# Report on the Economic Feasibility of Redevelopment under the Proposed West End Zoning Amendments

## State College Redevelopment Authority

## December 2008

## Introduction

In 2005 State College Borough and Ferguson Township commissioned Economics Research Associates (ERA) to prepare a market assessment of the urban village and surrounding areas in the borough and township. This assessment focused on the potential market for commercial and non-student housing in this area and found that a market existed in both categories.

In 2006 the Borough and Penn State retained the consulting firms Delta Development Group and EDSA to prepare a revitalization plan for the urban village that identified specific areas where this redevelopment should be focused. In 2007, the Borough adopted the West End Plan and extended its contract with Delta/EDSA to prepare land use regulations necessary to accommodate this redevelopment.

During Council and Planning Commission discussions of the proposed zoning and the proposed redevelopment area for the West End, questions were raised regarding the feasibility of redeveloping under proposed zoning regulations. That is, does the proposed zoning provide sufficient redevelopment potential to make it economically viable and/or practical for property owners to redevelop their properties as proposed in the Master Plan? Similar questions have been voiced by property owners and developers.

At the April 15, 2008 State College Borough Redevelopment Authority meeting staff proposed that the Authority create an ad hoc committee to determine the economic feasibility of redevelopment under the proposed west end zoning regulations. The Authority agreed that this would be an appropriate activity and authorized staff to prepare recommendations for the composition and charge of this ad hoc committee for consideration at the May 20, 2008 meeting.

## Committee Charge and Membership

At its May 20, 2008 meeting the Redevelopment Authority approved the following charge for the West End Committee (WEC):

> **Charge**: Determine the Economic Feasibility of Land Development and Redevelopment under the Proposed West End Zoning and Design Standards

The composition of the WEC was focused on individuals with expertise and experience in construction, finance, and operating businesses in State College. Participation was solicited from Commercial Developers and Residential Developers (represented by Heritage I and members of the Home Builders Association), Commercial Lenders/ Finance Community, Property Owners and Business Owners from the West End, the State College Community Land Trust, and the Small Business Development Administration. The RDA was represented on the ad hoc committee by one member who served its chair. A list of WEC participants may be found in Appendix 3.

## Committee Process

To complete the charge provided by the Redevelopment Authority, the WEC and staff, analyzed 7 development scenarios that were representative of the different mix of uses and densities provided for under the proposed regulations. For each scenario the committee analyzed a student rental option, a nonstudent rental option, a for sale condo option, and, where permitted by the regulations, a mixed use option. Details on each scenario are provided in Appendix 1.

A series of cost and income assumptions were prepared and applied to each development scenario. These assumptions were refined and expanded as the committee worked through the evaluation process. For example, the we initially estimated hard construction costs for each scenario using $150/square foot for construction costs. As a result of input from WEC members, we also evaluated each scenario using $135/sq foot and $120/sq foot construction cost estimates. Details on the assumptions used to complete the evaluation of each scenario are provided in Appendix 2.

## Findings

### Rental Housing

The WEC evaluated numerous iterations for each scenario in an effort to consider the feasibility of as many options as possible. To no one's surprise, scenarios involving student housing generated higher revenues than did nonstudent housing. What was surprising was the magnitude of the difference in revenue between student and nonstudent housing rental housing. For the larger redevelopment scenarios the difference in projected annual income between student and nonstudent rental projects was $200,000.00 plus. In fact, there was some discussion that the rents for student units used by the committee in developing the scenarios actually understated what the market could bear for new construction adjacent to or within a block of campus. Thus the gap in the potential revenue between student oriented and nonstudent oriented rentals may in reality be even greater than this report suggests.

The WEC devoted a substantial amount of time to the issue of how to estimate expenses, particularly at rental projects. In order to get a true picture of comparative advantage of one mix of uses versus alternative mixes, one needs to look at operating expenses, costs related to site acquisition and construction and at income. Developing assumptions on operating expenses is difficult because different lease structures will assign different portions of these costs to the lessee versus the lessor. For example, the triple net leases commonly used in the commercial real estate market pass the responsibility of nearly all operating expenses through to the tenant while in other types of leases paying for operating expenses is more evenly shared by the landlord and tenant. In the final analysis, expenses were estimated at 10% of income for rental projects.

One other potential operating expense that was not included in the analysis was cost of a capital reserve fund. Capital reserve funds are created to ensure the resources are available to replace and/or repair major systems and equipment. In rental housing projects, capital reserve funds could be used for larger maintenance activities such as replacing carpet in units. In condominium forms of ownership funds for major repairs are frequently generated by special assessments levied on the owners on individual units rather than through a capital reserve fund.

Attached to the report are several spreadsheets that contain the analysis prepared by staff for review by the WEC. Three sets of scenarios are presented. As noted above, each set of scenarios evaluated multiple projects that could be developed under the proposed regulations.

The first two sets of scenarios apply rents for student and nonstudent housing based on the current market. The committee used information on student rentals obtained from the web sites of local apartment owners and management firms to estimate rents based on location and number of bedrooms per unit. The Fair Market Rents for the State College Metropolitan Statistical Area were used to estimate income for the nonstudent scenarios. These two sets of scenarios differ in the per unit rents for the student rentals used to complete the analysis. For both sets of scenarios we applied the Capitalization Rate (CAP Rate)* method to determine the value of each scenario. In all cases in the first two sets of scenarios the CAP rate evaluation indicates that the cost of the project exceeds the value of the project.

The third set of scenarios evaluated the potential redevelopment projects for the perspective of what rents would ***need*** to be generated to make a project feasible from on the basis of costs and income. The methodology in this evaluation duplicated that followed for the evaluation for the first two sets of scenarios. As you will note when examining this spreadsheet, the rents needed to make the numbers work are substantially higher than those more typically found in the State College housing market.

### For Sale Condominiums

The WEC also projected revenues from redevelopment scenarios involving condominiums. While we did not directly compare for sale versus for rent projects,we did observe that it would be extremely difficult to develop a for sale product that could be marketed as an affordable workforce unit. Two of the scenarios resulted in condos that could be sold in the $240,000 - $250,000 price range with the developer recouping all project costs plus 20% profit. Twenty percent profit was considered by the committee to be a reasonable rate of return on a for sale unit. However, this price point is not in the range considered affordable as workforce housing.

We did not attempt to compare the sales versus rental scenarios because of the difficulty in comparing the long term payoffs for the two different redevelopment approaches. The fundamental difficulty is how to determine the value of the long term income from the investment of the profits from the sale of the units. While there may not be an infinite range of potential investment scenarios, the number of reinvestment options is exceedingly large. The WEC believed pursuing these “what if” scenarios in any meaningful way was beyond its charge. They believed it was sufficient to determine that it would be possible to profitably redevelop sites as for sale units under the proposed zoning regulations.

As a “reality check” on the viability of the scenarios the committee calculated the market value for each scenario using the CAP rate method. Under this method, a 9.28% CAP rate was applied to the estimated net operating income to estimate market value. The results of this check seemed to suggest that the relationship of market value, project costs, and project income were out of balance. That is, the estimated market value using the CAP rate was less than the estimated cost of construction. Assuming a 9.28% CAP rate is reasonable, and it seemed to be a reflect local rates, it appears we may either be underestimating the income potential, overestimating the project costs, or a little of both.

