

# BREAKWATER 233



**HOVDE**PROPERTIES

233 Lake Avenue  
Racine, Wisconsin

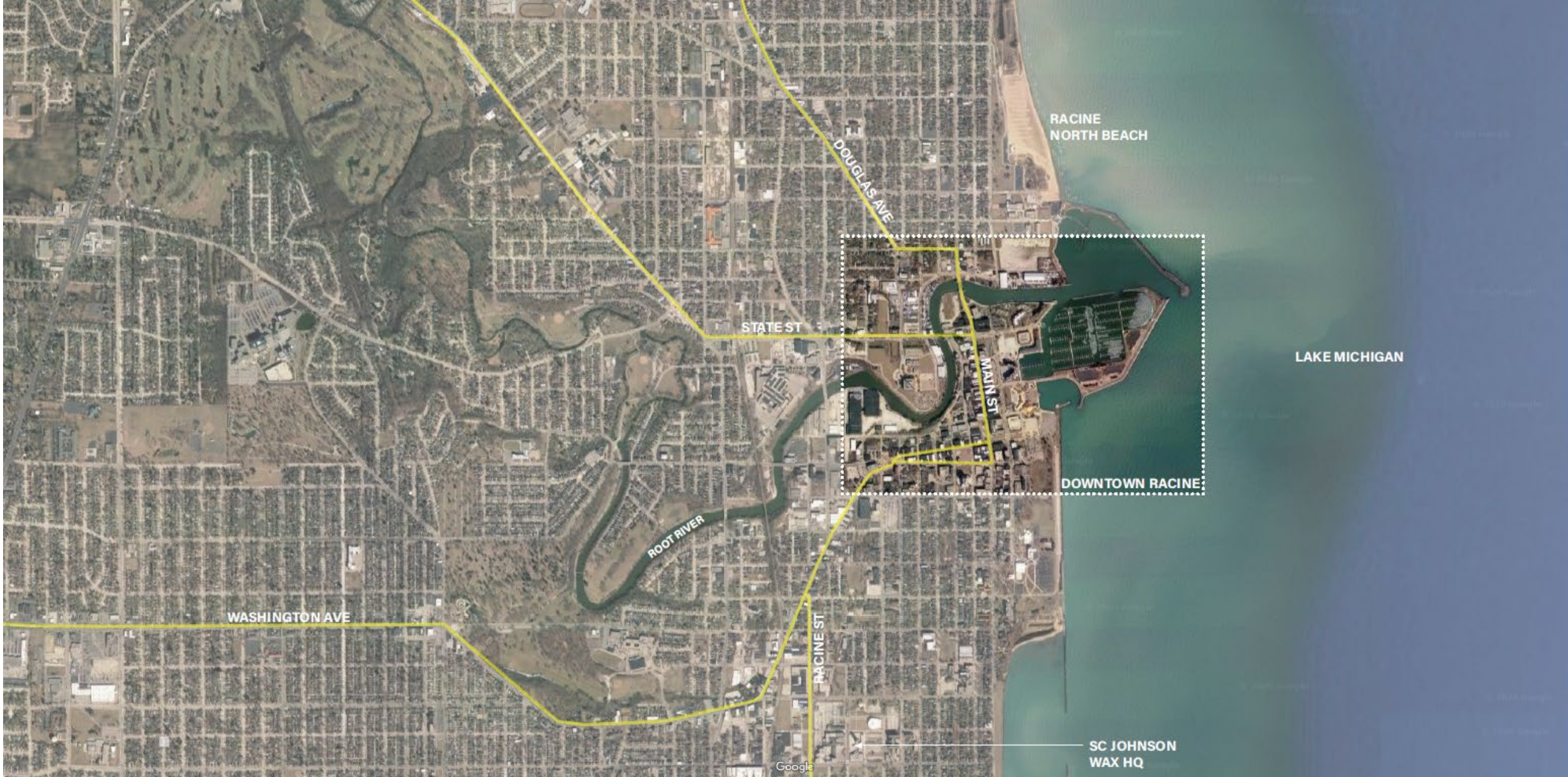
