

RESOLUTION NO. 16-2022

Harrisburg Redevelopment Authority

WHEREAS, the Redevelopment Authority of the City of Harrisburg ("Authority") has received a Proposal dated May 2022 from **Vice Capital Group LLC** ("DEVELOPER") with offices at 1000 N. 6th Street, Harrisburg, PA, 17102, for the purchase of 1540 N. 6th Street, PID 12-017-046 (the "Property"); and

WHEREAS, the Authority owns the Property; and

WHEREAS, the Authority is willing to permit DEVELOPER to continue with its planning and negotiations for a definite period, contingent upon completion of certain performance requirements as set forth below.

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Authority of the City of Harrisburg as follows:

1. **Vice Capital Group LLC** is hereby designated as the *Potential Developer* of the Property for the period of six (6) months, during which time DEVELOPER is required to submit written progress reports by the 5th of each month to the Authority including, but not necessarily limited to, information on the status of financing and development (design) plans and approval for applicable local regulations i.e., the building, planning, zoning and affirmative action regulations of the City of Harrisburg.
2. DEVELOPER is required to present a final proposal acceptable to the Authority for the redevelopment of the Property including, but not limited to, development (design) plans, development schedule, evidence of financial capability, approvals for applicable local regulations, and such other matters that within the discretion of the Authority are deemed reasonable and necessary, so that the Authority may determine whether or not the Potential Developer has made satisfactory progress to undertake the proposed development.
3. The sale price for the Property shall be \$10,000, plus developer shall pay all Authority's closing costs, including but not limited to the 2% transfer tax..
4. The Property shall remain subject to all real estate tax in perpetuity, regardless of whether the use qualifies for an exemption from the same under any applicable law.
5. Sale shall be contingent upon DEVELOPER acquiring vacant land now owned by The Buonarroti Trust (Vartan Group, Inc. acting as agent).

6/21/22
Date

Alexander H. Mun
Secretary

SAVOY



VÍCE
CAPITAL

1. EXECUTIVE SUMMARY

The proposed Savoy 40 project is a market rate housing development in the Midtown section of Harrisburg Pennsylvania. Savoy 40 is located on the 1500 block of N 6th street just 5 blocks away from the state capitol complex in Harrisburg Pennsylvania. The Savoy 40 Is an approximately 7-million-dollar project that has been designed with an eye for efficiency, sustainability and Modern simplicity. The development will feature 16- One bedroom units, 20-Two bedroom units and 4- Three bedroom units. Onsite amenities Include dedicated parking, a state-of-the-art fitness gym, rooftop garden for community gatherings and low-cost storage lockers for rent.

The proposed development is steps away from the new Federal Courthouse building and PA State archive facility. Both projects have already begun construction with an estimated completion date of mid to late 2022. The cost of both projects are over 250 MM and will create over 400 jobs for the Immediate community.

The Savoy 40 Development team has partnered with Harrisburg University and Urban Commonwealth Community Development Corporation to provide 2000 square feet of Class A Accelerator space for small minority owned firms In Central PA. This space looks to help small business sustain and thrive by offering low-cost office space and shared resources to maximize the earning potential for each business.

The development team Is committed to social equity and pledges to utilize Certified MBE, WBE, and DBE throughout the development process.

The Savoy 40 development team includes Vice Capital LLC , a local minority owned Real Estate development Firm and Steelworks Construction.