The West End Revitalization Plan suggested that sites in the West End that are currently used for student housing should remain in that use even if they are redeveloped and that sites that are not currently used for student housing present the best opportunities for redevelopment as nonstudent housing. This approach was taken in recognition of how difficult it would be to convince or incent the owner of a student rental to redevelop their site as nonstudent housing. The consultants did believe that it would be possible to convince the owner of a student rental to redevelop their property as a mixed commercial/student rental project if sufficient residential density were available through redevelopment to cash flow a mixed use project.

The West End Revitalization Plan suggests that efforts to encourage workforce housing should focus on sites not currently used for housing. The WEC did explore in some depth one such potential project. The potential project was an 8 unit for sale condo project on one of the smaller sites. The scenario envisioned a mixed income project with 6 market rate units and 2 workforce units. This scenario involved a partnership between a nonprofit housing entity and a for profit developer. The nonprofit would invest a sufficient level of cash in the project to write down the cost of the 2 workforce units to a price point of $160,000 which would be affordable to a household of four earning 80% of the area median income. Similar mixed income for sale condo projects would be feasible for larger sites if additional investment by a nonprofit housing entity were available for investment.

## Conclusion

The committee believes that while opportunities for redevelopment exist under the proposed West End zoning regulations, the potential costs and the rents needed to offset those costs will limit redevelopment’s attractiveness from a purely market perspective. Some form of partnerships where the costs of development can be written down or where additional density is available may be needed to make the numbers work. As is the case in many locations close to campus, the effects of the student housing market on rents are at work in the West End. Modest scale mixed income owner-occupied condominium projects may provide the best opportunity for nonstudent housing and workforce housing. The committee recommends that the Redevelopment Authority conduct further analysis to determine how partnerships could be formed to advance redevelopment in the West End.

*(The CAP Rate is a ratio used to estimate the value of income producing properties. It is the net operating income divided by the sales price or value of a property expressed as a percentage. A market CAP rate is determined by evaluating the financial data of similar properties which have recently sold in a specific market. It provides a more reliable estimate of value than a market Gross Rent Multiplier since the cap rate calculation utilizes more of a property's financial detail. The GRM calculation only considers a property's selling price and gross rents. The Cap Rate calculation incorporates a property's selling price, gross rents, non rental income, vacancy amount and operating expenses thus providing a more reliable estimate of value.)

# Appendix 1 Development Scenarios

## Location #1

Lot size – 7500 square feet

Street frontage – W. College Ave – primary street

Building Size – 3 stories, 4000 sq ft GFA

Parking – 11 required; 9 possible on site

Uses – Mixed use required

## Location #2A

Lot size – 69,696 square feet

Street frontage – North Patterson Street – secondary street

Building Size – 3 stories, 62,532 sq ft GFA

Number of residential units – 28 3-story townhomes

20 units @ 2187 sq ft

8 units @ 2349 sq ft

Parking – 56 provided

Uses – Residential

## Location #2B

Lot size – 69,696 square feet

Street frontage – North Patterson Street and West Campus Drive – secondary streets

Building Size – 4 stories max, total sq ft 74,934 GFA

Retail – 12,600 sq ft GFA

Number of residential units – 28

Building 1 - 10 4 bedroom units at 1250 sq ft/unit

Building 2 - 18 4 bedroom units at 1250 sq ft/unit

Parking – 222 provided

Uses – Retail/commercial Residential

**Location #3**

Lot size – 8712 square feet

Street frontage – West Campus Drive – secondary streets

Building Size – 2 stories total sq ft 10,200 GFA

Number of residential units – 10 2-story townhomes at 1020 sq ft/unit

Parking – 20 provided

Uses – Residential

**Location #4**

Lot size – 8712 square feet

Street frontage – North Barnard Street – tertiary street

Building Size – 2 stories – building footprint 2590 sq ft 7840 total GFA

FAR - .9

Number of residential units – 3-4 bedroom apartments

Parking – 9 provided

Uses – Residential

**Location #5A**

Lot size – 62,222 square feet

Street frontage – North Sparks Street and West Campus Drive – secondary streets

Building Size – 4 stories max, total sq ft 68,000 GFA

Retail – 12,000 sq ft GFA

Number of residential units – 46

Building 1 - 16 4-bedroom units at 1250 sq ft/unit

Building 2 - 30 3-bedroom units at 1250 sq ft/unit

Parking – 111 provided

Uses – Retail/commercial

**Location #5B**

Lot size – 62,222 square feet

Street frontage – North Sparks Street and West Campus Drive – secondary streets

Building Size – 4 stories max, total sq ft 68,000 GFA

| | |
|---|---|
| Retail – | 12,000 sq ft GFA |
| Number of residential units – | 56 (@ 1000 sq ft/unit) |
| Parking – | 111 provided |
| Uses – | Retail/commercial |

# Appendix 2 Cost Assumptions

## Land value

$50 per square foot was used in the attached scenarios. This approximates the estimated fair market value derived from applying the current common level ratio to the assessed value of the properties used in the scenarios.

## Site improvement costs

**Parking** –

$6000 per space was used to estimate the cost for surface parking.

> (At the request of the committee staff obtained estimates on the cost differential for pervious pavement to determine if it were necessary to prepare a second estimate on parking costs. Based on feedback from the Borough Engineer, staff decided this would not be necessary since the cost differential is in the 5% - 7% range for pervious pavement.)

$20000 per space was used to estimate the cost for structured parking.

**Landscaping and Storm water management** - No separate costs were built into the scenarios for these items. They are assumed to be included in the construction costs.

**Construction Costs** – $150/$135/$120 per square foot construction costs were used in the scenarios.

**Fees and Permits (soft costs)**

20% of construction for soft costs, including:

- A&E
- Zoning
- Water
- Sanitary Sewer
- Building
- Erosion and Sedimentation
- Other

**Demolition** – estimated demolition costs were based on the Borough's recent experience on the medical arts building demolition and the demolition of a residential building in the 200 block of South Allen Street.

**Lost revenue** – the final evaluation did not include an estimate for lost revenue.

## Operating Expenses

Staff discussed how to estimate operating expenses with members of the Borough's Finance Department. As a result of this discussion staff used 10% of income to estimate operating expenses. Operating expenses for scenarios that included for sale condos were estimated at $1.25/square foot of common space. This number was based on a discussion with a local consulting firm with experience in condominium development.

Real estate tax estimates were based on an estimate of assessed value (derived from estimated construction costs) multiplied by the current millage rate for the Borough, the State College Area School District, and Centre County.

