731 (131,135) 6,425,597 (580,807) 5,844,790 100% 5,844,790	\$6,687,866 (133,757) 6,554,109 (598,231) 5,955,877 100% 5,955,877

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