

COMMUNITY CULTURAL CENTER ROOM 111 / MICROSOFT "TEAMS"

TAX POLICY COMMITTEE

April 17, 2023

TO: Councillors Don Bell and Travis Simpson

FROM: Angie Parkinson, Chair

RE: Monday April 17, 2023 @ 6:00 pm

Pursuant to Governor Lamont's Executive Order No. 7B, this meeting will be accessible through "Microsoft Teams" 1-929-235-8441 Conference ID 306 712 541# or you may click on the following link. [Click here to join the meeting](#)

AGENDA

1. CALL TO ORDER
2. APPROVAL OF MINUTES
 - A. March 29, 2023
 - B. April 3, 2023 Combined Meeting with Fees Committee
3. OPPORTUNITY FOR RESIDENTS TO SPEAK
4. OLD BUSINESS
5. NEW BUSINESS
 - A. Tax Stabilization Agreement for 1-36 Jaidee Drive "Easton Place"
6. ADJOURNMENT

c: Town Council
Mayor Walsh
Eileen Buckheit, Development Director
Robert Fitzgerald, Asst. Corporation Counsel

CCC Meeting Room 111 / MICROSOFT "TEAMS"

TAX POLICY COMMITTEE

March 29, 2023

PRESENT Angie Parkinson, Chair, Councillors Travis Simpson and Don Bell

ABSENT

ALSO Melissa McCaw, Finance Director

PRESENT Councillor Awet Tsegai

CALL TO ORDER

Chair Parkinson called the meeting to order at 6:05 pm

APPROVAL OF MINUTES

February 14, 2023

MOTION By Don Bell
seconded by Travis Simpson

to **approve** the minutes of the February 14, 2023 meeting

Motion carried 3/0

OPPORTUNITY FOR RESIDENTS TO SPEAK

NEW BUSINESS

Tax Lien Sales

Melissa McCaw, Finance Director, provided background on the annual procedure for Tax Lien sales. Before the March 21 Town Council Regular Meeting, the Finance Department provided a list of properties with delinquent taxes. There are 95 properties totaling \$1.430 million in taxes due. Typically, as properties are notified, a number of tax payers will bring their accounts current so the amount owed should decrease significantly. Residents are provided the opportunity to settle any outstanding taxes due with the town through August. The criteria for identifying properties are a delinquency in excess of \$10,000 or those that have fallen into delinquency for 3 or more Grand List years. The collection process completed for each grand list year is as follows:

- The tax bill first installment legal notice is published (3 times; before due date, after due and before it becomes delinquent).
- An individual tax bill is printed and mailed to the property address (mid-June). If full payment is not received, an individual delinquent letter is mailed (August).
- The tax bill second installment legal notice is published (3 times; before due date, after due and before it becomes delinquent).

COMMUNITY CULTURAL CENTER ROOM 111/MICROSOFT "TEAMS"

TAX POLICY / FEES COMMITTEE COMBINED MEETING

April 3, 2023

FEES COMMITTEE

PRESENT Chair Harry Amadasun, Awet Tsegai

ABSENT Travis Simpson

TAX POLICY COMMITTEE

PRESENT Chair Angie Parkinson (via Teams), Don Bell

ABSENT Travis Simpson

ALSO Eileen Buckheit, Development Director


PRESENT Connor Martin, Chief of Staff

Rich Kehoe, Chair, East Hartford Town Council

Gary Patel, Asset Manager for Kautilya East Hartford Hotel, LLC

TOWN CLERK
EAST HARTFORD

2023 APR -6 AM 8:58



CALL TO ORDER

Chair Parkinson and Chair Amadasun called the meeting to order at 6:08 pm.

OPPORTUNITY FOR RESIDENTS TO SPEAK

No one came forward.

NEW BUSINESS

363 Roberts Street

Chair Amadasun stated that the purpose of the combined meeting is to review the fees and tax policy surrounding development at 363 Roberts Street and to review documents provided for the purpose of justifying a fees reduction on the property.

Director Buckheit shared that this is the second meeting regarding a fees reduction on the property. On February 15th, the Fees Committee approved a motion to recommend that the Town Council approve a 50% reduction for 363 Roberts Street in Building and Fire Marshal fees, not to exceed \$200,000 in total reduction of fees. Since that meeting, Gary Patel, Asset Manager for Kautilya East Hartford Hotel, LLC has provided additional documents regarding the financing of the project as well as a proposed lease agreement with Starbucks, LLC that has yet to be signed.

The Director also provided a memo from Goman and York, the Town's on-call development counsel which stated an opinion and recommendations after reviewing the documents. The Director confirmed that the building permit fee is set at \$364,500 on the property currently.

Chief of Staff Martin explained the current work being performed on the site. Fencing is going up to provide security on site and to assist with clean up and disposal.

