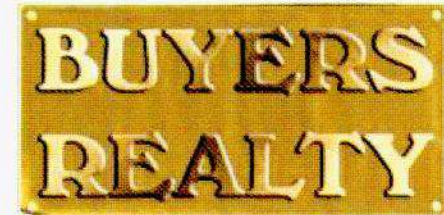


Managing and  
Developing  
Communities  
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Statement of Qualification and Concept for:

**Bettendorf Town Center**

September 24, 2015

# Executive Summary

## **Background**

- Newbury Living is an apartment developer and manager, handling about 3,000 units in Iowa.
- Buyer's Realty is a major regional retail owner/operator and broker.
- Simonson & Associates is a leading architectural firm with deep experience in housing and retail.

## **Concept**

- Curated collection of premium restaurants with ample parking.
- Drive-through major-brand coffee shop.
- Facade upgrade for existing bar.
- Market-rate luxury apartments.
- Affordable senior apartments.
- Extensive sidewalk seating and 3-season outdoor gatherings places.

Element	Quantity	Cost
Retail/Dining	25,000 Square Feet	\$6.3-\$7.0mm
Housing/Market-Rate	58 units	\$13.5-\$14.0mm
Housing/Senior Affordable	30 units	\$5.0mm

## **Assistance Requested**

A mixture of abatement, TIF, land conveyance, and below market interest rate loans representing a lower percentage of project costs than similarly transformative projects in Des Moines and Davenport.

# Contents

## ***I. Statement of Qualifications***

- Company Information
- Project Team, Prior Experience & References
- Financial Capacity

## ***II. Concept***

## ***III. Financial Summary***

## ***IV. Timing & References***



## **Section I: Statement of Qualifications**

# Proposed Project Team

**Master Developer:**



**Retail Developer:**



**Architect:**

**simonson**

**General Contractor:**

**Site Work and Housing:** Open bid process between Russell, Estes, Bush, and Precision.

**Retail:** To be determined.



# Relevant Experience: Ingersoll Square (Des Moines)



Phases II and III developed by Newbury with architecture by Simonson.





**With Phase III, the City of Des Moines wanted high density to communicate “You have now entered the downtown.”**



Developed by Newbury with architecture by Simonson.



**simonson**



**Ingersoll Square features upscale urban finishes.**



Developed by Newbury with architecture by Simonson.



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# Newbury Affordable Housing Track Record

- 41 funding awards over 28 years.
- > 2000 units.
- 37 LIHTC awards.
- 12 LIHTC awards since 2007 round.

	P.I.S.	Town	PROJECT	UNITS	Const'n Type	Lead Funding
1	1987	Burlington, IA	Columbia Townhouses	50	Rehab	LIHTC
2	1994	Des Moines, IA	Stewart Park Townhouses	10	New Construction	LIHTC
3	1995	Pella, IA	Meadow Wood of Pella	30	New Construction	LIHTC
4	1995	Des Moines, IA	Des Moines Street Village	42	New Construction	LIHTC
5	1995	Des Moines, IA	Stewart Park Apartments	18	New Construction	LIHTC
6	1996	Ames, IA	Meadow Wood of Ames	48	New Construction	LIHTC
7	1996	Hiawatha, IA	Meadow Wood of Hiawatha	24	New Construction	LIHTC
8	1996	Newton, IA	Meadow Wood of Newton	20	New Construction	LIHTC
9	1997	Manchester, IA	Countryside of Manchester	24	New Construction	LIHTC
10	1997	Muscatine, IA	Colorado Park	32	New Construction	LIHTC
11	1997	Des Moines, IA	Bloomsbury Village	30	New Construction	LIHTC
12	1998	Carroll, IA	Meadow Wood of Carroll Phase I	24	New Construction	LIHTC
13	1999	Bettendorf, IA	Cumberland House	32	New Construction	LIHTC
14	1999	Mason City, IA	Pebble Creek Apartments Phase I	32	New Construction	LIHTC
15	2000	Carroll, IA	Meadow Wood of Carroll Phase II	24	New Construction	LIHTC
16	2001	Albert Lea, MN	Pickeral Park	24	New Construction	LIHTC
17	2001	Clear Lake, IA	Meadow Lake of Clear Lake	32	New Construction	LIHTC
18	2001	Clinton, IA	Countryside of Clinton	32	New Construction	LIHTC
19	2002	Manion, IA	Scott Meadows	32	New Construction	LIHTC
20	2003	Creston, IA	Summit House	32	New Construction	LIHTC
21	2004	Mason City, IA	Pebble Creek Apartments Phase II	33	New Construction	LIHTC
22	2005	Clear Lake, IA	Lake Plaza	24	New Construction	LIHTC
23	2005	LeClaire, IA	Park Run	36	New Construction	LIHTC
24	2006	Clear Lake, IA	Lake Plaza II	23	New Construction	LIHTC
25	2006	Ottumwa, IA	Emerald Hill	36	New Construction	LIHTC
26	2008	Oskaloosa, IA	Greenway of Oskaloosa	44	Rehab	HOME
27	2009	Davenport, IA	Fairmount Pines (f/k/a Horizon Homes)	112	Rehab	LIHTC
28	2010	Des Moines, IA	Oakridge Phase 1	150	Rehab	LIHTC
29	2010	Des Moines, IA	Oakridge Phase 2	150	Rehab	LIHTC
30	2011	West Des Moines, IA	Woodland West	48	Rehab	LIHTC
31	2012	Burlington, IA	Stone Gardens (f/k/a Greenway)	134	Rehab	LIHTC
32	2012	Newton, IA	Suncrest Village	60	Rehab	LIHTC
33	2013	Des Moines, IA	Ingersoll Square Phase II	63	New Construction	CDBG
34	2013	Des Moines, IA	Silver Oaks	39	New Construction	LIHTC
35	2014	La Porte City, IA	Prairie Village of La Porte City	32	Rehab	LIHTC
36	2014	Davenport, IA	Fairmount Pines Phase II	12	Rehab	HOME
37	2014	Des Moines, IA	Elsie Mason Manor	150	Rehab	LIHTC
38	2014	Des Moines, IA	Plymouth Place	131	Rehab	LIHTC
39	2015	Des Moines, IA	Ingersoll Square Phase III	47	New Construction	HOME
40	2015	Des Moines, IA	Ligutti Tower	139	Rehab	LIHTC
41	2016	DeWitt, IA	United Manor	44	Rehab	LIHTC



