



IN FULFILLMENT OF THE COLUMBIA MSRED DEGREE

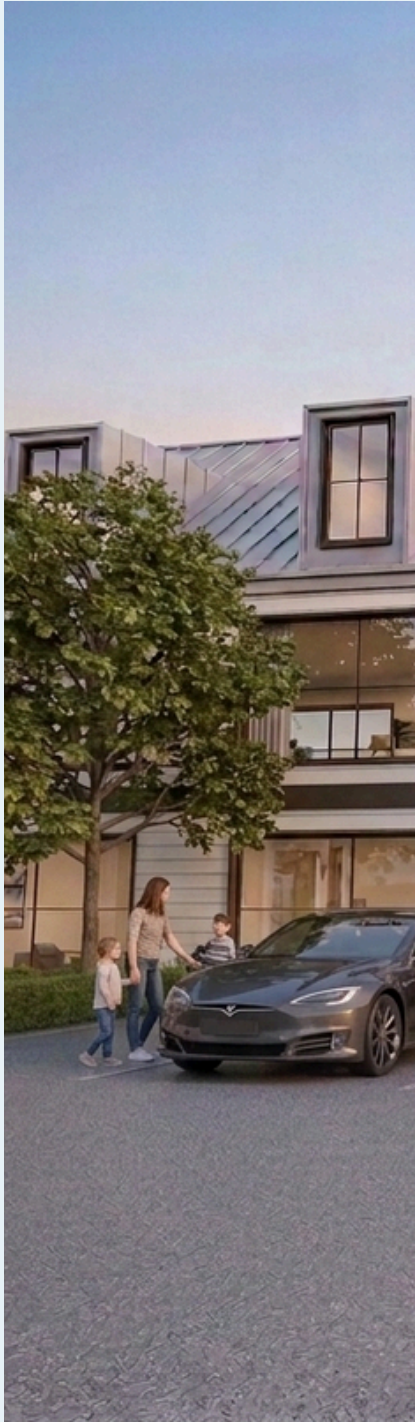
CAPSTONE DEAL BOOK

Living at Sconset Square

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1.0 Executive Summary

DEVELOPMENT TYPE

Opportunistic
Ground Up
Development

PROPERTY FACTS

3,576 SF Retail
51 Apartments
53 Parking Spots

SITE INFORMATION

42,253 SF
.97 Acres

ADDRESS

15 Myrtle Avenue
Westport, CT
06880

HOLD PERIOD

10 years

RETURN METRICS

18.46% Levered IRR
4.11x MOIC

TOTAL PROJECT COST

\$30,000,000
\$559 SF

Sconset Square revitalizes downtown Westport by turning an underused site into a vibrant mixed-use destination with **51 residential units** and active **ground-floor retail**. Designed to blend seamlessly into the town's existing fabric, it enhances street life while preserving the character that defines downtown.

22% of the units are dedicated to workforce housing helping close a critical gap for middle-income residents who support the local economy.

By balancing financial viability with community needs, Sconset Square shows how thoughtful infill can boost local businesses, strengthen economic resilience, and serve as a **scalable model** for future development across Westport and Fairfield County.



2.0 Project Strategy



PRESERVE

Preserve the site's retail function and existing physical elements, including building height, functional dormer windows, and gabled roof forms that are iconic to a New England Coastal town.

REIMAGINE

Reimagine the site by introducing residential use above existing retail and improving vertical efficiency on an underutilized parcel without increasing the building footprint or height.

STAY

Enable Westports workforce to remain in town by providing 80% AMI housing within the downtown core.

Strategic Objectives

- **Address the Affordability Crisis:** This project would target households earning 80% of AMI (~\$90K–\$140K for Fairfield County) to serve those priced out of the market. It would fill the void between market-rate luxury and subsidized affordable housing where little product currently exists and prioritize essential workers like teachers, nurses, municipal staff, and service sector employees who drive the local economy.
- **Navigate Zoning & Regulatory Barriers:** Engage early with Planning & Zoning to align proposals and suggest selective zoning amendments to increase housing and meet the states demand.
- **Secure a Viable Capital Stack:** Combine conventional debt with state CHFA financing and DECD grants to close the affordability gap in project economics. Target land cost mitigation through municipal partnerships or repositioning underutilized commercial properties.
- **Align with Community & Political Stakeholders:** Counter NIMBY resistance with clear data demonstrating the economic and workforce benefits to the broader community. Build coalitions with local employers, the school district, and the Chamber of Commerce to create a broad base of support.
- **Optimize for Long-Term Affordability Preservation:** Structure deed restrictions or covenants to maintain workforce pricing over a 15–30 year horizon. Partner with a mission-aligned nonprofit to provide stewardship and ensure the project serves its intended population over time.
- **Replicable Development Playbook:** Create templated financial models, community engagement scripts, and regulatory checklists that reduce friction and cost in future projects. Treat the first project as a proof of concept that demonstrates feasibility and builds investor and municipal confidence.

2.1 The Massive Middle



WESTPORT COMMUNITY

- Brings more residents downtown, boosting a lively mixed-use community.
- Provides affordable, high-quality homes for middle income workforce.
- Enables Westport's workforce to live in town instead of commuting from nearby areas.
- Only about 33.7% of workers live and work in Westport, meaning the majority of the workforce commutes in from other towns.
- Westport supports around 12,600 jobs, with thousands of daily commuters filling roles across education, healthcare, retail, and public services.
- This highlights the lack of housing for middle income workers, many of whom cannot afford to live in town and are forced to commute.

FUTURE RESIDENTS

- Our development was created to attract both market rate paying tenants as well as Westport's essential workforce, including teachers, firefighters, police officers, nurses, social workers, EMTs, and retail employees, with incomes generally ranging from \$50,000 to \$110,000, which lies below the median income. These groups represent a large share of the local workforce but face limited access to attainable housing.
- By designating 22% of units as workforce housing, the project provides housing aligned with these income levels, supported by market-rate units to maintain financial feasibility.
- Potential workforce with their salaries:
 - Teachers \$56K–\$95K+
 - Firefighters \$65K–\$96K+
 - Police \$54K–\$90K+
 - Nurses \$65K–\$110K+
 - Social Workers \$70K–\$80K+
 - EMTs \$55K–\$95K+
 - Retail Workers \$50K+

2.2 A Potential Solution

Sconset Square demonstrates that the missing middle housing crisis in high-cost suburban markets does not require public subsidy to solve. By pairing market-rate development with the Build for Connecticut program's below-market subordinate financing, the project creates a self-sustaining cross-subsidy model where 40 market-rate units generate sufficient income to absorb the affordability discount on 11 workforce units, while still delivering institutional-quality returns to private investors.

