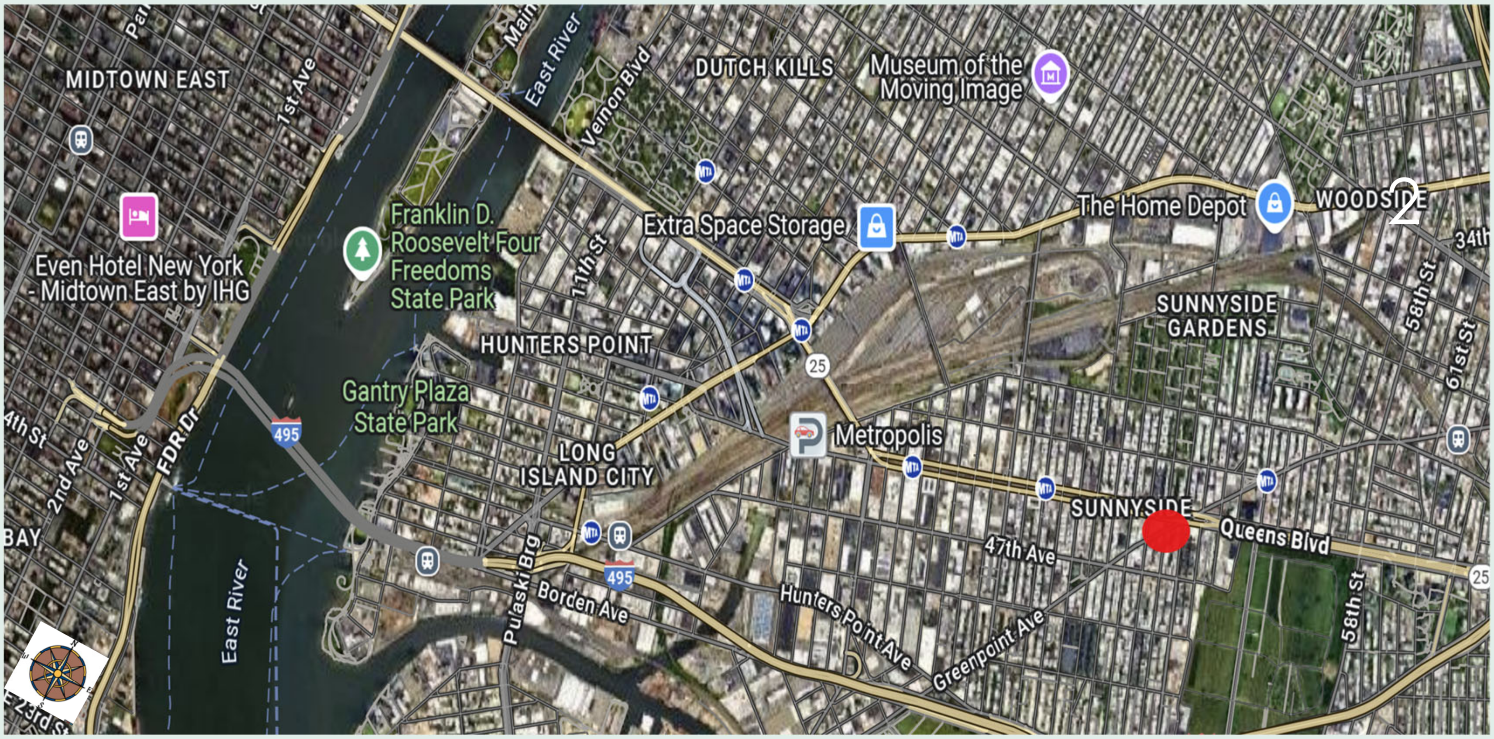
Solara Garden Residences

48-02 QUEENS BLVD – SUNNYSIDE, QUEENS NY

NICOLAS E RUIZ - NER2148



Development Case Studies   Spring 2025

Nicolas E Ruiz   n.ruiz@columbia.edu

COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK

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Executive Summary

City Of Yes

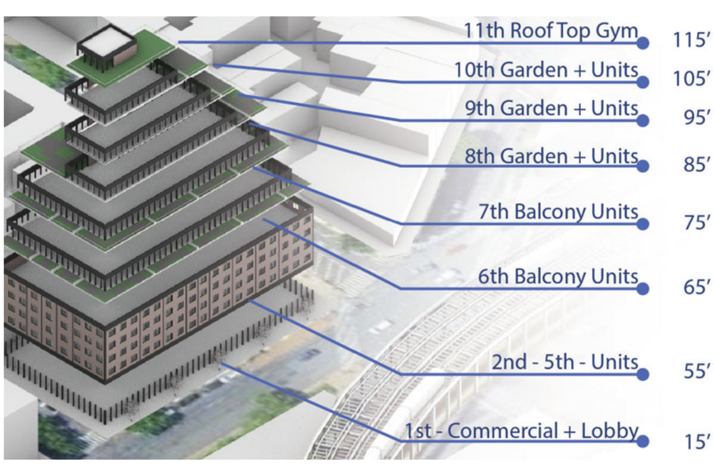
Solara Garden Residences is a **Mixed-Use, Mixed-Income** project located in Sunnyside, in the western part of Queens. The development will take advantage of the **City of Yes (COY)** zoning code update to both **maximize lot coverage ratio** and **minimize costs** by eliminating parking requirements and having open shop labor wages during construction.

Credits

The lot is an **environmental designated location (E-272)**, requiring the project comply with **noise & hazardous materials**. Given this, the development team matched the **long pre-development period** expected by the environmental phase I & II studies, to apply for both **Brownfield Tax Credits (BTC) and Low-Income Housing Tax Credits (LIHTC)**, to both support the project's complex pre-development process in addition with a high land basis. In total, the project will receive financial support from these programs totaling **$8.4 M**, equal to **13% of total development costs.**

Buildout

The total buildable will be **95,190 SF** and the development will have a height of **115 FT**. The project will have an **L-Shape cascading design** that maximizes the allowed height and building envelope. An **efficiency ratio of 87%** and a program mix of **99 residential units across 71,760 SF**, with **80% market rate & 20% permanently affordable housing at 50% AMI**, integrates with **10,950 SF of commercial space** on the 1st floor, maximizing the street front alongside Queens Blvd.



Schedule

The project will have a **16-month pre-development schedule**, which aligns with the expected timeline of the Environmental Phase 1 & II and the long and complex process of LIHTC funding. **A 20-month construction and 12-month lease up** periods follow with a **Perm Loan** expected at **year 4 at a 6.25% interest rate**. An **exit** is projected in **year 5 at a 4.9% cap rate**, **12 months** after conversion.

Milestone Schedule		
Item	Duration	Start/ End
Purchase	0	0
Perm Loan		49
Loan Close	0	0
Pre Dev Period	16	1
Construction Period	20	17
Development Period	36	37
Sale		60
Income Start		37
Lease Up	12	37
Stabilized Occupancy	94.6%	
Operating Expenses	40.0%	

Underwriting

The underwriting process projects a **5.4%** overall **vacancy rate**, 5% across the residential units and 8% across commercial spaces, higher than market. We expect **operating expenses** of the residential program to be **40%** of effective gross income inline with multifamily projects.

The project will take out a **$34.7 M construction loan at an 8.1% interest rate**. The proposed sources & uses, combined with the development timeline, result in a **96% loan utilization rate.** A **permanent loan** of **$35.9 M**, will take out the construction loan in **Year 5 at a 6.25% interest rate**

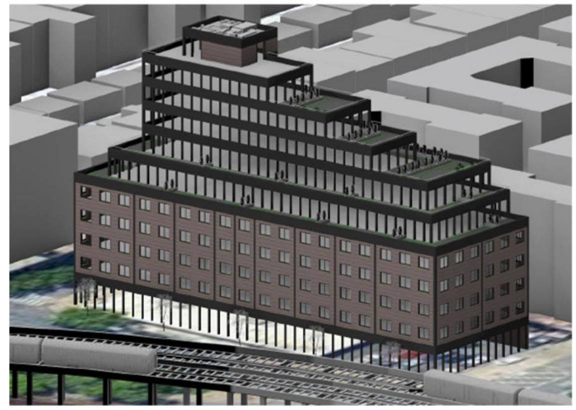
Partnership

The total development cost of the project **$64.4 M, equivalent to 677 PSF**. The project is looking for **$21.3 Mn of Equity**, in a **JV structure split of 90/10**, The equity investor will have a **preferred return of 10%** and the sponsor will have a **20% promote** thereafter. There will be a **second hurdle at 18%** and a **30% promote** thereafter to the sponsor.

Returns

The expected internal rate of return and multiple on invested capital at the JV level is expected to be **18.8% and 2x** respectively .

Development Vision



Challenges ~ Land Basis

The site, although small in scale at **19,000 SF ~ .43 acres**, had two challenges that most of the time break a deal. The first, was the **high price basis** of the land. The previous buyer, bought the site in **Dec. 2022** at **$10.9 M**, creating a floor on the purchase price and an anchored price expectation.

E-Designation

The second, is that the site has an environmental designation **(E-272)** for noise and hazardous materials. This creates **additional risk**, both in terms of potential **increased costs** during the pre-development period and **timeline uncertainty**.

Given these two challenges an analysis of **how to structure the deal** with the seller was of most importance to the deal's success.

Deal Structures ~ Land Pledge

The first analysis carried out during the group project, was for the seller to **pledge the land for $8.75 M** in return for an equity position at the deal level on an unlevered basis. This allowed the project to have a **16.9% IRR at the JV level** and a total price paid for the land of **$12.9 M on the base case scenario**, a **1.18x multiple** on the seller's initial investment. Although a creative way to solve the high basis problem an alternative solution if the seller didn't want to take **development risk** should be thought of.

Escrow

The **alternative proposed structure** is for the seller to **get paid what he paid for the land ($10.9 Mn)** but with two caveats.

The **sponsor assumes a maximum** site work and environmental phase 1 & 2 studies of **$1 M**, everything above that **is reduced from the land purchase price of $10.9 M**.

Secondly, the project assumes it will receive both **Low-Income Housing Tax Credits** and **Brownfield Tax Credits for $5 M & $3.4 M respectively.** These play an important part in making the project pencil and are a crucial part of the capital stack at **13% of total development cost**. Thus, the money received by the seller will sit **in escrow** until the authorities approve the credits (approximately **~12 months**).

No Tax Credit Scenarios

If no credits are received there are **three options**, the **money is returned** to the buyer and the buyer will lose some pursuit costs, the seller agrees to **sell the land at $4.9 M** or at **$8.9 M paid in month 36**, since without those credits the **LP returns are 8.3%.** In contrast, the returns for the proposed purchase prices of $4.9 M or $8.9 M in year 3, are both **15.9% to the LP**.

The preferred scenario highlighted in blue below, both for the seller and the buyer is that the project receives the tax credits.

LP Return Summary	*IRR*
Land Pledge $8.75 M	16.9%
Escrow ~LIHTC & BTC	19.0%
No Credits	**8.3%**
Purchase Price $4.9 M	15.9%
Purchase Price in Year 3 $8.9 M	15.9%

Concept & Proposed Program

Residential - Unit Mix (Design)						
Type	No. Units	Unit Size	Total SF	Avg. Rent	Total Base Rent	$/SF/M
1 x 1AH	10	575	5,750	$1,456	$14,560	$2.53
2 x 2 AH	10	785	7,850	$1,747	$17,470	$2.23
Studio MR	20	450	9,000	$2,389	$47,770	$5.31
1 x 1 MR	29	693	20,100	$3,464	$100,449	$5.00
2 x 2 MR	30	969	29,060	$4,931	$147,942	$5.09
Total	**99**	**725**	**71,760**	**$3,315**	**$328,191**	**$4.57**
						54.88

Commercial - Unit Mix (Design)						
COMMERCIAL	No. Units	Unit Size	Total SF	Total Base Rent/Mo	Total Base Rent/Yr	NNN $/SF/Yr
Retail - Vet Clinic	1	2,200	2,200	$17,448	$209,374	$95.17
Retail 2 -Turkish Delicatessen Eatery / Irish Pub	1	1,850	1,850	$8,171	$98,050	$53.00
Retail 3 - Made in India Clothing -18 East-	1	1,850	1,850	$7,217	$86,599	$46.81
Retail 4 - Cantonese Restaurant / Ecuadorian Restaurant	1	3,500	3,500	$23,549	$282,590	$80.74
Communal Faclity -English Learning Center- QPL	1	1,550	1,550	$6,458	$77,500	$50.00
Total COMM	**5**	**2,190**	**10,950**	**$62,843**	**$754,113**	**$68.87**

Following with the **City of Yes requirements**, the proposed program aligns with the **diversity and inclusion** that the **district and community uphold as a vital community asset**.