Director Buckheit also confirmed that the developer has been awarded \$125,000 in ARPA funding through the Town's Small Business incentive program as well as tax abatement benefits due to the property's location within an Enterprise Zone.

Mr. Patel stated that a fee reduction will provide relief from increased cost of construction and rising interest rates until the business becomes profitable. The developer stated any additional costs for the project will require internal equity as his bank has denied any additional funding requests.

The developer confirmed that the demolition work for the project is nearly complete. The property will be branded as a Marriott/Fairfield Inn with 80 extended stay rooms and 65 standard rooms. The director explained that the corporate travel market is returning after the pandemic and expects full recovery by 2024. Mr. Patel explained the hotel's vetting process for long term guests at the property to assure best business practices are in place.

Mr. Patel reviewed the amenities at the property and logistics regarding traffic flow for the Starbucks drive-thru area. The developer anticipates final sign-off on the lease agreement to occur on or around April 15th. The goal is that if construction can begin in May, the developer is hopeful for an opening in the Spring of 2024.

Fees Chair Amadasun thanked Mr. Patel for attending the meeting and stated that the Fees Committee will review the provided information in advance of the Town Council's scheduled meeting on April 18th.

ADJOURNMENT

MOTION By Awet Tsegai
 seconded by Harry Amadsun
 to **adjourn** the Fees Committee Meeting (7:06 pm).

Motion carried 2/0.


MOTION By Don Bell
 seconded by Angie Parkinson
 to **adjourn** the Tax Policy Committee Meeting (7:06 pm).

Motion carried 2/0.

cc: Town Council
 Mayor Walsh



TOWN OF EAST HARTFORD OFFICE OF THE MAYOR

DATE: March 29, 2023
TO: Richard F. Kehoe, Chair
FROM: Mayor Michael P. Walsh 
RE: REFERRAL: Proposed tax Stabilization Agreement for Easton Place

Please see attached memo from Finance Director Melissa McCaw to refer Easton Place (1-36 Jaidee Drive) proposed tax stabilization to tax policy committee.

Please place this item on the Town Council agenda for the April 4, 2023 meeting.

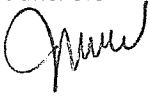
C: Melissa McCaw, Finance Director



MEMORANDUM

DATE: March 29, 2023

TO: All East Hartford Town Councilors

FROM: Mike Walsh, Mayor 

TELEPHONE: (860) 291-7201

RE: Referral to Tax Policy – Proposed Tax Stabilization Agreement for Easton Place

By way of this memo, please accept the following materials:

1. A Tax Modification agreement for Easton Place (1-36 Jaidee Drive)
2. A cover letter from outside counsel detailing the need for this agreement
3. A proforma outlining the project

By way of background, this is an exciting project for the residents of Easton Place (1-36 Jaidee Drive) in that 50 individual units of quality, affordable housing in place will receive a \$3.3 million renovation to upgrade and make new appliances, countertops, and other furnishings within the units at that location.

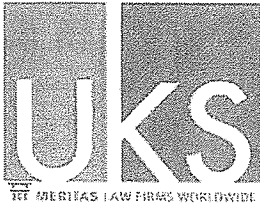
The project is being financed by the Connecticut Department of Housing in combination with tax credits administered by the Connecticut Housing Finance Authority.

There is a sense of urgency on this request in that the project is ready to close with the State of Connecticut to secure financing, and accordingly, a referral at the April 4th Town Council meeting to the Tax Policy subcommittee is necessary so that this item can be considered with final action needing to take place at the April 18th Town Council meeting.

Simply put, in order for this transaction to close and funding released to make the renovations, this tax stabilization agreement must be approved and executed to level fund the current taxes at \$83,689 for 15 years. Of note, prior to revaluation, the taxes paid on this complex were \$63,908.

Without the stabilization agreement in place, the underwriters of the project will not move forward with an unbalance proforma/projection.

I will be on hand at the next Town Council meeting and will answer any questions that you may have.



Robert M. DeCrescenzo
(t) 860.548.2625
(f) 860.548.2680
rdecrescenzo@uks.com

March 23, 2023

mwalsh@easthartfordct.gov

The Honorable Michael Walsh
Mayor
Town of East Hartford
740 Main Street
East Hartford, CT 06108

Re: Proposed Tax Stabilization Agreement – Easton Place

Dear Mayor Walsh:

This is to follow up on our recent meeting regarding the proposed tax stabilization agreement for the property known as Easton Place, 1-36 Jaidee Drive, East Hartford (“Easton Place”).

Easton Place has provided quality, affordable housing for East Hartford residents for decades. The development is scheduled to undergo a major redevelopment that will substantially improve the quality and appearance of each of the 50 units of affordable housing in the complex. The project will be funded by Connecticut Department of Housing (DOH), Low Income Housing Tax Credits administered by the Connecticut Housing Finance Authority (CHFA) and a first mortgage from CHFA.