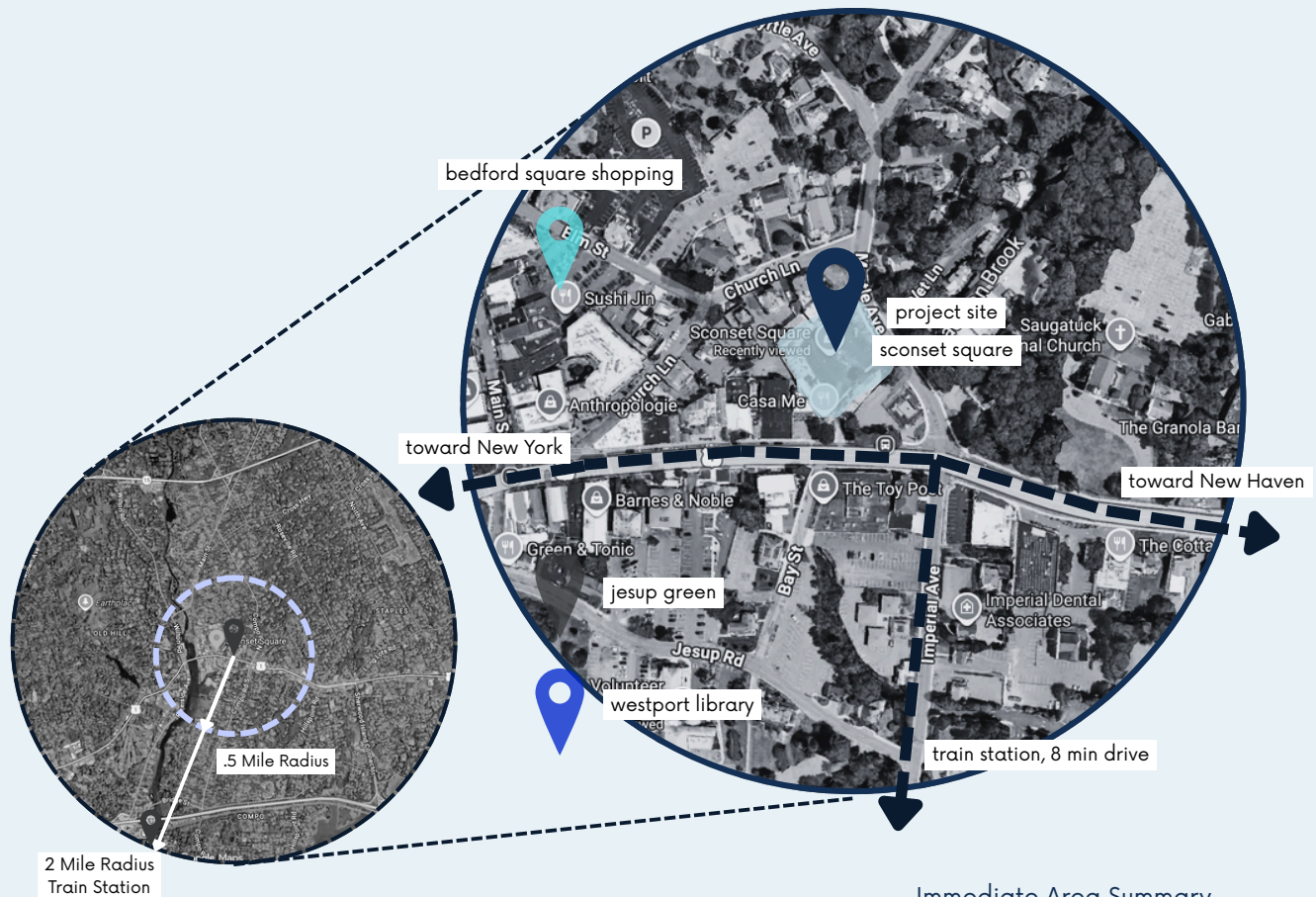
The urgency of this solution cannot be overstated. Westport's median household income exceeds \$200,000, yet the teachers, nurses, firefighters, and municipal employees who sustain the community's daily function earn between \$50,000 and \$110,000, a range that places market-rate housing entirely out of reach while disqualifying them from traditional affordable housing programs targeting 30% to 60% AMI. This is the defining characteristic of the missing middle, a population that does not qualify for subsidized housing and too financially constrained for the market. Sconset Square is designed precisely for this household, offering high-quality, permanently affordable homes at rents calibrated to 80% of Westport's AMI without asking the public sector to underwrite the gap.

What makes the model compelling beyond this single transaction is its replicability. Westport is not unique. High-barrier suburban markets across Fairfield County and Connecticut face the same structural mismatch between workforce incomes and market rents. The Build for Connecticut program is explicitly designed to scale across these markets, and Sconset Square's capital structure, is a template that can be applied wherever market rents are strong enough to support the cross-subsidy. As CHFA expands its participating lender network and more developers engage with the program, the model demonstrated here has the potential to produce thousands of workforce units across the state through private capital alone.

Sconset Square is therefore not just a real estate investment. It is a proof of concept for a new approach to workforce housing finance, one that aligns the interests of developers, institutional investors, and the communities that desperately need attainable housing, without placing the burden of production on an already strained public sector.



03.1 Site Analysis



Immediate Area Summary



Wide Range of Stores
on Main St, Bedford Sq,
and Sconset Sq



Variety of dining
options from site down
to take away



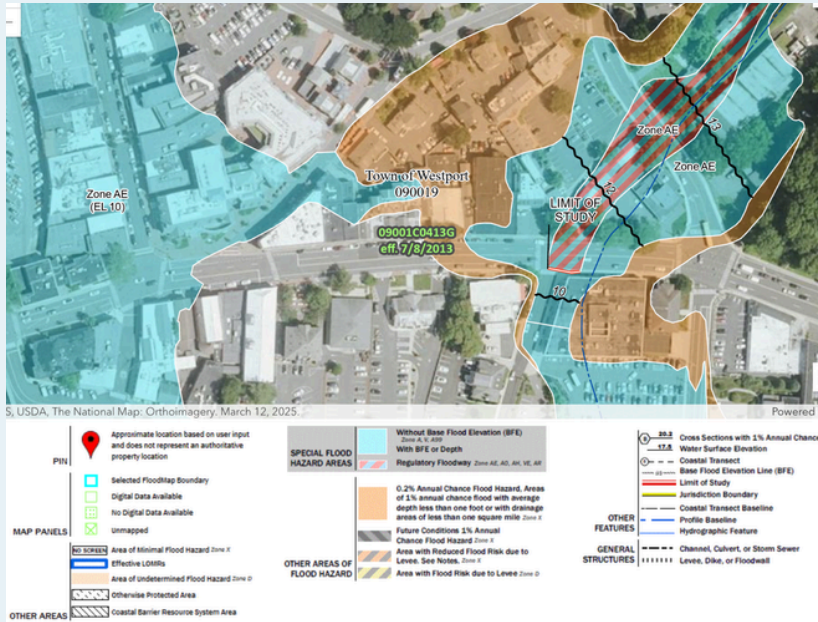
While parking is limited,
once in downtown it is
extremely walkable

