

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”*

2 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



POST-RENOVATION



REPRESENTATIVE WORK

PRE-RENOVATION

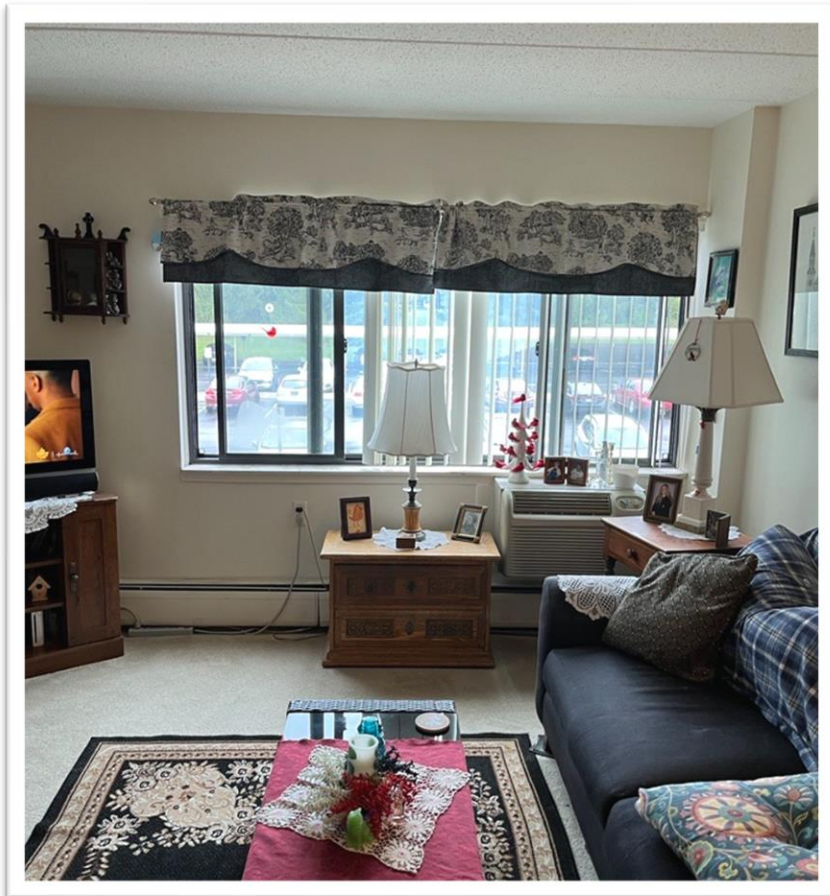


POST-RENOVATION

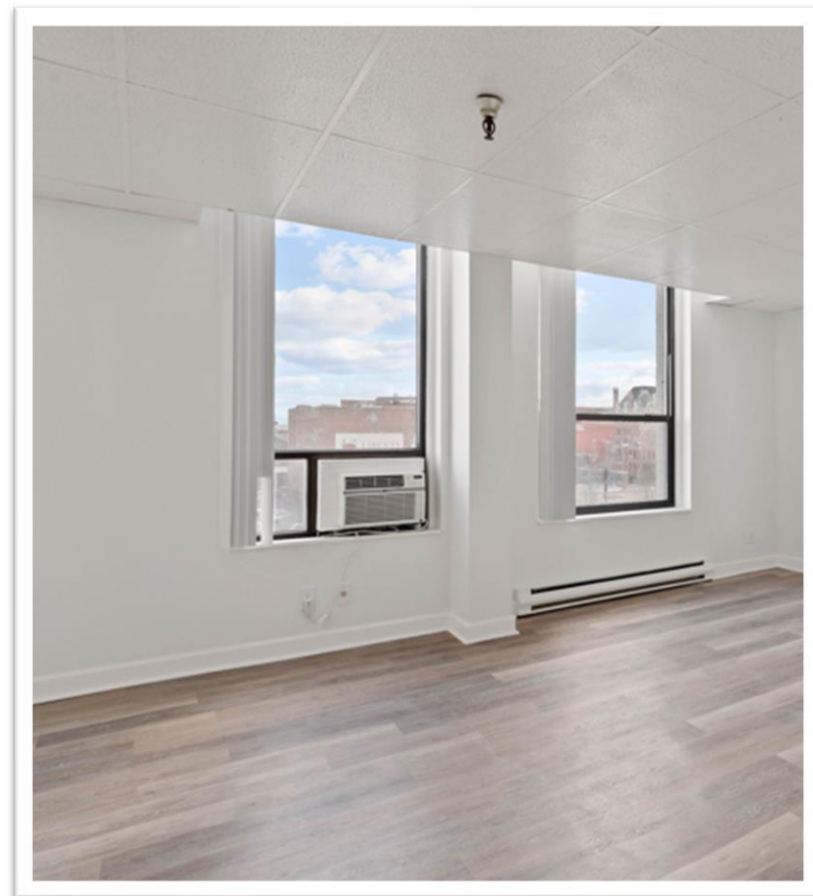


REPRESENTATIVE WORK CONT.