## Relevant Experience: Whole Foods



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Shopping plaza owned by Buyers Realtors partners. Architecture by Simonson. Whole Foods took the space formerly occupied by BestBuy.



# Relevant Experience: Trader Joes

Shopping plaza is  
owned by Buyers  
Realty partners.

Architecture by  
Simonson.

**BUYERS  
REALTY**

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# Relevant Experience: Starbucks



**BUYERS  
REALTY**



# Buyer's Realty clients include numerous national majors.

BUYERS  
REALTY



avenue

AspenDental  
More reasons to smile



at&t



Blain's  
FARM & FLEET



CARmax



dressbarn

DSW

Great Clips



Famous  
Footwear



HARBOR FREIGHT  
TOOLS  
America's Favorite Tool Store™

HOBBY  
LOBBY

HUHOT  
MONGOLIAN GRILL

JO-ANN.COM™  
experience the difference

Marshalls

maurices

Michaels  
Where Creativity Happens

Monkey Joe's  
parties play



PET SMART

RUBY  
TUESDAY



Sears  
Hometown Store



TARGET



TJ-maxx

ULTA  
BEAUTY



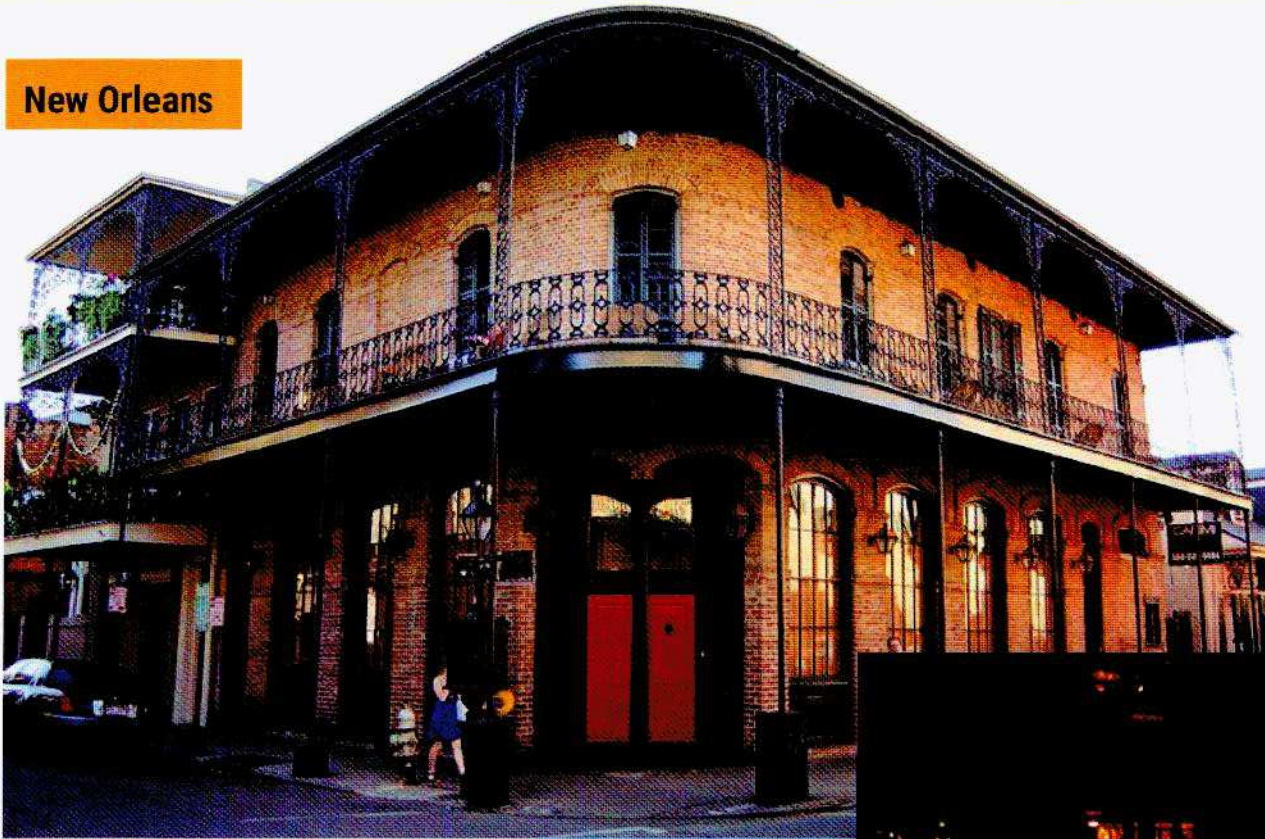


## **Section II: Concept**



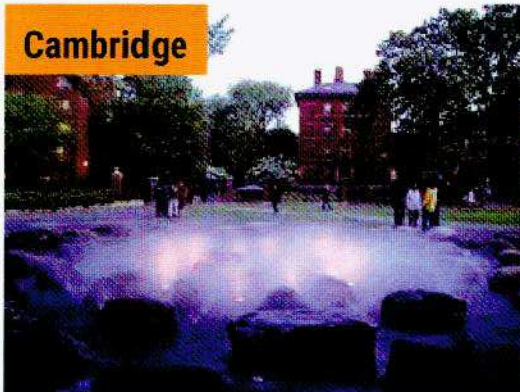
**These destinations provided inspiration for our concept.**