## Income Assumptions

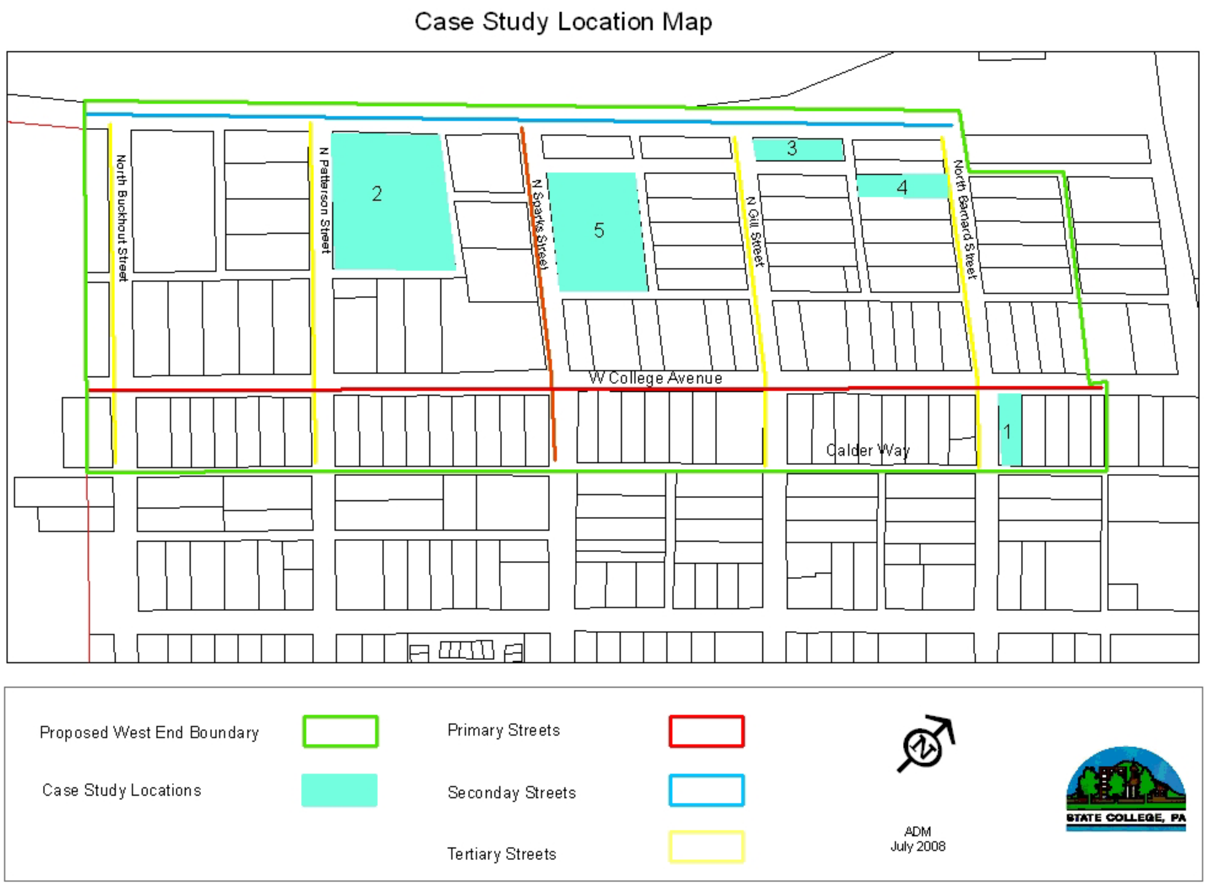
In the first set of scenarios, student unit rents of $1200/month for 2 and $1500/month for 3 bedroom units and $1800/month for 4 bedroom units were used. In the second set of scenarios, student unit rents of $1500/month for 2 and $1800/month for 3 bedroom units and $1800/month for 4 bedroom units were used. In the third set of scenarios rents were calculated on the basis of the amount needed to "make the project work."

HUD Fair Market Rents were used to estimate income for nonstudent rentals. These area $785/month for 2 bedroom units, $942/month for 3 bedroom units, and $971/month for 4 bedroom units.

Commercial space rents $12/square foot

Parking space rent $65/month

$120.00/square foot was used to estimate sales prices for condo units.


Case Study Location Map
North Buckhout Street
N Patterson Street
N Sparks Street
N Gill Street
North Barnard Street
W College Avenue
Calder Way
1
2
3
4
5
Proposed West End Boundary
Case Study Locations
Primary Streets
Seconday Streets
Tertiary Streets
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## Appendix 3 West End Committee Participants

Daniel Abruzzo (Heritage I)

Ginny Chuba (College West Association)

Cori Donaghy (Builders Asso. of Central PA)

Daniel Lestz (PSFCU)

Larry Miles (Vigilant Security)

Chuck Farrell (Beneyfield Developers)

John Simbeck (Business Owner)

Ron Quinn (SC Community Land Trust)

Steve Watson (PSU Campus Planning & Design)

## Buildout Capacity Scenarios Under Proposed Zoning -October 28, 2008 · *Page 1*

## Student Rental Rates - 2 bdrm $1200; 3 bdrm $1200; 4 bdrm $1800

**$120/sq. ft.**

| Project Description | | | | Project Costs | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Location 1** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/ space)** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition *** | **Lost Revenue** | **Total Project Cost** | **Initial Income and Expense Analysis** | | | **Revised Income and Expense Analysis** | | | | **Initial Estimated Annual Net Income** | | | **Initial Value Determinted by Capitalization Rate Method** | **Estimated Total Project Cost** | **Initial Costs in Excess of Value** | **Revised Cost in Excess of Value** |
| Land - W College Ave | | 7,500 | | $375,000 | | | | | | | | Gross Apt Rents - Student | $1200/month/unit | $57,600 | | | | | | | | | | | |
| Commercial/ Retail/Office | 1,350 | | | | $162,000 | | | | | | | Less 5% vacancy | | $2,880 | | **Student Rents** | **$54,720** | | | | | | | | |
| Residential (4 2- Bdrm Units) | 2,650 | | 9 | | $318,000 | $54,000 | | | | | | Total Rental Income Student | | **$54,720** | | **Commercial Rents** | **$16,200** | | | | | | | | |
| | | | 0 | | | $0 | | | | | | | | | | **Parking Rents** | **$7,020** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $106,800 | | | | Gross Apt Rents - Nonstudent | $809/month/unit | $38,832 | | **Total Rents** | **$77,940** | | | | | | | | |
| Total | 4,000 | 7,500 | 9 | $375,000 | $480,000 | $54,000 | $534,000 | $106,800 | $12,050 | | $1,027,850 | Less 5% vacancy | | $1,942 | | **Minuts 10% expenses** | **$70,146** | | | | | | | | |
| **Land as % of Total Cost** | | | | **36%** | | | | | | | | Total Rental Income Nonstudent | | **$36,890** | | **Net Operating Income** | **$70,146** | | | | | | | | |
| | | | | | | | | | | | | | | | | **Cap Rate** | **0.0928** | | | | | | | | |
| | | | | | | | | | | | | Condo Sales | N/A | $0 | | **NOI / Cap Rate** | **$755,884** | **RE Tax** | | | | | | | **-$271,966** |
| | | | | | | | | | | | | Commercial Rent | $12/sq ft | **$16,200** | | **x CLR (27.6)** | **$208,624** | **$10,357** | | | | | | | |
| | | | | | $920,250 | | | | | | | Parking Rent | $65/month/space | **$7,020** | | **NOI - RE Tax (Annual Income)** | **$59,789** | | | | | | | | |
| | | | | | | | | | | | | Total Income Mixed Use Student Rentals | | **$77,940** | *RE Tax rates -- SCB 10.54 mills; SCASD 32.513 mills; Centre County 6.59 mills | | $6,235.20 | | Student Rental | $71,705 | | **$772,681** | **$1,027,850** | **-$255,169** | |
| | | | | | | | | | | | | | | | 0.049643 | | | | | | | | | | |
| | | | | *Demolition costs based on the costs incurred by State College Brough for the demolition of the Medical Arts Building in the 200 blick of W. Beaver Ave and of a older rooming house in the 200 block of S. Allen St. The numbers inlcude demolition and asbestos mitigation. | | | | | | | | Total Income Mixed Use Nonstudent Rentals | | **$60,110** | | | $4,808.83 | | NonStudent Rental | $55,302 | | **$614,462** | **$1,027,850** | **-$413,388** | |