# Project Team



## Kahler Slater



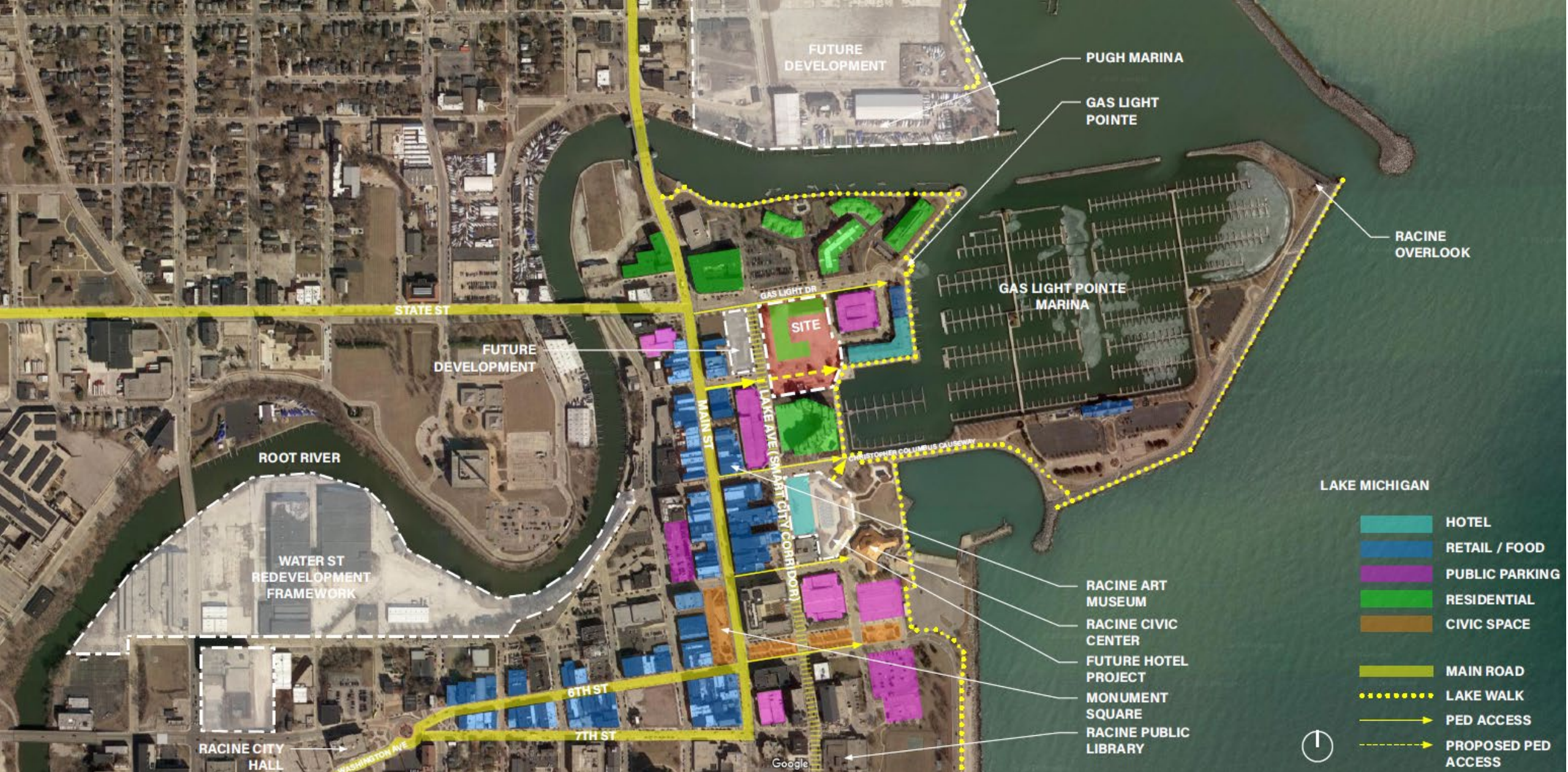




HOVDE PROPERTIES