**New Orleans**

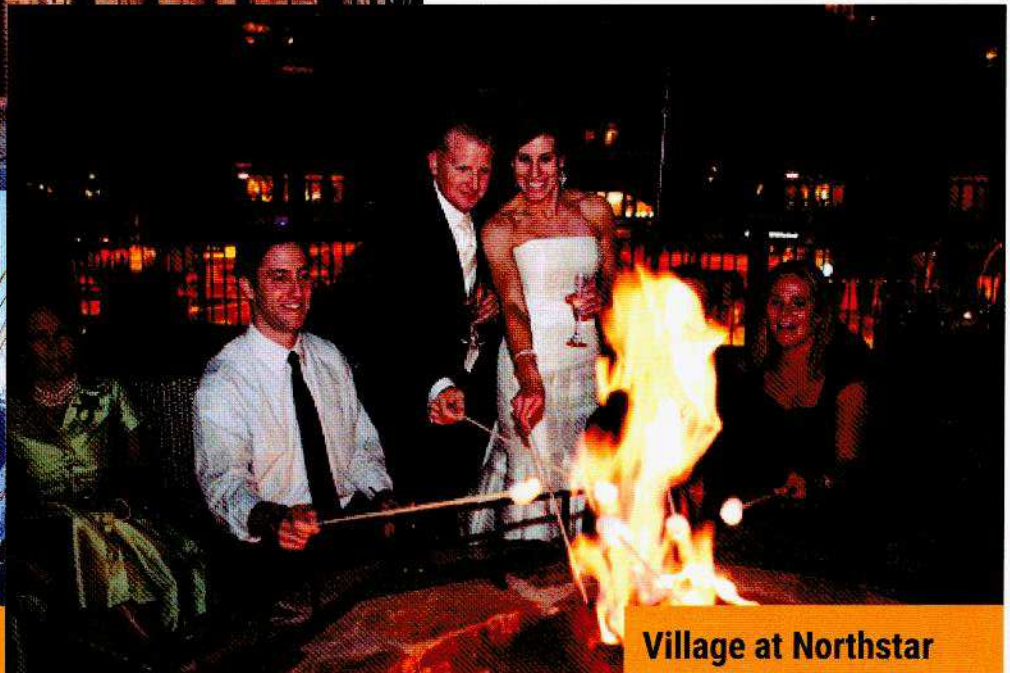


**Chicago**

**Cambridge**



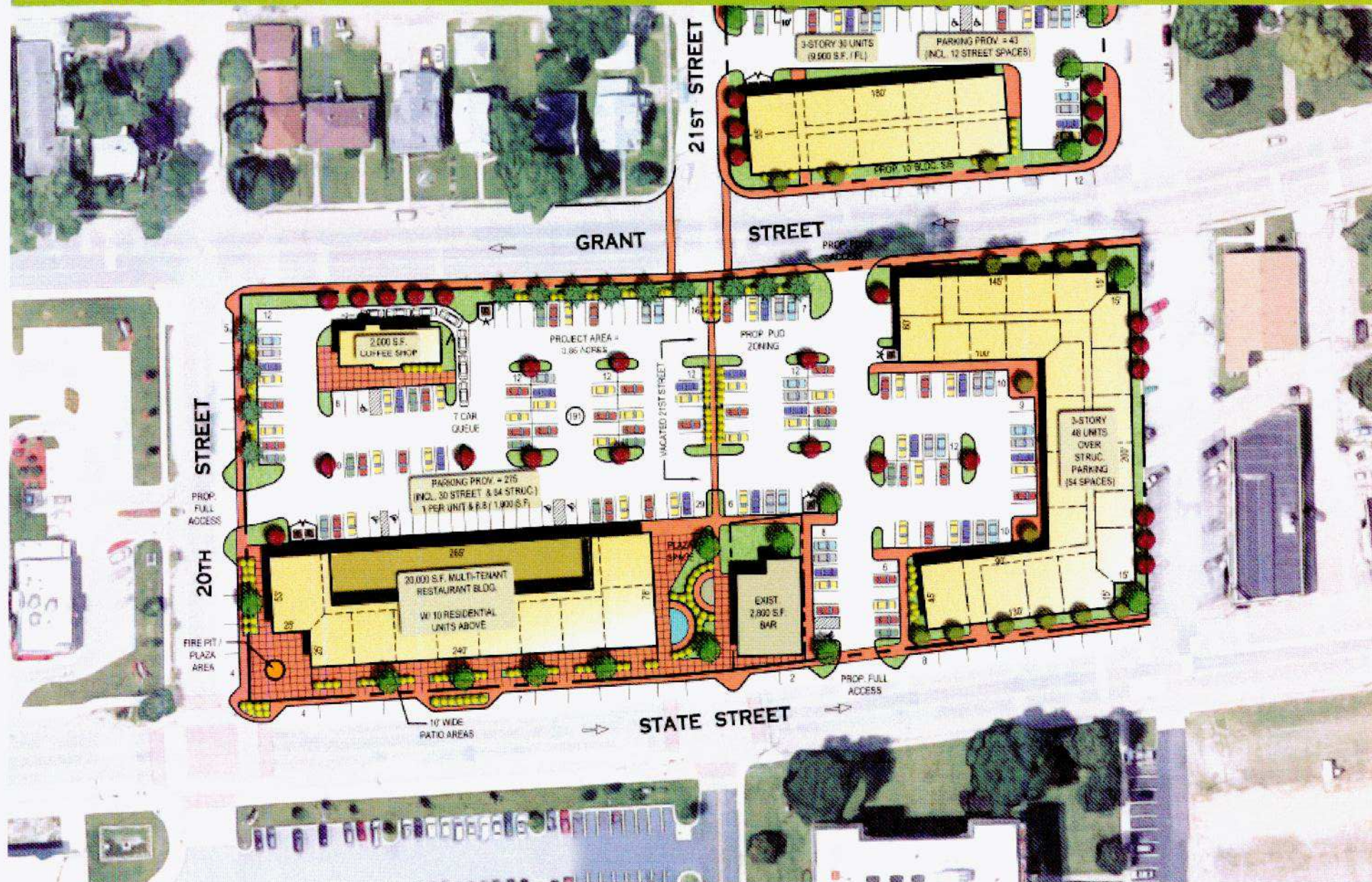
**Crested Butte**



**Village at Northstar**



# Proposed Site Plan



**BUYERS  
REALTY**