Affordable Component

The proposed unit mix includes **20 permanently affordable housing units**, **10 1-bedroom** and **10 2-bedroom units**. **20%** (4 units) will be at **40% AMI**, given that the total SF of affordable housing exceeds 10,000 SF and **80%** (16 units) at **52.5% AMI**, with an **income averaging of 50% AMI for the 20 units**. This creates rents that are **50%-57% below market rents** and **support the development of affordable housing** in the neighborhood, a **key issue** for the **community board members and the community**. The affordable units will be scattered among different floors, as required by COY.

Market Rate Component

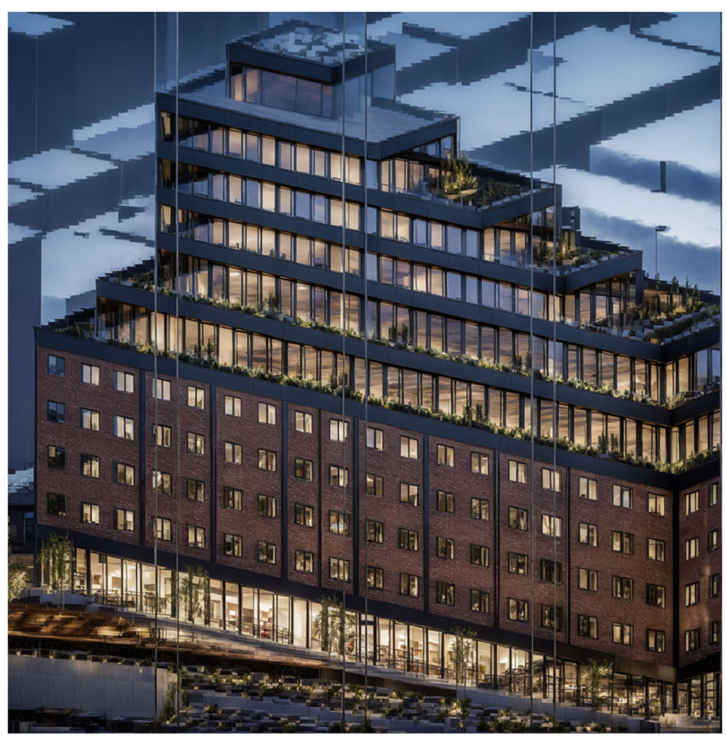
The project also has **79 market rate units, 20 studios, 29 1-bedrooms and 30 2-bedrooms,** all with open floor layouts and flexible living spaces**.** These unit mix aligns with the market demographics of the neighborhood of **young professional and small families**.

Retail Component

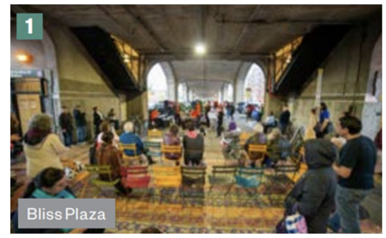
On the commercial end, the development will have **4 retail spaces and 1 community facility**. The development will look for tenants that fit the **commercial district needs assessment report**. All **commercial spaces front Queens Blvd**, exposed to the **highest foot traffic**.

Amenities

The development will also provide **key amenities in a rooftop gym, laundry and storage facilities on the ground floor**. There will also be an **urban farm with partner Queens Botanical Garden.** The Urban Farm looks to complement and partner with **Bliss Plaza on 46th St**. There will also be **open green gardens** above each setback that plays tribute to the **Sunnyside Gardens Historic District**.



Neighborhood History, Context & Ecosystem



Bliss Plaza

Points of Interest

- Assessed Commercial Corridors
- Arts & Cultural Destinations
- Public Facilities
- Public Community Spaces
- Long Island City BID
- Sunnyside Shines BID
- Workforce1 Career Center


L/CPL Thomas P. Noonan Jr. Playground

Location

Sunnyside is surrounded by **Woodside, Astoria, Long Island City and Maspeth**. Once **marshland** it was converted into **rural farms** by **French settlers** in the 1800s. By the **1900s**, the **incorporation of Queens** into NYC, the construction of **Queensborough Bridge, Sunnyside Yards** and the expansion of the **rail line infrastructure**, laid the groundwork for **neighborhood expansion**.

Demographics

Gradually the neighborhood evolved into a **bedroom community** and became home to a **large immigrant population** mostly of **Irish, German, Dutch** and **Eastern European** descent. This diversity has continued with increasing number of **Latinos and Asians**, blending into the neighborhood and bringing in their own traditions and culture. **Foreign born population** currently stands at **53%**, **the second highest district** and stands in comparison to 22% for NYC and 13% for the whole US.

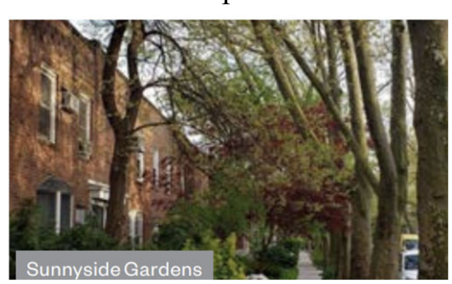
Local Institutions

The **family-friendly neighborhood** boasts many **community institutions**, longstanding establishments, and **active civic organizations** that promote local collaboration. These include the **Turkish Cultural Center**, the **Ecuadorian American Cultural Center** and the **Thalia Hispanic Theatre**.

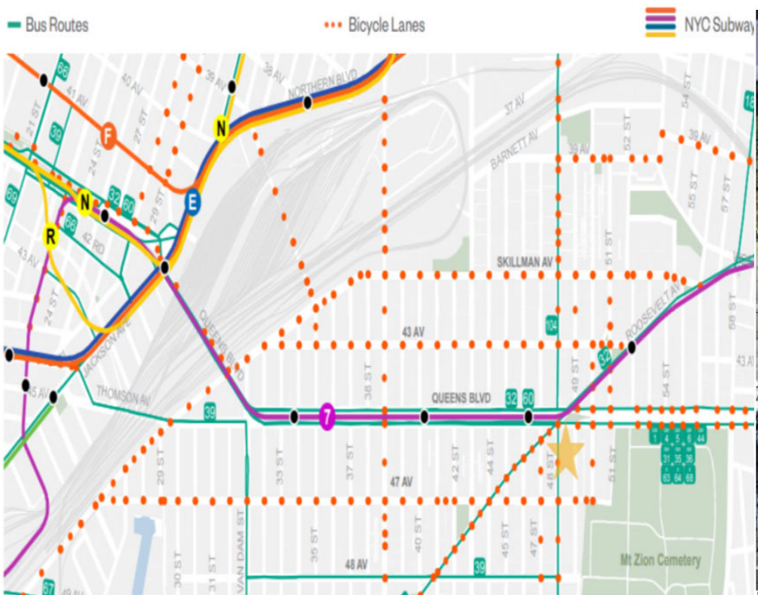
Keeping it Queens ~Derisking Retail Component

In keeping in line with the **development's motto of "keep things Queens"**, and given the **rich cultural history and incredible diversity**, Solara Garden will look out for retail **tenants and partners** that **enhance and enrich** this tradition. We will be looking to partner with the **Queens Botanical Garden** to manage and operate our **Urban Farm** concept. The **tenant mix** will have a **Cantonese and Ecuadorian** restaurants, a **Turkish delight** and an **Irish pub**, a **Vet Clinic** and a **clothing store** with 18 East Co. We will also look to **partner** with **Queens Public Library**, who will operate our **English Learning Facility**, given that **40%** of the residents **self-identify** to having **limited English proficiency**, the **7th lowest** out of 59 districts in the 5 boroughs.

In summary, the **neighborhood's diverse retail, historic architecture, and residential** offerings enhance its appeal. Its **tight-knit, culturally diverse community** makes Sunnyside a **highly desirable place to live, work, and grow**, offering strong potential for future development.


Sunnyside Gardens

Physical Site, Connectivity & Stakeholders



Circulation Map

Bliss Plaza Programming

Access to Midtown

Sunnyside offers easy access to major job centers in **Manhattan, Maspeth, and Astoria** via the **7 train**, **bus lines**, and **bike routes**. The site is a **15-minute ride** form the **largest office base** in the nation, in **Midtown**, making the site a well demanded location by young professionals and small families as the **low vacancy rate of 1%** per CoStar shows.

Livability

The location also offers **family-friendly livability**. The neighborhood is highly walkable, with a mix of **residential, retail, schools, and supermarkets**, along **Queen Blvd, Greenpoint Ave, 47 Ave and 43 Ave**, supporting strong pedestrian activity.

Attracting Foot Traffic

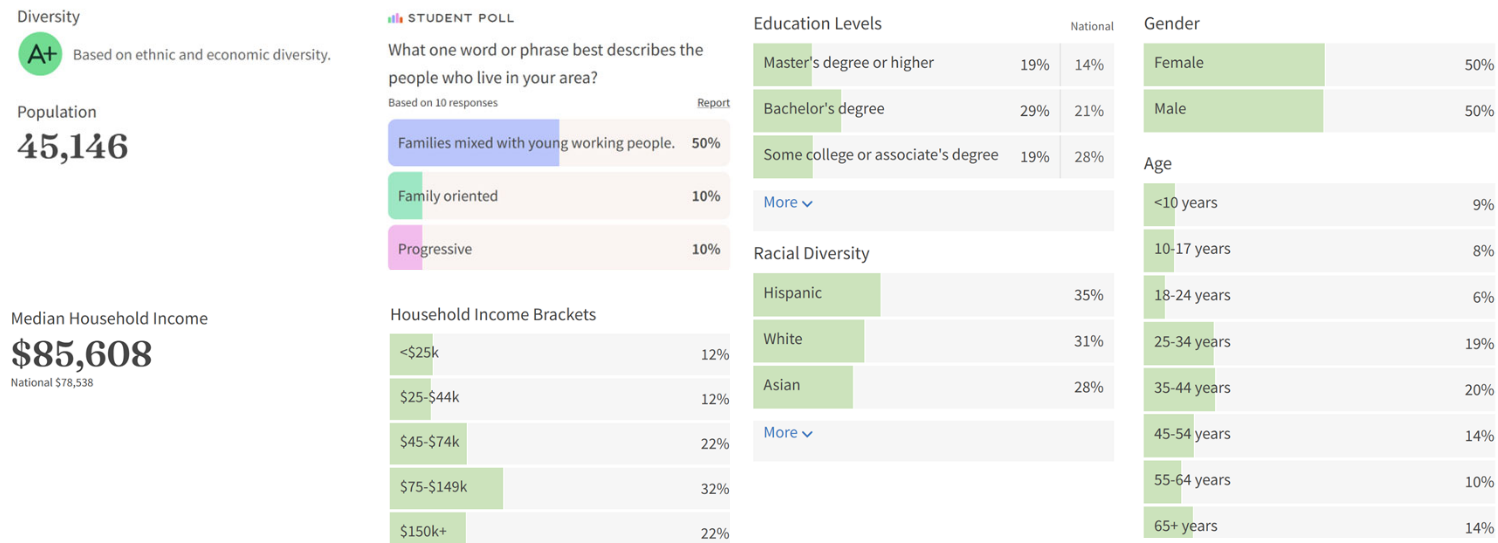
The project sits along an important **commercial corridor** at the intersection of **48th street and Queens Blvd**, two blocks east of rail line # 7 stop at 46th, where Bliss Plaza is located. **Bliss Plaza, a public plaza**, was created in **2014 by NYC DOT** through their **Neighborhood Plaza Program**, where the plaza is **visited daily 61%** of the time by the community. The development's **Urban Farm in partnership with Queens Botanical Garden**, looks to integrate with Bliss Plaza programming and other community events to **activate** and **enhance** the **quality of the retail** offering the development will have.

Design Rationale

The site is located just two avenues south of the **Sunnyside Garden historic district**, one of the first planned communities in the US since 1924. The development wanted to **"keep things Queens"**, as this is an important aspect of the **Community Board 2** report, thus the project designed **open gardens** on each setback providing a sense of **historical meaning** and **appreciation** to the history of the neighborhood.

Given that the project will sit across the rail line #7 that turns and follows Roosevelt Avenue and 48th St, the building will have **double pane windows** to **reduce** the noise coming from the rail line. The design also retracts to the southeast, as it setbacks, giving it a sense of space from the rail line.

Market Overview - Income & Employment



Sunnyside ~ Demographics

Sunnyside presents a population of around **45,000**. There has been a **7% population decline** since 2010 of about 5,000, not attributed to people leaving but to **smaller household size** from 2.4 in 2010 to **2.2** in 2023. **Median age** has increased from 36 in 2010 to **39** in 2023, but still of a young age. Racial diversity has remained steady over the last 15 years with **Hispanics being 36%** in 2023 vs 37% in 2010, **Whites being 30%** in 2023 vs 31% in 2010 and **Asians staying at 28%** in both periods of time.

Family households are 55% and **45% are non-family households**. From these non-family households, **80% are living alone** and 20% are seniors over 65.

