

## October IURA Questions – Green Street Garage Redevelopment Proposers

### **-Harold's Holdings Response-**

**October 19, 2018**

1. Feasibility - Your housing partner INHS has several potential 9% LIHTC projects in their development pipeline. Please confirm that your housing partner is committed to submit a funding application for this project for the 2019 Unified Funding round if you are designated as the preferred developer, even if it may competes against another INHS 9% LIHTC application.

INHS is committed to submitting a funding application for this project in the 2019 round, even though it would be competing with other INHS projects, unless the project is delayed through no fault of our own to such an extent that we are unable to hit the application deadline.

2. Light Wells - Several bedrooms in the housing units will depend on natural light via light wells. Please provide confirmation that your housing partner, INHS, has comfort with this design. Please also provide the dimensions of the proposed light wells and typical floor plans for units with windows accessing the light wells. Will any units be solely dependent on light wells for natural light?

Light wells are a very common technique to provide units with additional light. This is permitted by the NYS Building Code and I believe the design standards of Housing and Community Renewal. In this city, we are seeing developers build high end housing with windowless bedrooms. We are instead creating our own requirements of ensuring every unit has windows to the exterior in the main living spaces and all bedrooms have windows to at minimum light wells that provide adequate access to light and ventilation.

3. Feasibility - It appears that securing an anchor ground floor commercial tenant(s), such as the Greenstar Coop, may be critical to secure bank financing for the project and for INHS to develop a competitive LIHTC funding application. If true, please submit additional information to substantiate the feasibility of securing a commercial lease(s) sufficient to secure bank financing. One approach to address this issue is to submit a signed letter of interest from a potential tenant(s) that expresses the amount of square footage to be rented, the length of the lease and annual rent amount under consideration. Please furnish such information by October 23<sup>rd</sup>.

If a commercial anchor lease(s) are not required to initiate project construction, are you prepared to finance and construct the commercial component of the project on spec upon INHS received funding approval for the housing component? If so, indicate the source of construction funding.



Commercial anchor leases are not required to initiate construction of the project and Harold's Holdings, LLC is prepared to finance and construct the commercial component of the project, that being \$6.9 million in project costs as illustrated in the sources and uses previously provided to you.

<b>SOURCES</b>	
Conventional Construction Loan	\$3,275,000
CIF NYS	\$1,500,000
Cash Equity	\$2,125,000
<b>Total Sources</b>	<b>\$6,900,000</b>
<b>USES</b>	
Land/Building	\$1,000,000
Soft Costs & Fees	\$1,500,000
Hard Costs	\$4,000,000
Contingency	\$400,000
<b>Total Uses</b>	<b>\$6,900,000</b>

Harold's Holdings has solid relationships with various lenders throughout Western New York. It will not be difficult to obtain the necessary financing to build out the commercial space absent of a lease already in place. In the unlikely event that Harold's Holdings is unable to obtain the necessary financing, the partnership between McGuire Development Company, LLC and L Enterprises Inc., has sufficient combined resources to fund the development of the retail space, until alternative funding becomes available. Harold's Holdings, LLC also has an excellent working relationship with various retail brokerages and have been working closely with one in particular for a very long time, who is based out of Ithaca and very heavily involved in both the office and retail markets here in the City. Through this relationship we have been able to ascertain the level of interest in the Ithaca market and have been provided with a number of retail options. While our first choice would be to work with Greenstar Cooperative, we feel that the demand for retail space in the commons will outweigh the supply, and we will not have any problems attracting a unique retail tenancy to fill the retail component of this project.

However, as mentioned in a previous answer to the IURA, retail rental rates will fluctuate based upon various market pressures, therefore we feel that it would be premature, to engage Greenstar Cooperative in an agreement that would effectively set rental rates on a project that is still in the RFP phase and does not have an established construction schedule.

4. Local Labor - At the public hearing two local union construction trade spokespersons expressed support for the Vecino proposal though other projects have indicated their intent to utilize high percentages of local labor. Is there any further information you would like to furnish regarding local construction labor participation in your project?

Our affirmation that the Little Common's project will utilize local labor revolves around the small scale and building typology selected for our project. As mentioned in a previous answer to IURA, five-story buildings are small enough that they can be built out of wood and other natural materials, which also means that the probability of hiring smaller local labor will be much greater than that of a developer building a large steel frame tower.

We have not committed to a designated labor type at this time, as we plan to engage different partners in a bidding process, in order to select the appropriate labor for the project. This process would include various trade unions, giving the trade union an opportunity to be selected for the work. The selection will ultimately be decided based on most efficient and cost-effective ways to develop the building. We are committed to ensuring that the local community will be involved with this project, not only in construction of the project, but through public meetings where we hope to gain insight into what areas we can utilize the local population to make this project a success.