II. SOURCES AND USES

CURRENT ANTICIPATED SOURCES	
Land	\$700,000
City of Harrisburg	\$322,801
DCED-NAP	\$100,000
DC LAND BANK	\$130,000
Investor Equity	\$300,000
Debt	\$5,080,402
Total	\$6,633,203

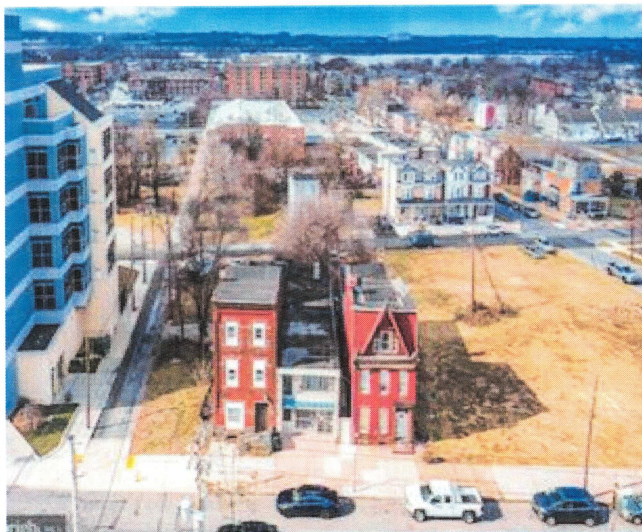
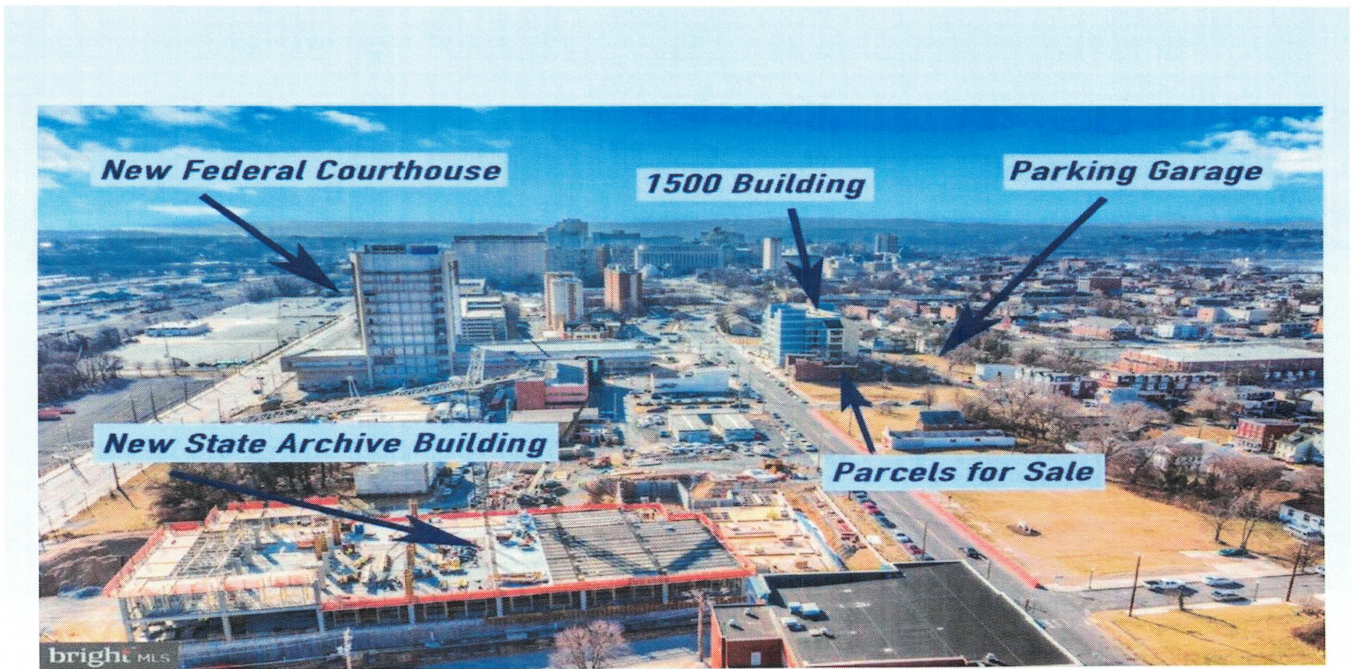
USES	
LAND	\$580,000
Hard cost	\$4,974,555
Soft cost	\$1,007,648
Total	\$6,633,203