**Newbury  
LIVING**

**simonson**

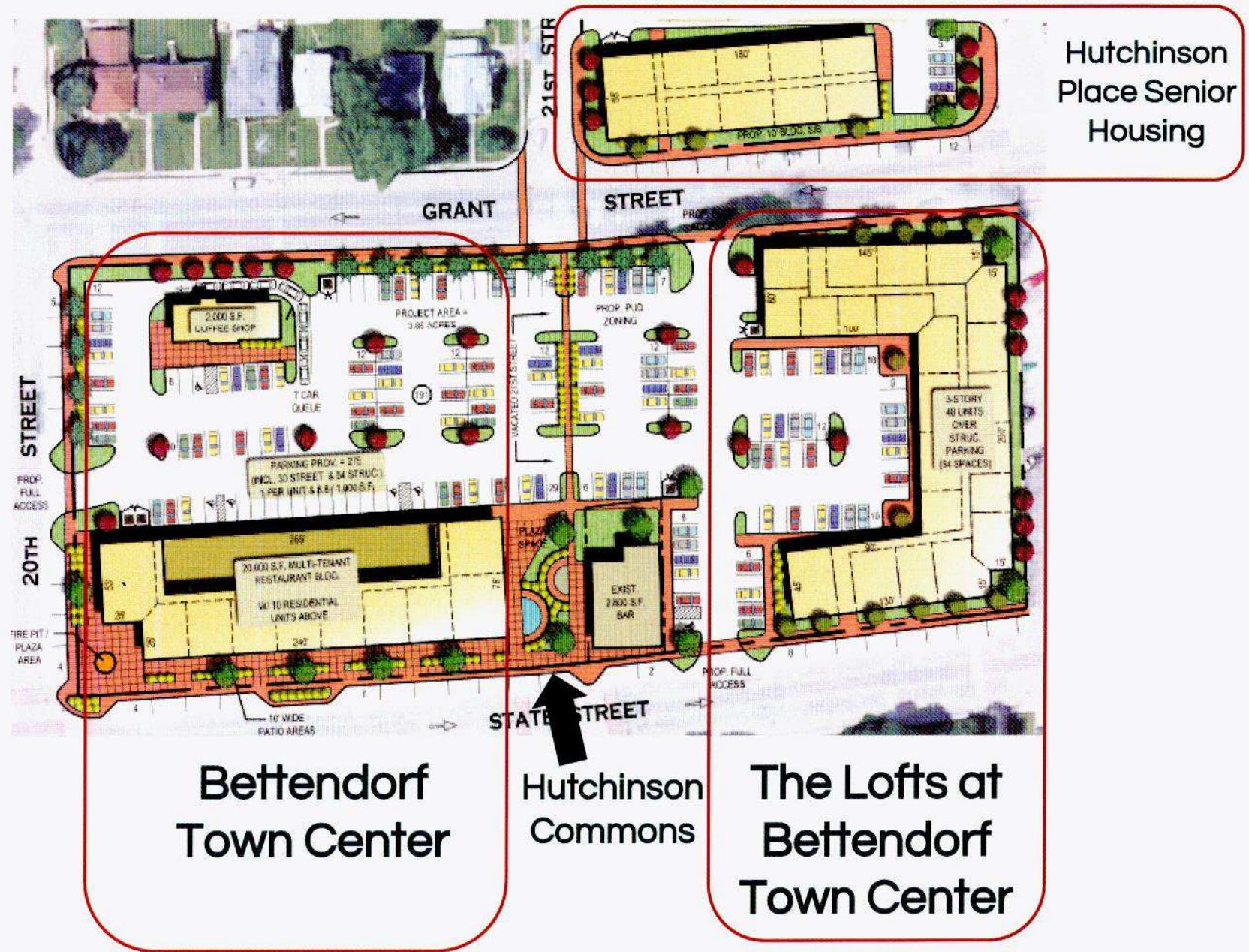


# Site Plan Annotated





# Proposed Names









# Apartments over Restaurants facade proposal



BUYERS  