Employment

Commuting to work has decreased from 20% to 15% and **public transportation** has also decreased from 70% to 60%. **Work from home** increased 15% from 2% to 17%, while **walking and other means** exhibited also growth to 8% from 5%.

65% are employed and 5% are unemployed. The other 30% are not in the labor force.

Income

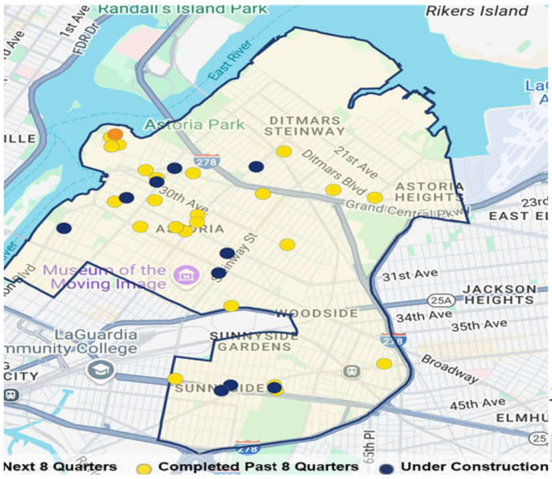
A healthy **median household income** of **$81,000** in 2023 has increased from $72,000 in 2010 and the **mean** of **$105,000** has increased $20,000 since 2010. **8% of households are considered in poverty** vs 9% in 2010.

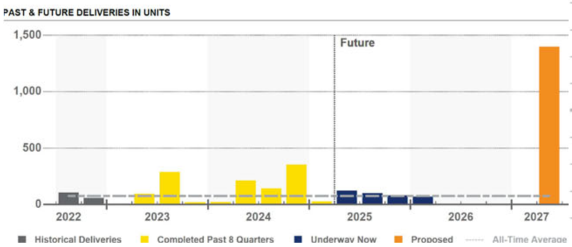
Housing stock

Total **housing units has decreased** from 22,785 in 2010 to 22,650 in 2023. **Rental vacancy rate** has stayed steady at **2.8%,** implying a constrained housing supply given the low vacancy rate. **20 or more units** represent **55%** and **72% have 3 or more rooms**. **78% are renters** and 22% are homeowners. **60% of housing units have no parking**. **50% are paying more than 30% for rent** (are rent burdened), and **20% are paying more than 50%** (severely rent burdened.

Given the **neighborhood profile**, the development will provide **much needed housing** of **smaller units** and **lower number of bedrooms**, and the **commercial space** will cater to the **Asian and Latino populations** that are well represented. The **design of the units** was greatly influenced from the increase in work from home seen in the neighborhood profile.

Submarket Analysis & Key Indicators





4 & 5 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2029	132	2.6%	0.3	$4,337	$5.58	1.9%	(0.2)	$4,319	$5.56
2028	113	2.3%	1.0	$4,257	$5.48	2.1%	(0.2)	$4,240	$5.46
2027	61	1.3%	(0.3)	$4,172	$5.37	2.3%	(0.4)	$4,155	$5.35
2026	77	1.6%	0.5	$4,079	$5.25	2.7%	(1.3)	$4,062	$5.23
2025	54	1.1%	0	$3,972	$5.11	4.0%	1.6	$3,956	$5.09
YTD	52	1.1%	(0.1)	$3,892	$4.80	3.7%	1.4	$3,876	$4.79
2024	56	1.2%	(0.4)	$3,821	$4.76	2.4%	(1.2)	$3,780	$4.75
2023	65	1.6%	0.4	$3,733	$4.70	3.5%	(1.3)	$3,720	$4.68
2022	46	1.2%	(4.3)	$3,605	$4.61	4.8%	2.8	$3,592	$4.59
2021	173	5.5%	(2.4)	$3,440	$4.45	2.0%	1.6	$3,415	$4.42

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2029	5,148	153	3.1%	133	2.6%	1.2
2028	4,995	167	3.5%	117	2.3%	1.4
2027	4,828	0	0%	16	0.3%	0
2026	4,828	80	1.7%	58	1.2%	1.4
2025	4,748	0	0%	3	0.1%	0
YTD	4,748	0	0%	5	0.1%	0
2024	4,748	638	15.5%	648	13.6%	1.0
2023	4,110	185	4.7%	166	4.0%	1.1
2022	3,925	768	24.3%	895	22.8%	0.9
2021	3,157	548	21.0%	579	18.3%	0.9

Sunnyside Multi-family Overview

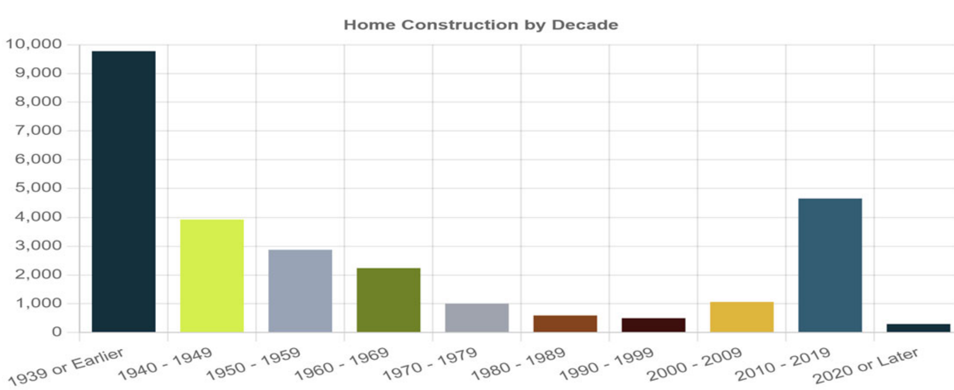
Most deliveries have been in **Long Island City and Astoria**, although there has been a healthy number of deliveries in Sunnyside as well providing a glimpse of **strong absorption rates**. Although there has been an increase in deliveries, the **absorption rate has outpaced deliveries**, making the **vacancy rate stand at 1% at the end of 2024**.

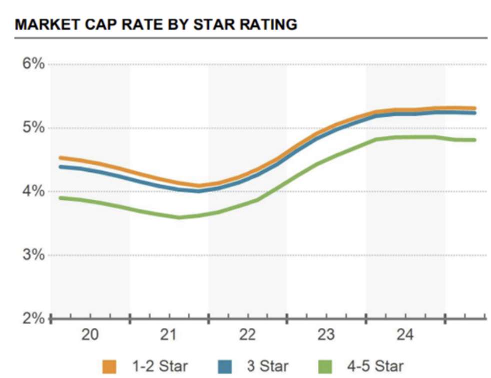
Given the **age of the housing stock where one third of the stock is from 1939 or earlier** and only **15% is from 2010 onwards**, there is a clear need and demand for newer construction, that fulfills the demands of this new generation and that has the amenities they are looking for.

Given the supply/demand imbalance, the **effective rents are very close to market rents**, and market rents have exhibited **higher than average rental growth** given the limited supply in the last decade. **Effective rents** stand at **$3,876 or $4.79 psf**, equivalent to **$57.5 psf** per year for class 4- and 5-star apartments.

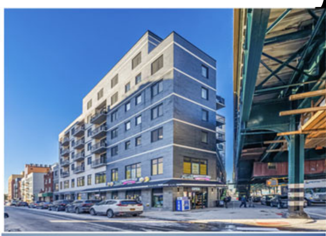
Future deliveries are nonexistent, only Long Island City is expecting **1,400 units in late 2027** and will be something to keep an eye on given the large number of units that could impact the market with higher vacancy. Although they are in a different location and cater to a different audience, it will be something to **monitor and incorporate in the leasing strategy of Solara in 2028.**

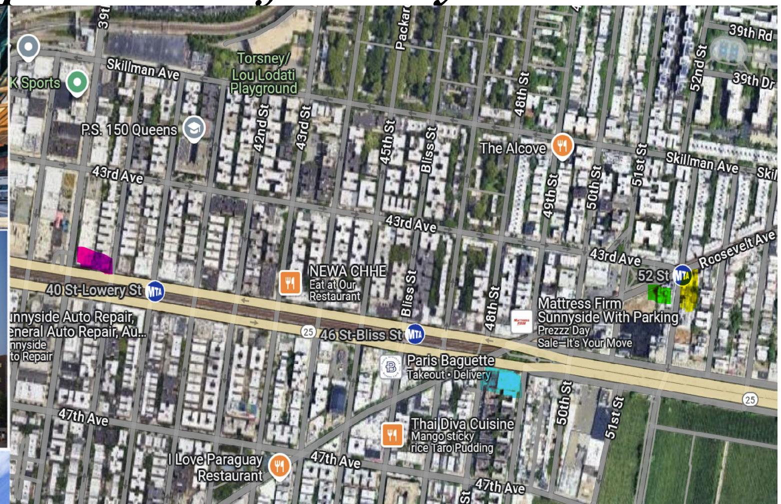
Cap Rates for 4–5-star units have **increased** almost **150 bps** and have since stabilized at **4.9%** since early 2024.





Rent Comps multifamily & retail





Market Rents	Unit mix	Markdown	Solara Rents
$5.59	Studios	95.0%	$5.31
$5.26	1-BR	95.0%	$5.00
$5.36	2-BR	95.0%	$5.09
$5.40	**Total**	**94.3%**	**$5.09**
$64.83	Total Markdown	**5.7%**	**$61.11**

Rent Comps multifamily

For rent comps, **three properties** were chosen as shown above that were near the site and had similar **amenities and unit mix**.

The yellow building is **Vida 52** and is the closest comp, **built in 2023**. It is **87 units, 9 stories** and has a **gym, roof deck and parking**. The green building, next to Vida was **built in 2022** and is **40 units and 7 stories**, with no known amenities. The last comp is the pink one called the **Orion**, it is on 39th street and was **built in 2024** and has **8 stories and 48 units**. It also has a **roof deck, a laundry room, a media room and parking.**

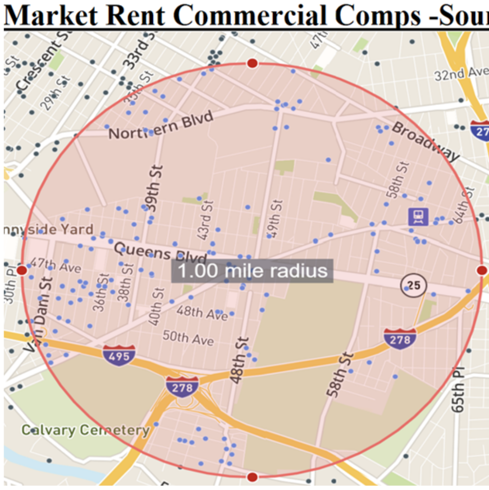
The market rents at these properties are **$5.59 psf fro studios, $5.26 psf for 1-bedrooms and $5.36 for 2-bedrooms**. The proposed rent for **Solara is 5.7% lower** than the market rent observed at these properties.

Rent Comps Retail

For retail comps, a **1-mile radius** was studied on Compstak and transactions were observed for the **last 4 years** and including a **2016 observation from a space across from the site**. In all there were **12 transactions** that had similar characteristics as the proposed retail for the project and have an average triple net rent of **$75 psf**. Lease term ranged from **5 years to 15 years**. The **highlighted transactions in blue** were selected, as they have a very **similar tenant and space** to the ones in Solara and their rents were selected for each of the spaces.

In summary, **Solara retail rents** will average **$68 psf** vs the observed **$75 psf for the market, a 9% discount**.