Sconset Square (15 Myrtle Avenue, Westport, CT 06880) is a small mixed-use commercial property in downtown Westport:

- It's a retail/office center with boutique and design-oriented tenants like Bungalow, Swoon, Penfield Collective, Casa Me, and others.
- The property includes some retail spaces and office suites with recent leasing availability in 2026.
- It has been renovated in recent years (renovations circa 2021–2022) and positioned as a curated downtown hub.
- Sconset Square was acquired by local developers David Adam Realty and Leifer Properties in a prior transaction; the redevelopment at that time was more about reinvention of the center than a large new construction.
- This is a commercial property, not a large vacant site being redeveloped into a major new mixed-use project.

03.2 Key Site Factors

Flood Plain Map



The Sconset Square site is located within a FEMA-designated AE flood zone (Area of Special Flood Hazard), indicating a 1% annual chance of flooding and the presence of established base flood elevations. This classification requires that any new development or substantial improvements comply with floodplain management regulations, including elevating finished floor levels above the base flood elevation, incorporating flood-resistant construction methods, and meeting insurance requirements under the National Flood Insurance Program (NFIP).

Building Height Study



Bedford Square
4 stories
40' height



Neighboring Site
1 story
15' height

The design approach for Sconset Square is rooted in preserving and reinforcing the town's distinct New England coastal village character, which strongly informed decisions around scale, materiality, and overall massing. Rather than introducing an out-of-context development, the intent is to align with the existing built fabric—taking cues from nearby benchmarks like Bedford Square, one of the tallest and most prominent developments in the area at approximately 40 feet. Given Westport's affluent demographic and highly engaged community, the proposal is deliberately sensitive, maintaining a human-scale environment and architectural language that reflects the town's charm while still delivering a contemporary, high-quality development.

03.3 Zoning Analysis

We are proposing a BCD Zone Overlay which would allow us to create a mixed use building with an increased FAR and allow for more affordable housing

as of right

proposed

42,253 SF	LOT AREA	42,253 SF
RORD	ZONING DISTRICT	RORD w/ Residence BCD Zone Overlay (specific amendments)
0.35	FAR	1.35
2.5 stories / 30 feet	HEIGHT AND SETBACKS	4 stories / 40 feet
61' on Myrtle Ave	FRONTAGE	Non-Issue
20%	LOT COVERAGE	40% (subject to change)
20 / acre	DENSITY	no density requirement
max building is 2500 sqft	MAX BUILDING SQFT	no max building size

The Sconset Square site in Westport reflects a substantial transformation between its current “as-of-right” zoning and the proposed redevelopment framework, highlighting a shift from low-density suburban constraints to a more flexible, growth-oriented model. Under the existing RORD zoning, the site is limited to a modest 0.35 FAR, with building heights capped at 2.5 stories (30 feet), lot coverage restricted to 20%, and residential density constrained to approximately 20 units per acre, alongside a maximum building size of 2,500 square feet. These parameters significantly limit both the scale and economic feasibility of development, reinforcing a lower-intensity use pattern. In contrast, the proposed plan introduces a Residence BCD overlay with targeted amendments that dramatically expand the site’s development potential, increasing the FAR to 1.35, allowing buildings up to 4 stories (40 feet), and raising lot coverage to approximately 40% (subject to change). Additionally, the proposal removes density caps and maximum building size restrictions, enabling a more efficient and adaptable site layout. This transition not only increases allowable bulk and programmatic flexibility but also aligns the site more closely with transit-oriented and mixed-use development principles, positioning it to better capitalize on Westport’s strong connectivity and market demand while supporting a more activated, village-scale environment.

4.0 Design and Program



1. Modular Approach to Keep Costs Low and Promote Stability of Project

A modular design strategy uses a repetitive structural grid and standardized unit layouts to streamline construction and reduce complexity. This lowers hard costs, shortens timelines, and minimizes execution risk, making the project more predictable, financeable, and scalable for other areas in Westport and Fairfield County.

2. 53 Parking Spots for Retail and Residential Tenants

The provision of 53 parking spaces is carefully planned to support both short-term retail turnover and residential needs while maintaining efficient circulation. This parking ratio strengthens leasing appeal and ensures compliance with local zoning expectations.

3. Landscaped Parking Courtyard

The parking area is designed as a landscaped courtyard, integrating greenery and pedestrian-friendly elements to elevate the user experience. This approach enhances placemaking, supports stormwater management, and increases overall property value.

4. Combining Residential Over Retail

Stacking residential units above retail maximizes land use efficiency while activating the streetscape. This mixed-use strategy diversifies revenue streams and aligns with demand for walkable, live-work environments.

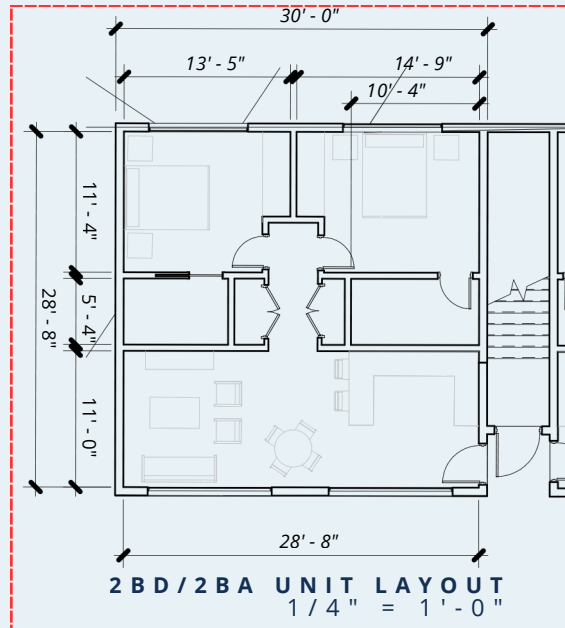
5. 51 Unit Minimum Count (Build for CT Program)

The design meets the 51-unit threshold required for the Build for CT program through efficient unit planning and layout optimization. This enables access to financial incentives that improve project feasibility and overall returns.