REALTY



Newbury  
LIVING

simonson



**Overflowing with life on two levels.**



**BUYERS  
REALTY**



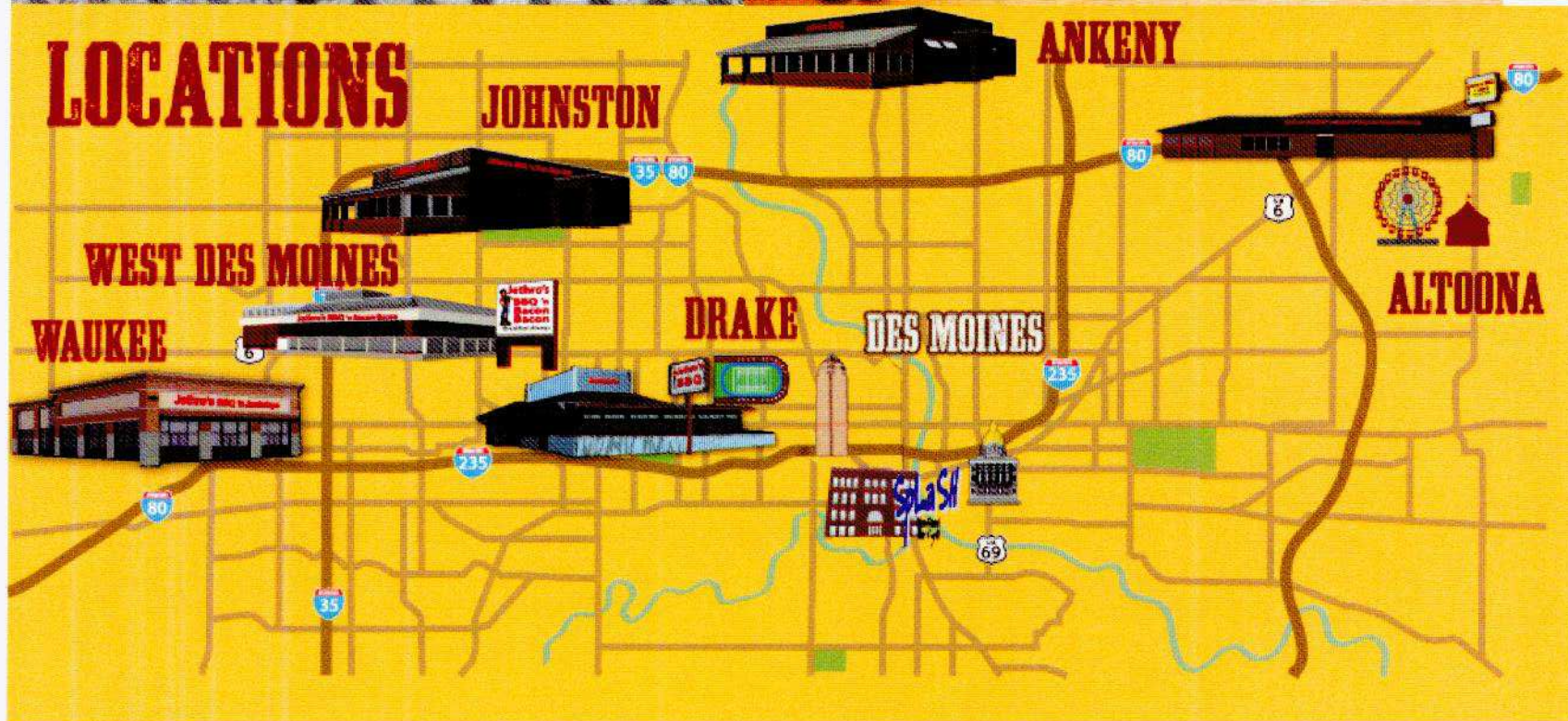
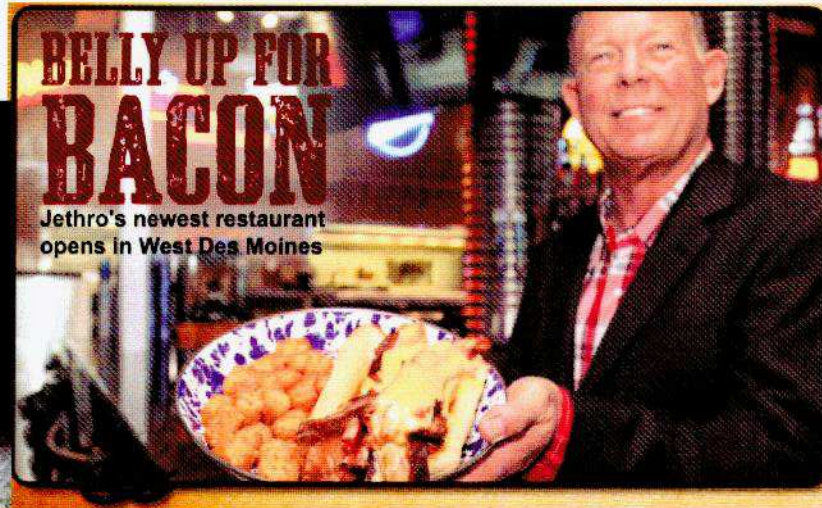
**Newbury**  
LIVING

