### **PILOT Application for 20-year term**

The Reserve at Mount Moriah

Applicant: Capstone Moriah LLC

372 Monmouth Avenue Lakewood, New Jersey 08701

**Contact:** Shlomo Sorotzkin (a/k/a Sammy Soro)

Principal of Capstone

172 Colony Circle

Lakewood, New Jersey 08701

732-552-9927

sammy@capstoneram.com

Management: Multi-South Management Services Asset Manager: Moish Knopf (will oversee construction)

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Counsel:

Mark T. Jobe, Jr., Glankler Brown Daniel Muller (Primary Attorney for Applicant)

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Lender: Not Applicable. The initial renovation will be done with equity and the property would be

refinanced

based on an as-renovated appraisal.

PILOT Application Summary: Mr. Sorotzkin's entity, Capstone Hillcrest LLC acquired Hillcrest Apartments, which is currently in the PILOT program in November 2022. This application is being submitted as part of the acquisition of a portfolio of 3 properties: The Reserve at Mount Moriah, The Lakes at Ridgeway, and Stonegate. All three properties are included in one purchase agreement, and the ownership entities of each will have similar or identical ownership structures. Each property will operate independently, and the Applicant is requesting PILOT approval on all three. If these applications are approved, Capstone Realty and Management, through affiliated, single purpose entities, will own and be PILOT Lessee on 4 area projects. This property consists of 220 units. The property is in a state of disrepair and is completely vacant. There is damage to all buildings and the entire property needs to be renovated such that it can once again be operating and occupied. The Applicant intends to invest nearly \$5,000,000 in renovations to the units and the common areas of the property. This investment will drastically improve the condition of the property and the surrounding areas will benefit as a result of a derelict property being brought back into operation after a large investment by the Applicant. This project is a prime candidate for the PILOT program as it will bring units that are currently "offline" back into the market for occupancy by tenants in the Target Market.

# At a minimum 40% of the units (88) will be reserved for and rented to individuals or families making 60% or less of the AMI.

Total Units	BR/BA	Units	SF	Rent: Pre/Post Rehab	Reserved/ PILOT Unit Rent	Rent: Pre/Post/PILOT \$/SF
220	1 BR/1 BA	40	850	\$745/\$933	\$895	\$0.87/\$1.09/\$1.05
	2 BR/1.5 BA	128	950	825/1015	905	0.86/1.07/0.95
	2 BR/1.5 BA	24	1000	850/1045	925	0.85/1.05/0.93
	2 BR/2 BA	12	1100	875/1095	945	0.80/1.00/0.86
	3 BR/2 BA	16	1200	905/1165	995	0.76/0.97/0.83

Total Development Cost:\$ 16,371,750Development Cost per Unit:\$ 74,417.05

**Location:** 2778 Pickering Drive, 38115

Occupancy: This property is currently vacant and not operating, so no rent

roll is available

# **Sources and Uses of Funds:**

Sources		Uses	
Bridge Debt	\$0	Purchase Price	\$9,020,000
Equity	16,371,750	Capex Units	3,272,000
		Capex Common Areas	1,375,000
		Interest Reserves	2,500,000
		Closing Costs	204,750
Total Development Costs	\$16,371,750	Total All Costs	\$16,371,750

Total Development Costs	\$16,371,750   Total All Cos	ts	\$16,371,750
<b>Tenant Benefit Breakdown</b>		<b>Actual Cost</b>	
Gate Upgrade-			\$50,000
Applicant will upgrade the residential en	trance and exit areas by adding	g a	
new, more secure gate on the property to			
visitors off the Property. With advanced	ity		
measures, only residents and authorized	individuals will be allowed to		
access the Property.			
SafeWays-			100,000
Applicant plans on participating in SafeV			
gaining SafeWays certification. Applicar			
the minimum requirements that are neede	•	· ·	
including but not limited to, landscaping,			
signage, and installing anti-slide/lift med	hanisms on all sliding doors ar	ıd	
windows.			
Security Cameras-			50,000
Applicant will install high-definition second			
deter potential criminal activity, loitering		ed	
visitors, and to allow a more stable and s			
residents. With visible cameras located in			
residents will feel more secure knowing	nat their safety is a top priority	у.	125 000
Exterior Lighting Upgrades-			125,000
Applicant will upgrade and expand exter			
adding LED flood lights around the entra			
landscaping areas and outside gathering sindividual rental units. Well-lit outdoor a			
more attractive, which can create a more			
to live in.	picasant environment for resid	ichts	
Swimming Pool Upgrades-			75,000
Applicant will restore the swimming po	ool and ensure that it has		75,000
appropriate signage, lighting and enclo			
provide improved equipment and main		l is a	
safe place for residents to enjoy.	tenance to moure that the poo	1113 a	
Dog Park, Playground, BBQ area-			75,000
Applicant will provide and/or outfit a d	og nark RRO area, and shild	Iren's	7 3,000
playground area and ensure that there is		non 8	
appropriate oversight, and that each are		e	
residents with a sense of community an	•		
gather and socialize.	a provide mem wim a space		
gamer and socialize.			