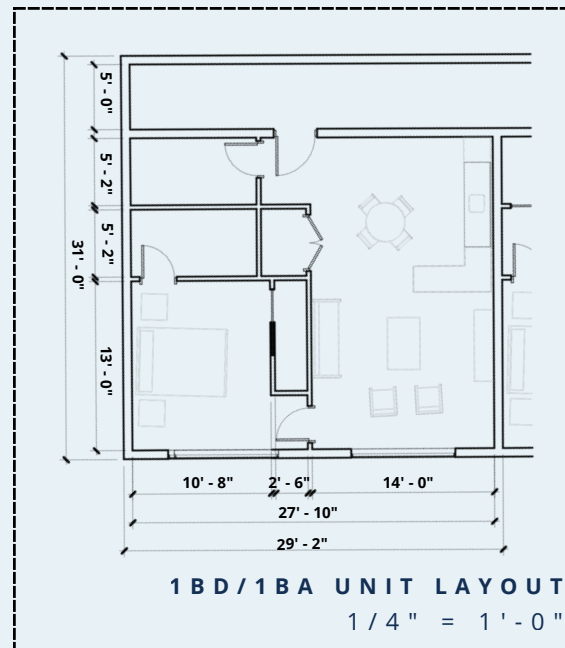
4.1 Design and Program



FLOOR 1 | 1/16" = 1'-0"



FLOOR 2 | 1/16" = 1'-0"



FLOOR 3 | 1/16" = 1'-0"

- 1BD/1BA, 25 UNITS, 515 SF - 750 SF**
- 2BD/2BA, 21 UNITS, 780 SF - 900 SF**
- 3BD/2BA, 5 UNITS, 875 SF - 1030 SF**
- LOBBY/GYM, LOBBY: 680 SF, GYM: 378 SF**
- RETAIL, 3 BAYS RANGING FROM 970 SF - 1249 SF**

4.2 Look and Feel



White Hardie Board Siding



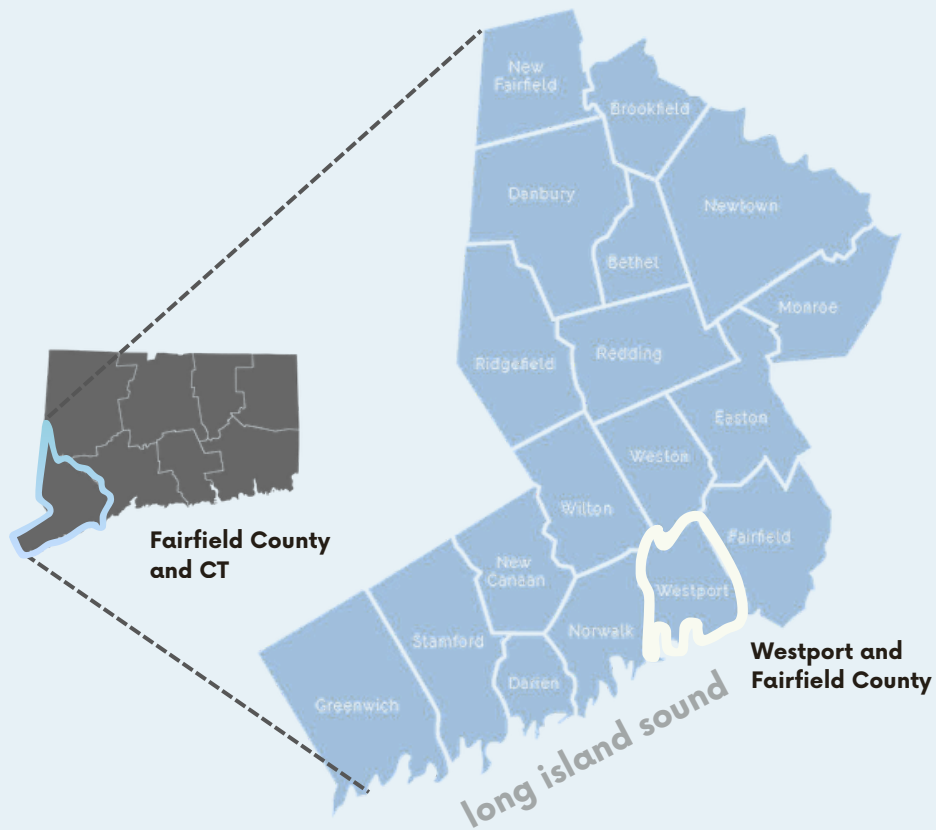
Standing Seam Metal Roofs



Large Black frame Windows

The architectural language of Sconset Square reflects a refined interpretation of the modern New England coastal village aesthetic, characterized by the use of Hardie board siding, standing seam metal roofs, and black-framed windows. These elements combine durability with a clean, contemporary finish while referencing traditional coastal architecture. The crisp contrast of the black windows against light-toned siding, paired with the rhythmic lines of the metal roofing, creates a cohesive and upscale visual identity that aligns with Westport's broader design vernacular—blending classic seaside charm with modern sophistication.

5.0 Market Analysis



Population
27,400 People



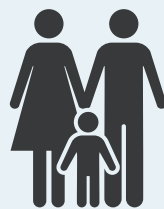
College Degree
77.7%



Married Households
81%



Median Age
45.7



Persons per Household
2.8

5.1 Market Analysis

Workforce Community

Over the course of this project, our sponsor facilitated introductions to essential workers employed within Westport. Through these conversations, we sought to understand their current housing situations, the financial barriers preventing them from living in the community they serve, and the rent thresholds that would make Westport a viable option. Their responses directly informed our unit mix, AMI targeting, and rent assumptions, grounding the Sconset Square thesis in real demand rather than theoretical need.

We have initiated preliminary discussions with essential workers including:

- Police
- Fire
- Teachers
- Nurses from Hartford Healthcare



Westport, CT

Housing

- Number of Units: 10,348
- Single Units: 92%
- Occupancy Rate: 94%
- Ownership Rate: 87%
- High homeownership rate, with average home values around \$1.9 million.
- Many households are married couples, and average household size suggests the presence of children
- Primarily made up of single-family homes spread across a relatively large, low-density area

Employment

- Job types:
 - White-collar workers: 94% (11,491 residents)
 - Blue-collar workers: 6% (731 residents)
- Places of employment:
 - Self-employed: 20% (2,440 residents)
 - Private companies: 66.9% (8,177 residents)
 - Governmental workers: 4.5% (554 residents)
 - Not-for-profit companies: 8.6% (1,051 residents)