PRE-RENOVATION

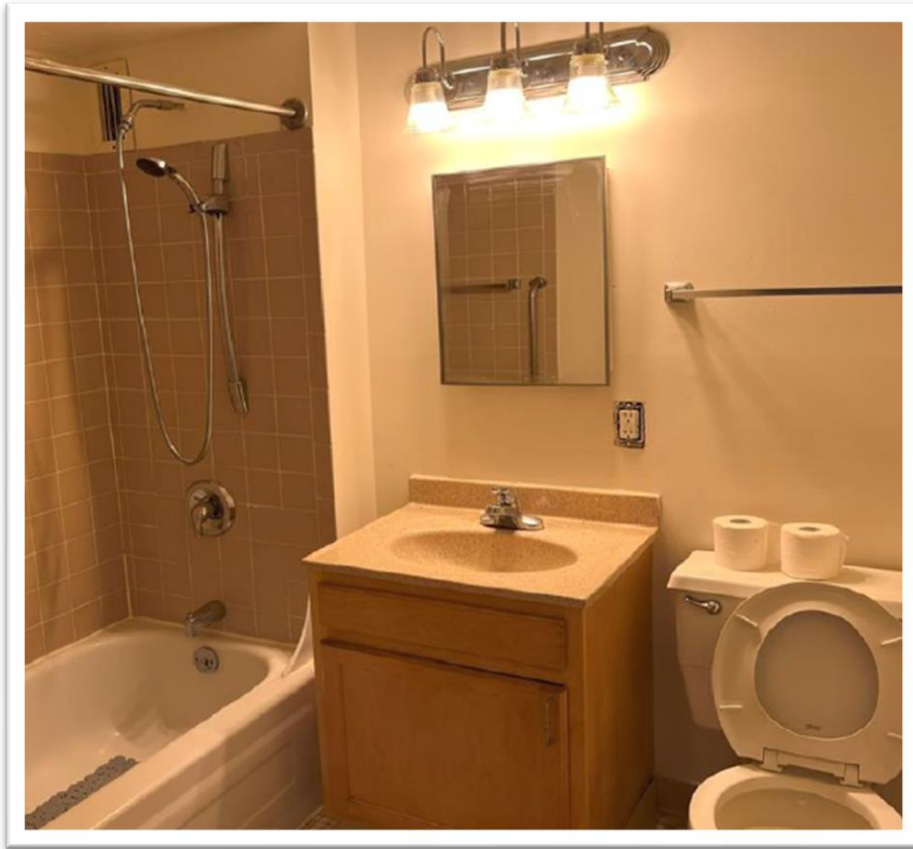


POST-RENOVATION

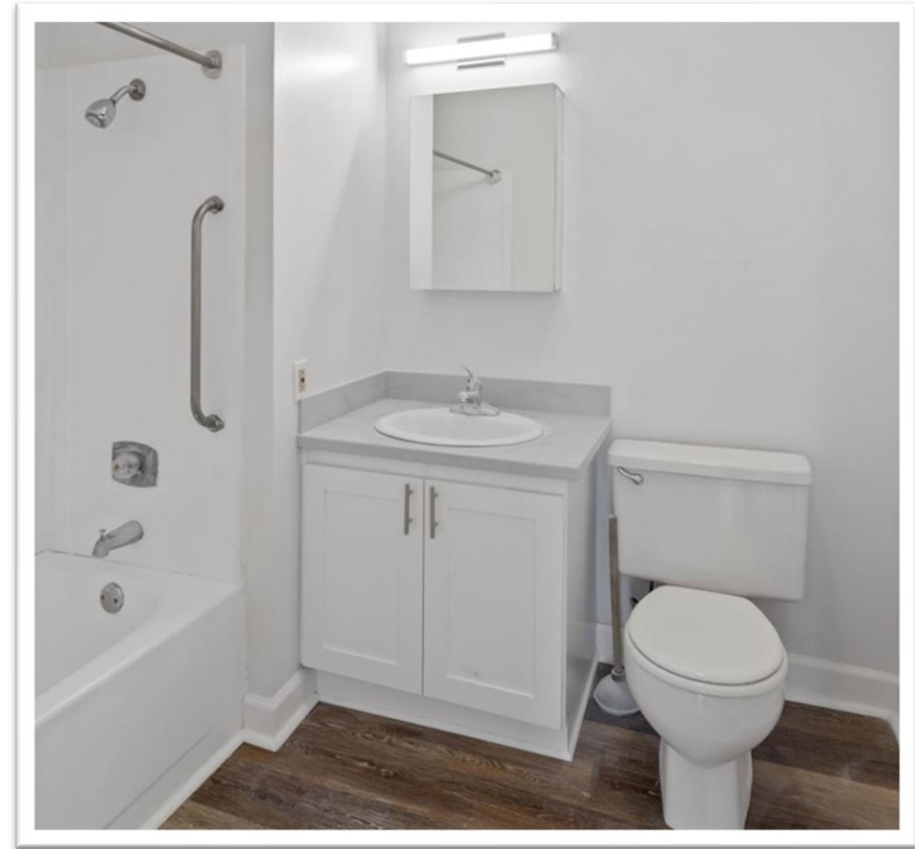


REPRESENTATIVE WORK CONT.

PRE-RENOVATION



POST-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																		
	12/31/2022	12/31/2023	Year 1 12/31/2024	Year 2 12/31/2025	Year 3 12/31/2026	Year 4 12/31/2027	Year 5 12/31/2028	Year 6 12/31/2029	Year 7 12/31/2030	Year 8 12/31/2031	Year 9 12/31/2032	Year 10 12/31/2033	Year 11 12/31/2034	Year 12 12/31/2035	Year 13 12/31/2036	Year 14 12/31/2037	Year 15 12/31/2038	Year 16 12/31/2039	Year 17 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%

	Projections																		
	12/31/2041	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 26 12/31/2049	Year 27 12/31/2050	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																			
Gross Potential Rent	\$4,776,223	\$4,871,748	\$4,969,183	\$5,068,567	\$5,169,938	\$5,273,337	\$5,378,803	\$5,486,379	\$5,596,107	\$5,708,029	\$5,822,190	\$5,938,634	\$6,057,406	\$6,178,554	\$6,302,125	\$6,428,168	\$6,556,731	\$6,687,866	
Vacancy (-)	(95,524)	(97,435)	(99,384)	(101,371)	(103,399)	(105,467)	(107,576)	(109,728)	(111,922)	(114,161)	(116,444)	(118,773)	(121,148)	(123,571)	(126,043)	(128,563)	(131,135)	(133,757)	