| **Location 2 Option A** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/space )** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition** | **Lost Revenue** | **Total Project Cost** | **Annual Income** | | | **Revised Income and Expense Analysis** | | | | **Initial Estimated Annual Net Income** | | | **Initial Value Determinted by Capitalization Rate Method** | **Estimated Total Project Cost** | **Initial Costs in Excess of Value** | **Revised Cost in Excess of Value** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Patterson St | | 69,690 | | $3,484,500 | | | | | | | | Gross Apt Rents - Student | $1500/month/unit | $504,000 | | **Student Rents** | **$478,800** | | | | | | | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Less 5% vacancy | | $25,200 | | **Commercial Rents** | **$0** | | | | | | | | |
| Commercial/ Retail/Office | 0 | | | | $0 | | | | | | | Total Rental Income Student | | **$478,800** | | **Parking Rents** | **$40,560** | | | | | | | | |
| Residential 28 3-Bdrm units) | 62,532 | | 56 | | $7,503,840 | $336,000 | | | | | | | | | | **Total Rents** | **$519,360** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $1,567,968 | | | | Gross Apt Rents - Nonstudent | $967/month/unit | $324,912 | | **Minuts 10% expenses** | **$467,424** | | | | | | | | |
| Total | 62,532 | 69,690 | 56 | $3,484,500 | $7,503,840 | $336,000 | $7,839,840 | $1,567,968 | $101,700 | | $12,994,008 | Less 5% vacancy | | $16,246 | | **Net Operating Income** | **$467,424** | | | | | | | | |
| **Land as % of Total Cost** | | | | **27%** | | | | | | | | Total Rental Income Nonstudent | | **$308,666** | | **Cap Rate** | **0.0928** | | | | | | | | |
| | | | | | | | | | | | | | | | | **NOI / Cap Rate** | **$5,036,897** | **RE Tax** | | | | | | | **-$7,957,111** |
| Unit Size | | | | | | | | | | | | Condo Sales | $120/sq ft | **$7,503,840** | | **x CLR (27.6)** | **$1,390,183** | **$69,013** | | | | | | | |
| | | | | | | | | | | | | Parking Sales (w/condos) | $6000/space | **$336,000** | | **NOI - RE Tax (Annual Income)** | **$398,411** | | | | | | | | |
| 20 units @ 2187sq ft | 43,740 | | | | | | | | | | | Commercial Rent | $12/sq ft | **$0** | | | | | | | | | | | |
| 8 untis @ 2349 sq ft | 18,792 | | | | | | | | | | | Parking Rent | $65/month/space | **$40,560** | | | | | | | | | | | |
| | | | | | | | | | | | | Total Income Student Rentals | | **$519,360** | | | $41,548.80 | | Student Rental | $477,811 | | **$5,309,013** | **$12,994,008** | **-$7,684,995** | |
| | | | | | | | | | | | | Total Income Nonstudent Rentals | | **$349,226** | | | $27,938.11 | | NonStudent Rental | $321,288 | | **$3,569,870** | **$12,994,008** | **-$9,424,138** | |
| | | | | | | | | | | | | **Total Condo Sales (w/parking)** | | **$7,503,840** | | | $10,125.00 | | | | | | | | |

| Location 2 Option B | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Lost Revenue | Total Project Cost | Initial Income and Expense Analysis | | | Revised Income and Expense Analysis | | | | Initial Estimated Annual Net Income | | | Initial Value Determinted by Capitalization Rate Method | Estimated Total Project Cost | Initial Costs in Excess of Value | Revised Cost in Excess of Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Patterson St | | 69,690 | | $3,484,500 | | | | | | | | Gross Apt Rents - Student | $1800/month/unit | $604,800 | | **Student Rents** | **$574,560** | | | | | | | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Less 5% vacancy | | $30,240 | | **Commercial Rents** | **$143,640** | | | | | | | | |
| Commercial/ Retail/Office | 12,600 | | | | $1,512,000 | | | | | | | Total Rental Income Student | | **$574,560** | | **Parking Rents** | **$164,502** | | | | | | | | |
| Residential (28 4-Bdrm units) | 35,000 | | 46 | | $4,200,000 | $276,000 | (surface parking) | | | | | | | | | **Total Rents** | **$882,702** | | | | | | | | |
| Parking Garage ($20,000/Space) | | | 176 | | | $3,520,000 | (parking garage) | | | | | Gross Apt Rents - Nonstudent | $997/month/unit | $326,256 | | **Minuts 10% expenses** | **$794,432** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $1,901,600 | | | | Less 5% vacancy | | $16,313 | | **Net Operating Income** | **$794,431** | | | | | | | | |
| Total | 47,600 | 69,690 | 222 | $3,484,500 | $5,712,000 | $3,796,000 | $9,508,000 | $1,901,600 | $101,700 | | $14,995,800 | Total Rental Income Nonstudent | | **$309,943** | | **Cap Rate** | **0.0928** | | | | | | | | |
| **Land as % of Total Cost** | | | | **23%** | | | | | | | | | | | | **NOI / Cap Rate** | **$8,560,679** | **RE Tax** | | | | | | | **-$6,435,121** |
| Unit Size | | | | | | | | | | | | Condo Sales | $120/sq ft | **$4,200,000** | | **x CLR (27.6)** | **$2,362,747** | **$117,294** | | | | | | | |
| | | | | | | | | | | | | Parking Sales (w/condos) | $6000/space | **$336,000** | | **NOI - RE Tax (Annual Income)** | **$677,137** | | | | | | | | |
| 28 units @ 1250 sq ft | 35,000 | | | | | | | | | | | Commercial Rent | $12/sq ft | **$151,200** | | | | | | | | | | | |
| | | | | | | | | | | | | Parking Rent | $65/month/space | **$173,160** | | | | | | | | | | | |
| | | | | | | | | | | | | Total Income Mixed Use Student Rentals | | **$898,920** | | | $71,913.60 | | Student Rental | $827,006 | | **$9,188,960** | **$14,995,800** | **-$5,806,840** | |
| | | | | | | | | | | | | Total Income Mixed Use Nonstudent Rentals | | **$634,303** | | | $50,744.26 | | NonStudent Rental | $583,559 | | **$6,483,988** | **$14,995,800** | **-$8,511,812** | |
| | | | | | | | | | | | | **Total Condo Sales (w/parking)** | | **$4,536,000** | | | $11,687.63 | | | | | | | | |