Both the DOH tax credits and CHFA loan program carry with them significant limits on both rent rates and rent increases as well as obligations to budget annually a high level of expenses for the operation of the development. These constraints and expense obligations are included in the underwriting criteria that CHFA applies to the eligibility for the renovations tax credits and the CHFA loan.

To meet the loan underwriting requirements, Easton Place must show a proforma for a balanced budget for the next 15 years. Because of the limitations on rent and the mandated expenses the Property needs to stabilize the property tax burden to support the required proforma loan balance sheet.

Based on its location within the East Hartford Enterprise Zone, Easton Place qualifies as of right for a seven year tax abatement according to the schedule found in East Hartford Ordinance Section 2-119. General Statutes Section 32-71(e) permits the Town to extend the period of the tax abatement. Based on the underwriting criteria for the above-referenced CHFA mortgage, Easton Place requests a 15 year tax stabilization agreement that fixes the tax payment at \$83,000 per year. This amount represents the full tax liability for the 2022 Grand List year.

Updike, Kelly & Spellacy, P.C.
Goodwin Square • 225 Asylum Street 20th Floor • Hartford, CT 06103 (t) 860.548.2600 (f) 860.548.2680
www.uks.com

3903585

The Honorable Michael Walsh

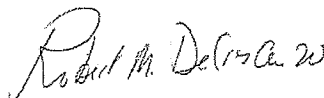
Page 2

March 23, 2023

The project financing structure for the extensive renovations outlined above is dependent on a tax agreement fixing the tax liability for the renovated units. For this reason, Jaidee Drive requests consideration and approval of the attached proposed Tax Modification Agreement under the Enterprise Zone Statute, General Statute §32-71(e). The Agreement stabilizes the taxes for a period of fifteen years, beginning with the Grand list of October 1, 2025.

Please forward this request for a tax agreement for Easton Place to the Town Council for consideration and action.

Very truly yours,

A handwritten signature in cursive script that reads "Robert M. DeCrescenzo".

Robert M. DeCrescenzo, Esq.

RMDe/psm

TAX MODIFICATION AGREEMENT

This Tax Modification Agreement (the "Agreement") entered into this ____ day of March 2023 (the "Effective Date"), by and between the TOWN OF EAST HARTFORD, a municipal corporation organized and existing under the laws of the State of Connecticut, with an address of 740 Main Street, East Hartford, CT (the "Town"), and JAIDEE DRIVE ASSOCIATION LIMITED PARTNERSHIP ("Jaidee"), a limited partnership company, with an address of c/o Millenium Real Estate Services, P.O. Box 973, Rocky Hill, CT 06067.

WITNESSETH:

WHEREAS, Jaidee has committed to renovating the residential development known as Easton Place, 1-36 Jaidee Drive, East Hartford, Connecticut consisting of approximately fifty (50) multi-family apartment units; and

WHEREAS, pursuant to General Statutes section 32-70, as amended, the Premises are included within the boundaries of the Enterprise Zone; and

WHEREAS, the Premises and Improvements are eligible for a modification of local property taxes under the provisions of General Statutes Section 32-71(e), as amended, for a period of ten (10) years; and

WHEREAS, this Agreement between the Town and Jaidee has been found to be in the best interests of the Town; and

WHEREAS, both parties desire to enter into this Agreement; and

WHEREAS, the Town Council adopted Resolution No. _____, on _____, 2023, authorizing the Mayor to enter into this Agreement to modify the local property taxes on the Premises and the Improvements; and

NOW, THEREFORE, the Town and Jaidee do, in consideration of the undertaking of each other hereinafter set out, hereby mutually agree as follows:

ARTICLE I - DEFINITIONS

1.1. "Premises" shall mean the property known as 1-36 Jaidee Drive Street, as more particularly described in Exhibit A attached hereto.

1.2 "Real Property Improvements" or "Improvements" shall mean the improvements and renovations as described in **Exhibit A** hereto.

ARTICLE II – UNDERTAKING

2.1 The Town and Jaidee agree that for the October 1 Grand List year or partial Grand List year commencing on the date that Jaidee has obtained temporary certificates of occupancy for the Improvements to fifty (50) multi-family apartment units built on the Premises, the actual real estate tax due on the Premises and the Improvements will be \$83,000 for the fifty (50) units that have received a temporary certificate of occupancy, inclusive of any accessory building and any amenity structures such as community rooms. Assuming satisfaction of the terms of this Agreement, the intent of this Section 2.1 is to provide Jaidee with the tax modification benefit for a full ten (10) year term.

2.2 The parties agree that in the event Jaidee does not obtain temporary certificates of occupancy for the Improvements to at least fifty (50) multi-family apartment units on the Premises prior to October 1, 2026, the Premises shall be assessed for the October 1, 2025 grand list and each October 1 grand list year thereafter in accordance with the taxation laws set forth in the Connecticut General Statutes.