Market Rent Commercial Comps -Source: Compstak



Retail Comps							
Space Type	**Address**	**Tenant**	**SF**	**G Rent / SF**	**NNN / SF**	**Lease Term**	**Trans Date**
Retail	4615 48th Avenue	365 World Wide IN	660	72	$ 71.62	6 years	2021 - Q4
Retail	6314 Roosevelt Avenue	Bike Shop	1,333	44	$ 46.81	5 years	2021 - Q4
Retail	3929 47th Avenue	Stop Smoke and Rol	1,050	48	$ 52.87	10 years	2022 - Q2
Retail	4715 Northern Boulevar	Sushi Duty LTD	2,250	72	$ 80.74	10 years	2022 - Q3
Retail	6108 Woodside Avenue	Moa Coffee	1,100	53	$ 52.29	12 years	2022 - Q4
Retail	45-51 39th Place	Moa coffee	300	53	$ 53.00	8 years	2023 - Q1
Retail	4011 34th Avenue	UPS	1,400	51	$ 51.42	10 years	2023 - Q3
Retail	4028 58th Street	PetVet Care Center,	1,800	80	$ 95.17	15 years	2021 - Q4
Retail	3320 55th Street	Rolling Hero	1,700	52	$ 52.00	5 years	2023 - Q3
Retail	45-16 Queens Boulevar	The Fish Den	700	128	$ 128.00	5 years	2023 - Q4
Retail	4510 46th Street	Latino Bites	600	100	$ 100.00	10 years	2025 - Q1
Retail	4724 Greenpoint Ave	CityMD	4,200	120	$ 116.00	15 years	2016 - Q2
Average	**-**	**-**	**1,424**	**-**	**$ 74.99**	**$**	**-**

Zoning Deep Dive

Zoning Analysis Final -City of Yes (COY)-	
Project Snapshot	
Block | Lot	2281 / 25
Zoning District:	**C4-4A (R7A Equivalent)**
Special Districts:	None
Zoning Map:	9d
Community District:	Queens Community District 2 (402)
Inclusionary Housing:	No
Transit Zone:	No
Environmental Designations	**E-272**
Zoning Amendment	Sunnyside Woodside (*)
Lot Type (corner, interior, through):	Corner Lot (not irregular)
Street Type (wide or narrow):	Front (Roosevelt Ave), Left (49th St.) and Right (48th St.)
Density | Floor Area Ratio and Zoning Floor Area	**Zoning District is**
Lot Area	19,000
Allowable Residential UAP - COY-	**5.01**
Allowable Community Facility FAR	4
Allowable Commercial FAR	4
Allowable Residential ZFA UAP -COY-	**95,190**
Allowable Community Facility ZFA	76,000
Allowable Commercial ZFA	76,000
Total Available ZFA including COY	**95,190**
Dwelling Units Factor COY	**680 ft**
Height and Setback Requirements	***As-Of-Right***
Min. Street Wall Setback Above Base	15 ft on wide street / 10 ft on narrow streets
Max. Base Height (COY)	85
Max. COY Building Height	**115 ft**
Parking Requirements	***As-Of-Right***
COY Parking requirements	0

Total ZFA: 95,190 ft

Zoning District: C4-4A (R7A equivalent) with UAP applicability (R6-R10 medium-high density districts) which translates into COY guidelines (20% bonus FAR, increase height from 85ft to 115ft, 60% AMI min. with the UAP untis).

E-272 designation: Due to noise and hazardous materials. This will create a longer pre-development period, which is currently underwritten.

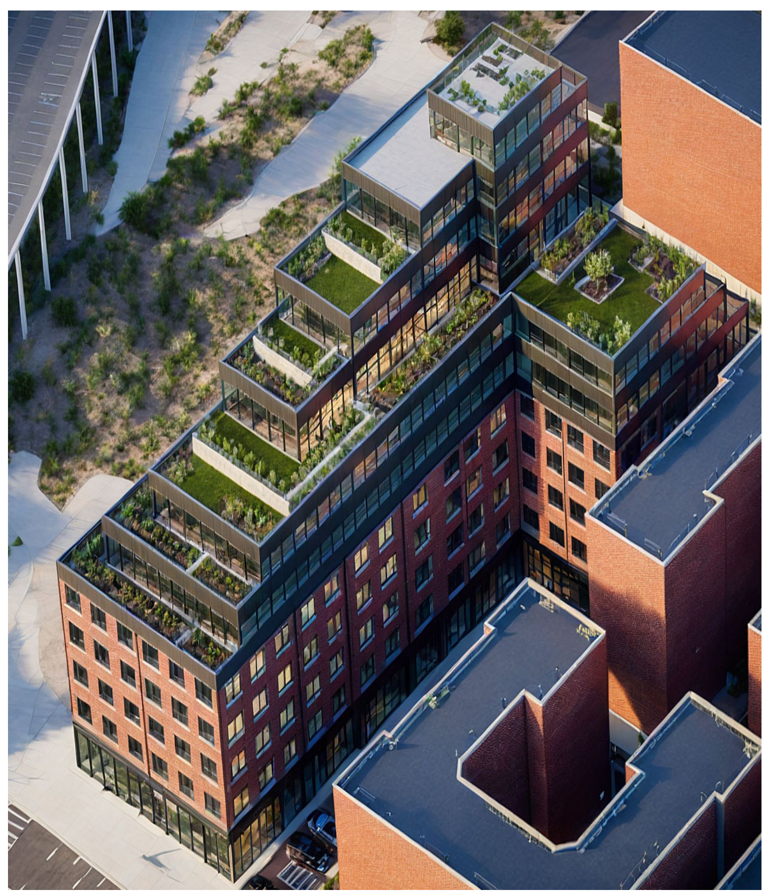
Parking: No parking requirements. Critical reason for choosing COY.

Dwelling Unit Factor: 680ft. Required under COY. The project complies and has an average unit size of 725ft.

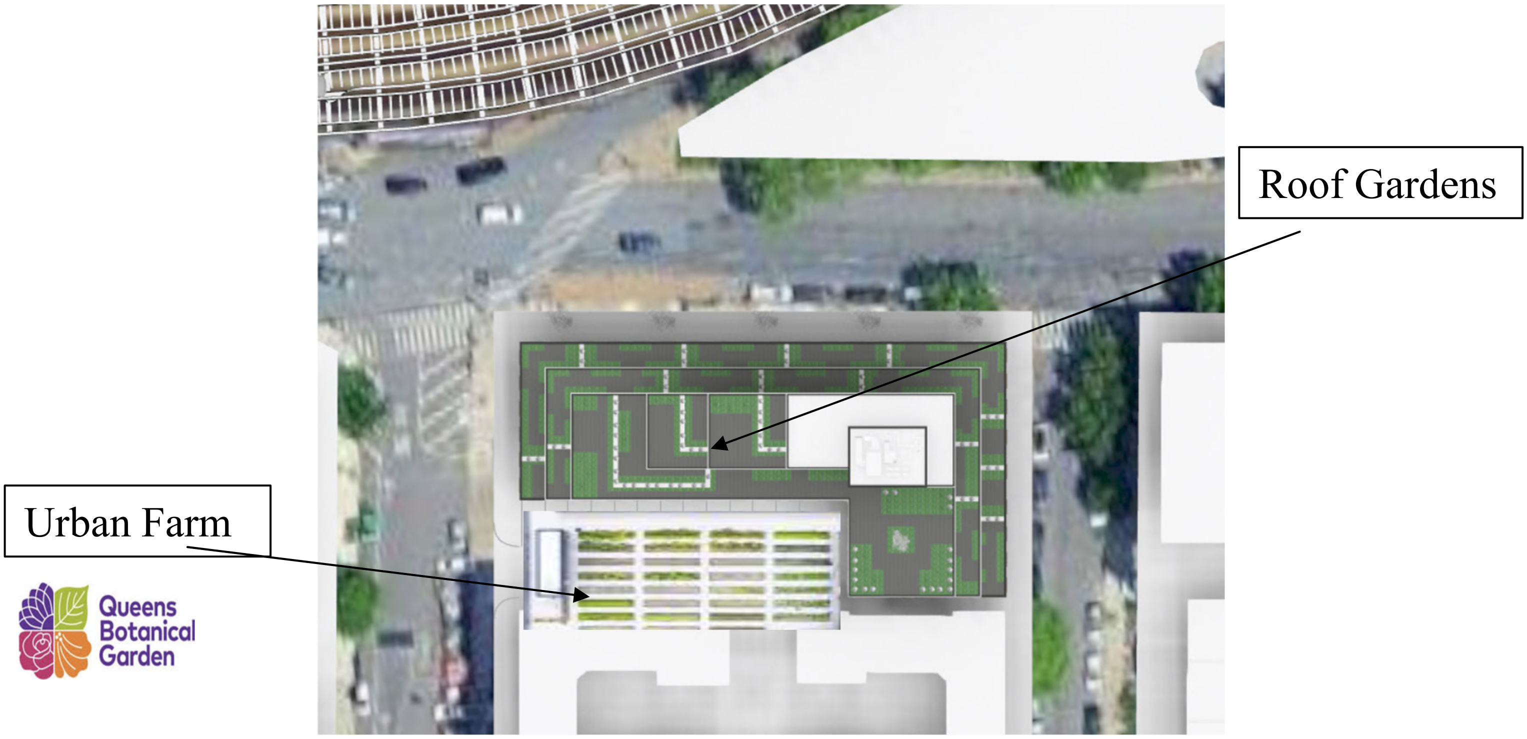
Additional constraints with COY that were considered:

- **65% of floors** must include affordable units
- If more than **10,000 SF of Affordable housing**, **20%** of that must be at **40% AMI** band.
- **485x eligibility** (<150 total units & <100 units for additional construction costs advantages in having open shop)

- Affordable housing units at 60% AMI per COY (proposed **50%** because of **LIHTC requirement**)
- Affordable units must have a unit mix **proportional** to market rate units OR at least 50% shall have 2 or more bedrooms and no more than 25% shall be studios
- Under 485x, there is a **3-year tax** exemption **during construction** and for the **first 25 years of operations**, the following **10 years are 20% tax exempt**.
- If total commercial area is m**ore than 12%** of ZFA, there will be **reduced tax exemption benefits** by the same % above 12%.



Site Plan & Street Plan View



Site Plan ~ Rooftop Gardens

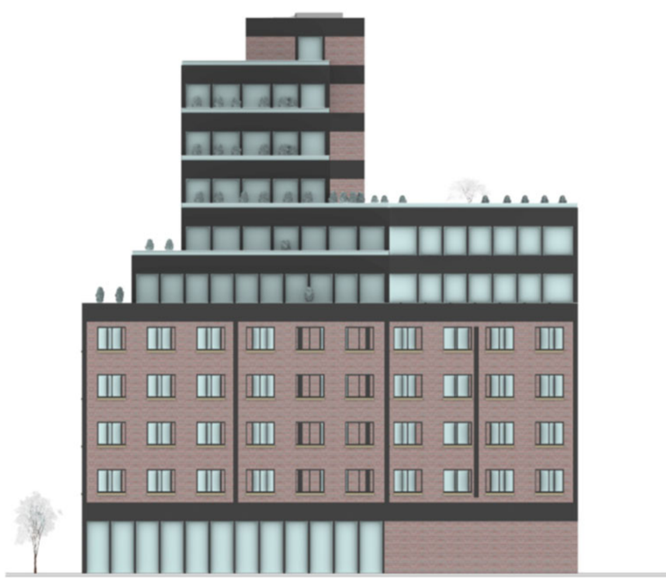
The **top plan view** highlights a **smart stepped design** that **prioritizes outdoor amenities** and **premium views**. The **layout** strategically **incorporates gardens, balconies, and rooftop spaces** on upper levels, **enhancing tenant appeal and rental value**.

Cascading Design

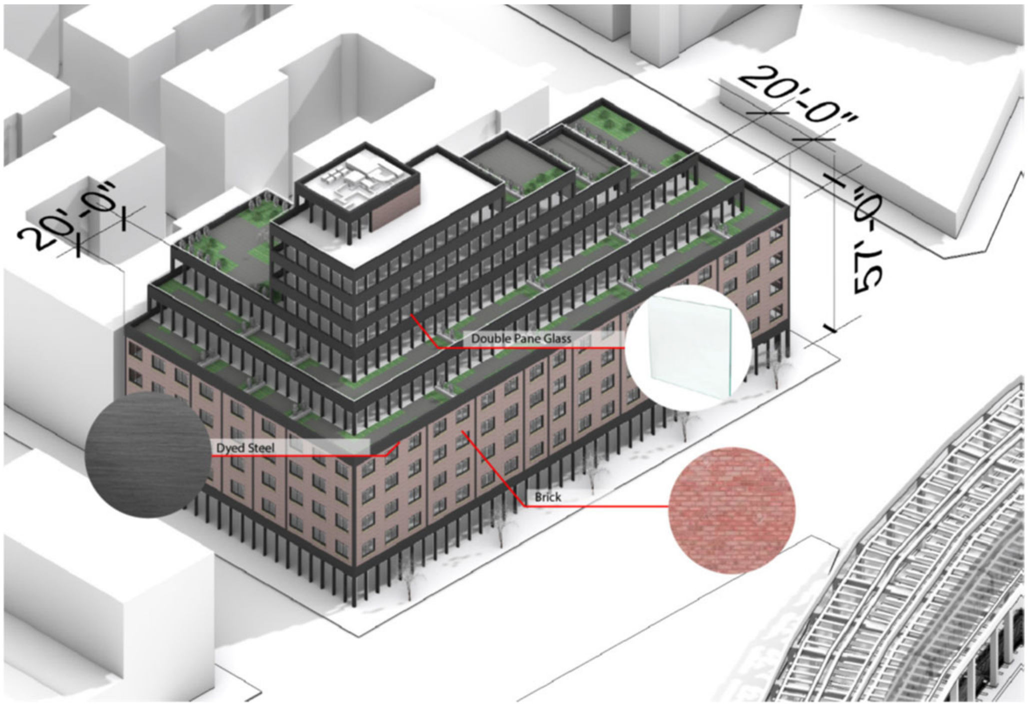
The **tiered structure** not only **meets zoning requirements** but also **optimizes natural light and ventilation**, creating a **desirable urban living environment**.