| Project Description | | | | Project Costs | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Location 3** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/space)** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition** | **Lost Revenue** | **Total Project Cost** | **Initial Income and Expense Analysis** | | | **Revised Income and Expense Analysis** | | | | **Initial Estimated Annual Net Income** | | | **Initial Value Determinted by Capitalization Rate Method** | **Estimated Total Project Cost** | **Initial Costs in Excess of Value** | **Revised Cost in Excess of Value** |
| Land - W. Campus Dr | | 8,712 | | $435,600 | | | | | | | | Gross Apt Rents - Student | $1200/month/unit | $144,000 | | **Student Rents** | **$136,800** | | | | | | | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Less 5% vacancy | | $7,200 | | **Commercial Rents** | **$0** | | | | | | | | |
| Commercial/ Retail/Office | 0 | | | | $0 | | | | | | | Total Rental Income Student | | **$136,800** | | **Parking Rents** | **$15,600** | | | | | | | | |
| Residential (10 2-Bdrm units) | 10,200 | | 20 | | $1,224,000 | $120,000 | | | | | | | | | | **Total Rents** | **$152,400** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $268,800 | | | | Gross Apt Rents - Nonstudent | $809/month/unit | $97,080 | | **Minuts 10% expenses** | **$137,160** | | | | | | | | |
| Total | 10,200 | 8,712 | 20 | $435,600 | $1,224,000 | $120,000 | $1,344,000 | $268,800 | $12,050 | | $2,060,450 | Less 5% vacancy | | $4,854 | | **Net Operating Income** | **$137,160** | | | | | | | | |
| **Land as % of Total Cost** | | | | **21%** | | | | | | | | Total Rental Income Nonstudent | | **$92,226** | | **Cap Rate** | **0.0928** | | | | | | | | |
| | | | | | | | | | | | | | | | | **NOI / Cap Rate** | **$1,478,017** | **RE Tax** | | | | | | | **-$582,433** |
| | | | | | | | | | | | | Condo Sales | $120/sq ft | **$1,224,000** | | **x CLR (27.6)** | **$407,933** | **$20,251** | | | | | | | |
| | | | | | | | | | | | | Parking Sales (w/condos) | $6000/space | **$120,000** | | **NOI - RE Tax (Annual Income)** | **$116,909** | | | | | | | | |
| | | | | | | | | | | | | Commercial Rent | $12/sq ft | **$0** | | | | | | | | | | | |
| | | | | | | | | | | | | Parking Rent | $65/month/space | **$15,600** | | | | | | | | | | | |
| | | | | | | | | | | | | Total Income Student Rentals | | **$152,400** | | | $12,192.00 | | Student Rental | $140,208 | | **$1,557,867** | **$2,060,450** | **-$502,583** | |
| | | | | | | | | | | | | Total Income Nonstudent Rentals | | **$107,826** | | | $8,626.08 | | NonStudent Rental | $99,200 | | **$1,102,221** | **$2,060,450** | **-$958,229** | |
| | | | | | | | | | | | | **Total Condo Sales (w/parking)** | | **$1,344,000** | | | $1,912.50 | | | | | | | | |
| **Location 4** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/ space)** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition** | **Lost Revenue** | **Total Project Cost** | **Initial Income and Expense Analysis** | | | **Revised Income and Expense Analysis** | | | | **Initial Estimated Annual Net Income** | | | **Initial Value Determined by Capitalization Rate Method** | **Estimated Total Project Cost** | **Initial Costs in Excess of Value** | **Revised Cost in Excess of Value** |
| Land - N. Barnard St | | 8,712 | | $435,600 | | | | | | | | Gross Apt Rents - Student | $1800/month/unit | $64,800 | | **Student Rents** | **$61,560** | | | | | | | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Less 5% vacancy | | $3,240 | | **Commercial Rents** | **$0** | | | | | | | | |
| Commercial/Retail/Office | 0 | | | | $0 | | | | | | | Total Rental Income Student | | **$61,560** | | **Parking Rents** | **$7,020** | | | | | | | | |
| Residential (3 4-Bdrm units) | 7,840 | | 9 | | $940,800 | $54,000 | | | | | | | | | | **Total Rents** | **$68,580** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $198,960 | | | | Gross Apt Rents - Nonstudent | $997/month/unit | $35,892 | | **Minuts 10% expenses** | **$61,722** | | | | | | | | |
| Total | 7,840 | 8,712 | 9 | $435,600 | $940,800 | $54,000 | $994,800 | $198,960 | $12,050 | | $1,641,410 | Less 5% vacancy | | $1,795 | | **Net Operating Income** | **$61,722** | | | | | | | | |
| **Land as % of Total Cost** | | | | **27%** | | | | | | | | Total Rental Income Nonstudent | | **$34,097** | | **Cap Rate** | **0.0928** | | | | | | | | **-$976,302** |
| | | | | | | | | | | | | | | | | **NOI / Cap Rate** | **$665,108** | **RE Tax** | | | | | | | |
| | | | | | | | | | | | | Condo Sales | N/A | $0 | | **x CLR (27.6)** | **$183,570** | **$9,113** | | | | | | | |
| | | | | | | | | | | | | Commercial Rent | $12/sq ft | **$0** | | **NOI - RE Tax (Annual Income)** | **$52,609** | | | | | | | | |
| | | | | | | | | | | | | Parking Rent | $65/month/space | **$7,020** | | | | | | | | | | | |
| | | | | | | | | | | | | Total Income Mixed Use Student Rentals | | **$68,580** | | | $5,486.40 | | Student Rental | $63,094 | | **$701,040** | **$1,641,410** | **-$940,370** | |
| | | | | | | | | | | | | Total Income Mixed Use Nonstudent Rentals | | **$41,117** | | | $3,289.39 | | NonStudent Rental | $37,828 | | **$420,311** | **$1,641,410** | **-$1,221,099** | |