2.3 Jaidee agrees to make an Investment in the Improvements of at least \$3.2 Million. The term “Investment in the Improvements” shall mean all costs incurred by Jaidee in development and construction of the Premises and Improvements, including the cost of materials, labor, fixtures, and all other hard costs capitalized as part of the Improvements, excluding land cost. No later than October 1, 2025, Jaidee shall furnish the Mayor with a third-party certificate confirming Jaidee’s satisfaction of the obligations contained in this Section 2.3. The Town acknowledges that any certification from a third-party architect, managing contractor, engineer or general contractor, which certifies such Investment in the Improvements will satisfy this obligation.

2.4 Unless terminated in accordance with Article III below, this Agreement shall remain effective through the 2039 October 1 Grand List year, or portion thereof after Jaidee has satisfied the requirements set forth in Section 2.1 of this Agreement.

2.5 This Agreement does not apply to any taxes levied by any district or other taxing entity. The assessment value and taxation of any personal property and any motor vehicles located on the Premises shall be determined in the normal course pursuant to state and local laws.

ARTICLE III - PROVISIONS FOR TERMINATION AND ASSIGNMENT

3.1 The Agreement shall terminate if Jaidee fails to (i) commence construction of the renovations and improvements on the Premises within twelve (12) months after receiving a building permit for the renovations of the Premises, (ii) continue the work with diligence and continuity in an effort to substantially complete the same subject to extensions for the discovery of latent conditions, force majeure, or other reasons beyond the control of Jaidee and/or its contractor(s), (iii) obtain temporary certificates of occupancy for at least Fifty (50) renovated rate multi-family

apartment units on the Premises prior to October 1, 2026, or (iv) make an Investment in the Improvements of at least the amount as set forth herein. The Town agrees that the term shall be extended for a reasonable period of time necessary to resolve any unforeseen circumstance(s).

3.2 Jaidee shall pay all real property taxes due on the Premises and Improvements no later than the applicable due dates of the tax billing. If the Jaidee fails to make such payment, in addition to subsections 3.2(a) and (b) below, such payment shall be subject to penalty interest for late payment. In the event Jaidee fails to pay all real property taxes due on the Premises and Improvements on or before the applicable due dates of the tax billing, the following shall apply:

(a) in the event of delinquency with respect to a tax installment payment due in July, the Town may terminate this Agreement as of the October 1st immediately following such failure to pay such tax installment as due subject to the right to cure set forth in Section 3.2(b); and

(b) in the event of delinquency with respect to a tax installment payment due in January, the Town may terminate this Agreement as of the April 1st immediately following such failure to pay such tax installment as due, provided, however, that any attempted termination of this Agreement shall be initiated by a notice of intent to terminate sent to Jaidee in accordance with section 5.3 and further provided that Jaidee shall have no less than thirty (30) days from the date of the notice to cure the default.

3.3 Upon termination of this Agreement pursuant to Section 3.1 or 3.2, the Town shall be entitled to terminate this Agreement as set forth in Section 2.1 of this Agreement. In the event of such termination by the Town, the Premises and Improvements shall be assessed and taxed in the normal course pursuant to state and local laws.

3.4 (a) Except as expressly provided herein neither this Agreement nor any rights or obligations hereunder may be otherwise assigned or transferred.

ARTICLE IV – REPRESENTATION AND WARRANTIES

4.1 The Town hereby represents and warrants to Jaidee as follows:

4.1.1 This Agreement is in material compliance with the Town Charter and with the Connecticut General Statutes, et seq.

4.1.2 The Town is a municipality duly organized and operating under the laws of the State.

4.1.3 The Town has the power to enter into this Agreement and to carry out its obligations hereunder.

4.1.4 The execution and delivery of this Agreement, the conferral of the modified real estate taxes to Jaidee for the Premises and Improvements, the performance of its other obligations contained in this Agreement, and the fulfillment of the compliance with the terms and conditions of this Agreement, by the Town are not prevented by or result in a breach of, the terms, conditions or provisions of the Town Charter, any statute, law, ordinance or regulation by which the Town is bound.

4.1.5 This Agreement has been duly authorized by the Town Council, will be a valid and binding obligation of the Town, and is enforceable in accordance with its terms against the Town.

4.1.6 The representative of the Town executing this Agreement is in good standing with the Town, and is authorized to execute and deliver this Agreement, in such capacity.

4.1.7 There is no claim or litigation, or to the best of the Town's knowledge, threat of any claim or litigation, against the Town with respect to its execution and delivery of this Agreement or otherwise pertaining to the conferral of the modified real estate tax payments or any other matter contained in this Agreement.