Community Facility

An **urban farm** will be prioritized and planned in partnership with **Queens Botanical Garden**, which was founded in **2013** and operate a one-acre farm in eastern Queens. The concept will look to be **open to the public** and work hand in hand with partner **Sunnyside Shines Business Improvement District (BID)** and the **Bliss Plaza programming** to increase retail foot traffic to the area and enhance retail value and tenant stability.



Setback Diagram & Exploded Axonometric



Zoning Compliance

At the **maximum setback height of 85** feet, there is a sides and front setback of **20 feet**, in compliance with our **R7-A zoning.**

These setbacks are carefully considered to **align** with **local regulations** while optimizing the site's development potential within the allowable parameters.

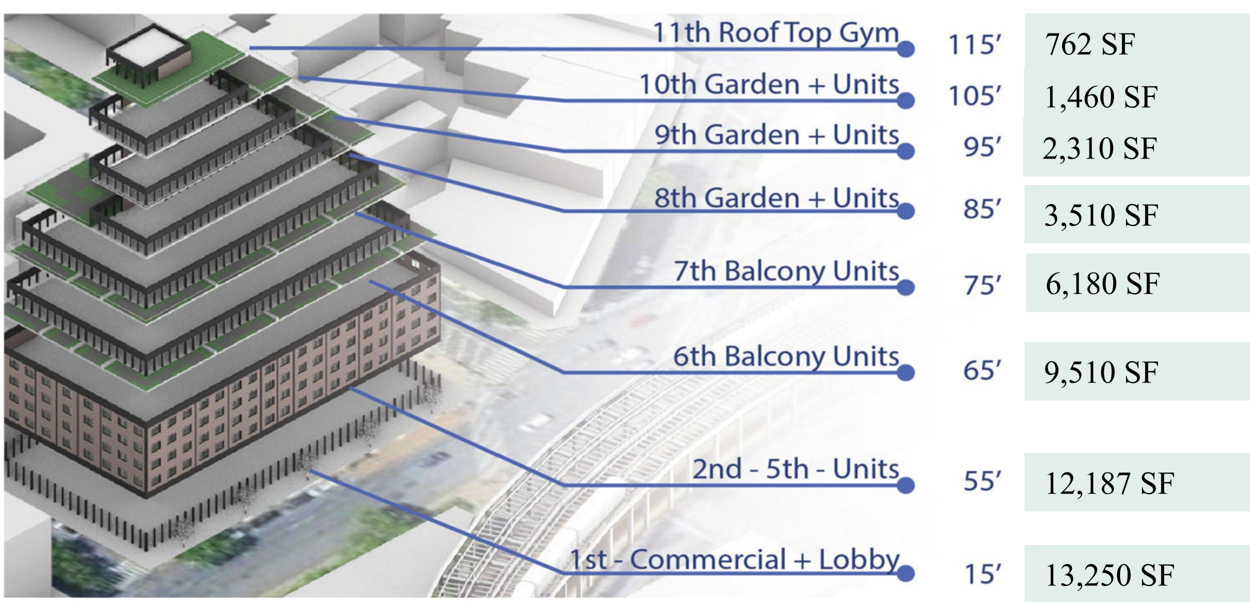
Materials Rationale

Exterior Materials are chosen with the idea of "keeping it Queens", thus the following materials:

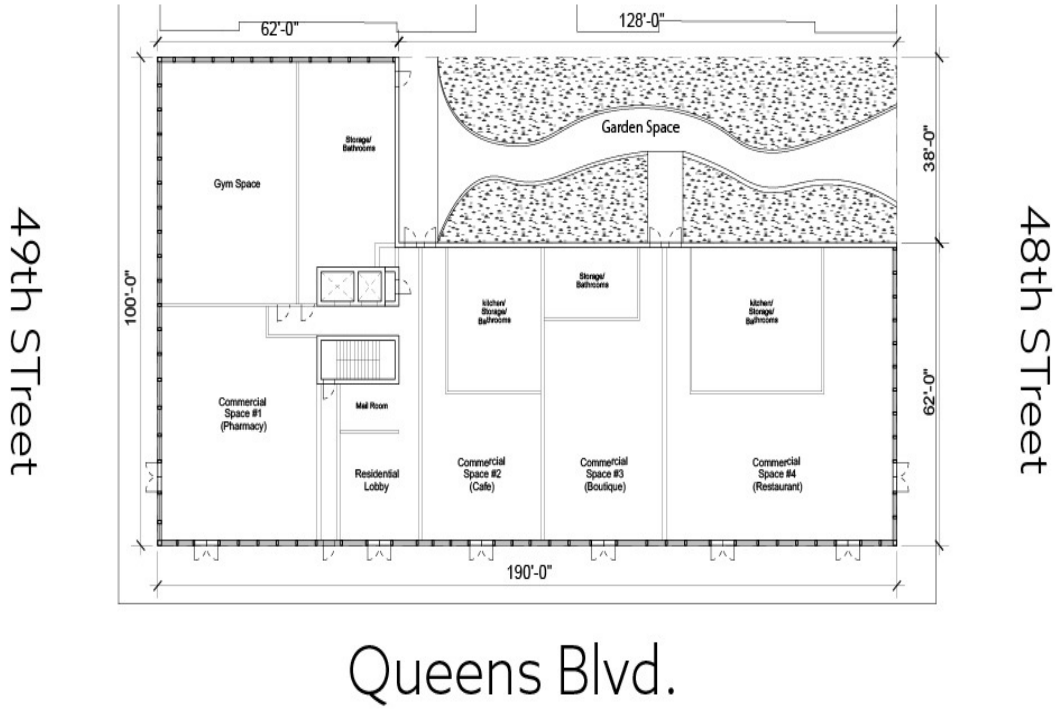
Dyed Steel – Adds a modern, durable, and distinctive aesthetic and lays in juxtaposition to the train tracks visual coherence.

Glass – Double Pane glass, minimizes train noise and reduces energy consumption during the winter months.

Brick – Provides warmth, texture, and a timeless urban neighborhood character.



Ground Floor Plan



Ground Floor ~ Amenities 8,335 SF

The **residential lobby** entrance will be on **Queens Blvd** and will lead to **two elevators** that operate 11 floors and 99 units. Next to the elevators there will be a **laundry and storage facility of 1,025 SF.** These which will create **income** for the project of **$50** dollars per unit/month only for the **market rate units**.

The **urban farm** will have **~5,000 SF** of space and will be operated and managed by the **Queens Botanical Garden**. In our underwriting we don't include potential income from this amenity,, this could change in the future.

Commercial Space ~ 9,400 SF

The five commercial spaces are strategically designed to maximize **visibility, accessibility, and tenant diversity**, creating a **well-balanced retail mix**. The strong Queens Blvd frontage and dual-street exposure ensure a high-demand leasing environment, making this development a prime opportunity for sustained commercial success.

On the corner of 49th and Queens, there will be a **Pet Clinic operated by Veterinary Care Group**. This location will enhance their coverage of Queens and complement their locations in **Astoria** and **central Queens**.

Next to the lobby to the west on Queens Blvd, there will be an **Irish pub and Turkish delicatessen**, catering to the large populations present in the neighborhood. The development will partner with **Sissy McGinty's pub and Turkiyem Market**, both with presence in Queens

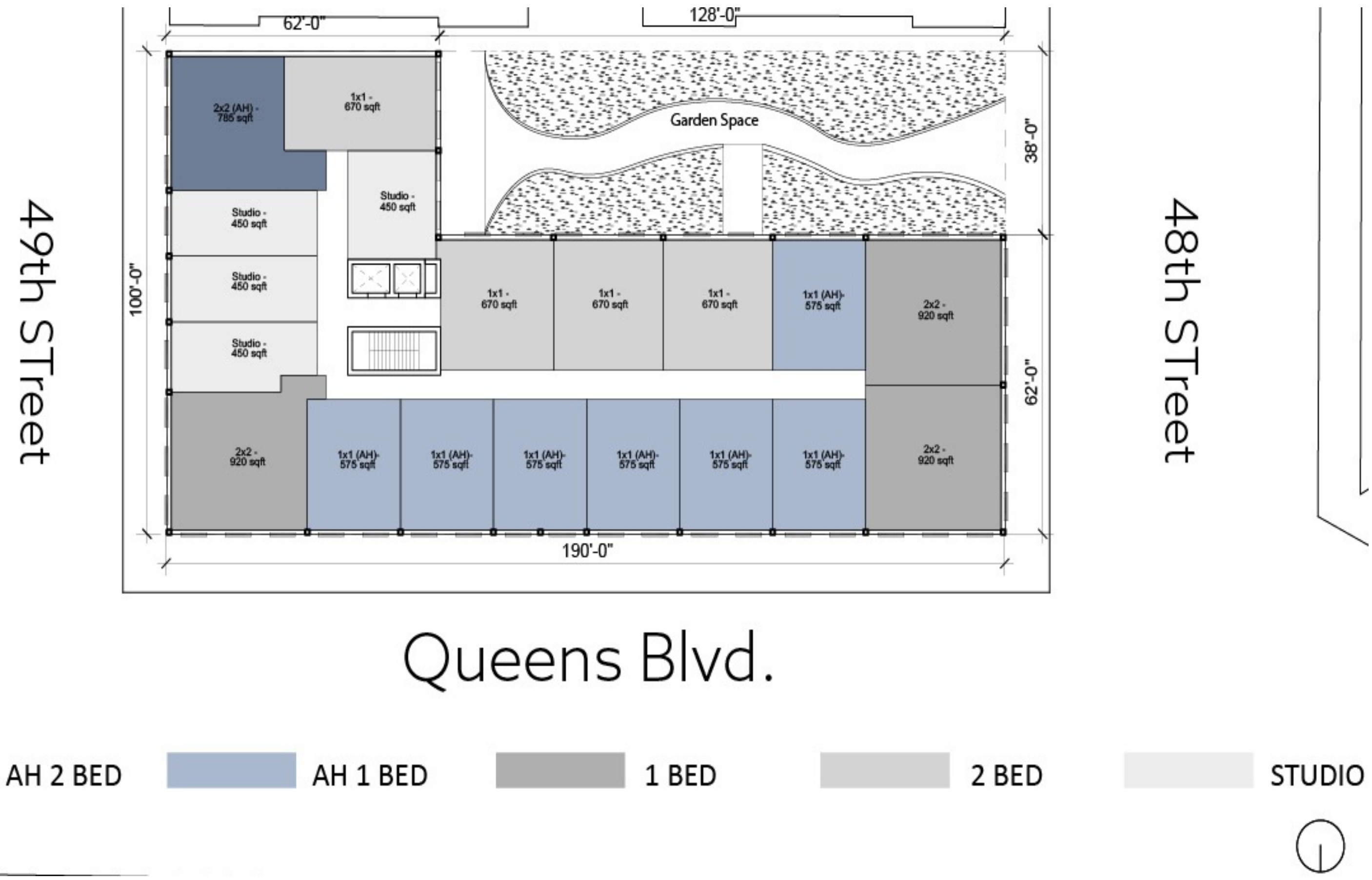
The development will look to partner with a **clothing brand** for space #3, **18 East**. For the last space, the development will look to have **two restaurants** with convenient **access to the Urban Farm fresh's products** in a **Cantonese and Ecuadorian Restaurants**.

Community Facility ~English Learning ~ 1,550 SF

For our last space and next to the pet clinic, we want to partner with **Queen Public Library**, to operate an English Learning Facility, given the high need of English proficiency in the neighborhood.

VETERINARY CARE GROUP
SISSY McGINTY'S
Queens Botanical Garden
QUEENS PUBLIC LIBRARY
Eighteen East®

Floor Plan Below Setback (Fl 2-5)



Floors 2-5

Floors 2 through 5 follow a **typical residential layout** with a **balanced mix** of unit types. The design **efficiently maximizes** residential density while incorporating **affordable housing options**, catering to a **range of tenants** and ensuring **compliance** with housing incentives.

The unit mix reflects a **deliberate strategy** to **prioritize** smaller, more **affordable** living spaces, directly targeting **young professionals**, **singles**, and **small families** who dominate the Sunnyside rental market.