**simonson**



# Targeted Restaurant: Jethro's

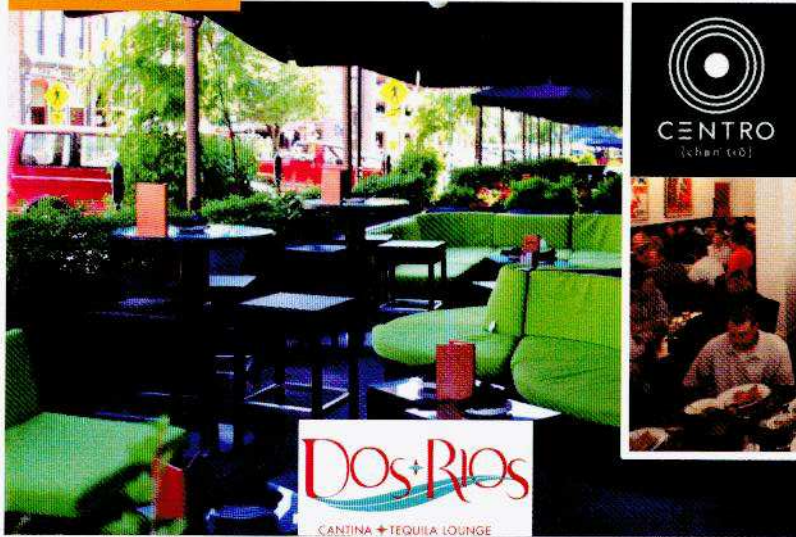
Preliminary talks have begun with Bruce Gerleman, owner of Jethro's, who is interested.



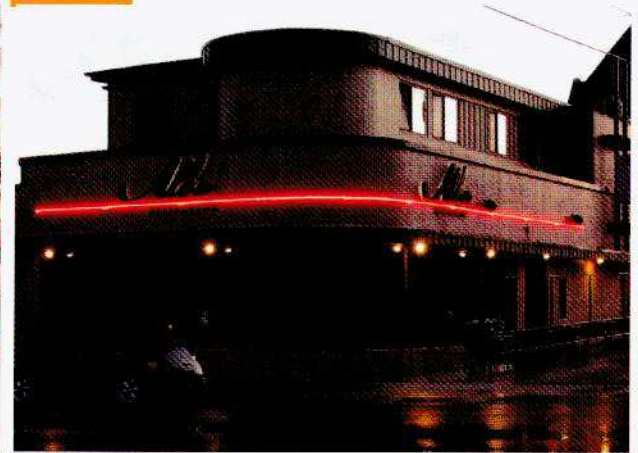
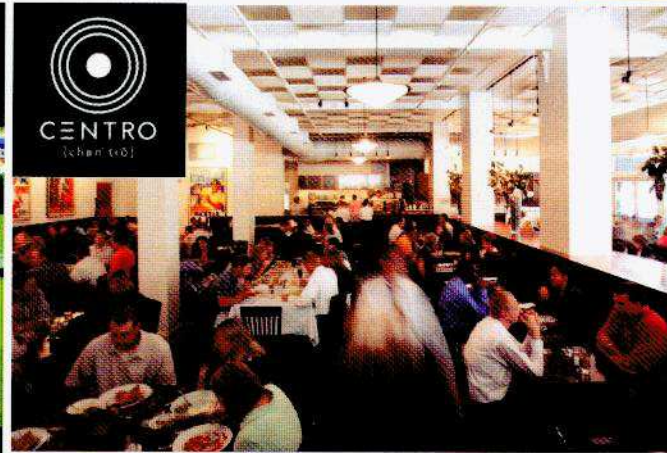