**RACINE AREA**





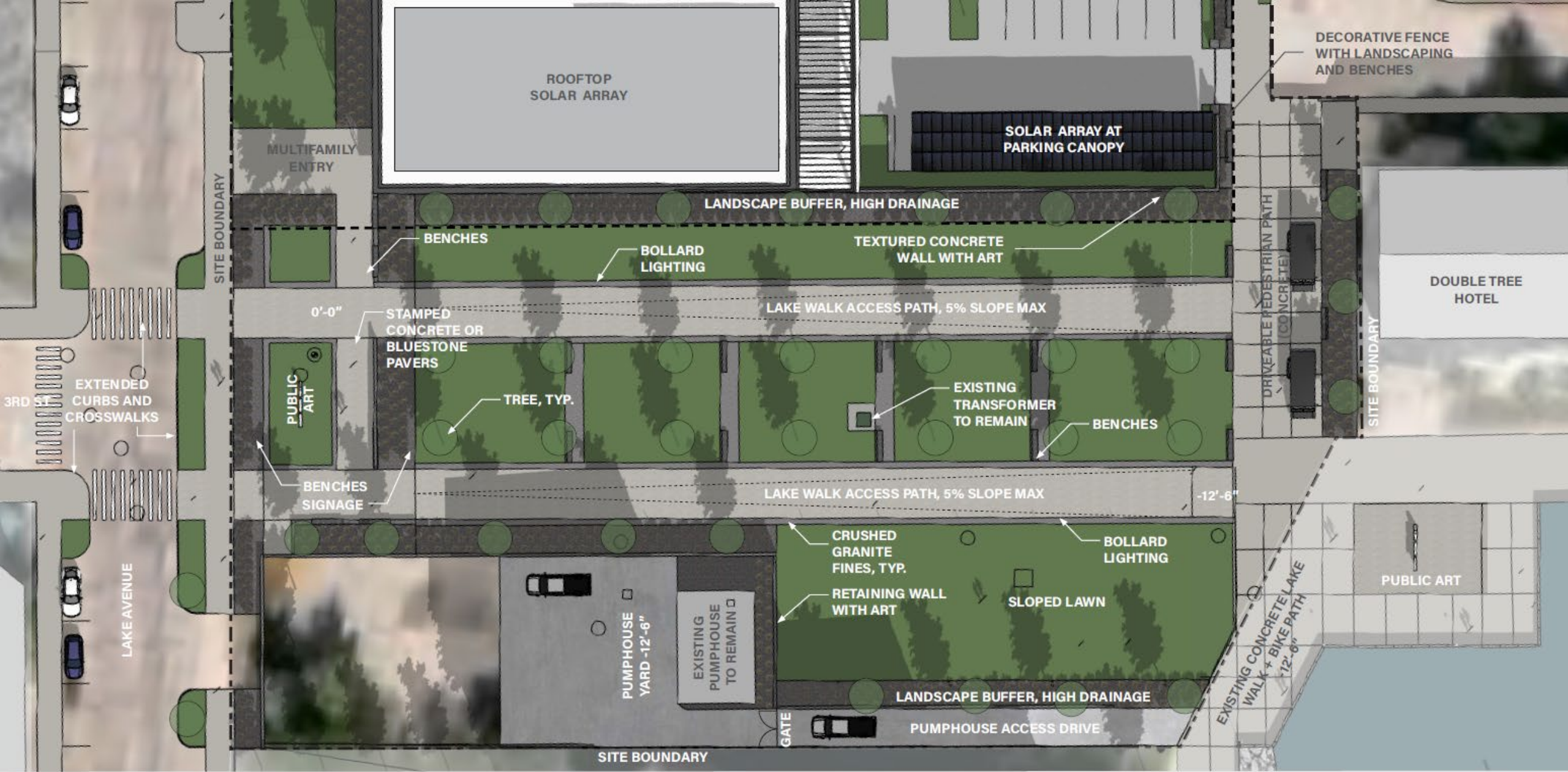




HOVDEPROPERTIES

**SITE CONTEXT**