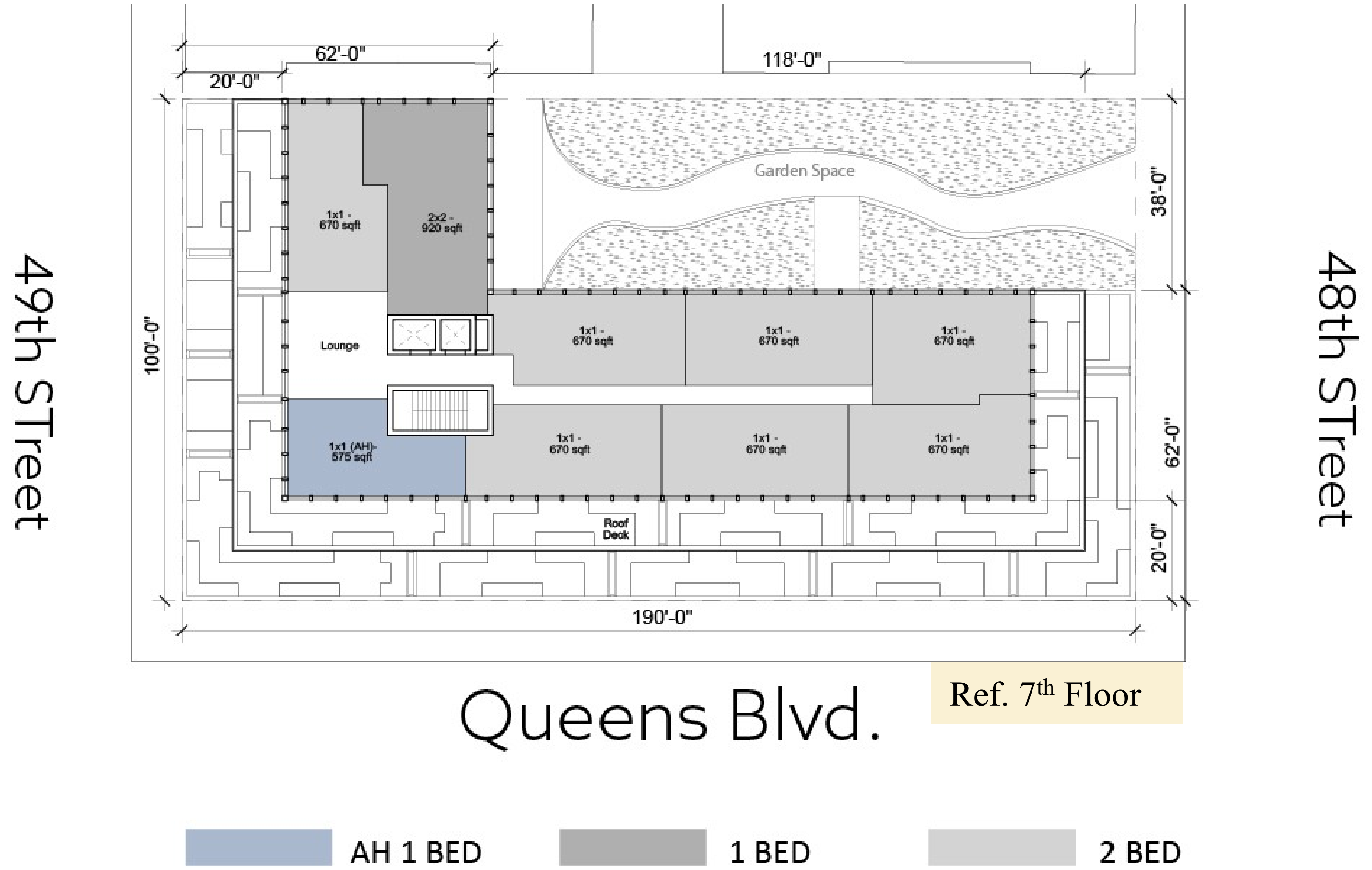
Affordable Units

The second floor has **7 1-bedroom** and **1 2-bedroom** units. This will help the development have as many number of units on the **lower floor**, which has the lowest rent, but also spread the **other 12 units evenly** accross the other floors to comply with COY in having at least **65%** of the floors having affordable units. Floors 3 and 4 have **2 1-bedrrom** and **3 2-bedroom** units each and floor 5 has **2 2-bedroom** unit, for a total of **17 affordable units** below the setback. Their was also an intention to have the majority of the affordable units **face the rail line**, as these will have the greatest difficulty in leasing, given the noise coming from it.

Market Rate Units

The second floor has **4 studio**, **4 1-bedroom** and **3 2-bedroom** units. Floors 3 and 4 have **6 studios** and **6 2-bedroom** units each. Floor 5 has **3 studios**, **1- 1 bedroom** and **9 2-bedroom units**. 24 of the 30 2-bedroom units are below the setback, given the floorplate is bigger and they fit easier.

Floor Plan Above Setback (Fl 6-10)



Ref. 7th Floor

Floors 6-10

Continuing with the floors above the setback, the standout features are the **8,374 SF open terrace** scattered across these floors and offering rooftop **private and public gardens**, **BBQ areas**, and **lounging spaces**. This design **targets tenants** seeking **premium amenities**, with **outdoor spaces** that encourage **social interaction and wellness**. The terrace adds significant value, supporting **higher rents** and **tenant retention**.

Each floorplate varies given that each floor setbacks following the cascading design and zoning compliance.

Affordable Units

There will be just a few affordable units above the setback. **1 1-bedrooms** and **1 2- bedroom** unit on the 6th floor and **1 1-bedroom** unit on the 7th floor.

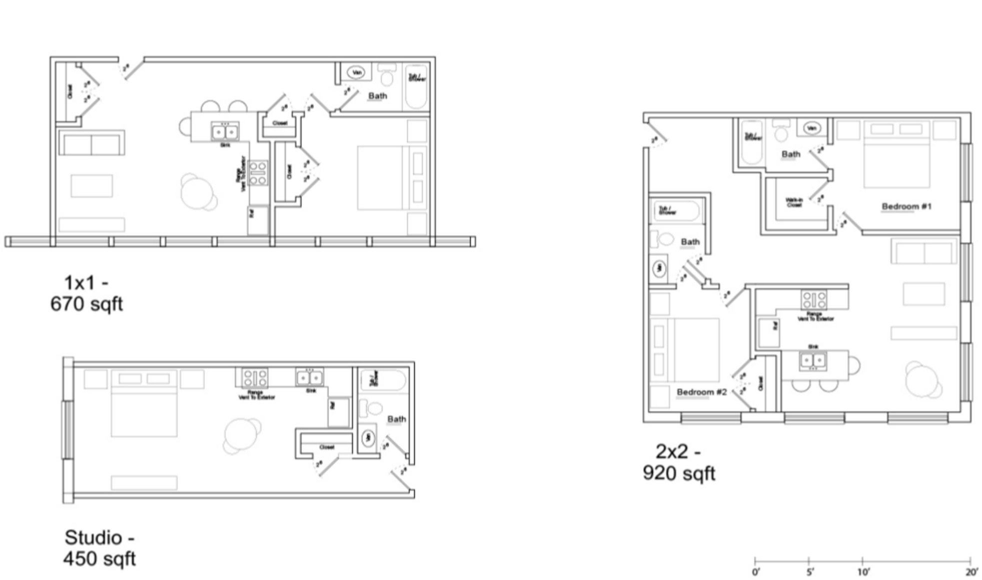
Market Rate Units

The 6th Floor will have a **studio, 8 1-bedroom** and **2 2-bedroom**, while the 7th floor will have **7 1-bedroom** and **1 2-bedroom units**. Floor 8 will have **3 1-bedroom** and **1 2-bedroom** units, floor 9 will have **2 1-bedroom** and **1 2-bedroom** units and floor 10 will have **1 1-bedroom** and **1 2-bedroom** units.

Floor 11

On the last floor we prioritized a **roof top gym**, to take advantage of the **views** and **standout** across the competitive set of 5-star buildings that are in the area.

Market-Rate Design & Sustainability Features



Efficient Layouts

Each unit balances **functionality** and **comfort**

Optimized Space

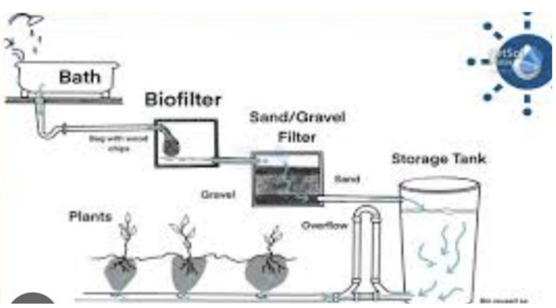
Open floor plans and **smart storage** maximize livability and **prioritize work from home** (WFH).

Target Audience

Studios suit **singles**, 1-beds fit **professionals**, and 2-beds work for **small families**.

Design Consistency

Common elements like **centralized kitchens** and **well-placed** bathrooms **enhance usability**.



Sustainability Design Features ~building materials

Working hand in hand with the design team, the development will look to incorporate as many building materials as possible that have **low embodied carbon** as well as have a **minimum impact** on the **development cost**. Materials like **recycled steel, reclaimed wood & hempcrete** will be studied for **sustainability impact** and **value engineering.**

Energy Efficient Design

Low-emission glass and **double pane windows** will **reduce** heat gain and loss and will contribute to **energy efficiency**. The **green roofs** and **open gardens** will provide **insulation**, **reduce heat transfer** and enhance aesthetics.

The development will rely on **passive solar design principles** to **optimize** the building's **orientation** and **maximize** natural light. The development will also incorporate **energy-efficient HVAC systems**.

Water-saving features

Using **low-flow toilets**, **showerheads** and **faucets** will help **conserve water resources**. There will be a **rainwater and greywater harvesting systems** that will be utilized in the roof gardens and urban farm

Development Budget & TDC

Development Budget		Total	Eligible Basis (LIHTC)	
Acquistion Cost				
Land		$ 10,900,000	0%	$ -
Acquistion Cost	1%	$ 109,000		
Total Acq Costs	17.1%	**$ 11,009,000**		**$ -**
Hard Costs				
Site Work (Environmental Phase I & II)		$ 1,000,000	20%	$ 200,000
Construction Costs	$ 340	$ 32,364,600	20%	$ 6,472,920
General Requirements	3%	$ 1,000,938	20%	$ 200,188
Contractor Overhead	1%	$ 333,646	20%	$ 66,729
Contractor Profit	4%	$ 1,334,584	20%	$ 266,917
Contingency (5% new / 10% rehab)	5%	$ 1,668,230	20%	$ 333,646
Performance Bond	1.00%	$ 333,646	20%	$ 66,729
Total Hard Costs	$ 400	**$ 38,035,644**		**$ 7,607,129**
Soft Costs				
Design Fee (Arq. / Engineer)	4%	$ 1,334,584	20%	$ 266,917
3rd Parties (Env. / Market Study / Survey / Apprais	0.5%	$ 450,000	20%	$ 90,000
Legal	1.6%	$ 1,000,000	20%	$ 200,000
Insurance	1.2%	$ 750,000	20%	$ 150,000
Taxes	0.0%	$ -	20%	$ -
Compliance	0.3%	$ 200,000	0%	$ -
Marketing	1.2%	$ 750,000	0%	$ -
Accounting	0.8%	$ 500,000	20%	$ 100,000
Permits & Fees	2.9%	$ 1,861,832	20%	$ 372,366
Total Soft Costs	18%	**$ 6,846,416**		**$ 1,179,283**
Financing Costs				
Construction Interest		$ 3,787,484	17%	$ 643,872
Total Financing Costs	7.6%	**$ 4,896,884**		**$ 699,582**
Operating Reserve (6 months Opex & DS)	6	**$ 790,112**	0%	$ -
Development Fee	**5.0%**	**$ 2,834,059**	40%	$ 1,133,623
Total Development Budget	**$ 677**	**$ 64,412,115**		**$ 10,619,618**

Total Development Cost (PSF)						
Operating Expenses	Hard Cost					
		$290	$315	$340	$365	$390
	40%	598p	637p	677p	715p	755p

Total Development Budget

The **total development budget** for Solara Garden Residences is **$64.4 M**, equal to **676 psf**. A sensitivity analysis on different range of hard costs was run, giving a range in TDC of $**600-$750 psf.**

Important Line items

Hard costs are the biggest line item and account for **60% of TDC**, followed by the **land price at 17% of TDC**, given the high basis of **$574 psf**. The **site prep costs of $1.2 M**, are high given the environmental phase I & II studies, cleanup and consulting fees. Another important line item are the **capitalized interest**, which has a **10% buffer**, that the lender will underwrite for. **Legal and permits & fees** are also high given the complexity of applying to LIHTC and BTC

Sensitivity Analysis

A **sensitivity analysis** on return metrics at the **JV level** were ran for both **hard cost and operating expenses**. On a **base case** scenario, the LP gets an **19% IRR and 2.1x multiple**. On the **low- and high-end** scenarios, the LP investor gets an **13% and 24% IRR** and **1.6x and 2.5x multiple** respectively. This shows there are potential upsides and a covered downside for the investor.

The development budget is also used to calculate the LIHTC credits. The **eligible basis** for the **tax credits amount to $10.6 M**.

