



October 16, 2008

DRAFT MEMORANDUM

TO: Montgomery County Planning Board

VIA: Roselle George, Acting Chief *RG*

FROM: Jacob Sesker, Planner Coordinator *JS*

SUBJECT: Georgia Avenue Corridor: Analysis of Opportunities for Redevelopment at
Townhouse Density

PURPOSE & BACKGROUND

This analysis is intended to inform the broader discussion of the vision for Georgia Avenue study area through an examination of the financial feasibility of redeveloping the corridor at townhouse levels of density.

This analysis does not examine areas within existing centers (e.g. Wheaton), but rather the stretches of Georgia Avenue that are between existing centers. This analysis is intended as a rough examination of feasibility for the corridor, and thus is intended to be general and is not intended to be applied to discussions of specific properties.

SUMMARY OF FINDINGS

At 10 units per acre, financial feasibility of redevelopment is limited. At 15 units per acre, there are a number of parcels that pass the "laugh test" (i.e. where the project would create enough value to pay for the land). When investment thresholds are added to the equation, very little redevelopment is financially feasible even at 15 units per acre.

The cost of the land is a barrier to redevelopment feasibility in the corridor. Where land costs are lower (i.e. in the upper reaches of the corridor), redevelopment is relatively more feasible.

Increasing density to townhouse levels is unlikely to lead to significant redevelopment of those portions of the corridor between the centers. This analysis did not examine the feasibility of townhomes in the centers, which may be able to achieve higher values and thus would likely be more feasible.

APPROACH

The first step in this analysis is to determine whether the value of the improvements is greater than the combined cost of building the improvements and acquiring the land. Of course, the private sector will not build the project unless the project is sufficiently profitable. As such, a second step in the analysis is to determine whether there is sufficient value in the project to both buy the land and make the required profits. To perform that second step of the analysis, the total developer returns (at a selected hurdle rate) were subtracted from the total project value at completion. That amount is the total supportable investment. From the total supportable investment the total cost of the improvements is subtracted. The remainder is the residual land value.

In essence, the residual is the amount of money that the developer could afford to pay for the land (buyer's price) up front and without carry. If that amount is positive then the next step is to test that amount against the actual land value based on existing uses. If the value of the existing use (seller's price) is greater than the residual value of the redevelopment, then the redevelopment will likely not occur (yet). If the value of the existing use is less than the residual value of the redevelopment, then redevelopment is feasible. In that instance, the market has identified a match—the value to the buyer is greater than the value to the seller and thus redevelopment can occur.

ASSUMPTIONS

- Unit size assumptions for market rate units are based upon the median unit size of townhouses built in the County between 2000 and 2005. MPDU unit size assumptions are based on current MPDU townhomes available for sale, as well as recent experience regarding the size and amount of unfinished space in MPDU townhomes.
- Value for market rate units is based upon the median price of a townhome built in Montgomery County between 2000 and 2005. The \$288 per square foot is within the range of recent sales of new townhomes in comparable locations, though probably about 20% higher than most recent sales in the corridor. Examples of recent sales include \$195 per square foot at Regent Manor Court in Silver Spring, \$205 per square foot at 11601 Georgia Avenue, and \$337 per square foot on Linden Lane at National Park Seminary. Value for MPDU is based upon current MPDU townhomes available, as per DHCA's website.
- Development hard costs for market rate units are based upon experience, confidential pro forma analyses received from area developers, and national averages. Hard costs include parking and site work, but exclude demolition costs, which are herein included in the cost of land acquisition. Soft costs are assumed to be 35% above the hard costs. Development

costs for MPDU are assumed to be 90% of the development costs for market rate units, reflecting a lower degree of finish.

- Feasibility is tested at hurdle rates of 20%, 15%, and 10%.
- The acquisition cost of the land is assumed to include the full assessed value of the land, the improvements upon the land, and \$10,000 per unit for demolition costs.

