



August 16, 2019

TO: Mayor Muldoon, Members of the Jackson Hole Town Council, and Staff

FROM: Westmount Development Group, LLC

RE: 174 N. King Street Affordable Housing

Mayor Muldoon and Members of the Town Council,

Thank you for your continued support of affordable housing at 174 N. King Street. Westmount Development Group remains committed to bringing a development made up of 100% affordable rental units priced for the most underserved segment of the Jackson population.

As you know, despite being the highest scoring application in the state for Low Income Housing Tax Credits twice, the high cost of developing in Jackson has precluded us from receiving subsidies from Wyoming Community Development Authority. It is our opinion that the Council should continue to pursue tax credits and expend all possible opportunities before deciding to spend millions of dollars of local tax payer money. In both of the funding rounds, WCDA elected to withhold more money than they allocated which has caused their coffers to swell. Along with a further refined application and more aggressive lobbying, we feel re-applying is prudent while pursuing a locally subsidized development plan to execute should the tax credit application be unsuccessful.

In an attempt to find the best way forward to develop the site, we present three possible development options:

1. Re-apply for 9% Tax Credits:

- a. The deadline for the upcoming 2020 round of tax credits from WCDA is September 30, 2019. The award announcement will be in January, 2020, which would allow us to break ground in the upcoming spring of 2020.
- b. It isn't unusual for a tax credit deal to have to apply multiple times before receiving an allocation of funding. With each application, we have learned the WCDA hot button issues and can tailor our application to meet their needs.
- c. Because we have the application previously prepared, it doesn't require much effort to re-apply and no time is lost doing so.
- d. We feel a combination of reduced construction costs, reduced tax credit syndication costs, higher tax credit pricing, further refined soft costs, increased familiarity with the

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- e. project, improved lobbying, along with yet another increase in total funds available at WCDA provides a reasonable chance for success.
- f. This financing method will deliver the least expensive rents in Jackson, fulfilling the greatest need. See below table for rent structure:

i. Studio		
5 units at		\$437/mo. (28% of AMI)
10 units at		\$661/mo. (41% of AMI)
5 units at		\$816/mo. (50% of AMI)
ii. One Bedroom		
5 units at		\$872/mo. (50% of AMI)
3 units at		\$1,057/mo. (50% of AMI)
iii. Two Bedroom		
2 units at		\$1,269/mo. (60% of AMI)
iv. Total Units = 30		

- g. Sources are the following:

- i. Sources:

Tax Credits	\$ 8,710,086
HOME Funds	\$ 1,044,086
National Housing Trust Funds	\$ 500,000
Debt	\$ 1,820,000
<u>Jackson Public Subsidy</u>	<u>\$ 0.00</u>
Total:	\$12,074,172

2. Apply for 4% Tax Credits:

- a. 4% tax credits are a non-competitive source of funding for affordable housing. They are often used when acquiring and rehabilitating existing developments, but can be used with new construction.
- b. The application process for 4% tax credits is rolling and therefore works on our schedule and a deal can be ready to break ground in the upcoming spring of 2020.
- c. The 4% and 9% applications are the same therefore the application is already complete. It isn't unusual for a deal to apply for 4% credits if a 9% application is unsuccessful.



d. If successful, rents for the 4% application can be set at 60% of AMI or below, for example:

- i. Studio
20 units at \$1,033/mo. (60% of AMI)
- ii. One Bedroom
8 units at \$1,099/mo. (60% of AMI)
- iii. Two Bedroom
2 units at \$1,319/mo. (60% of AMI)
- iv. Total = 30 units

e. Sources are the following:

Tax Credits	\$ 3,665,962
HOME Funds	\$ 1,044,086
National Housing Trust Funds	\$ 500,000
Debt	\$ 4,000,000
Jackson Public Subsidy	<u>\$ 2,864,210</u>
Total:	\$12,074,172

3. Non WCDA Subsidized Development:

- a. In this scenario, the use of state subsidy through the WCDA would not apply.
- b. The deal can break ground in the upcoming spring of 2020.
- c. Rents can be set at various levels, below are two examples:

Example 1:

- i. Studio
 - 1. 1 unit at \$895/mo. (50% of AMI)
 - 2. 5 units at \$1,432/mo. (80% of AMI)
 - 3. 7 units at \$1,790/mo. (100% of AMI)
 - 4. 7 units at \$2,148/mo. (120% of AMI)
- ii. One Bedroom
 - 1. 1 unit at \$1,022/mo. (50% of AMI)
 - 2. 2 units at \$1,636/mo. (80% of AMI)
 - 3. 2 units at \$2,045/mo. (100% of AMI)
 - 4. 3 units at \$2,454/mo. (120% of AMI)
- iii. Two Bedroom
 - 1. 1 unit at \$1,150/mo. (50% of AMI)
 - 2. 1 unit at \$2,760/mo. (120% of AMI)
- iv. Total = 30 units

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d. Sources are the following:

Debt	\$ 6,342,382
Commercial Space Sale	\$ 1,344,000
Deferred Developer Fee	\$ 500,000
Jackson Public Subsidy	<u>\$ 3,453,282</u>
Total:	\$11,639,664

Example 2:

i. Studio	
20 units at	\$1,790/mo. (100% of AMI)
ii. One Bedroom	
8 units at	\$2,045/mo. (100% of AMI)
iii. Two Bedroom	
2 unit at	\$2,300/mo. (100% of AMI)
iv. Total = 30 units	

e. Sources are the following:

Debt	\$ 6,573,045
Commercial Space Sale	\$ 1,344,000
Deferred Developer Fee	\$ 500,000
Jackson Public Subsidy	<u>\$ 3,222,619</u>
Total:	\$11,639,664

Note: Rents above do not include a utility allowance as projected in the tax credit rent mix. The total development cost is lower due to the elimination of certain costs associated with a tax credit development. Rents under option 3 can be set at any level desired and the above mix are only examples.

It is our recommendation that re-applying for tax credits while pursuing one of the non WCDA subsidized examples would be a good option. No time is lost in pursuing both concurrently as any option will break ground in the upcoming spring of 2020. Pursuing both will provide the Town with the greatest possible flexibility and ensure the delivery of affordable rental units at 174 N. King Street.

Thank you again for the opportunity. If you have any questions, please feel free to call me any time. I can be reached at 203-687-2033, or rick@westmountmgmt.com.

Sincerely,

Rick Ross

Westmount Development Group, LLC • Westmount Management, Inc.



KING STREET RENDERING VIEW #1

DRC12

REVISED

NO.	DATE	DESCRIPTION
1	6.13.18	DRC SUBMITTAL #1

STREET VIEW RENDERING
 PROPOSED 174 NORTH KING STREET
 WESTMOUNT
 Jackson, Wyoming

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