JV Level (LP IRR & MOIC)						
	Hard Cost					
	TDC (equivalent)	597p	637p	676p	715p	754p
	18.8%/2.0x	290	315	340	365	390
Operating Expenses	35.00%	23.5%/2.5x	22.2%/2.3x	20.9%/2.2x	19.3%/2.1x	17.7%/1.9x
	37.50%	22.5%/2.4x	21.2%/2.2x	19.9%/2.1x	18.2%/2.0x	16.6%/1.9x
	40.00%	21.5%/2.3x	20.2%/2.2x	18.8%/2.0x	17.0%/1.9x	14.8%/1.7x
	42.50%	20.5%/2.2x	19.1%/2.1x	17.6%/2.0x	15.6%/1.8x	13.4%/1.6x
	45.00%	19.4%/2.1x	17.9%/2.0x	16.3%/1.9x	14.2%/1.7x	12.1%/1.5x

Operating Proforma & Key Metrics

PROFORMA		Year									
Item	Trended Rate	1	2	3	4	5	6	7	8	9	10
Gross Potential Rent	2.0%	$4,976,103	$5,075,625	$5,177,138	$5,280,680	$5,386,294	$5,494,020	$5,603,900	$5,715,978	$5,830,298	$5,946,904
Vacancy	5.4%	($271,429)	($276,857)	($282,394)	($288,042)	($293,803)	($299,679)	($305,673)	($311,786)	($318,022)	($324,382)
Effective Gross Income		**$4,704,674**	**$4,798,768**	**$4,894,743**	**$4,992,638**	**$5,092,491**	**$5,194,341**	**$5,298,228**	**$5,404,192**	**$5,512,276**	**$5,622,521**
Payroll	2.0%	$281,028	$286,648	$292,381	$298,229	$304,193	$310,277	$316,483	$322,812	$329,269	$335,854
Repairs and Maintenance	2.0%	$234,190	$238,874	$243,651	$248,524	$253,494	$258,564	$263,736	$269,010	$274,391	$279,878
Contract Services	2.0%	$124,901	$127,399	$129,947	$132,546	$135,197	$137,901	$140,659	$143,472	$146,342	$149,268
Redecorating	2.0%	$62,451	$95,975	$97,895	$99,853	$101,850	$103,887	$105,965	$108,084	$110,246	$112,450
Marketing & Advertising	2.0%	$80,015	$81,615	$83,247	$84,912	$86,611	$88,343	$90,110	$91,912	$93,750	$95,625
Admin.	2.0%	$70,257	$71,662	$73,095	$74,557	$76,048	$77,569	$79,121	$80,703	$82,317	$83,964
Utilities	2.0%	$117,095	$119,437	$121,825	$124,262	$126,747	$129,282	$131,868	$134,505	$137,195	$139,939
Management	2.0%	$195,158	$95,975	$97,895	$99,853	$101,850	$103,887	$105,965	$108,084	$110,246	$112,450
RET	2.0%	$195,158	$199,061	$203,042	$207,103	$211,245	$215,470	$219,780	$224,175	$228,659	$233,232
Insurance	2.0%	$214,674	$218,967	$223,347	$227,814	$232,370	$237,017	$241,758	$246,593	$251,525	$256,555
Replacement Reserves	2.0%	$23,419	$23,887	$24,365	$24,852	$25,349	$25,856	$26,374	$26,901	$27,439	$27,988
Total Operating Expenses		**$1,385,067**	**$1,428,570**	**$1,473,418**	**$1,519,651**	**$1,567,312**	**$1,616,443**	**$1,667,091**	**$1,719,302**	**$1,773,123**	**$1,828,603**
Net Operating Income		**$3,319,608**	**$3,370,198**	**$3,421,325**	**$3,472,987**	**$3,525,179**	**$3,577,897**	**$3,631,136**	**$3,684,890**	**$3,739,153**	**$3,793,919**

Market Vacancy (CoStar)	
Vacancy Residential (CoStar 1%)	5%
Vacancy Commercial (CoStar 4.3	8%
Total Vacancy	**5.39%**

Market Cap Rate 4-5 Stars (CoStar)	
Cap Rate MF	4.8%
Cap Rate Retail	5.6%
Cap Rate	**4.9%**

Rental Rent vs Comps	95%

Proforma ~ Key Assumptions

Gross potential rent stands at close to **$5 M**. The breakdown comes form **20 affordable units** generating yearly revenue at **50% AMI equal to $28.5 psf/year**. The other **79 units**, which are market rate, generate **yearly revenue of $61 psf/year**, **5.7% below market comps of $64.8**. Given the lender underwriting requirements, the residential component projects a **5% vacancy rate**, **5 times market vacancy and has a market cap rate of 4.9%** per Costar.

Retail

On the retail side, the project will generate **$750K a year triple net**, **at $69 psf/year** on average ranging from **$47 psf in the clothing store to $95 psf in the vet clinic**. This is **below** the **average market rent** of **$75 psf/year**, an **8% discount**. The retail was modeled with **8% vacancy**, almost double CoStar's number and a **cap rate of 5.6%** per Costar.

The **rental rate and expenses are trended at 2%** a year and the total **operating expenses** don't include the **real estate taxes** given the project benefits from the **485-x tax abatement program**. That results in a **net operating income** (NOI) of $3.3M in year 1.

Capital Stack: Const. Loan, Equity & Perm

Construction Loan Sizing

Given the **NOI of $3.3 M** and **Cap Rate of 4.9%** previously discussed in our proforma, we seize the construction loan at **65% loan to cost (LTC) & loan to value (LTV)** and get a **$34.7 M** loan at **8.1% interest rate.** This interest rate has a spread and cushion of **375 bps over 1-month SOFR of 4.33%.**

LTV	65.0%	$43,999,695
LTC	65.0%	$34,787,247
Loan Amount:		$34,700,000
Interest Rate	8.1%	

Construction Loan Draw

During construction, the project will utilize **96%** of the approved loan amount and have **$3.4 Mn** in **capitalized interest costs**.

Debt Summary		
Construction Loan Draws	$29,714,280.93	
Interest Loan Draws	$3,443,167.03	Loan Utilization
Total Construction Loan	$33,157,447.96	95.6%
Perm Loan	$35,900,000	
Mezz Loan	$0.00	

Sources ~Equity & Credits

The construction loan will be **54% of the sources** and given the **LIHTC and BTC sources** of **$5 M** and **$3.4 M** respectively, the project will require **$21.3 M of equity**, equal to 33% of the total sources. Of that equity, we are in deep talks with limited partner investors for 90% of that, that are interested in taking a position. A minimum position of **$2 M** will be allowed, given flexibility to look for funding from the **high net-worth individuals** (HNWIs) space, the **small and mid size family offices** space and the **small & medium sized private equity fund** space.

Perm Loan Sizing

The project also sized a **permanent loan** in month **49**, 12 months after project completion, using **loan to value** (LTV) at **65%, debt yield** (DY) at **9.5%** and a **debt service coverage ratio** (DSCR) of **1.25**.

The loan amount was **debt yield constraint** and after origination fee, mortgage recording tax and capital markets broker fees, the project will receive **net proceeds for $35.9 M**.

Perm Senior Loan Sizing Criteria	
Cap Rate	4.90%
Capitalized Value	$70,819,479
Max LTV	65%
DY	9.5%
DSCR	1.25

Perm Senior Loan Sizing	
LTV	$46,032,661
DY	36,557,760
DSCR	37,603,705

Sources			Uses			
Construction Loan	$34,700,000	54%	Capitalized Interest	$	3,787,484	5.9%
Equity	$21,300,000	33%	Operating Reserve (6 mos Opex)	$	790,112	
Limited Partner	$19,170,000	90%	Developer Fee	$	2,834,059	4.4%
General Partner	$2,130,000	10%	Hard Costs	$	38,035,644	59.1%
LIHTC 4%	$5,000,000	8%	Soft Costs	$	6,846,416	10.6%
Brownfield Tax Credits	$3,400,000	5%	Property Purchase Price	$	10,900,000	16.9%
			Other		$1,225,128	4.3%
Total	$ 64,400,000	100%	**Total**	$	64,400,000	100%

Capital Stack Cont.: LIHTC & BTC

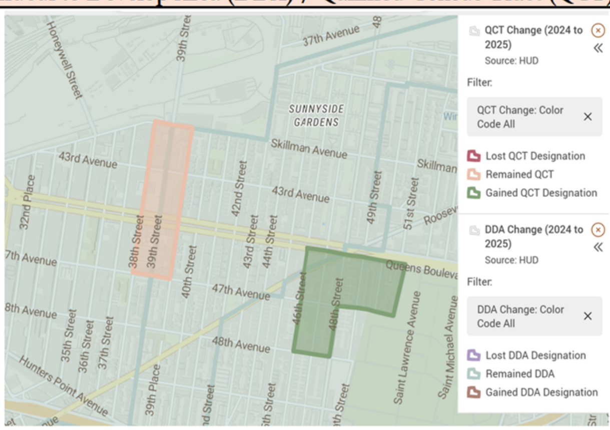
Low-Income Housing Tax Credits ~ LIHTC

The project takes advantage of **two sources of equity**. The **low-income housing tax credits LIHTC**, which for this project get a boost of **30%** given the site is in a **qualified census tract**.

A **credit price of 0.91 cents of every dollar** are applied to the 10-year credits to arrive to net proceeds of $**5 M in tax credits**.

Low Income Tax Credit (LIHTC)		
LIHTC Program		4%
Eligible Basis		$ 10,619,618
% Eligible Basis		100%
DDA/QCT	Yes	1.30
Qualified Basis		**$ 13,805,503**
Max. Annual Tax Credits	4.00%	$ 552,220
Total Tax Credits (years)	10	$ 5,522,201
Net Raise	0.91	$ 5,025,203
Net Proceeds	99.99%	$ 5,000,000

Diffucul to Develop Area (DDA) / Qailified Census Tract (QCT)



The **equity pay in schedule** is projected at **10% at closing, 30% at completion and 59% with the perm loan. 1%** is left when the **8609s forms** are filed.

Brownfield Tax Credits ~BTC

The second source of equity are the **brownfield tax credits**, which given the environmental designation of the site, the **Department of Environmental Conservation** provides in their **Brownfield Cleanup Program**. This credit will amount to **$3.4 M** and will all go into the project at **conversion**, providing another cushion to take out the construction loan or as an earlier cash-out to the LP.

Both sources amount to **13%** of the uses and go along way in making the project **financially feasible**.

Brownfield Tax Credits (BTC)		
Eligible Site Prep Costs		$ 1,150,000
Eligible Tangible Property Costs		$ 38,035,644
Baseline		10%
Affordable Housing Boost		5%
Cap		24%
Applicable Tax Credit		15%
Potential Tax Credit		$ 5,877,847
Audit Factor	10%	$ 5,290,062
Credit Raise	0.65	$ 3,438,540
Net Proceeds		**$ 3,400,000**

Schedule		Total Equity Pay-IN LIHTC			Pay In Brownfield Tax Credit		
0	Closing	10%	$	500,000	0%	$	-
20	Construction	0%	$	-	0%	$	-
37	Completion	30%	$	1,500,000	0%	$	-
49	Perm Loan	59%	$	2,950,000	100%	$	3,400,000
52	Tax Docs 8609s	1%	$	50,000	0%	$	-
		100%	$	5,000,000	100%	$	3,400,000

Partnership Structure & JV Level Waterfall

Partnership structure GP/LP

The partnership structure for Solara Garden Residences is a **90/10 equity split**, with **90%** of the equity provided by **limited partners** and **10%** of the equity by the **sponsor, Solara LLC**. The sponsor is looking for **minimum LP commitments of $2 M**, this widens the LP universe to **Family Office, HNWIs and Private Equity Firms**.

The investors will have a **preferred return of 10%. Above that** the sponsor will get a **20% promote**. There will be a **second hurdle at 18%**, in which the sponsor will have a **30% promote** thereafter, paying the sponsor a **fair compensation** if the project delivers good financial returns.

Capital Partnership		Promote (GP/LP
GP	10%	
LP	90%	
Hurdle Rate	10%	20%
1st distribuiton	18.0%	30%

Waterfall & GP Fees

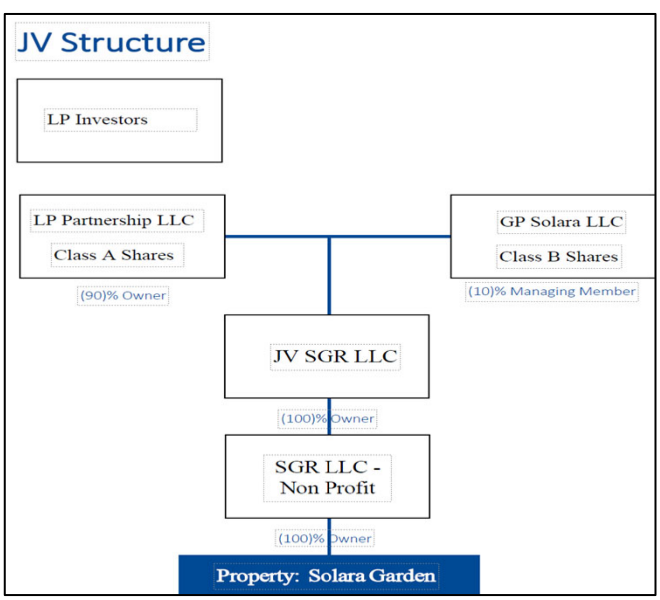
The waterfall follows the proposed partnership structure, which will be written in the **limited partnership agreement (LPA)** signed between the general partner (GP) and the limited partner (LP). The general partner will have a **0.5% acquisition fee** and **0.5% disposition fee**, as well as a **0.5% asset management fee and 0,25% refinancing fee**. The JV will require **25k of costs per year for operation**. These fees and the preferred return and promote structure can be seen in the below waterfall.