Fitness Center-	25,000
Applicant will provide updated equipment, TVs, and will work to	
provide personal trainers and/or group fitness classes.	
Business Center-	5,000
Applicant will provide computers and internet in the business center to	
provide residents a place to work and conduct meetings, which is useful for	
residents who work from home. This will also allow residents who may be	
searching for a job, a place to go to apply for jobs online and print resumes.	
BBQs every 6 months-	1,000
Applicant will host free BBQs and other gatherings for residents every	
six months to help create a sense of community. By hosting outdoor	
events, residents will be able to enjoy time outside.	
Financial Education Classes-	500
Applicant will seek to establish a partnership(s) with nonprofit agencies to	
provide education and training for financial literacy with budgeting and	
investing, credit repair, tax counseling and preparation for homeownership	
for tenants. These classes will help residents make informed financial	
decisions and allow them to work towards their financial goals.	
High Efficiency Appliances-	TBD
Applicant will install new energy-star washer and dryer units in the Laundry	
Facility. These units often use less water and are gentler on clothes, which	
can help extend the life of garments and save residents money.	
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Subtotal	\$506,500+TBD

The Reserve At	Mount Moriah
PP	\$9,020,000
PP Units	220
Total Capex	\$4,647,000.00
Percentage of PP	52%

#### Capex Common Areas

Total	\$1,375,000.00
Signage	\$50,000.00
Security	\$50,000.00
Pool	\$75,000.00
Dog Park, Play-Park, Barbecue Area	\$75,000.00
Outside Lighting	\$125,000.00
Clubhouse	\$100,000.00
Facade, Repainting	\$175,000.00
Siding	\$100,000.00
Roofing	\$350,000.00
Gating	\$50,000.00
Landscaping	\$100,000.00
Concrete	\$25,000.00
Pavement	\$100,000.00

# **Development Plan: (\$900,000 Total)**

- 1. Applicant will repair the pavement on the Property (\$100,000.00).
- 2. Applicant will repair the concrete on the Property (\$25,000.00).
- 3. Applicant will repair and replace the roofing on the buildings on the Property (\$350,000.00).
- 4. Applicant will repair and replace the siding on the buildings on the Property (\$100,000.00).
- 5. Applicant will repaint the façade on all buildings on the Property (\$175,000.00).
- 6. Applicant will renovate the clubhouse located on the Property (\$100,000.00).

7. Applicant will replace existing signage throughout the Property (\$50,000.00). Because of the condition of this property, Applicant is undertaking this renovation without financing. Upon completion of all or a part of the improvements, Applicant intends to have the Property re-appraised for purposes of putting permanent financing on the project.

## Proposed timing/anticipated dates for the following:

- **a. Closing of the loan, bond, or related supplemental financing:** End of February or early March 2023 (closing of purchase of the property)
- **b. First expenditure of funds related to the project:** ASAP after acquisition of the property and approval of the PILOT
- **c. Anticipated date of demolition and/or commencement of construction:** ASAP after approval of the PILOT
- **d. Anticipated completion date of the project:** 3 years from commencement
- e. When the project will be placed into service: ASAP
- f. Anticipated closing date for the PILOT: ASAP after approval- March or April 2023

## **Additional Statements:**

1. Although there are not individual washing and drying machines in each residential unit, there will be a laundry facility on the Property for residents to use. High-efficiency washers and dryers will be provided in the Laundry Facility.

Please note that Applicant has talked with Shelby County Code Enforcement, as well as the City of Memphis Lead Public Records Coordinator, and has filed a Public Records request to determine whether the Property has any pending or open code citations. Once applicant receives the information back from the City of Memphis, it will provide the Board with that information. Applicant has also reviewed the online records for Shelby County Environmental Court, and it appears that there are no open proceedings related to this Property. Applicant will provide the information regarding pending or open code citations as soon as possible and will provide any other supplemental information the Board requests.