5.2 Rental Comparables

Sconset Square 15 Myrtle Avenue, Westport, CT	Riverhouse 85 Post Rd. Westport CT.	The Mill 10 Glenville Greenwich, CT	100 East 100 East Putnam Avenue Greenwich, CT																								
51 Units	68 Units	71 Units	22 Units																								
<table><tr><td>1BD/1BA</td><td>2BD/2BA</td><td>3BD/2BA</td></tr><tr><td>\$5,000</td><td>\$6,500</td><td>\$7,500</td></tr></table>	1BD/1BA	2BD/2BA	3BD/2BA	\$5,000	\$6,500	\$7,500	<table><tr><td>1BD/1BA</td><td>2BD/2BA</td><td>3BD/2BA</td></tr><tr><td>\$5,250</td><td>\$7,000</td><td>\$8,750</td></tr></table>	1BD/1BA	2BD/2BA	3BD/2BA	\$5,250	\$7,000	\$8,750	<table><tr><td>1BD/1BA</td><td>2BD/2BA</td><td>3BD/2BA</td></tr><tr><td>\$6,200</td><td>\$7,857</td><td>N/A</td></tr></table>	1BD/1BA	2BD/2BA	3BD/2BA	\$6,200	\$7,857	N/A	<table><tr><td>1 BD/1BA</td><td>2BD/2BA</td><td>3BD/2BA</td></tr><tr><td>\$6,474</td><td>\$7,451</td><td>N/A</td></tr></table>	1 BD/1BA	2BD/2BA	3BD/2BA	\$6,474	\$7,451	N/A
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\$6,474	\$7,451	N/A																									
Development for Comparison																											

Sconset Square is well-positioned within a tight, high-end rental market in lower Fairfield County. Relative to Riverhouse, The Mill, and 100 East, our 51-unit scale strikes a balance between boutique exclusivity and operational efficiency. While Riverhouse is slightly larger and may benefit from newer construction, and The Mill offers a unique adaptive reuse aesthetic, Sconset Square competes effectively by delivering a comparable luxury product in a more intimate setting. 100 East, with only 22 units, operates at a smaller scale, but does not materially differentiate itself in pricing or unit mix, suggesting that scale alone is not a defining competitive advantage in this market.

From a rent standpoint, our pricing aligns closely with or in some cases slightly exceeds the broader comp set, particularly at the one and three-bedroom level. One-bedroom units at Sconset Square achieve approximately \$5,000, in line with Riverhouse and slightly below 100 East, while our two- and three-bedroom units command \$6,500 and \$7,500, respectively, positioning us competitively against the upper end of the market. Notably, Riverhouse achieves the highest three-bedroom rents, but the limited availability of that unit type across comps indicates that demand is niche rather than broad-based. Overall, the narrow rent band across all properties underscores the strength and stability of the submarket, and validates our pricing strategy as both competitive and sustainable given our product quality and location in Westport.

6.0 Financing & Construction

Build for Connecticut Mezzanine Financing

The Build for Connecticut (B4CT) program, administered by the Connecticut Housing Finance Authority (CHFA), offers subordinate mezzanine financing to private developers of market-rate multifamily assets at significantly below-market interest rates of 1% to 3% fixed for the loan term. The program is specifically designed to incentivize developers to restrict a portion of otherwise market-rate units to middle-income households without relying on Low Income Housing Tax Credits (LIHTC) or other public subsidy mechanisms, making it a rare tool for producing workforce housing through private capital markets alone.

The program requires a minimum of 20% of total units to be restricted between 60% and 120% AMI, with the interest rate determined by CHFA based on the depth of the rent discount relative to market rents as confirmed by the senior lender's appraisal. Developers achieving a deeper affordability discount, and therefore greater benefit to middle-income tenants, are rewarded with a lower rate, with 1% representing the floor. At 15 Myrtle Avenue, our 11 restricted units represent 21.6% of the total 51-unit project, just clearing the program threshold, with rents set at 80% of the Area Median Income (AMI) for Westport, CT.

Westport's AMI is among the highest in Connecticut given its status as a high-income, supply-constrained coastal suburb. Setting affordability at 80% AMI therefore targets a household income band that is genuinely middle-income in the context of the broader Connecticut housing market, including teachers, healthcare workers, municipal employees, and young professionals who are priced out of Westport's market-rate rental stock but earn too much to qualify for traditional affordable housing programs.

The maximum allowable rents under the B4CT program at 80% AMI for Westport are determined by household size and unit type, with income limits set accordingly. Our 11 restricted units reflect these maximum rents across the three unit types in the project.

Below is the maximum rents given 80% of AMI, dictated by the Build for CT program for varying unit types and the household income limit, given the number of persons in each household.

Unit	Maximum Rent/Month
1 Bed	\$2,234
2 Bed	\$2,680
3 Bed	\$3,097

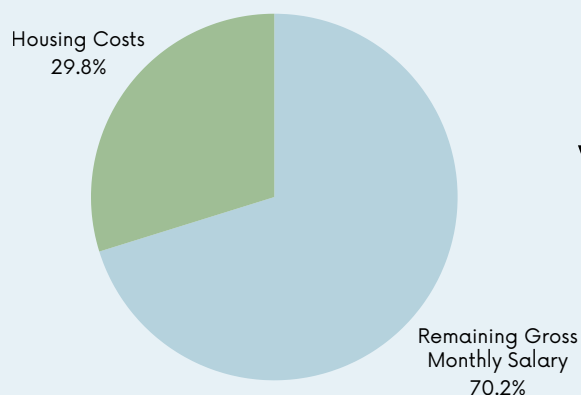
Number of Persons	Household Income Limit
1	\$83,384
2	\$95,296
3	\$107,208
4	\$119,120

6.1 Addressing the Housing Burden

By leveraging the Build for Connecticut program, we are able to provide housing to the workforce at a fraction of what market rate housing would normally cost. The workforce housing provided is at a near 60% discount from our projected market rents.

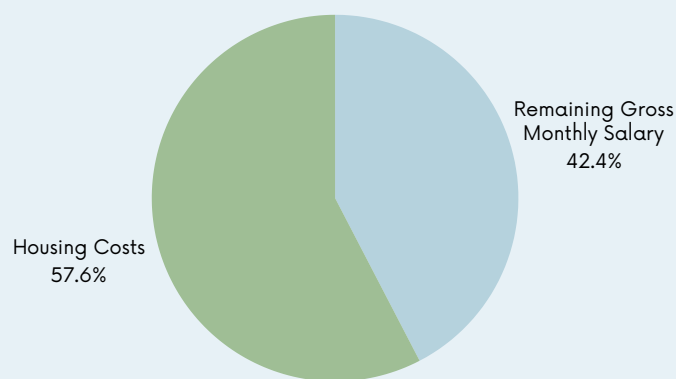
Example: 2-person, household income of \$95,296

Costs for a one-bed unit for **\$2,234 per month** at Sconset Square under the Build for Connecticut program



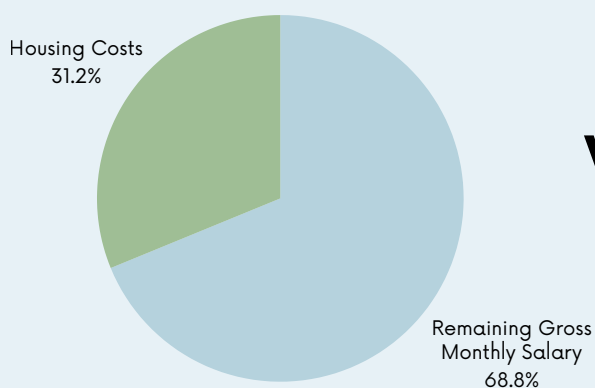
VS.