In summary, the LP will have in our base case scenario, an **18.8% IRR and 2.0x equity multiple**.

%	Additional GP Fees
0.50%	Acquisition Fee
0.25%	(Re) Financing Fee
0.50%	Asset Management Fee
$25,000	Accounting/G&A/Other
0.50%	Disposition Fee

JV Structure

The JV structure will follow **tax efficient** guidelines, and the owner of the property will be SGR LLC a **non-profit** for reasons due to the project having an affordable component. The JV SGR LLC will own 100% of the non-profit and the **JV will have class A shares and Class B shares**, with clear instructions of the above structure for class A shares.



Year	0	1	2	3	4	5
NCFADS	(10,408,050)	(3,490,196)	(7,401,754)	-	1,506,803	46,988,863
		(13,898,246)	(21,300,000)			
Acquisition Fee	(54,500)					
(Re) Financing Fee					(91,394)	
Asset Management Fee		(106,500)	(106,500)	(106,500)	(106,500)	(106,500)
Accounting/G&A/Other		(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Disposition Fee						(364,794)
Total Entity Fees	(54,500)	(131,500)	(131,500)	(131,500)	(222,894)	(496,294)
NFC to Entity	(10,462,550)	(3,621,696)	(7,533,254)	(131,500)	1,283,909	46,492,569
Beginning Balance:		10,462,550	15,130,501	24,176,805	26,725,986	28,114,675
Capital Contribution	10,462,550	3,490,196	7,401,754	0	0	0
Preferred Return Earned	0	1,046,255	1,513,050	2,417,681	2,672,599	2,811,468
Distribution:	10,462,550	3,621,696	7,533,254	131,500	(1,283,909)	(30,926,143)
Ending Balance:	10,462,550	15,130,501	24,176,805	26,725,986	28,114,675	0
Available CF after 1st hurdle:		0	0	0	0	15,566,426
Promote 1:		0	0	0	0	2,769,192
CF after Promote 1:		0	0	0	0	12,797,234
Beginning Balance:		10,462,550	15,967,505	26,374,910	31,253,894	35,595,686
Preferred Return Earned:		1,883,259	2,874,151	4,747,484	5,625,701	6,407,223
Distribution:	10,462,550	3,621,696	7,533,254	131,500	(1,283,909)	(42,002,909)
Ending Balance:	10,462,550	15,967,505	26,374,910	31,253,894	35,595,686	0
Available CF after 2nd hu	0	0	0	0	0	1,720,468
Promote 2:	0	0	0	0	0	516,140
CF after Promote 2:	0	0	0	0	0	1,204,328
Developer or GP Total	**(1,046,255)**	**(362,170)**	**(753,325)**	**(13,150)**	**128,391**	**7,606,056**
GP IRR:	**35.0%**					
GP EM:	**3.6**					
Investor or LP Total Cl	**(9,416,295)**	**(3,259,526)**	**(6,779,929)**	**(118,350)**	**1,155,518**	**38,886,513**
LP IRR:	**18.8%**					
LP EM:	**2.0**					
Check:	0	0	0	0	0	
GP Total Income	(991,755)	(230,670)	(621,825)	118,350	351,285	8,102,349
GP Real IRR	**43.5%**					
GP EM:	**4.6**					

Sensitivity Analysis & Risk Mitigants

Identifying 3 risks ~ Deal Structure

As previously touched upon, the sponsor identified the **biggest risk** as being the **high land basis** and has clearly structured a detailed proposal with the seller to reduce this risk to zero with the complex but thought-out business plan that takes care off all the possible scenarios. The **seller has agreed** with all these scenarios and has **entrusted the sponsor** to execute on the business plan as is presented on page 5.

LP Return Summary	IRR
Land Pledge $8.75 M	16.9%
Escrow ~LIHTC & BTC	19.0%
No Credits	**8.3%**
Purchase Price $4.9 M	15.9%
Purchase Price in Year 3 $8.9 M	15.9%

Property Purchase Price

		Purchase Price				
	17.8%/2.0x	**$8,900,000**	**$9,900,000**	**$10,900,000**	**$11,900,000**	**$12,900,000**
Cap Rate	**4.40%**	25.3%/2.5x	23.6%/2.4x	22.2%/2.3x	21.1%/2.2x	19.9%/2.2x
	4.65%	23.4%/2.4x	21.8%/2.3x	20.5%/2.2x	19.4%/2.1x	18.2%/2.0x
	4.90%	21.6%/2.2x	20.1%/2.1x	**18.8%/2.0x**	17.7%/2.0x	16.4%/1.9x
	5.15%	19.9%/2.1x	18.4%/2.0x	17.1%/1.9x	15.9%/1.9x	14.7%/1.8x
	5.40%	18.3%/2.0x	16.7%/1.9x	15.4%/1.8x	14.2%/1.7x	13.0%/1.7x

Potential impact on Hard Costs with Tariffs

The **economic uncertainty** that the tariffs have created on the economy and on businesses **can't be overstated**. We have **adjusted our development budget** to conservatively price hard costs on an already higher budget and have sensitize the project returns on potential hard cost increases. We have an advantage that **labor costs during construction** will be cheaper given that the project **can hire and pay open shop wages**, which generally have a **15% lower total development cost impact, but material in construction can't be controlled**. For the first **$25 psf** in hard cost increases, the IRR to the LP is negatively impacted and a **17%** vs an 18.8% is projected. In the case the project has a **$50 psf** increase, a **15% increase in costs**, the IRR to the LP will still be an attractive **15%.**

Cap rate and exit year uncertainty

On every real estate project there is **cap rate uncertainty**, given the correlation to interest rates. Given that we are in a **high-interest rate environment** compared to the previous 15 years, we don't see interest rates going much higher than what they are today and thus think cap rates should be stabilize by now and potentially go down from where they are today. We sensitize cap rates and interest rates and as can be seen on the **low case scenario**; the project still delivers **15% IRR to the LPs with a 50bps movement higher in cap rats** and there is potential upside to get to **22% IRRs if cap rates compress in the future**.

JV Level (LP IRR & MOIC)

		Cap Rate				
	17.7%/1.9x	**4.40%**	**4.65%**	**4.90%**	**5.15%**	**5.40%**
Interest rate	**6.58%**	22.7%/2.4x	20.9%/2.2x	19.3%/2.1x	17.7%/2.0x	15.9%/1.9x
	7.33%	22.4%/2.3x	20.6%/2.2x	19.0%/2.1x	17.3%/1.9x	15.6%/1.8x
	8.08%	22.2%/2.3x	20.5%/2.2x	**18.8%/2.0x**	17.1%/1.9x	15.4%/1.8x
	8.83%	22.0%/2.3x	20.2%/2.2x	18.5%/2.0x	16.8%/1.9x	15.0%/1.8x
	9.58%	21.8%/2.3x	20.0%/2.1x	18.3%/2.0x	16.6%/1.9x	14.8%/1.8x

An analysis on **exit timeline** on a deal level was also carried out, as there is always uncertainty if the **capital markets will be open** at the time one wants to sell the assets, and one needs to be willing to be patient if there is a need to be. A delay in exit negatively impacts IRR, but a longer hold implies a higher exit multiple, if that is prioritized.

Deal Levered IRR Analysis Exit Timeli

		Month of Sale		
	21.7%/2.3x	**50.00**	**60.00**	**70.00**
Cap Rate	**4.40%**	25.8%/2.6x	26.3%/2.7x	22.7%/2.8x
	4.65%	23.5%/2.4x	24.0%/2.5x	20.9%/2.6x
	4.90%	21.2%/2.2x	**21.8%/2.3x**	19.1%/2.4x
	5.15%	19.0%/2.1x	19.6%/2.1x	17.5%/2.2x
	5.40%	16.9%/1.9x	17.6%/2.0x	15.9%/2.1x

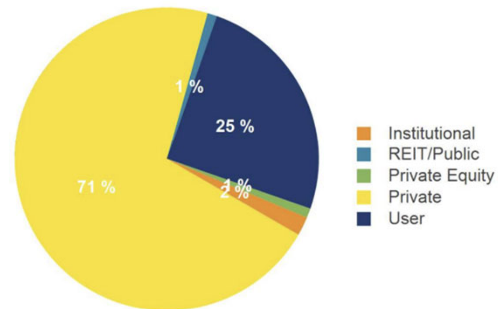
JV Level (LP IRR & MOIC)

		Hard Cost				
	TDC (equivalent)	**597p**	**637p**	**676p**	**715p**	**754p**
	18.8%/2.0x	**290**	**315**	**340**	**365**	**390**
Operating Expenses	**35.00%**	23.5%/2.5x	22.2%/2.3x	20.9%/2.2x	19.3%/2.1x	17.7%/1.9x
	37.50%	22.5%/2.4x	21.2%/2.2x	19.9%/2.1x	18.2%/2.0x	16.6%/1.9x
	40.00%	21.5%/2.3x	20.2%/2.2x	**18.8%/2.0x**	17.0%/1.9x	14.8%/1.7x
	42.50%	20.5%/2.2x	19.1%/2.1x	17.6%/2.0x	15.6%/1.8x	13.4%/1.6x
	45.00%	19.4%/2.1x	17.9%/2.0x	16.3%/1.9x	14.2%/1.7x	12.1%/1.5x

Exit & Alternative Exit Strategy

Exit Strategy

Provided the majority of the **historical transactions** in the neighborhood have been on a **private and user level (~95%)** and most have been **under 20 units**, there is a level of **uncertainty** if there is **appetite** for these type of assets on the **institutional and private equity level**. We believe, that without question, there is appetite, it's just that there hasn't been many developments of this magnitude until the past 7 years and one can see there starting to be activity, as was the case in **2024, an asset was sold for $51.9 M at a 4.9% cap rate**.



4 & 5 STAR SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2024	1	$51.9M	11.5%	$51,897,658	$95,051	-	$485,233	214	4.9%

Alternative Exit Strategy

Given that in year 4, the project will receive most of the tax credits and the construction loan will be paid off, **1.5 M** could be repaid back to investors.

The project will have a **cash-on-cash return** profile of **4% in year 4** and increasing every year given the amortized loan and increase NOI.

This leaves flexibility for the project to wait for the capital markets to open or be in a better place to look for an exit.

Conclusion & Project Partners

Investment Objectives

Solara Garden Residences **fills a gap** in providing **affordable housing** that wasn't being filled by current developers, while also bringing a **well thought out program and amenities** that not only **meets tenant demand** but is **coherent** with the **user profile** that lives in the neighborhood. The project also **fulfills both the seller's expectation** of a high basis for the land but also **delivers a return** that's is highly attractive to investors.

Unique Elements

Unique elements of the project will be the **different project partners** that it will attract, in long time **community stakeholders** like the **Queens Botanical Garden** and the **Queens Public Library**, as well as working hand in hand with **Sunnyside Shines BID** to make the **Urban Farm** a success, not only for the project but also to the community. The **success** of the project's **retail component** is **tied** to the **success** of this **partnership**, as the **increased foot traffic** will **enhance the retail** in the development in the long term.

The project has a **unique deal structure** with the seller, and the money will **sit in escrow** until the application for **LIHTC and BTC funding** is successful. This funding helps **fill the gap** because of the high land basis but also makes the project **financially feasible** to the investors by reducing the amount of equity and having equity pay-ins that complement the project needs

Partners and Partnership Structure

The project looks to partner with limited partner investors, with a **minimum commitment of $2 M per investor**. A ticket size that **expands the universe of investors** from **HNWIs, to small and medium family offices to small and medium private equity firms**. The project will look to attract **$19.3 M in equity** for a **base case return profile of 18.8% IRR and 2x of equity multiple**.

These investors will have a **preferred return of 10%** and will have a **highly incentivized sponsor**, as the sponsor will look to **invest 10% of the equity required**.

Target Delivery

The project will be completed by **mid 20208** and will start giving out **first distributions in 2029**. We expect by **mid 2030**, 5 years into the project, **to sell the asset**, and return the equity and profit to the investors.

Project Partners

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