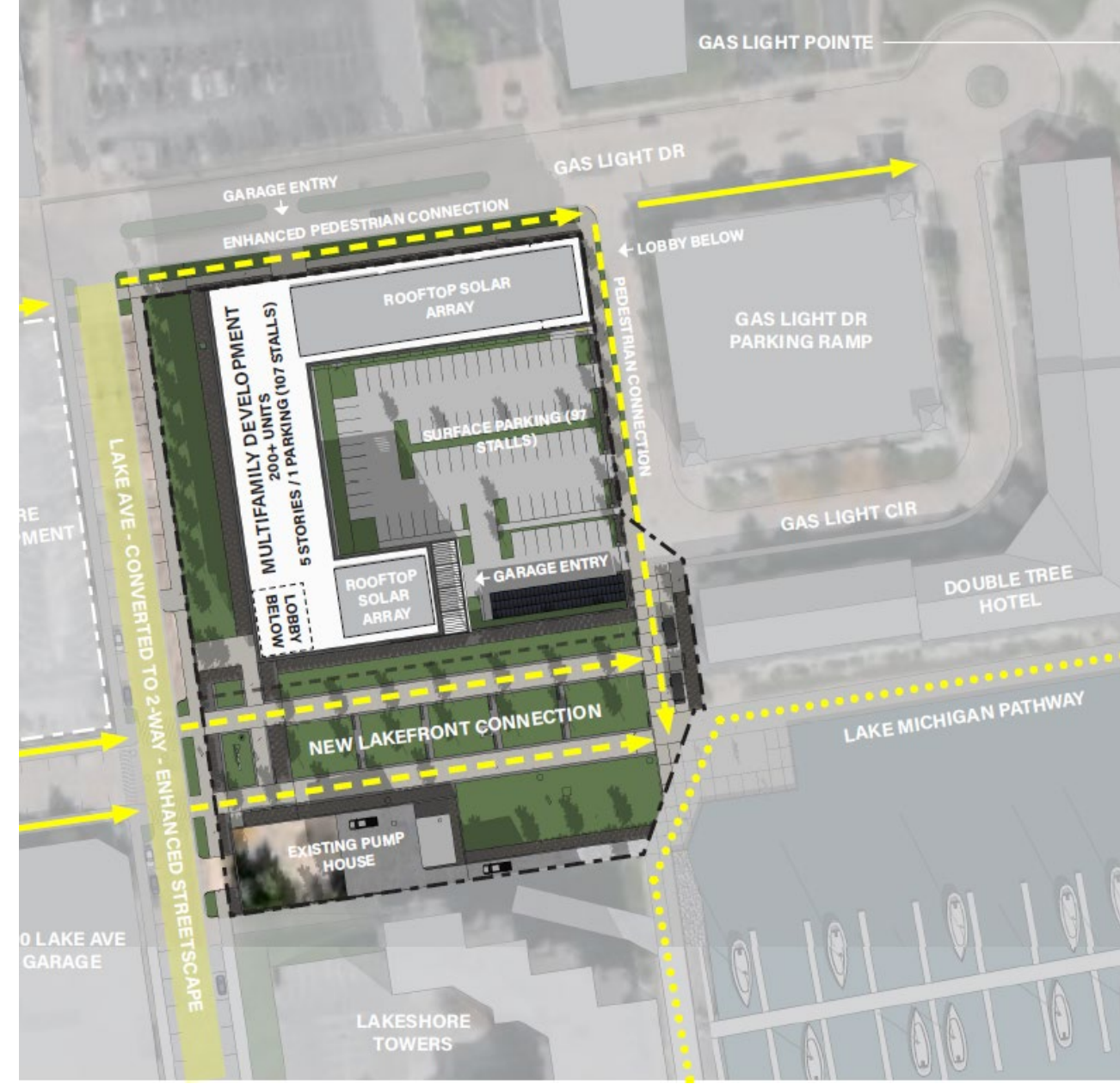
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PUBLIC CONNECTION