BUDGET HIGHLIGHTS	
Project Size (SF)	44,704
\$/SF	\$148
Total Cap per unit	\$165,830
Cashflow (Annual)	\$272,871
Return	21.48%
Project Value	\$10,496,658

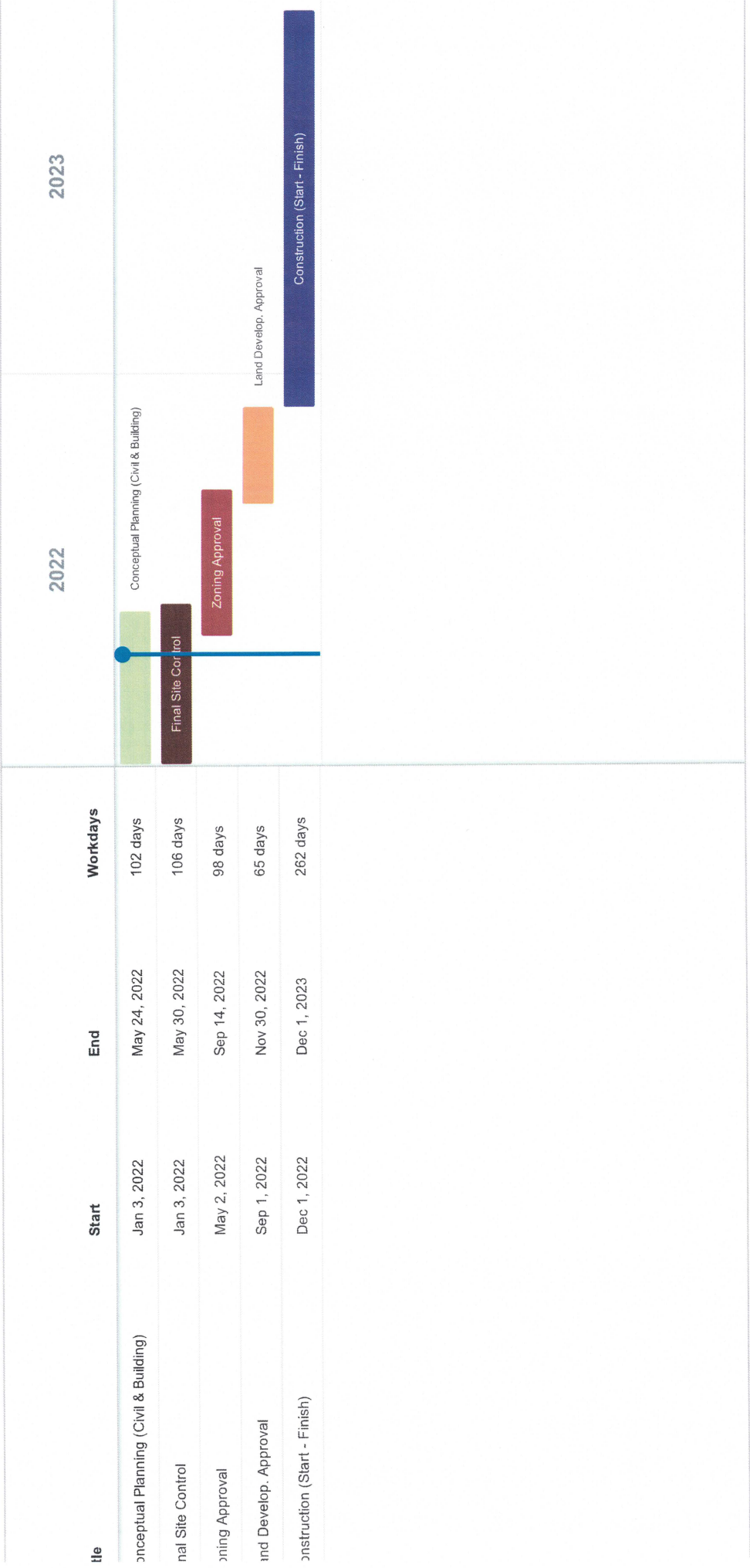
III. SITE PLAN



IV. AREA DEVELOPMENT & FINISHES

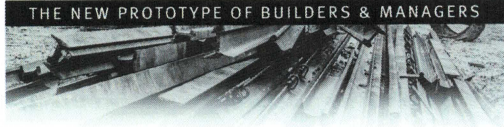


Schedule - Gantt - Savoy Condos Project



STEEL WORKS

· CONSTRUCTION ·



717.773.6084

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430 N. Front Street | Wormleysburg, PA 17403

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ABOUT US

Steel Works Construction is a privately held minority owned general contraction and construction management company headquartered in Wormleysburg, PA, with the vision to provide Real Estate Development and Construction Services to clients in the Mid-Atlantic Region.

OUR PROJECTS

- **STEEL WORKS REDEVELOPMENT** - \$3M site work project
- **STEEL WORKS APARTMENTS** - \$6M new construction – 46 units and 3 commercial spaces
- **HAMILTON HEALTH** - \$6M office building – 20,000 SF
- **HIGH POINTE IN HERSHEY** - \$12M project, 38 luxury for sale townhomes
- **INSPIRED PHYSICAL THERAPY** - \$1.2M project 4,000 SF office building
- **PLAZA 34** - \$3.5M Project, adaptive reuse 16 unit luxury apartment and 2 commercial spaces
- **38 WOODS DRIVE** - 20 lot subdivision single family homes - \$1.5M Site Project
- **FORMER SALVATION ARMY PROJECT** - office conversion to residential apartment units, \$2M project



SERVICES

CONSTRUCTION MANAGEMENT | OWNER REPRESENTATIVE SERVICES

Design Build, Budgeting/Estimating, Project Management

Owner Budget and Estimating, Public and Private Funding, Entitlement Services, Acquisition, Utility Coordination and Project Management.





COMMUNITY FIRST FUND

April 10, 2021
Lesean Mccoy
Vice Capital Group, LLC

RE: Savoy
1521 N 6th street
Harrisburg, PA

Dear Lesean.