| Location 5 | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Lost Revenue | Total Project Cost | Initial Income and Expense Analysis | | | Revised Income and Expense Analysis | | | | Initial Estimated Annual Net Income | | | Initial Value Determinted by Capitalization Rate Method | Estimated Total Project Cost | Initial Costs in Excess of Value | Revised Cost in Excess of Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Sparks St | | 62,222 | | $3,111,100 | | | | | | | | Gross Apt Rents - Student Building 1 | $1800/month/unit | $345,600 | | **Student Rents** | **$841,320** | | | | | | | | |
| Building 1 (16 4-Bdrm units) | 20,000 | | | | | | | | | | | Less 5% vacancy | | $17,280 | | **Commercial Rents** | **$136,800** | | | | | | | | |
| Building 2 (30 3-Bdrm units) | 36,000 | | | | | | | | | | | | | | | **Parking Rents** | **$82,238** | | | | | | | | |
| Land - Borough lot | 0 | 0 | | $0 | | | | | | | | Gross Apt Rents - Student Building 2 | $1500/month/unit | $540,000 | | **Total Rents** | **$1,060,358** | | | | | | | | |
| Commercial/Retail/Office | 12,000 | | | | $1,440,000 | | | | | | | Less 5% vacancy | | $27,000 | | **Minuts 10% expenses** | **$954,322** | | | | | | | | |
| Residential (46 units) | 56,000 | | 111 | | $6,720,000 | $666,000 | | | | | | | | | | **Net Operating Income** | **$954,322** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $1,765,200 | | | | Total Rental Income Student | | **$841,320** | | **Cap Rate** | **0.0928** | | | | | | | | |
| Total | 68,000 | 62,222 | 111 | $3,111,100 | $8,160,000 | $666,000 | $8,826,000 | $1,765,200 | $101,700 | | $13,804,000 | | | | | **NOI / Cap Rate** | **$10,283,642** | **RE Tax** | | | | | | | |
| **Land as % of Total Cost** | | | | **23%** | | | | | | | | Gross Apt Rents - Nonstudent Building 1 | $997/month/unit | $191,424 | | **x CLR (27.6)** | **$2,838,285** | **$140,901** | | | | | | | |
| Unit Size | | | | | | | | | | | | Less 5% vacancy | | $9,571 | | **NOI - RE Tax (Annual Income)** | **$813,421** | | | | | | | | **-$3,520,358** |
| 16 @ 1250 sq ft | | | | | | | | | | | | Gross Apt Rents - Nonstudent Building 2 | $967/month/unit | $348,120 | | | | | | | | | | | |
| 30 @ 1200 sq ft | | | | | | | | | | | | Less 5% vacancy | | $17,406 | | | | | | | | | | | |
| | | | | | | | | | | | | Total Rental Income Nonstudent | | **$512,567** | | | | | | | | | | | |
| | | | | | | | | | | | | Condo Sales | $120/sq ft | **$6,720,000** | | | | | | | | | | | |
| | | | | | | | | | | | | Parking Sales (w/condos) | $6000/space | **$552,000** | | | | | | | | | | | |
| | | | | | | | | | | | | Commercial Rent | $12/sq ft | **$144,000** | | | | | | | | | | | |
| | | | | | | | | | | | | Parking Rent | $65/month/space | **$86,580** | | | | | | | | | | | |
| | | | | | | | | | | | | Total Income Mixed Use Student Rentals | | **$1,071,900** | | | $85,752.00 | | Student Rental | $986,148 | | **$10,957,200** | **$13,804,000** | **-$2,846,800** | |
| | | | | | | | | | | | | Total Income Mixed Use Nonstudent Rentals | | **$743,147** | | | $59,451.74 | | NonStudent Rental | $683,695 | | **$7,596,612** | **$13,804,000** | **-$6,207,388** | |
| | | | | | | | | | | | | **Total Condo Sales (w/parking)** | | **$7,272,000** | | | $10,500.00 | | | | | | **$13,804,000** | **-$13,804,000** | |
| **Location 5 Option B** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/space)** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition** | **Lost Revenue** | **Total Project Cost** | **Initial Income and Expense Analysis** | | | **Revised Income and Expense Analysis** | | | | **Initial Estimated Annual Net Income** | | | **Initial Value Determinted by Capitalization Rate Method** | **Estimated Total Project Cost** | **Initial Costs in Excess of Value** | **Revised Cost in Excess of Value** |
| Land - N. Sparks St | | 62,222 | | $3,111,100 | | | | | | | | Gross Apt Rents - Student Building 1 | $1200/month/unit | **$806,400** | | **Student Rents** | **$766,080** | | | | | | | | |
| Building 1 (20 2-Bdrm units) | 20,000 | | | | | | | | | | | Less 5% vacancy | | **$40,320** | | **Commercial Rents** | **$136,800** | | | | | | | | |
| Building 2 (36 2-Bdrm units) | 36,000 | | | | | | | | | | | | | | | **Parking Rents** | **$82,251** | | | | | | | | |
| Land - Borough lot | 0 | 0 | | $0 | | | | | | | | | | | | **Total Rents** | **$985,131** | | | | | | | | |
| Commercial/Retail/Office | 12,000 | | | | $1,440,000 | | | | | | | | | | | **Minuts 10% expenses** | **$886,618** | | | | | | | | |
| Residential (56 units) | 56,000 | | 111 | | $6,720,000 | $666,000 | | | | | | | | | | **Net Operating Income** | **$886,618** | | | | | | | | |
| Soft Costs (20% of construction) | | | | | | | | $1,765,200 | | | | Total Rental Income Student | | **$766,080** | | **Cap Rate** | **0.0928** | | | | | | | | |
| Total | 68,000 | 62,222 | 111 | $3,111,100 | $8,160,000 | $666,000 | $8,826,000 | $1,765,200 | $101,700 | | $13,804,000 | | | | | **NOI / Cap Rate** | **$9,554,073** | **RE Tax** | | | | | | | |
| **Land as % of Total Cost** | | | | **23%** | | | | | | | | Gross Apt Rents - Nonstudent Building 1 | $785/month/unit | **$527,520** | | **x CLR (27.6)** | **$2,636,924** | **$130,905** | | | | | | | |
| Unit Size | | | | | | | | | | | | Less 5% vacancy | | **$26,376** | | **NOI - RE Tax (Annual Income)** | **$755,713** | | | | | | | | **-$4,249,927** |
| 56 @ 1000 sq ft | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | Total Rental Income Nonstudent | | **$501,144** | | | | | | | | | | | |
| | | | | | | | | | | | | Condo Sales | $120/sq ft | **$6,720,000** | | | | | | | | | | | |
| | | | | | | | | | | | | Parking Sales (w/condos) | $6000/space | **$552,000** | | | | | | | | | | | |
| | | | | | | | | | | | | Commercial Rent | 12/sq ft | **$144,000** | | | | | | | | | | | |
| | | | | | | | | | | | | Parking Rent | 65/month/space | **$86,580** | | | | | | | | | | | |
| | | | | | | | | | | | | Total Income Mixed Use Student Rentals | | **$996,660** | | | $79,732.80 | | Student Rental | $916,927 | | **$10,188,080** | **$13,804,000** | **-$3,615,920** | |
| | | | | | | | | | | | | Total Income Mixed Use Nonstudent Rentals | | **$731,724** | | | $58,537.92 | | NonStudent Rental | $673,186 | | **$7,479,845** | **$13,804,000** | **-$6,324,155** | |
| | | | | | | | | | | | | **Total Condo Sales (w/parking)** | | **$7,272,000** | | | $10,500.00 | | | | | | **$13,804,000** | **-$13,804,000** | |