# Project Design Summary

- 6-story (5+1 parking), 202-unit market rate residential apartment building to redevelop former WE Energies brownfield site
  - 201 parking spaces (111 structured / 90 surface) plus adjacent City parking ramps
  - Building is 72' tall from lowest grade; approximately 13' of elevation difference west-to-east
  - Solar installation on the rooftop and parking lot contributes to sustainability and supports Smart City initiative
- Architectural design intent draws upon Art Deco concepts with detailing in brick work, lighting, and vertical expressions
- Lakefront Connection increases green space, improves connectivity to lakefront
- Drawings complete, permits and public approvals in place







**HOVDE**PROPERTIES

**FROM CORNER OF LAKE AVE. AND GASLIGHT DR.**





HOVDEPROPERTIES

FROM LAKE LOOKING WEST







# LEED Silver Development

- LEED Features include:
  - Rooftop and ground solar arrays
  - EV charging stations
  - High priority brownfield infill redevelopment site
  - Energy efficient design
  - Renewable energy design
  - Regionally important site



## LEED: New Construction Project Checklist

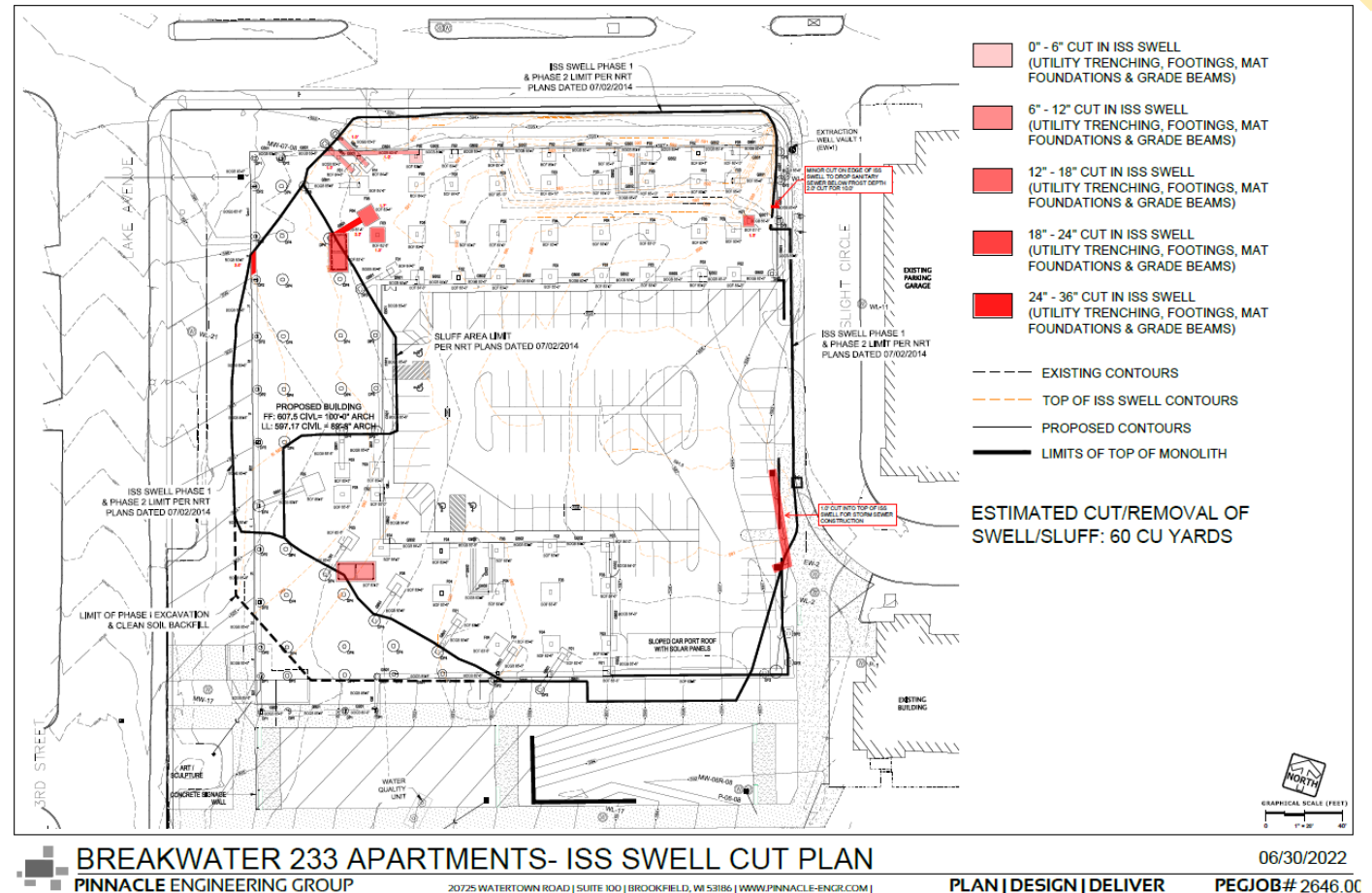
Project Name: Racine Multifamily  
Date: 10/19/2021