4.2 Jaidee hereby represents and warrants to Town as follows:

4.2.1 Jaidee is a private for-profit enterprise qualified and licensed to transact business in the State of Connecticut.

4.2.2 Jaidee has the power to enter into this Agreement and to carry out its obligations hereunder.

4.2.3 The execution and delivery of this Agreement, the performance of the obligations of Jaidee contained in this Agreement, and the fulfillment of the compliance with the terms and conditions of this Agreement by Jaidee are not prevented by or result in a breach of, the terms, conditions or provisions of any statute, law, ordinance or regulation by which Jaidee is bound, or any contractual restriction, financing, agreement or instrument to which Jaidee is now a party by which it is bound.

4.2.4 This Agreement has been duly authorized by Jaidee and is a valid and binding obligation of Jaidee and is enforceable in accordance with its terms against Jaidee.

4.2.5 The officer of Jaidee executing this Agreement is in good standing with Jaidee and is authorized to execute and deliver this Agreement, in such capacity.

4.2.6 There is no claim or litigation, or to the best of Jaidee's knowledge, threat of any claim or litigation, against Jaidee with respect to its execution and delivery of this

Agreement, the conferral of the fixed real estate tax payments or any other matter contained in this Agreement.

4.2.7 There are no actions, suits or proceedings pending or, threatened against or affecting Jaidee or before any arbitrator or any governmental body in which there is a reasonable possibility of an adverse decision which could materially affect the ability of Jaidee to perform its obligations under this Agreement.

4.2.8 Jaidee is not in violation of any law, regulation or agreement with the Town, the State of Connecticut or the federal government.

ARTICLE V - MISCELLANEOUS

5.1 This Agreement sets forth all (and is intended by the parties hereto to be an integration of all) of the promises, agreements, conditions, understandings, warranties and representations between the parties hereto with respect to the modification of real property taxes on the Premises and the Improvements, and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, express or implied, between them with respect to said abatement of taxes other than as set forth herein.

5.2 This Agreement may not be modified or amended except by a written agreement signed by both parties.

5.3 Any consent, approval, advice or notice required or permitted to be given hereunder shall be in writing and deemed to be given (i) when hand delivered, (ii) one (1) business day after pickup by Federal Express or similar overnight express service, or (iii) via email with confirmation of delivery in either case addressed to the parties at their respective addresses referenced below:

If to the Town:

Town of East Hartford
740 Main Street
East Hartford, CT
Attention: Mayor
Email: mwalsh@easthartfordct.gov

With a copy to:

Assistant Corporation Counsel
Corporation Counsel Office
740 Main Street
East Hartford, CT 06108
Hartford, CT 06103
Phone: (860) 291-7217
Email: rpgentile@easthartfordct.gov

If to Jaidee:

Jaidee Drive Associates, L.P.
c/o Millenium Real Estate Services
P.O. Box 973
Rocky Hill, CT 06067

With a copy to:

Updike, Kelly & Spellacy, P.C.
Goodwin Square
225 Asylum Street, 20th Floor
Hartford, CT 06103
Attention: Robert M. DeCrescenzo
Email: rdecrescenzo@uks.com

or in each case to such other address as either party may from time to time designate by giving notice in writing to the other party. Effective notice will be deemed given only as provided above.

5.4 Except as to Article II, a ruling by any court or administrative body that a portion of this Agreement is invalid or unconstitutional shall have no effect on the other terms hereof which shall remain in full force and effect and binding on the parties hereto.

5.5 During the term of this Agreement, Jaidee will use good faith efforts to create and preserve jobs for Town residents during construction and operation of the Premises and Improvements, including the retention of Town businesses during construction and operation. Jaidee shall exercise good faith efforts to recruit and retain qualified and diverse residents of Town to fill part and full-time construction and operation positions at the Premises and Improvements; provided, however, that Jaidee is under no legal obligation to hire any resident of Town for such purposes, it being understood that Jaidee, in its sole discretion, will make the ultimate determination on whether or not a resident is qualified to fill a position or to hire such person. For purposes of this Agreement, Jaidee's good faith efforts shall include providing notice of job openings for the Premises and Improvements to the Mayor of the Town for dissemination. In furtherance of Jaidee's and the Town's mutual desire to encourage the use of local businesses at the Premises and Improvements, Jaidee agrees to locally publicize information about its procurement processes and its anticipated needs for goods and services in connection with the Premises and Improvements and will use good faith efforts to procure from local businesses at least \$50,000 of goods and services per year in connection with Premises and Improvements. During the construction of the Improvements, Jaidee shall provide annual written reports to the Mayor on or before each January 1 describing its efforts over the prior year to (i) recruit qualified and diverse residents of Town to fill part and full-time positions at the Premises and Improvements, including the number of qualified residents hired by Jaidee at the Premises and Improvements for the prior year, and (ii) use local businesses at the Premises and

Improvements, including the amount of goods and services procured from local businesses during the prior year.