**Buildout Capacity Scenarios Under Proposed Zoning Revised Rents -December 9, 2008 -** *Page 1*

**$120/sq. ft.**

**Residential Rents Determined by Minimum Needed to "Make the Project Work"**

| Project Description | | | | Project Costs | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Location 1** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/space)** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition *** | **Total Project Cost** | **What it Takes to Work** | **Income and Expense Analysis** | | | **Revised Value in Excess of Cost** |
| Land - W College Ave | | 7,500 | | $375,000 | | | | | | | | 4 2-Bdrm Units at $1815 per month | | | |
| Commercial/Retail/Office | 1,350 | | | | $162,000 | | | | | | | Apt Rents | $87,120 | | |
| Residential (4 2 Bdrm Units) | 2,650 | | 9 | | $318,000 | $54,000 | | | | | | Minus 5% Vacancy | $82,764 | | |
| | | | 0 | | | $0 | | | | | Minimum NOI | Commercial Rents @ $12/sq ft | $16,200 | | |
| Soft Costs (20% of construction) | | | | | | | | $106,800 | | | $95,384 | Parking Rents @ $65 per month | $7,020 | | |
| Total | 4,000 | 7,500 | 9 | $375,000 | $480,000 | $54,000 | $534,000 | $106,800 | $12,050 | $1,027,850 | $104,923 | Total Rents | $105,984 | | |
| Land as % of Total Cost | | | | 36% | | | | | | | NOI - Com and Pking Rents | Minuts 10% expenses | $95,386 | | |
| | | | | | | | | | | | $81,702 | Net Operating Income | $95,386 | | $12 |
| | | | | | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | RE Tax | |
| | | | | | | | | | | | $1,702 | NOI / Cap Rate | $1,027,862 | $14,083 | |
| | | | | | $920,250 | | | | | | | x CLR (27.6) | $283,690 | | |
| | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $81,302 | | |
| | | | | | | | *Demolition costs based on the costs incurred by State College Borough for the demolition of the Medical Arts Building in the 200 block of W. Beaver Ave and of a older rooming house in the 200 block of S. Allen St. The numbers include demolition and asbestos mitigation. | | | | | | | | |
| **Location 2 Option A** | **Building Sq Ft** | **Lot Size in Sq Ft** | **Parking** | **Land ($50/sf)** | **Bldg. ($120/sq ft)** | **Parking ($6000/space)** | **Total Constr Cost** | **Soft Costs (20%)** | **Demolition** | **Total Project Cost** | **What it Takes to Work** | **Income and Expense Analysis** | | | **Revised Value in Excess of Cost** |
| Land - N. Patterson St | | 69,690 | | $3,484,500 | | | | | | | 28 3-bdrm Units @ $4075 per month | Apt Rents | $1,369,200 | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Minus 5% Vacancy | $1,300,740 | | |
| Commercial/Retail/ Office | 0 | | | | $0 | | | | | | Minimum NOI | Commercial Rents | $0 | | |
| Residential (28 3 Bdrm units) | 62,532 | | 56 | | $7,503,840 | $336,000 | | | | | $1,205,844 | Parking Rents | $40,560 | | |
| Soft Costs (20% of construction) | | | | | | | | $1,567,968 | | | $1,326,428 | $41,496 | $1,341,300 | | |
| Total | 62,532 | 69,690 | 56 | $3,484,500 | $7,503,840 | $336,000 | $7,839,840 | $1,567,968 | $101,700 | $12,994,008 | Total Rents minus Pking Rents | Minus 10% expenses | $1,207,170 | | |
| Land as % of Total Cost | | | | 27% | | | | | | | $1,285,868 | Net Operating Income | $1,207,170 | | |
| | | | | | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | | $14,289 |
| Unit Size | | | | | | | | | | | $3,827 | NOI / Cap Rate | $13,008,297 | RE Tax | |
| | | | | | | | | | | | | x CLR (27.6) | $3,590,290 | $178,233 | |
| 20 units @ 2187sq ft | 43,740 | | | | | | | | | | | NOI - RE Tax (Annual Income) | $1,028,937 | | |
| 8 units @ 2349 sq ft | 18,792 | | | | | | | | | | | | | | |

| Location 2 Option B | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Patterson St | | 69,690 | | $3,484,500 | | | | | | | 28 4-Bdrm Units @ $3875 per month | Apt Rents | $1,303,680 | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Minus 5% Vacancy | $1,238,496 | | |
| Commercial/Retail/ Office | 12,600 | | | | $1,512,000 | | | | | | Minimum NOI | Commercial Rents | $143,640 | | |
| Residential (28 4 Bdrm units) | 35,000 | | 46 | | $4,200,000 | $276,000 | (surface parking) | | | | $1,391,610 | Parking Rents | $164,502 | | |
| Parking Garage ($20,000/Space) | | | 176 | | | $3,520,000 | (parking garage) | | | | $1,530,771 | Total Rents | $1,546,638 | | |
| Soft Costs (20% of construction) | | | | | | | | $1,901,600 | | | Total Rents minus Com & Pking Rents | Minuts 10% expenses | $1,391,974 | | |
| Total | 47,600 | 69,690 | 222 | $3,484,500 | $5,712,000 | $3,796,000 | $9,508,000 | $1,901,600 | $101,700 | $14,995,800 | $1,222,629 | Net Operating Income | $1,391,974 | | |
| Land as % of Total Cost | | | | 23% | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | | |
| Unit Size | | | | | | | | | | | $3,639 | NOI / Cap Rate | $14,999,722 | RE Tax | $3,922 |
| | | | | | | | | | | | | x CLR (27.6) | $4,139,923 | $205,518 | |
| 28 units @ 1250 sq ft | 35,000 | | | | | | | | | | | NOI - RE Tax (Annual Income) | $1,186,456 | | |

Additional options for location 2 are provided below.

**Buildout Capacity Scenarios -Under Proposed Zoning - December 9, 2008 -** *Page 2*

| Project Description | | | | Project Costs | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Location 3 | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
| Land - W. Campus Dr | | 8,712 | | $435,600 | | | | | | | 10 2-Bdrm Units @ $1730 per month | Apt Rents | $207,600 | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Minus 5% Vacancy | $197,220 | | |
| Commercial/Retail/ Office | 0 | | | | $0 | | | | | | Minimum NOI | Commercial Rents | $0 | | |
| Residential (10 2-Bdrm units) | 10,200 | | 20 | | $1,224,000 | $120,000 | | | | | $191,210 | Parking Rents | $15,600 | | |
| Soft Costs (20% of construction) | | | | | | | | $268,800 | | | $210,331 | Total Rents | $212,820 | | |
| Total | 10,200 | 8,712 | 20 | $435,600 | $1,224,000 | $120,000 | $1,344,000 | $268,800 | $12,050 | $2,060,450 | Total Rents minus Com & Pking Rents | Minuts 10% expenses | $191,538 | | |
| Land as % of Total Cost | | | | 21% | | | | | | | $194,731 | Net Operating Income | $191,538 | | |
| | | | | | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | | $3,537 |
| | | | | | | | | | | | $1,623 | NOI / Cap Rate | $2,063,987 | RE Tax | |
| | | | | | | | | | | | | x CLR (27.6) | $569,660 | $28,280 | |
| | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $163,258 | | |

| Location 4 | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Barnard St | | 8,712 | | $435,600 | | | | | | | 3 4-Bdrm Units @ $4750 per month | Apt Rents | $171,000 | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Minus 5% Vacancy | $162,450 | | |
| Commercial/Retail/ Office | 0 | | | | $0 | | | | | | Minimum NOI | Commercial Rents | $0 | | |
| Residential (3 4-Bdrm units) | 7,840 | | 9 | | $940,800 | $54,000 | | | | | $152,323 | Parking Rents | $7,020 | | |
| Soft Costs (20% of construction) | | | | | | | | $198,960 | | | $167,555 | Total Rents | $169,470 | | |
| Total | 7,840 | 8,712 | 9 | $435,600 | $940,800 | $54,000 | $994,800 | $198,960 | $12,050 | $1,641,410 | Total Rents minus Com & Pking Rents | Minuts 10% expenses | $152,523 | | |
| Land as % of Total Cost | | | | 27% | | | | | | | $160,535 | Net Operating Income | $152,523 | | $2,157 |
| | | | | | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | | |
| | | | | | | | | | | | $4,459 | NOI / Cap Rate | $1,643,567 | RE Tax | |
| | | | | | | | | | | | | x CLR (27.6) | $453,624 | $22,519 | |
| | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $130,004 | | |