Y	?	N				
		1	Credit	Integrative Process	1	Set an energy perf. Target, set goals for site, envelope, water etc.- Complete worksheet
8	1	7	<b>Location and Transportation</b>		<b>16</b>	<b>Notes</b>
			Credit	LEED for Neighborhood Development Location	10	
1			Credit	Sensitive Land Protection	1	
1		1	Credit	High Priority Site	2	
3		2	Credit	Surrounding Density and Diverse Uses	5	
1		4	Credit	Access to Quality Transit	5	Further exploration in process to determine total points achievable
	1		Credit	Bicycle Facilities	1	Further exploration in process to determine total points achievable
1			Credit	Reduced Parking Footprint	1	
1			Credit	Green Vehicles	1	
1	4	5	<b>Sustainable Sites</b>		<b>10</b>	<b>Notes</b>
Y			Prereq	Construction Activity Pollution Prevention	Required	
		1	Credit	Site Assessment	1	
		2	Credit	Site Development - Protect or Restore Habitat	2	
1			Credit	Open Space	1	
	1	2	Credit	Rainwater Management	3	Further exploration in process to determine total points achievable
	2		Credit	Heat Island Reduction	2	Further exploration in process to determine total points achievable
	1		Credit	Light Pollution Reduction	1	Further exploration in process to determine total points achievable
9	0	2	<b>Water Efficiency</b>		<b>11</b>	<b>Notes</b>
Y			Prereq	Outdoor Water Use Reduction	Required	
Y			Prereq	Indoor Water Use Reduction	Required	
Y			Prereq	Building-Level Water Metering	Required	
2			Credit	Outdoor Water Use Reduction	2	
6			Credit	Indoor Water Use Reduction	6	
		2	Credit	Cooling Tower Water Use	2	
1			Credit	Water Metering	1	
14	1	18	<b>Energy and Atmosphere</b>		<b>33</b>	<b>Notes</b>
Y			Prereq	Fundamental Commissioning and Verification	Required	
Y			Prereq	Minimum Energy Performance	Required	
Y			Prereq	Building-Level Energy Metering	Required	
Y			Prereq	Fundamental Refrigerant Management	Required	
		6	Credit	Enhanced Commissioning	6	
8		10	Credit	Optimize Energy Performance	18	
1			Credit	Advanced Energy Metering	1	