5.6 This Agreement shall be interpreted and enforced in accordance with the laws of the State of Connecticut.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Signed, Sealed and Delivered
in the Presence of:

TOWN
TOWN OF EAST HARTFORD

By: _____
Name: Michael P. Walsh
Title: Mayor

JAIDEE
1-36 JAIDEE DRIVE ASSOCIATES
LIMITED PARTNERSHIP

By _____
Name: William Collins
Title:

EXHIBIT A

The anticipated scope of work for the renovations of Premises may include but is not limited to:

1. Hazardous material abatement and radon system installation, site work including parking lot replacement;
2. Site sidewalk repairs and new site lighting;
3. Building envelope work including new gutters, siding repairs, brick repairs, new roofing, window repairs, exterior doors and door hardware, and possibly additional attic insulation;
4. New kitchens at all 50 apartment units. Kitchen work will likely include new cabinets, countertops, sinks, low-flow faucets, and energy star appliances;
5. New bathrooms at all 50 apartment units control valves, low-flow shower heads, vanities, low-flow faucets, high-efficiency toilets, and bathrooms accessories such as towel bars, etc;
6. New flooring and fresh paint throughout the interior spaces;
7. LED apartment lighting; and
8. New Boilers and HVAC equipment.

March 7, 2023

Mr. William Collins
1-36 Jaidee Drive Associates, L.P.
P.O. Box 370218
West Hartford, CT 06137-0218

**Re: Easton Place – CHFA #98017M
2022 Annual Financial Statement**

Dear Mr. Collins:

A review of the 2022 Annual Financial Statement for the above referenced Development has been completed.

Based on the Promissory Note and a Net Operating Income of \$91,027, Additional Interest is not owed to CHFA and there were no funds available for an Owner's Distribution for the year ending December 31, 2022.

The following is noted:

- **Adjusted Cash Flow, HM 6-51b, was utilized in the 2021 and 2022. Going forward, please use Surplus Cash, HM 6-51a. Both calculations were negative in 2021 and 2022 and, did not affect Additional Interest or Distributions for 2021 or 2022.**
- **Easton Place will remain on the CHFA Watch List. Please continue to send quarterly financials.**
- **AP Operations is more than 10% of Total Operations before Depreciation less Financial Expense. Please explain why this occurred and how this will be rectified in the future.**

Should you have any questions, please feel free to contact me via e-mail at catherine.webb@chfa.org.

Sincerely,

Catherine Webb

Asset Manager 2

Cc: Bruce Whitaker
file

CHFA NOI and CASH FLOW PROJECTION

CHFA Underwriting
3/31/2023

East Modernization, East Hartford CT 22-406
East West Modernization, LLC

LIHTC No. **0**

INCOME

[Net of Estimated Vacancy Loss %]

			1	2	3	4	5
			2024	2025	2026	2027	2028
RESIDENTIAL - Afford. [Tenant Rent PMTS]	Vac. %	Trend %	548,942	559,921	571,119	582,542	594,192
RESIDENTIAL Rent Subsidy Total	5.0%	2.0%	-	-	-	-	-
RESIDENTIAL - Non-Qualified	10.0%	2.0%	-	-	-	-	-
Laundry and Other Concessions	20.0%	2.0%	-	-	-	-	-
Elderly / Congregate	20.0%	2.0%	-	-	-	-	-
Commercial / Retail	50.0%	2.0%	-	-	-	-	-
Parking	20.0%	2.0%	-	-	-	-	-
Other	20.0%	2.0%	-	-	-	-	-
EFFECTIVE GROSS INCOME (EGI)			\$ 548,942	\$ 559,921	\$ 571,119	\$ 582,542	\$ 594,192

EXPENSES

Total Administrative Expenses	3.0%	96,451	99,345	102,325	105,395	108,556
Total Utilities Expenses	3.0%	67,009	69,019	71,090	73,223	75,419
Total Maintenance and Operating Expenses	3.0%	132,350	136,321	140,410	144,622	148,961
Property & Liability Insurance	3.0%	38,000	39,140	40,314	41,524	42,769
Misc.	3.0%	-	-	-	-	-
Elderly & Congregate	3.0%	-	-	-	-	-
Capital (Replacement) Reserves-CHFA	0.0%	21,250	21,250	21,250	21,250	21,250
Real Estate Tax/PILOT	0.0%	83,000	83,000	83,000	83,000	83,000
Sub. Tot: ANNUAL EXPENSES		\$ 438,060	\$ 448,074	\$ 458,389	\$ 469,013	\$ 479,956
	\$'s PUPA	\$8,761	\$8,961	\$9,168	\$9,380	\$9,599

NPV	Rate	NOI	1	2	3	4	5
\$1,221,316	6.30%	AFDS @ 1.15	\$ 110,882	\$ 111,847	\$ 112,730	\$ 113,528	\$ 114,236
			\$96,419	\$97,258	\$98,026	\$98,720	\$99,336