Costs for a one-bed unit for **\$4,000+ per month** at comparable buildings, market rate housing



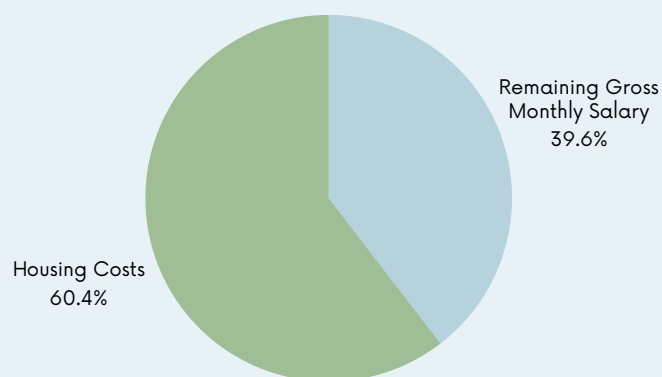
Example: 4-person, household income of \$119,120

Costs for a three-bed unit for **\$3,097 per month** at Sconset Square under the Build for Connecticut program



VS.

Costs for a unit for **\$6,000+ per month** at comparable buildings, market rate housing



6.2 Construction Budget

GFA 53,612 SF

Lot Size 42,253 SF

Units 51

	\$/SF	Cost	Site \$/SF	Site Cost	Total Cost	Total \$/SF	\$/Unit	% Total
SITework								
Demolition & Abatement			\$2.23	\$94,224	\$94,224	\$2.23	\$1,848	
Earthwork			\$9.45	\$399,291	\$399,291	\$9.45	\$7,829	
Vapor Mitigation			\$3.38	\$142,815	\$142,815	\$3.38	\$2,800	
Site Concrete			\$3.28	\$138,590	\$138,590	\$3.28	\$2,717	
Landscaping & Irrigation			\$5.97	\$252,250	\$252,250	\$5.97	\$4,946	
<i>Direct Cost of Sitework</i>			<i>\$24.31</i>	<i>\$1,027,170</i>	<i>\$1,027,170</i>		<i>\$20,141</i>	
BUILDING SHELL								
<i>Direct Cost — Building & Site</i>	<i>\$207.76</i>	<i>\$11,138,429</i>			<i>\$11,138,429</i>	<i>\$207.76</i>	<i>\$218,401</i>	<i>83.35%</i>
INDIRECT EXPENSES								
General Conditions	\$8.00	\$428,896	\$3.47	\$146,618	\$575,514	\$10.73	\$11,285	3.21%
General Requirements	\$5.00	\$268,060	\$2.67	\$112,816	\$380,876	\$7.10	\$7,468	2.01%
General Liability Insurance	\$1.50	\$80,418	\$0.19	\$8,028	\$88,446	\$1.65	\$1,734	0.60%
Contractors Contingency	\$8.00	\$428,896	\$0.66	\$27,887	\$456,783	\$8.52	\$8,957	3.21%
<i>Subtotal — Indirect</i>	<i>\$22.50</i>	<i>\$1,206,270</i>	<i>\$6.99</i>	<i>\$295,348</i>	<i>\$1,501,618</i>	<i>\$28.01</i>	<i>\$29,443</i>	<i>9.03%</i>
<i>Subtotal — Direct & Indirect</i>	<i>\$230.26</i>	<i>\$12,344,699</i>	<i>\$31.30</i>	<i>\$1,322,519</i>	<i>\$13,667,218</i>	<i>\$254.93</i>	<i>\$267,985</i>	<i>92.38%</i>
Overhead & Profits	\$19.00	\$1,018,628	\$1.36	\$57,464	\$1,076,092	\$20.07	\$21,100	7.62%
Total Construction Cost	\$249.26	\$13,363,327	\$32.66	\$1,379,983	\$14,743,310	\$275.00	\$289,085	100.00%

The total construction cost of **\$14,743,300** reflects a \$275 PSF all-in cost across 53,612 gross square feet of mixed-use development, equating to \$289,085 per unit across 51 apartments.

The budget is organized across three components. Sitework totals \$1,027,170 and covers demolition, earthwork, vapor mitigation, site concrete, and landscaping across the 42,253 SF lot. The building shell represents the largest cost component at \$11,138,429, or 83.35% of total construction cost, reflecting the structural and finish quality required to achieve the \$5,000 to \$7,500 per month market-rate rents underwritten in the project. Indirect expenses of \$1,501,618 cover general conditions, general requirements, general liability insurance, and an 8% contractors contingency providing meaningful cost buffer against construction variability. Overhead and profit at \$19 PSF reflects a competitive but market-rate GC margin for a project of this scale in Fairfield County.

At \$289,085 per unit and \$275 PSF, the construction cost is consistent with suburban Connecticut multifamily development benchmarks and supports the project's total project cost basis.

7.0 Financial Feasibility & Returns

Sources & Uses

Sources	Amount	Total	Uses	Amount	% of Total Uses
Senior Construction Loan	\$19,219,260	64.10%	Acquisition Costs	\$9,026,960	30.11%
Mezz Construction Loan	\$1,375,000	4.59%	Hard Costs	\$14,743,300	49.17%
Equity	\$9,389,231	31.31%	Soft Costs	\$3,685,825	12.29%
Total Initial Sources	\$29,983,491	100.00%	Development Fees	\$2,527,406	8.43%
			Total Initial Uses	\$29,983,491	100.00%
Senior Permanent Loan	\$26,012,424	94.98%	Senior Construction Loan Payoff	\$19,219,260	70.18%
Mezzanine Perm Loan	\$1,375,000	5.02%	Mezz Loan Construction Payoff	\$1,410,525	5.15%
Total Future Uses	\$27,387,424	100.00%	Mezz Perm Loan	\$1,375,000	5.02%
			Net Proceeds to Equity	\$5,382,639	19.65%
			Total Future Uses	\$27,387,424	100.00%