# Other Targeted Restaurant Genres/Des Moines Examples

Mexican



Italian



Seafood



Bakery/Bistro

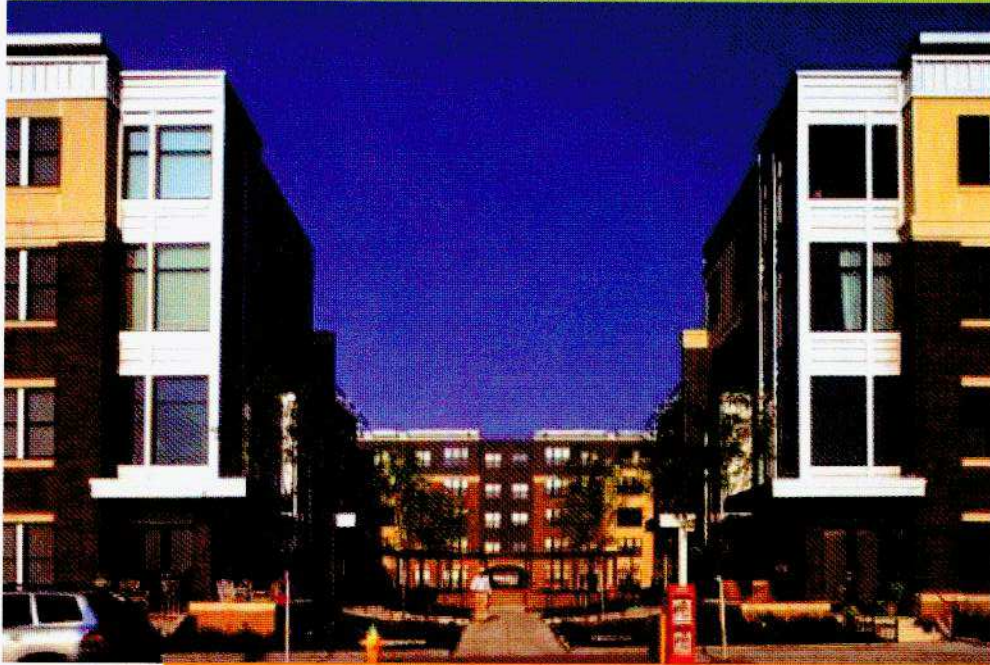




## **Section III: Preliminary Financials**



# Colonizing rooftops requires public investment.



Each of these DM projects, & many more, required multi-million dollar public assistance.





# Newbury's best work has also required major assistance.

Project & Units	Public Benefits & Project Cost	Total, %, & Per Unit
 <p><b>Ingersoll Square II</b> (63 units)</p>	<p><b>CDBG:</b> \$3.0mm  <b>Tax Abatement</b> (Yrs 1-10): \$1.3mm  <b>Enterprise Zone Credits:</b> \$843k</p> <p><b>Total Project Cost:</b> \$10.2mm</p>	<p>\$5.1mm total benefits            = \$82k per Unit            = 50% of Total Project Cost</p>
 <p><b>Ingersoll Square III</b> (47 units)</p>	<p><b>Tax Abatement</b> (Yrs 1-10): \$1.0mm  <b>TIF</b> (Yrs 11-20): \$0.9mm  <b>Economic Dev't Loan:</b> \$400k  <b>City HOME Funds:</b> \$350k  <b>Enterprise Zone Credits:</b> \$726k</p> <p><b>Total Project Cost:</b> \$8.6mm</p>	<p>\$3.4mm total benefits            = \$72k per Unit            = 40% of Total Project Cost</p>
 <p><b>501 Brady Street</b> (24 units)</p>	<p><b>CDBG:</b> \$3.0mm  <b>Land Conveyance:</b> \$209k  <b>Tax Abatement</b> (Yrs 1-10): \$471k  <b>City HOME Funds:</b> \$300k  <b>City CDBG:</b> \$270k  <b>Workforce Housing Credits:</b> \$292k</p> <p><b>Total Project Cost:</b> \$6.1mm</p>	<p>\$4.5mm total benefits            = \$189k per Unit            = 74% of Total Project Cost</p>



# Retail: Key Assumptions

Parameter	Assumption
Square Feet	<ul style="list-style-type: none"><li>• Restaurants: 20,000</li><li>• Coffee Shop: 1,800</li><li>• "Purgatory's Pub" (Facade Refresh): 2,800</li></ul>
Rent Potential	<ul style="list-style-type: none"><li>• Restaurants: \$16/Square Foot (SF), Triple Net (NNN)</li><li>• Coffee Shop: \$20/SF, NNN</li></ul>
Vacancy	15%
Property Taxes	10 year 100% abatement
Construction Cost	<ul style="list-style-type: none"><li>• Plain Vanilla Box: \$200/SF</li><li>• Tenant Improvement Allowance: \$60/SF</li><li>• Site Costs: \$15/SF</li><li>• Softs Costs: \$33/SF</li><li>• Total: \$308/SF</li></ul>
Appraiser's Cap Rate	9.0%
Loan Terms	75% Loan to Value ratio, 4.75%, 20 years
Investor's Rate of Return Threshold	12%



# Retail: Sources & Uses

Sources of Funds	Amount
Conventional Loan	\$2.5mm
Cash Investors	\$0.9mm
City of Bettendorf Below Market Interest Rate (BMIR) Loan	\$2.5mm
Gap	\$0.8mm
<b>Total Sources</b>	<b>\$6.7mm</b>

Developers hope to solve by beating cost and/or rent projections, thus supporting additional debt and/or equity.