SCHEDULED ANNUAL DEBT SERVICE (ADS)

CHFA 1st Mortg. Loan	PV >	ADS	1	2	3	4	5
Self-Amortizing	\$280,000	19,840	19,840	19,840	19,840	19,840	19,840
Term (Yrs.) >	35	DSC	5.589	5.637	5.682	5.722	5.758
Rate >	6.30%	Bal. (E.O.Y.)	\$277,735	\$275,324	\$272,756	\$270,021	\$267,110

DOH FUNDS	PV >	ADS	1	2	3	4	5
	\$2,965,000	-	-	-	-	-	-
Term (Yrs.) >	35	DSC	n/a	n/a	n/a	n/a	n/a
Rate >	0.00%	Bal. (E.O.Y.)	\$2,965,000	\$2,965,000	\$2,965,000	\$2,965,000	\$2,965,000

CHFA Assumed Loan	PV >	ADS	1	2	3	4	5
	\$1,475,000	76,682	76,682	76,682	76,682	76,682	76,682
Term (Yrs.) >	35	DSC	1.149	1.159	1.168	1.176	1.184
Rate >	3.84%	Bal. (E.O.Y.)	\$1,454,602	\$1,433,407	\$1,411,383	\$1,388,499	\$1,364,720

ADS STOT. = \$ 96,522 \$ 96,522 \$ 96,522 \$ 96,522 \$ 96,522

CASH FLOW AFTER DEBT SERVICE (CFADS)	\$ 14,360	\$ 15,325	\$ 16,209	\$ 17,007	\$ 17,715
PROJECT DSC:	1.149	1.159	1.168	1.176	1.184

CHFA NOI and CASH FLOW PROJECTION

CHFA Underwriting
3/31/2023

East Modernization, East Hartford CT 22-406
East West Modernization, LLC

		LIHTC No.	0	6	7	8	9	10
INCOME								
[Net of Estimated Vacancy Loss %]	Vac. %	Trend %	2029	2030	2031	2032	2033	
RESIDENTIAL - Afford. [Tenant Rent PMTS]	5.0%	2.0%	606,076	618,198	630,562	643,173	656,037	
RESIDENTIAL Rent Subsidy Total	5.0%	2.0%	-	-	-	-	-	
RESIDENTIAL - Non-Qualified	10.0%	2.0%	-	-	-	-	-	
Laundry and Other Concessions	20.0%	2.0%	-	-	-	-	-	
Elderly / Congregate	20.0%	2.0%	-	-	-	-	-	
Commercial / Retail	50.0%	2.0%	-	-	-	-	-	
Parking	20.0%	2.0%	-	-	-	-	-	
Other	20.0%	2.0%	-	-	-	-	-	
EFFECTIVE GROSS INCOME (EGI)			\$ 606,076	\$ 618,198	\$ 630,562	\$ 643,173	\$ 656,037	
EXPENSES								
Total Administrative Expenses	3.0%		111,813	115,168	118,623	122,181	125,847	
Total Utilities Expenses	3.0%		77,682	80,012	82,413	84,885	87,432	
Total Maintenance and Operating Expenses	3.0%		153,430	158,033	162,774	167,657	172,687	
Property & Liability Insurance	3.0%		44,052	45,374	46,735	48,137	49,581	
Misc.	3.0%		-	-	-	-	-	
Elderly & Congregate	3.0%		-	-	-	-	-	
Capital (Replacement) Reserves-CHFA	0.0%		21,250	21,250	21,250	21,250	21,250	
Real Estate Tax/PILOT	0.0%		83,000	83,000	83,000	83,000	83,000	
Sub. Tot: ANNUAL EXPENSES			\$ 491,227	\$ 502,837	\$ 514,794	\$ 527,111	\$ 539,796	
			\$'s PUPA	\$9,825	\$10,057	\$10,296	\$10,542	\$10,796
NPV	Rate	NOI	\$ 114,849	\$ 115,361	\$ 115,768	\$ 116,063	\$ 116,240	
\$1,221,316	6.30%	AFDS @ 1.15	\$99,869	\$100,314	\$100,667	\$100,924	\$101,078	
SCHEDULED ANNUAL DEBT SERVICE (ADS)								
CHFA 1st Mortg. Loan	PV >	\$280,000	ADS	19,840	19,840	19,840	19,840	19,840
Self-Amortizing	Term (Yrs.) >	35	DSC	5.789	5.815	5.835	5.850	5.859
	Rate >	6.30%	Bal. (E.O.Y.)	\$264,009	\$260,707	\$257,191	\$253,448	\$249,461
DOH FUNDS	PV >	\$2,965,000	ADS	-	-	-	-	-
	Term (Yrs.) >	35	DSC	n/a	n/a	n/a	n/a	n/a
	Rate >	0.00%	Bal. (E.O.Y.)	\$2,965,000	\$2,965,000	\$2,965,000	\$2,965,000	\$2,965,000
CHFA Assumed Loan	PV >	\$1,475,000	ADS	76,682	76,682	76,682	76,682	76,682
	Term (Yrs.) >	35	DSC	1.190	1.195	1.199	1.202	1.204
	Rate >	3.84%	Bal. (E.O.Y.)	\$1,340,012	\$1,314,338	\$1,287,661	\$1,259,941	\$1,231,138
ADS STOT. =			\$ 96,522	\$ 96,522	\$ 96,522	\$ 96,522	\$ 96,522	
CASH FLOW AFTER DEBT SERVICE (CFADS)			\$ 18,327	\$ 18,840	\$ 19,246	\$ 19,541	\$ 19,719	
PROJECT DSC:			1.190	1.195	1.199	1.202	1.204	

