

July 11, 2023

Ann Fangmann, AICP
Executive Director
Glen Cove Industrial Development Agency
9 Glen Street
Glen Cove, New York 11542

**RE: Update to Project Budget
Application for Financial Assistance - Garvies Point Block F**

Dear Ms. Fangmann,

We are writing to you in regard to the Application for Financial Assistance for Garvies Point Block F, a proposed 56 unit affordable for-sale condominium development. Since the submission of our initial application, we have continued to work diligently with the project architect and engineers to further design the building, as well as with New York State Homes & Community Renewal (HCR), who's new "AHOP" subsidy program is the basis for the financing of this affordable for-sale development.

As we progressed through the civil and architectural design process, we had encountered several site-specific design challenges that were not known at the time of application that have had a significant impact on the construction cost of the proposed building when compared with the initial application:

1. **Structural Piles:** Geotechnical analysis of the site has recommended that the proposed building be placed on structural piles. We are currently estimating that the cost of the piles, along with the cost of the concrete pile caps and additional soil removal costs (which is at a premium due to the current environmental controls) to add approximately ~\$925,000 to the base construction amount.
2. **Civil Design Topography Issues:** The civil design, which was advanced significantly after the initial application, proved to be extremely difficult due to the high parking requirement and steep site topography. This had triggered the need for several hundred feet of 8-11 foot retaining walls which would have resulted in a significant cost itself. However, because of the soil conditions the retaining walls would be required to sit on deep structural piles and proved to not be feasible. As an alternative to still meet the parking requirement and mitigate this cost, we altered the design of the building to now have some of the parking be under the building built into the slope of the hill. This added about a net ~\$1,675,000 to the base construction amount when compared with the original assumptions.
3. **Slight Change to Unit Mix:** At the recommendation of potential lenders the unit mix had changed from 13 one-bedrooms, 36 two-bedrooms and 7 three-bedrooms to 10 one-bedrooms, 38 two-bedrooms and 8 three-bedrooms. The square footage of the overall building increased by about 500 square feet and some additional bathrooms, utility requirements, etc. added approximately ~\$200,000 to the base construction cost.
4. **Insurance Requirements for Condominium Development:** In speaking with our insurance consultants, the premiums associated with condominium projects, as well as the recommended longer length of the policy terms would add approximately ~\$250,000 to the base construction budget.

In addition to the increased estimate to the base construction cost estimate of \$3,050,000, an additional 14% is underwritten to general conditions, construction overhead and profit as well as 5% minimum for construction contingency adding a further \$427,000 and \$152,000 respectively.

Other changes to the budget include **\$785,000** of additional architecture and engineering for additional engineering work as well as higher insurance requirements and costs for design consultants, higher taxes during construction and contingent costs such as construction interest, financing fees, developer fee and soft cost contingency.

Based on these adjustments to the initial budget, the total development cost has increased from **\$30,876,427** to **\$35,236,084**. Please note we are not requesting additional sales tax or mortgage and recording tax exemption above the original request at this time. Enclosed please find the revised budget on page 14 from the application that these adjustments are based on. If you would like to discuss further or have any questions, please feel free to give me a call at (516) 978-5200.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Ardito', with a long horizontal flourish extending to the right.

Matthew Ardito
Member

CC: Milan Tyler
Kevin Gremse
Daniel Deegan
John Gordon
David Gallo
Allison Giosa

PART III. CAPITAL COSTS OF THE PROJECT

A. Provide an estimate of cost of all items listed below:

	<u>Item</u>	<u>Cost</u>
1.	Land and/or Building Acquisition	\$ <u>2,800,000</u>
2.	Building Demolition	\$ <u>N/A</u>
3.	Construction/Reconstruction/Renovation	\$ <u>24,598,350</u>
4.	Site Work	\$ <u>Included in Item 3</u>
5.	Infrastructure Work	\$ <u>Included in Item 3</u>
6.	Architectural/Engineering Fees	\$ <u>700,000</u>
7.	Applicant's Legal Fees	\$ <u>250,000</u>
8.	Financial Fees	\$ <u>1,738,558</u>
9.	Other Professional Fees	\$ <u>1,325,078</u>
10.	Furniture, Equipment & Machinery Acquisition (not included in 3. above)	\$ <u>0</u>
11.	Other Soft Costs (describe)	\$ <u>524,097</u>
12.	Other (describe) Developer Fee	\$ <u>3,300,000</u>
	Total	\$ <u>35,236,084</u>

B. Estimated Sources of Funds for Project Costs:

	Construction Sources	Permanent Source
a.	Tax-Exempt IDA Bonds:	\$ _____
b.	Taxable IDA Bonds:	\$ _____
c.	Conventional Mortgage Loans:	\$ <u>15,505,350</u>
d.	SBA or other Governmental Financing: Identify: _____	\$ _____
e.	Other Public Sources (e.g., grants, tax credits): Identify: <u>AHOP Subsidy</u>	\$ <u>11,200,000</u> <u>11,200,000</u>
f.	Other Loans:	\$ _____
g.	Equity Investment: Sale Proceeds (excluding equity attributable to grants/tax credits)	\$ _____ <u>19,165,000</u>
h.	Deferred Fee/Gap	\$ <u>8,530,734</u> <u>4,871,084</u>
	TOTAL	\$ <u>35,236,084</u> <u>35,236,084</u>

What percentage of the total project costs are Const. Perm.
funded/financed from public sector sources: 46 % 46 %