Net Rent	4,680,699	4,774,313	4,869,799	4,967,195	5,066,539	5,167,870	5,271,227	5,376,652	5,484,185	5,593,869	5,705,746	5,819,861	5,936,258	6,054,983	6,176,083	6,299,605	6,425,597	6,554,109	
Utilities (-)	(361,940)	(372,798)	(383,982)	(395,501)	(407,366)	(419,587)	(432,175)	(445,140)	(458,494)	(472,249)	(486,417)	(501,009)	(516,040)	(531,521)	(547,466)	(563,890)	(580,807)	(598,231)	
Shelter Rent	4,318,759	4,401,515	4,485,817	4,571,694	4,659,173	4,748,283	4,839,052	4,931,512	5,025,690	5,121,619	5,219,329	5,318,852	5,420,219	5,523,463	5,628,617	5,735,714	5,844,790	5,955,877	
% Low Income Tenancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Service Charge Shelter Rent	4,318,759	4,401,515	4,485,817	4,571,694	4,659,173	4,748,283	4,839,052	4,931,512	5,025,690	5,121,619	5,219,329	5,318,852	5,420,219	5,523,463	5,628,617	5,735,714	5,844,790	5,955,877	
% Service Charge	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	
Service Charge	\$172,750	\$176,061	\$179,433	\$182,868	\$186,367	\$189,931	\$193,562	\$197,260	\$201,028	\$204,865	\$208,773	\$212,754	\$216,809	\$220,939	\$225,145	\$229,429	\$233,792	\$238,235	
% Growth	1.92%	1.92%	1.92%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	1.90%	1.90%	1.90%	1.90%	1.90%	

REDWOOD