CHFA NOI and CASH FLOW PROJECTION

CHFA Underwriting
3/31/2023

East Modernization, East Hartford CT 22-406
East West Modernization, LLC

		LIHTC No.	0	11	12	13	14	15
INCOME								
[Net of Estimated Vacancy Loss %]	Vac. %	Trend %	2034	2035	2036	2037	2038	
RESIDENTIAL - Afford. [Tenant Rent PMTS]	5.0%	2.0%	669,157	682,540	696,191	710,115	724,317	
RESIDENTIAL Rent Subsidy Total	5.0%	2.0%	-	-	-	-	-	
RESIDENTIAL - Non-Qualified	10.0%	2.0%	-	-	-	-	-	
Laundry and Other Concessions	20.0%	2.0%	-	-	-	-	-	
Elderly / Congregate	20.0%	2.0%	-	-	-	-	-	
Commercial / Retail	50.0%	2.0%	-	-	-	-	-	
Parking	20.0%	2.0%	-	-	-	-	-	
Other	20.0%	2.0%	-	-	-	-	-	
EFFECTIVE GROSS INCOME (EGI)			\$ 669,157	\$ 682,540	\$ 696,191	\$ 710,115	\$ 724,317	
EXPENSES								
Total Administrative Expenses	3.0%		129,622	133,511	137,516	141,642	145,891	
Total Utilities Expenses	3.0%		90,054	92,756	95,539	98,405	101,357	
Total Maintenance and Operating Expenses	3.0%		177,867	183,203	188,699	194,360	200,191	
Property & Liability Insurance	3.0%		51,069	52,601	54,179	55,804	57,478	
Misc.	3.0%		-	-	-	-	-	
Elderly & Congregate	3.0%		-	-	-	-	-	
Capital (Replacement) Reserves-CHFA	0.0%		21,250	21,250	21,250	21,250	21,250	
Real Estate Tax/PILOT	0.0%		83,000	83,000	83,000	83,000	83,000	
Sub. Tot: ANNUAL EXPENSES			\$ 552,863	\$ 566,321	\$ 580,183	\$ 594,461	\$ 609,168	
			\$11,057	\$11,326	\$11,604	\$11,889	\$12,183	
NPV	Rate	NOI	\$ 116,295	\$ 116,219	\$ 116,008	\$ 115,654	\$ 115,150	
\$1,221,316	6.30%	AFDS @ 1.15	\$101,126	\$101,060	\$100,876	\$100,568	\$100,130	
SCHEDULED ANNUAL DEBT SERVICE (ADS)								
CHFA 1st Mortg. Loan	PV >	\$280,000	ADS	19,840	19,840	19,840	19,840	19,840
Self-Amortizing	Term (Yrs.) >	35	DSC	5.862	5.858	5.847	5.829	5.804
	Rate >	6.30%	Bal. (E.O.Y.)	\$245,216	\$240,695	\$235,882	\$230,756	\$225,298
DOH FUNDS	PV >	\$2,965,000	ADS	-	-	-	-	-
	Term (Yrs.) >	35	DSC	n/a	n/a	n/a	n/a	n/a
	Rate >	0.00%	Bal. (E.O.Y.)	\$2,965,000	\$2,965,000	\$2,965,000	\$2,965,000	\$2,965,000
CHFA Assumed Loan	PV >	\$1,475,000	ADS	76,682	76,682	76,682	76,682	76,682
	Term (Yrs.) >	35	DSC	1.205	1.204	1.202	1.198	1.193
	Rate >	3.84%	Bal. (E.O.Y.)	\$1,201,209	\$1,170,110	\$1,137,796	\$1,104,219	\$1,069,329
ADS STOT. =			\$ 96,522	\$ 96,522	\$ 96,522	\$ 96,522	\$ 96,522	\$ 96,522
CASH FLOW AFTER DEBT SERVICE (CFADS)			\$ 19,773	\$ 19,698	\$ 19,486	\$ 19,132	\$ 18,628	
PROJECT DSC:			1.205	1.204	1.202	1.198	1.193	