Capital Stack

Construction & Lease Up

Senior Construction Loan
64.10%

Mezzanine Construction Loan - Build for Connecticut
4.59%

LP & GP Equity
31.31%

Stabilized

Senior Permanent Loan
54.14%

Mezzanine Permanent Loan - Build for Connecticut
2.86%

LP & GP Equity
43.00%

7.1 Key Assumptions

Key Assumptions

The following outlines each major underwriting assumption and its basis:

Overall Assumptions:

- **Acquisition Price / Land Cost: \$6,500,000, Demolition Costs: \$377,260 (\$20 PSF)**
- **Hard Costs: \$14,743,300, Soft Costs: \$3,685,825** Includes architecture, engineering, permitting, legal, FF&E management, pre-opening expenses, and owner's contingency. Benchmarked against a suggestion of 25% of hard costs
- **Total Leverage Before Refinance: 75%** which is <80% threshold for the B4CT Mezz Financing
- **Construction Loan Debt Terms: 6.65% Rate / 0.5% Origination** Based off SOFR + 300bps
- **Exit Cap Rate: 4.75%** - Data sourced from CoStar and market trends for Westport, CT.
- **Cost of Sale: 2.00%** of Gross Sales Price

Commercial Assumptions

- **Retail Rents:**
 - **\$85/SF** Based on current rent roll provided by current ownership and market data
 - **NNN Leases** - 10 years leases, no rent steps assumed during analysis period
- **Lease up: 6 Months**, 16.67% of space per month
- **Leasing Costs: 3.00%**
- **Tenant Improvements: \$50.00 PSF**
- **Vacancy and Credit Loss at Stabilization: 5.00%**
- **Replacement Reserves \$0.50 PSF**

Residential Assumptions

- **Residential Rent Growth: 3.00%** per year
- **Vacancy and Credit Loss at Stabilization: 5.00%**
- **Operating Expense Ratio 35.00% of Effective Gross Revenue**
- **Replacement Reserves: \$150/per unit/per year**
- **Residential Market Rents:**
 - Workforce Housing: Set By Build For Connecticut Mezz Financing Program
 - 1-Bed: 80% AMI - \$2,234
 - 2-Bed: 80% AMI - \$2,680
 - 3-Bed: 80% AMI - \$3,097
 - Market Rate
 - 1-Bed: \$5,000
 - 2-Bed: \$6,500
 - 3-Bed: \$7,500
 - Blended Rates
 - 1-Bed \$4,336
 - 2-Bed \$5,772
 - 3-Bed \$6,619

7.2 Project Returns

Projected Gross Sale Price	\$54,000,000
Project Gross Profit	\$29,200,000
Project Gross Unlevered IRR	11.71%
Project Gross Levered IRR PRIMARY RETURN METRIC	18.46%
Yield on Cost (YoC) VALUE CREATION	7.21%
Multiple on Invested Capital (MOIC)	4.11X

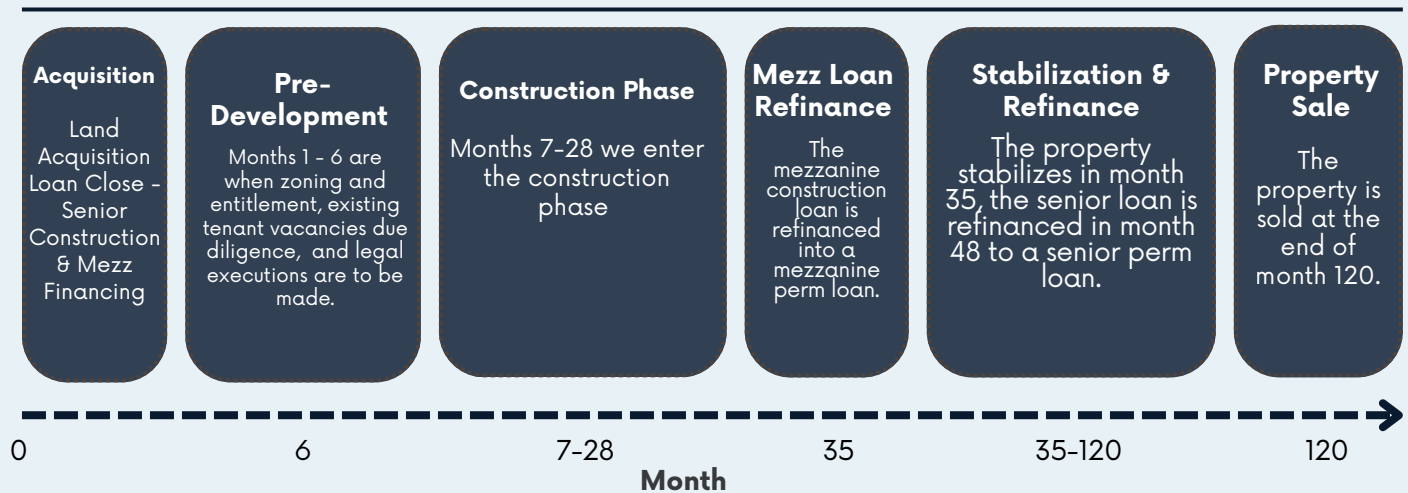
Returns are predicated on a 36-month development window comprising 5 months of pre-development followed by 30 months of construction and lease-up. \$9.4M in equity is supplemented by a \$19.2M senior construction loan and \$1.375M in B4CT subordinate financing. At stabilization, the B4CT mezz loan is refinanced to a B4CT permanent loan and the senior construction loan refinances into a \$26M senior permanent mortgage, returning 57% of original equity to investors at month 49. We assumed 25bps of cap rate expansion from going-in to exit, resulting in a \$54M projected gross sale price at month 120.

A sensitivity analysis was conducted to show the changes in the IRR against the varying cap rates and the senior construction loan interest rate.

	EXIT CAP RATE				
	4.25%	4.50%	4.75%	5.00%	5.25%
	Senior Construction Loan Interest Rate				
6.65%	20.18%	19.31%	18.46%	17.65%	16.85%
7.15%	20.09%	19.21%	18.36%	17.54%	16.75%
7.65%	19.98%	19.10%	18.25%	17.43%	16.63%
8.15%	19.87%	18.99%	18.14%	17.31%	16.51%
8.65%	19.77%	18.88%	18.02%	17.19%	16.39%

Darker shading indicates higher levered IRR Base case outlined

8.0 Execution Timeline



Acquisition: Month 0

At the inception of the project, the team will finalize the fee simple acquisition of the 0.97 acre mixed-use site at 15 Myrtle Avenue, Westport CT for approximately \$6,500,000. Simultaneously, the senior construction loan and B4CT mezzanine construction financing will close, capitalizing the project with \$19.2M and \$1.375M respectively against a total project cost of \$30M.