Uses of Funds	Amount
Land	\$0
Construction & Site Cost	\$6.0mm
Developer Fee	\$250k
All other Soft Costs	\$490k
<b>Total Project Cost</b>	<b>\$6.7mm</b>

Conveyance from Bettendorf for \$1



# Housing: Key Assumptions

Parameter	Assumption
Unit Mix and Rents	<ul style="list-style-type: none"> <li>• 40 450SF 1BRs @ \$1,088/month (\$1.45/SF)</li> <li>• 18 925SF 2BRs @ \$1,341/month (\$1.45/SF)</li> <li>• 10 1,300SF 2BRs w/den @ \$1,755/month (\$1.35/SF)</li> <li>• 54 parking spaces @ \$100/month</li> </ul>
Vacancy Rate	7.0%
Income & Expense Escalators	Income: 2% increase/year, Expense: 3% increase/year
Construction Cost	<ul style="list-style-type: none"> <li>• Residential: \$149/SF (\$132k/unit)</li> <li>• Structured parking: \$22,500/space</li> <li>• Construction contingency @ 5%</li> </ul>
Assessor's Cap Rate	8.0%
Property Taxes	<ul style="list-style-type: none"> <li>• Years 1-5: 100% TIF</li> <li>• Years 6-10: 75% TIF</li> <li>• Years 11-15: 50% TIF</li> </ul>
Loan Terms	80% LTV, 4.5% interest, 25 year term
Replacement Reserves	\$400 per apartment per year



# Housing: Sources & Uses

Sources of Funds	Amount
Conventional Loan	\$8.4mm
Investor Cash	\$2.0mm
Workforce Housing Tax Credit benefits	\$1.1mm
City of Bettendorf BMIR Loan	\$1.5mm
Gap	\$0.6mm
<b>Total Sources</b>	<b>\$13.6mm</b>

Will address by beating cost and/or rent projections, thus supporting additional debt and/or equity, and/or deferring Developer Fee.

Uses of Funds	Amount
Land Cost & Demolition	\$1.6mm
Construction & Contingency	\$10.6mm
Developer Fee	\$0.5mm
All Other Soft Costs	\$0.9mm
<b>Total Project Cost</b>	<b>\$13.6mm</b>

Admiralty Place; Laundry; Rogers Industrial



# Value Proposition

*Note: this analysis excludes Affordable Senior Housing Project*

## Assistance Requested

### Retail (\$6.7mm Total Project Cost)

- Property Tax Abatement: \$1.3mm
- BMIR Loan: \$2.5mm
- Land Conveyance: \$0.5mm (Est'd Value)
- Total: \$4.3mm

= 64% of Total Project Cost

### Housing (\$13.6mm Total Project Cost)

- TIF: \$2.3mm
- BMIR Loan: \$1.5mm
- Total: \$3.8mm

= 28% of Total Project Cost

### Overall (\$20.3mm Total Project Cost)

- Total Benefits: \$8.1mm

= 40% of Total Project Cost

## Benefits Provided

### Retail

- Property Taxes of \$130k/yr in Years 11+
- Downtown Bettendorf becomes a destination in a single stroke.
- Significant synergies with Convention Center, Casino/Hotel, & Farmer's Market

### Housing

- Property Taxes Paid of \$750k in Yrs 1-15
- Property Taxes of \$223k/yr in Yrs 16+
- 58-60 Market Rate households
- Other housing/follow-on phases bringing as many as 90 more market-rate households

### Overall

- Transformative, synergistic project operating in 18 months
- Dense multi-story streetscape nearly ringing 2 square blocks



## **Section IV: Timing & References**



## Best-Case Timing

<b>9/15-11/15</b>	<ul style="list-style-type: none"><li>• City selection process</li></ul>
<b>12/15</b>	<ul style="list-style-type: none"><li>• Soonest senior housing LIHTC application window (likely too soon)</li></ul>
<b>11/15-5/16</b>	<ul style="list-style-type: none"><li>• Construction drawings &amp; specifications prepared</li><li>• Lender underwriting &amp; processing</li><li>• Site Assemblage</li></ul>
<b>6/16</b>	<ul style="list-style-type: none"><li>• Bidding &amp; construction contract finalization</li></ul>
<b>7/16</b>	<ul style="list-style-type: none"><li>• Closing</li></ul>
<b>12/16</b>	<ul style="list-style-type: none"><li>• Next LIHTC application window (more realistic)</li></ul>
<b>7/16-6/17</b>	<ul style="list-style-type: none"><li>• Construction</li></ul>
<b>6/17-12/17</b>	<ul style="list-style-type: none"><li>• Lease-Up</li></ul>



## References

<b>Newbury Living</b>	<p><b>Rita Conner</b>, City of Des Moines Economic Development 515-283-4019; <a href="mailto:raconner@dmgov.org">raconner@dmgov.org</a></p> <p><b>Bruce Berger</b>, City of Davenport Economic Development 515-326-7699; <a href="mailto:beb@ci.davenport.ia.us">beb@ci.davenport.ia.us</a></p> <p><b>Jeni Cooper</b> or <b>Vicki Facto</b>, Bankers Trust <a href="mailto:jcooper@bankerstrust.com">jcooper@bankerstrust.com</a> or <a href="mailto:vfacto@bankerstrust.com">vfacto@bankerstrust.com</a> 515-245-2401 (JC) or 515-245-2888 (VF)</p> <p><b>Jim Richardson</b>, US Bank 563-328-3032; <a href="mailto:james.richardson@usbank.com">james.richardson@usbank.com</a></p>
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