Thank you for giving Community First Fund an opportunity to review the financing for the above-mentioned development. This Letter of Interest is for discussion purposes only and does not represent a commitment to lend on the part of Community First Fund as all terms are subject to review and approval by Community First Fund's Commercial Credit Committee.

From the information you provided, this approximately \$7 million project has been thoughtfully designed with a heart for creating safe, affordable, and efficient housing within a community that provides opportunities for education, growth, and mentorship. The development will feature 40 units of market rate and affordable housing. The project is to be financed with municipal subsidy and debt.

Should the project be successful in obtaining needed sources of funds Community First Fund would consider providing bridge loan financing with terms and conditions to be determined.

This Letter of Interest should not be construed as a loan commitment. Final terms and Conditions of the construction period financing will be established upon receipt of the Necessary underwriting and due diligence items required by CFF. A commitment by CFF to lend remains subject to the CFF's approval process and review and approval of all the due diligence information, including without limitation, receipt of appraisal, Environmental reports, financial statements and all final budgets and operating pro forma, all of which shall be satisfactory to Bank in its sole and absolute discretion.

Sincerely,

Tim Roseboro
Vice President, Housing and Real Estate Lending



June 14, 2022

Bryan Davis
Executive Director
Redevelopment Authority of the City of Harrisburg
bdavis@hra-harrisburgpa.org

RE: 1520 N. 6th Street
1528 N. 6th Street
1525 N. 5th Street

Dear Mr. Davis:

Please be advised that Vartan Group, Inc., agent for The Buonarroti Trust, is negotiating in good faith with Vice Capital for the purchase and sale of the above-referenced properties.

Sincerely,

VARTAN GROUP, INC.

H. Ralph Vartan
Chief Executive Officer

cc: LeSean McCoy, Vice Capital