Pre-Development: Months 1-6

During this initial six-month period, the project focuses on zoning and entitlement approvals for the proposed FAR increase from 0.45 to 1.35, existing tenant vacancies and relocations, environmental site assessment, property appraisal, and legal executions including partnership operating agreements required by CHFA. Soft cost expenditures begin during this period covering architectural design, engineering, and permitting fees.

Construction Phase: Months 7-28

The 22-month construction phase represents the primary deployment of capital, with hard costs totaling \$14,743,300 at \$275 per square foot across 53,612 gross square feet of mixed-use development comprising 51 residential units and 3,040 SF of ground floor retail. Demolition costs of \$377,260 are incurred at the outset of this phase.

Lease Up: Months 29-35

Building occupancy certificate is granted, and lease up for the retail and residential is expected to begin immediately.

Mezz Loan Refinance: Month 35

At the conclusion of the 36-month B4CT construction loan term, the mezzanine construction loan converts to a permanent mezzanine loan per program requirements. The accrued construction balance of \$1,410,525 rolls into a 40-year amortizing permanent loan at 1% — a structural conversion with no new capital event.

Stabilization & Senior Loan Refinance: Months 35-48

The property reaches stabilized occupancy of 95% in month 35, transitioning from a development asset to an income-producing institutional investment. The stabilized NOI of \$2,162,203 supports a going-in valuation of \$48,000,000 at a 4.50% cap rate. At month 48, the senior construction loan is retired and refinanced into a \$26,000,000 senior permanent loan at 5.65% on a 30-year amortization schedule, returning approximately 57% of original equity to investors while the asset remains fully operational.

Property Sale: Month 120

The property is sold at the end of month 120 at a projected sale price of \$54,000,000, reflecting a 4.75% exit cap rate applied to the terminal year NOI — representing 25bps of cap rate expansion over the going-in rate to reflect asset aging and market conservatism. All outstanding debt including the senior permanent loan and remaining B4CT mezzanine balance are retired from sale proceeds.

9.0 Exit Strategy & Risks

EXIT STRATEGY

Stabilized Institutional Sale:

The primary exit strategy is a disposition at the end of Month 120 at a projected sale price of \$54,000,000, reflecting a 4.75% exit cap rate applied to terminal year NOI — representing a conservative 25bps of cap rate expansion over the going-in rate of 4.50% at stabilization. The asset will be positioned for institutional buyers seeking stabilized, income-producing mixed-use product in high-barrier suburban Connecticut markets. The combination of long-term NNN retail income, 40 market-rate residential units with 3% annual rent escalations, and 11 affordable workforce housing units creates a differentiated, mission-aligned institutional product. After full retirement of the \$23.6M remaining senior permanent loan and \$1.17M remaining B4CT mezzanine balance, the sale generates net proceeds to equity of approximately \$29.2M in total project profit on \$9.4M of original equity invested.

Long-Term Hold with Supplemental Refinance:

If market conditions at Year 10 produce cap rate expansion beyond the 5.00% threshold, the partnership may elect to extend the hold period and capture additional NOI growth rather than selling into a compressed valuation environment. Stabilized annual NOI of \$2.16M growing at 3% annually reaches approximately \$2.90M by Year 10 and continues to compound, with monthly levered cashflow increasing from \$170K at stabilization to over \$208K in Year 10. The senior permanent loan's 30-year amortization and 5.65% fixed rate provide long-term interest rate certainty, making an extended hold financially sustainable. A supplemental cash-out refinance at Year 7 could be executed if the perm loan has amortized sufficiently to support additional proceeds, further recycling LP equity while maintaining asset ownership.

KEY RISKS AND MITIGANTS

- **Entitlement and Zoning Risk:** The proposed development requires a zoning variance to increase FAR from 0.45 to 1.35, representing nearly a tripling of allowable density. Community opposition or a protracted planning process could delay approval, extending the pre-development period and increasing carrying costs. Mitigant: The project preserves the existing building height, footprint, and New England coastal architectural character, reducing the visual impact of the density increase and aligning with Westport's preservation priorities. Early engagement with the Director of Planning and Zoning, identified as a project advisor, significantly de-risks the entitlement process. The workforce housing component provides a compelling public benefit argument in support of variance approval.
- **Construction Cost and Timeline Risk:** Hard cost inflation or contractor delays could increase costs above the \$275 PSF assumption or extend the 23-month construction period, increasing interest carry on the \$19.2M senior construction loan at 6.65% and drawing down the \$1.5M interest reserve. Mitigant: A Guaranteed Maximum Price contract structure transfers cost overrun risk to the general contractor. The standardized bay width unit design reduces construction complexity and supports cost predictability. The \$1.5M interest reserve is sized with sufficient buffer, and the 23-month construction timeline provides contingency within the B4CT 36-month construction loan term.

10.0 Conclusion

Sconset Square demonstrates that workforce housing and institutional-quality returns are not mutually exclusive.

By leveraging the Build for Connecticut program's subordinate mezzanine financing at 1%, the project delivers 11 affordable units at 80% AMI while generating an 18.46% levered IRR and 4.11x MOIC on \$9.4M of equity. The 229bps development spread between a 7.21% Yield on Cost and a 4.75% exit cap rate quantifies the value created through development, and the \$5.4M equity recapitalization at Month 48 demonstrates that the cross-subsidy model generates sufficient stabilized value to return meaningful capital to LPs well before the terminal exit, without a single dollar of tax credit subsidy.

Sconset Square directly addresses Westport's most persistent housing challenge by providing attainable homes for the teachers, nurses, firefighters, and municipal employees who sustain the local economy but cannot afford to live in the community they serve.

By designating 11 units at 80% AMI rents through the Build for Connecticut program, Sconset Square gives Westport's essential workforce a genuine opportunity to live in the community they serve. Teachers, nurses, firefighters, and municipal employees who have long been priced out of Westport's rental market can access high-quality, attainable homes within walking distance of the downtown core, keeping housing costs within reach.

Sconset Square establishes a scalable model for mixed-income infill development across Fairfield County and Connecticut.

The project's modular design and straightforward capital structure are intentionally replicable on similar underutilized suburban infill sites where zoning, land basis, and market rents align to support the cross-subsidy framework. As the Build for Connecticut program matures and CHFA expands its participating lender network, the financing structure demonstrated here becomes increasingly accessible to developers across the state, proving that thoughtful infill development can deliver meaningful affordability outcomes for the middle-income households that form the backbone of Connecticut's communities.

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