West St. Paul New Construction

50 Signal Hills Center, West Saint Paul

SOURCE AND USE SUMMARY

	Old	Current	Difference	Footnote
Sources of Funds:	***Total***	***Total***		
Tax-Exempt (1st Mortgage)	$ 46,823,903	$ 55,530,000	$ 8,706,097	1
Taxable Tail (1st Mortgage)	8,013,124	10,310,000	2,296,876	1
Series A: TIF Loan	3,640,000	5,000,000	1,360,000	2
Low Income Tax Credit Equity	33,078,914	37,124,631	4,045,717	3
Deferred Developer Fee	7,802,856	11,129,774	3,326,918	4
Deferred Contractor Overhead/Profit	-	3,056,511	3,056,511	5
Total Source of Funds	**$ 99,358,797**	**$ 122,150,916**	**$ 22,792,119**	
Uses of Funds:				
Construction:	***Total***	***Total***		
Acquisition Costs	$ 6,365,000	$ 5,865,000	$ (500,000)	6
Construction Hard Costs	56,994,739	74,403,528	17,408,789	7
General Conditions	3,398,684	4,337,402	938,718	8
Builders Profit	1,132,895	1,445,801	312,906	8
Overhead	3,398,684	4,337,402	938,718	8
Construction Contingency	3,228,750	4,002,642	773,892	9
Met Council Sewer Access Connection	807,625	829,898	22,273	10
Park Dedication Fee	296,000	296,000	-	11
Building Permit Fees	314,444	408,889	94,445	12
Professional Services	2,408,800	2,874,772	465,972	13
Developer Fee	8,160,856	11,129,774	2,968,918	14
Total Construction Use of Funds	**$ 86,506,477**	**$ 109,931,108**	**$ 23,424,631**	
Financing:				
Cash Accounts/Escrows/Reserves	$ 10,926,866	$ 9,877,138	$ (1,049,728)	15
Construction Financing Costs	652,072	724,084	72,012	16
Permanent Finacing Costs	806,144	1,076,147	270,003	17
Closing Costs	197,650	273,455	75,805	18
Tax Credit Fees	269,588	268,984	(604)	19
Total Financing Use of Funds	**$ 12,852,320**	**$ 12,219,808**	**$ (632,512)**	
Total Uses of Funds	**$ 99,358,797**	**$ 122,150,916**	**$ 22,792,119**	

Footnotes

1. The project supports more debt as a result of an increase in the amortization term, a reduction in the interest rate, and additional units added to the project. This additional debt allows for project feasibility at $5 million in TIF assistance.
2. The TIF request increased because the construction costs increased when actual bid numbers were received in June.
3. Low income housing tax credit equity is a function of total eligible project costs. Since project costs increased, more federal equity comes into the deal.
4. Dominium is deferring 100% of its developer fee. Normally, financial feasibility for a tax credit housing project would require no more than 50% of this fee to be deferred. Dominium can still finance this project with 100% fee deferral because of our track record and strong balance sheet.
5. Dominium will be the general contractor, and the contractor fee was fully paid through capital sources originally, but now Dominium is planning to defer 72% of the fee to move the project forward. This is very atypical.
6. The seller has agreed to a price reduction of $500,000 to help with financial feasibility and reduce the required TIF assistance.
7. Construction costs have increased - the new number reflects a hard bid received on June 8th. Dominium added 24 new units (15/24 new units are in the senior building, Seniors prefer 1 and 2 bedroom units, so Dominium designed new 1 and 2 bedroom units that fit inside the 3 bedroom footprint. Additional units help with project financial feasibility. With fewer units, more TIF would be required.
8. General conditions, builders profit, and overhead are set fees determined by the Dakota County CDA and they are based off total construction costs, the cumulative fee for all those costs is 14% of total construction costs. The increase from 2019 to 2020 is directly related to the increased construction costs. It is important to charge the highest fee allowed because it generates additional Federal tax credit resources to the project.
9. Construction Contingency required by lenders increased when the construction costs increased.
10. Sewer Access Charges are set by Met Council. The amount charged increased when more units are added.
11. Park Dedication fees are the same
12. Building permit fees are larger now because off the actual construction costs
13. Professional services increased because the architect fee increased as a result of designing 24 more units.
14. The developer fee is a function of the total development cost and it is set by the Dakota County CDA. The developer fee increased because the total development cost increased. It is important to charge the highest fee allowed because it generates additional Federal tax credit resources to the project.
15. Cash Accounts/Escrows includes construction period interest, property tax and insurance escrows and a lender/investor required operating reserve. This cost came down as interest rates decreased since original underwriting.
16. Construction financing costs have increased slightly because the construction loan size increased to cover additional costs. The origination fee is a percentage of the total loan amount.
17. Permanent financing origination costs are larger now because the loans are larger and some of these costs (i.e. origination fee) are a % of the loan amount.
18. Title insurance and closing costs are larger because total project costs are higher now.
19. Tax credit fees are roughly the same.