| Location 5 | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Sparks St | | 62,222 | | $3,111,100 | | | | | | | 16 4-Bdrm Units @ $2760 per month and 30 3-Bdrm units @ $2070 per month per bedroom | Apt Rents | $1,275,120 | | |
| Building 1 (16 4-Bdrm units) | 20,000 | | | | | | | | | | | Minus 5% Vacancy | $1,211,364 | | |
| Building 2 (30 3-Bdrm units) | 36,000 | | | | | | | | | | Minimum NOI | Commercial Rents | $136,800 | | |
| Land - Borough lot | 0 | 0 | | $0 | | | | | | | $1,281,011 | Parking Rents | $82,238 | | |
| Commercial/Retail/ Office | 12,000 | | | | $1,440,000 | | | | | | $1,409,112 | Total Rents | $1,430,402 | | |
| Residential (46 units) | 56,000 | | 111 | | $6,720,000 | $666,000 | | | | | Total Rents minus Com & Pking Rents | Minus 10% expenses | $1,287,362 | | |
| Soft Costs (20% of construction) | | | | | | | | $1,765,200 | | | $1,190,074 | Net Operating Income | $1,287,362 | | |
| Total | 68,000 | 62,222 | 111 | $3,111,100 | $8,160,000 | $666,000 | $8,826,000 | $1,765,200 | $101,700 | $13,804,000 | Min Monthly Apt Rents | Cap Rate | 0.0928 | | |
| Land as % of Total Cost | | | | 23% | | | | | | | $644 | NOI / Cap Rate | $13,872,433 | RE Tax | |
| Unit Size | | | | | | | | | | | | x CLR (27.6) | $3,828,792 | $190,073 | $68,433 |
| 16 @ 1250 sq ft | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $1,097,289 | | |
| 30 @ 1200 sq ft | | | | | | | | | | | | | | | |

| Location 5 Option B | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Sparks St | | 62,222 | | $3,111,100 | | | | | | | 56 2-Bdrm Units @ $1890 per month | Apt Rents | $1,270,080 | | |
| Building 1 (20 2-Bdrm units) | 20,000 | | | | | | | | | | | Minus 5% Vacancy | $1,206,576 | | |
| Building 2 (36 2-Bdrm units) | 36,000 | | | | | | | | | | Minimum NOI | Commercial Rents | $136,800 | | |
| Land - Borough lot | 0 | 0 | | $0 | | | | | | | $1,281,011 | Parking Rents | $82,238 | | |
| Commercial/Retail/ Office | 12,000 | | | | $1,440,000 | | | | | | $1,409,112 | Total Rents | $1,425,614 | | |
| Residential (56 units) | 56,000 | | 111 | | $6,720,000 | $666,000 | | | | | Total Rents minus Com & Pking Rents | Minuts 10% expenses | $1,283,053 | | |
| Soft Costs (20% of construction) | | | | | | | | $1,765,200 | | | $1,190,074 | Net Operating Income | $1,283,053 | | |
| Total | 68,000 | 62,222 | 111 | $3,111,100 | $8,160,000 | $666,000 | $8,826,000 | $1,765,200 | $101,700 | $13,804,000 | Min Monthly Apt Rents | Cap Rate | 0.0928 | | |
| **Land as % of Total Cost** | | | | **23%** | | | | | | | $1,771 | NOI / Cap Rate | $13,825,998 | RE Tax | |
| Unit Size | | | | | | | | | | | | x CLR (27.6) | $3,815,975 | $189,436 | $21,998 |
| 56 @ 1000 sq ft | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $1,093,616 | | |

| Location 2 Option C | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Patterson St | | 69,690 | | $3,484,500 | | | | | | | 28 3-Bdrm Units @ $3225 per month | Apt Rents | $1,083,600 | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Minus 5% Vacancy | $1,029,420 | | |
| Commercial/Retail/ Office | 0 | | | | $0 | | | | | | Minimum NOI | Commercial Rents | $0 | | |
| Residential (28 3 Bdrm units) | 44,400 | | 56 | | $5,328,000 | $336,000 | | | | | $963,542 | Parking Rents | $41,496 | | |
| Soft Costs (20% of construction) | | | | | | | | $1,132,800 | | | $1,059,897 | Total Rents | $1,070,916 | | |
| Total | 44,400 | 69,690 | 56 | $3,484,500 | $5,328,000 | $336,000 | $5,664,000 | $1,132,800 | $101,700 | $10,383,000 | Total Rents minus Com & Pking Rents | Minuts 10% expenses | $963,824 | | |
| Land as % of Total Cost | | | | 34% | | | | | | | $1,021,365 | Net Operating Income | $963,824 | | |
| | | | | | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | | $3,039 |
| Unit Size | | | | | | | | | | | $3,040 | NOI / Cap Rate | $10,386,039 | RE Tax | |
| | | | | | | | | | | | | x CLR (27.6) | $2,866,547 | $142,304 | |
| | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $821,520 | | |
| 28 3-bdrm units @ 1571 sq ft | 44,400 | | | | | | | | | | | | | | |

| Location 2 Option D | Building Sq Ft | Lot Size in Sq Ft | Parking | Land ($50/sf) | Bldg. ($120/sq ft) | Parking ($6000/space) | Total Constr Cost | Soft Costs (20%) | Demolition | Total Project Cost | What it Takes to Work | Income and Expense Analysis | | | Revised Value in Excess of Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Land - N. Patterson St | | 69,690 | | $3,484,500 | | | | | | | 37 2-Bdrm Units @ $2440 per month | Apt Rents | $1,083,360 | | |
| Land - Borough lot | | 0 | | $0 | | | | | | | | Minus 5% Vacancy | $1,029,192 | | |
| Commercial/Retail/ Office | 0 | | | | $0 | | | | | | Minimum NOI | Commercial Rents | $0 | | |
| Residential (37 2 Bdrm units) | 44,400 | | 56 | | $5,328,000 | $336,000 | | | | | $963,542 | Parking Rents | $41,496 | | |
| Soft Costs (20% of construction) | | | | | | | | $1,132,800 | | | $1,059,897 | Total Rents | $1,070,688 | | |
| Total | 44,400 | 69,690 | 56 | $3,484,500 | $5,328,000 | $336,000 | $5,664,000 | $1,132,800 | $101,700 | $10,383,000 | Total Rents minus Com & Pking Rents | Minuts 10% expenses | $963,619 | | |
| Land as % of Total Cost | | | | 34% | | | | | | | $1,021,365 | Net Operating Income | $963,619 | | |
| | | | | | | | | | | | Min Monthly Apt Rents | Cap Rate | 0.0928 | | $828 |
| Unit Size | | | | | | | | | | | $2,300 | NOI / Cap Rate | $10,383,828 | RE Tax | |
| | | | | | | | | | | | | x CLR (27.6) | $2,865,936 | $142,274 | |
| | | | | | | | | | | | | NOI - RE Tax (Annual Income) | $821,346 | | |