# Site Development / Environmental Update

- Started the ISS RAP amendment process **9.2021**, secured the WDNR approval letter on **1.26.2023**
- Included a series of WDNR / WE Energies meetings, submittals and design changes including:
  - Identifying and mitigating swell area on western edge of site by drilling auger cast piles supporting grade beam footing system
  - Shifting building 10' to the south impacting site design to lesson environmental impact
  - Raised entire building footprint requiring additional fill, redesigning parking structure access and site design to lesson ISS impact
  - Designed environmental mitigation system including active ventilation system and Drago Wrap vapor barrier to stop odor infiltration
  - Designed environmentally sensitive foundation system to maintain existing site cap





# Construction Industry Escalation Overview

## Construction Specific Inflation

- » PPI –Nonresidential Construction Midwest
- » Sept 2019 – Sept 2022 24.32% increase



CGSchmidt




HOVDE PROPERTIES



# Funding Gap Summary

- Since our original approvals occurred:
- Loan commitment letter in place
- Equity in place
- Interest rates have doubled from 3.25% to 6.25%
- Construction costs have risen by 26% or \$8.6M
  - Conducted exhaustive cost savings exercise with design and construction team to lower construction cost by \$1.6M while maintaining high quality development
  - Worked with WE Energies to secure additional \$350k to assist with increased environmental costs
  - This left a \$7M gap
  - Hovde is absorbing additional \$3.5M in construction costs and 3% interest rate financing costs

BREAKWATER 233 CONSTRUCTION BUDGET SUMMARY					 <small>YOUR TRUSTED BUILDING PARTNER</small>
	6.3.2021	2.4.2022	2.4.2022 VALUE ENGINEERING	10.18.2022	DIFFERENCE / GAP
General Requirements	1,400,000	1,400,000	1,400,000	1,400,000	-
Substructure	100,000	200,000	200,000	200,000	100,000
Shell	5,700,000	7,300,000	6,800,000	6,300,000	600,000
Interiors (Masonry, Millwork, Openings, Finishes)	15,400,000	18,700,000	17,800,000	19,000,000	3,600,000
Services	7,200,000	8,200,000	8,000,000	9,100,000	1,900,000
Equipment & Furnishings	100,000	100,000	100,000	100,000	-
Specialties	-	-	-	-	-
Sitework	800,000	900,000	900,000	1,300,000	500,000
<b>SUBTOTAL</b>	<b>30,700,000</b>	<b>36,800,000</b>	<b>35,200,000</b>	<b>37,400,000</b>	<b>6,700,000</b>
CONSTRUCTION CONTINGENCY	1,700,000	2,500,000	2,500,000	1,900,000	200,000
INSURANCES	200,000	200,000	200,000	200,000	-
FEE	400,000	500,000	500,000	500,000	100,000
<b>TOTAL FUNDING GAP</b>	<b>33,000,000</b>	<b>40,000,000</b>	<b>38,400,000</b>	<b>40,000,000</b>	<b>7,000,000</b>
<b>HOVDE ABSORPTION AMOUNT</b>					<b>(3,500,000)</b>
<b>REMAINING GAP</b>					<b>3,500,000</b>



# Milestone Schedule

## 1. PUBLIC APPROVALS

- |                                    |           |
|------------------------------------|-----------|
| a. Personnel and Finance Committee | 1.30.2023 |
| b. Common Council                  | 2.7.2023  |

## 2. FINANCING

February 2023

## 3. CONSTRUCTION

- |                             |                |
|-----------------------------|----------------|
| a. Construction Start       | March 2023     |
| b. Site Grading             | May 2023       |
| c. Footings and Foundations | August 2023    |
| d. Core and Shell           | December 2023  |
| e. Enclosure                | March 2024     |
| f. Interiors                | July 2024      |
| g. Construction Completion  | August 2024    |
| h. Occupancy                | September 2024 |