



6 Forest Avenue, Suite 220
Paramus, NJ 07652

T 201-291-4050 F 201-291-0681 | info@bergenunitedway.org

Bergen County's United Way

www.bergenunitedway.org

To: Robert S. Powell, Jr.
Nassau Capital Advisors, LLC
rspowell@nassaucap.com

CC: Jonathan Drill, Esq.
jdrill@sksdllaw.com

John Hague, Esq.
jhague@greenbaumlaw.com

Kendra Lelie, PP
KLelie@tandmassociates.com

RE: Borough of Chatham, NJ Affordable Housing Development

Date: June 16, 2022

Dear Mr. Powell,

I appreciate the time you have spent with me recently in your role as real estate financial advisor to the Borough of Chatham, NJ. I understand the Borough of Chatham ("Borough") is seeking a qualified and experienced developer for the purposes of signing an agreement ("Agreement") to redevelop and operate a 15-unit 100% affordable family rental housing development on a site in the Borough at Block 121, Part of Lot 10 ("Site"). I understand that it is the Borough's intention to enter into an agreement that will set forth a strategy for the development of a successful 100% affordable, 15-unit family rental development and the operation of the Project consistent with the Borough's Settlement Agreement with Fair Share Housing Center ("FSHC"), as well as affordable housing regulations/requirements including Uniform Housing Affordability Controls ("UHAC") and the Fair Housing Act ("FHA").

I am writing to advise that Bergen County United Way, through its affiliated company, BCUW/Madeline Housing Partners LLC, would be pleased to serve as designated redeveloper of this the property at issue and to construct and operate the project.

Chairman of the Board
Peter J. Ingrasci
Vice President, CSI
IBM Corporation
Executive Committee

Gregory C. Dunlap
Community Leader

Elinor J. Ferdon
Community Leader

James E. Healey, CPA
Community Leader

Joseph M. Healy
Chairman of the Board
Kolmar Laboratories, Inc.

Reverend Richard S. Hong
Pastor, First Presbyterian Church
of Englewood

Valerie A. Reardon
Chief Operating Officer,
Blue Cross of Idaho

Directors

James Aramanda
Chief Executive Officer
The Clearing House

Robert J. Iacullo
Community Leader

Alex Kellenberger
Director, Information Technology
UPS Information Technology

Ann M. Limberg
Head of Philanthropic Solutions &
Family Office, U.S. Trust
Bank of America, Private
Wealth Management

Irwin M. Pollack
Community Leader

Thomas M. Toronto
President

PROGRAMS OF BERGEN COUNTY'S UNITED WAY

For more information, please visit www.bergenunitedway.org



I further understand that the Borough owns the Project Site which currently serves as a municipal parking lot. The Borough contemplates entering into either a sale to the developer of the Project Site (subject to certain reverter rights in favor of the Borough to be negotiated), or, alternatively, a long-term land lease for a nominal consideration. We would require that the Borough also provide the designated project developer with additional financial subsidies from its Affordable Housing Trust Fund, and long-term municipal bonding (if necessary) as a source of funds to cover project development cost shortfalls.

Proposed Concept Plan: We proposed the construction of a 15-unit building, with building height limited to 3 stories, and surface parking for residents. We will utilize high quality design standards and materials in the construction of the building and improvements, in accordance with the terms and conditions established by the Borough Planning Board.

Unit Mix: The Project will consist of 15 affordable non-age-restricted family rental units in a 100 percent affordable development, 50 percent of which shall be affordable to very-low and low-income households and no more than 50 percent which may be affordable to moderate-income households. At least 13 percent of all affordable units within each bedroom distribution shall be affordable to very-low-income households at 30% or less of the regional median income per *NJSA 52:27D-329.1*.

Project Budget: Please find attached to this letter a preliminary project budget with estimated costs, revenues, and projected sources and uses of funds.

Project Development Experience: Our organization has developed dozens of similar affordable housing projects throughout New Jersey over the past fifteen years. I invite you to visit our website to review our project portfolio:

United Way | Bergen County, NJ (bergenunitedway.org)

We look forward to working with the Borough of Chatham on this most-worthy project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Toronto", with a stylized flourish extending to the right.

Tom Toronto
President

Attachment (Financial Model)

Bergen County United Way **2022 NJ Affordable Housing Professionals**
Rev 6.16.22 **Allowable Rents** **GPI Annual**

# of Units	Gross Rent	Util.	Allow	Net Rent	GPI Annual
1 Bdrm Very Low 30%	0	647	89	558	0
1 Bdrm Low 50%	1	1,079	89	990	11,880
1 Bdrm Mod 60%	1	1,295	89	1,206	14,472
2 Bdrm Very Low	1	777	119	658	7,896
2 Bdrm Low	4	1,295	119	1,176	56,448
2 Bdrm Mod	5	1,555	119	1,436	86,160
3 Bdrm Very Low	1	898	148	750	9,000
3 Bdrm Low	1	1,497	148	1,349	16,188
3 Bdrm Mod	1	1,797	148	1,649	19,788
Total	15				221,832

Operating Expenses **7,500 per unit**

NOI Calculation	
Gross Potential Income	221,832
Vacancy	5.00%
Effective Gross Income	210,740
Operating Expenses	7,500
Net Operating Income	98,240

Development Costs	
Construction	4,950,000
Total Acquisition:	0

Total Professional Services:	
Developer Fee	397,500
Furniture	247,500
Contingencies	10,000
	267,375

Total Development Costs*	5,872,375
---------------------------------	-----------

Sources of Funds	
Mortgage Loan	1,319,074
Morris County Home	200,000
Federal Home Loan Bank	500,000
NJ DCA Trust Fund	3,000,000
Borough of Chatham Subsidy (Est.)	853,301
Total	5,872,375

MAXIMUM LOAN SIZING ANALYSIS

Annual Revenue Increase	2.00%
Annual Expense Increase	3.00%
Net Operating Income	
Gross Potential Rental Income	221,832
Other Income	0
Vacancy	5.00%
Effective Gross Income	(11,092)
Operating Expenses	210,740
Replacement Reserves	(112,500)
Net Operating Income	0
Net Operating Income	98,240
Stress	30
Stress Year	30
Maximum Loan is the lesser of Stabilized NOI with a 1.30 First Year Debt Service Coverage Ratio, OR Stress Trended NOI with 1.1 Debt Service Coverage in Year 30	
Maximum Loan	1,319,074

Stress Year **30**

Maximum Loan is the lesser of Stabilized NOI with a 1.30 First Year Debt Service Coverage Ratio, OR Stress Trended NOI with 1.1 Debt Service Coverage in Year 30

Maximum Loan	1,319,074
Stabilized Net Operating Income	98,240
Loan Rate	4.00%
Insurance	0.00%
Amortization	30
Payments per Year	12
Debt Service Coverage YR 1	1.30
Available for Debt Service	75,570
Mortgage Constant	5.7290%
Maximum Loan Amount	No Stress
Maximum Loan Amount	1,319,074
Payment	75,570

Trended Net Operating Income	Stress	108,660
Loan Rate	4.00%	
Insurance	0.00%	
Amortization	30	
Payments per Year	12	
Debt Service Coverage YR 30	1.10	
Available for Debt Service	98,782	
Mortgage Constant	5.7290%	
Maximum Loan Amount	Stress	1,724,247
Payment		98,782