Table 1	
<i>Market Rate Assumptions</i>	
Square Feet	1,800
Value per unit	\$518,510
Value per square foot	\$288
Development cost per unit	\$364,500
Total development costs (hard & soft)	\$203
Hard costs per square foot	\$150
Soft costs as percentage of hard costs	35%
<i>MPDU Assumptions</i>	
Square Feet	1,500
Value	\$210,000
Value per square foot	\$140
Development cost per unit	\$273,375
Development costs per square foot	\$182

COMPARING PROJECT VALUE TO COSTS OF DEVELOPMENT AND LAND

At a townhouse density of 10 units per acre, only six of the forty-seven “blocks” identified produce value in excess of the combined cost of the improvements and the land.

Table 2							
Block	# Potential Townhomes @ 10 DU/Acre	Number of MPDUs	Number of Market Rate Units	Total Value	Total Dev Cost	Land Costs	Net Value - (Sales Value-Dev. Cost-Land Cost)
17	2	0	2	\$1,037,020	\$729,000	\$287,290	\$20,730
18	2	0	2	\$1,037,020	\$729,000	\$299,930	\$8,090
24	6	0	6	\$3,111,060	\$2,187,000	\$697,830	\$226,230
25	8	0	8	\$4,148,080	\$2,916,000	\$1,191,220	\$40,860
27	12	0	12	\$6,222,120	\$4,374,000	\$1,063,680	\$784,440
28	7	0	7	\$3,629,570	\$2,551,500	\$753,230	\$324,840

At a townhouse density of 15 dwelling units per acre, twenty of the forty-seven blocks produce positive value. Clearly, the difference between 10 units per acre and 15 units per acre is significant.

Table 3

Block	# Potential Townhomes @15 DU/Acre	Number of MPDUs	Number of Market Rate Units	Total Value	Total Dev Cost	Land Costs	Net Value - (Sales Value-Dev. Cost-Land Cost)
8	17	0	17	\$8,814,670	\$6,196,500	\$2,216,720	\$401,450
9a	20	0	20	\$10,370,200	\$7,290,000	\$2,409,430	\$670,770
14b	18	0	18	\$9,333,180	\$6,561,000	\$2,656,260	\$115,920
15b	13	0	13	\$6,740,630	\$4,738,500	\$1,801,080	\$201,050
16a	11	0	11	\$5,703,610	\$4,009,500	\$1,289,000	\$405,110
16b	22	3	19	\$10,481,690	\$7,745,625	\$2,579,550	\$156,515
17	3	0	3	\$1,555,530	\$1,093,500	\$287,290	\$174,740
18	3	0	3	\$1,555,530	\$1,093,500	\$299,930	\$162,100
19a	30	4	26	\$14,321,260	\$10,570,500	\$3,393,400	\$357,360
19b	32	4	28	\$15,358,280	\$11,299,500	\$3,343,200	\$715,580
20a	17	0	17	\$8,814,670	\$6,196,500	\$2,293,400	\$324,770
22	7	0	7	\$3,629,570	\$2,551,500	\$1,038,110	\$39,960
23	17	0	17	\$8,814,670	\$6,196,500	\$1,870,430	\$747,740
24	9	0	9	\$4,666,590	\$3,280,500	\$697,830	\$688,260
25	13	0	13	\$6,740,630	\$4,738,500	\$1,191,220	\$810,910
26a	43	6	37	\$20,444,870	\$15,126,750	\$5,580,010	-\$261,890
27	18	0	18	\$9,333,180	\$6,561,000	\$1,063,680	\$1,708,500
28	11	0	11	\$5,703,610	\$4,009,500	\$753,230	\$940,880
30a	14	0	14	\$7,259,140	\$5,103,000	\$1,820,740	\$335,400
30b	16	0	16	\$8,296,160	\$5,832,000	\$2,123,860	\$340,300

These projects have passed the first threshold test (the “laugh test”) for feasibility. The projects themselves generate enough net value to pay for the cost of the land. However, debt and equity investors must feel that a project can meet their return requirements before investing in the project. The following section addresses the question of whether the projects would be able to meet the investors’ return requirements (“hurdle rate”) and also pay for the land.

ANALYZING PROJECT FEASIBILITY USING A RESIDUAL LAND VALUE APPROACH

Staff analyzed financial feasibility at three different “hurdle rates” (10%, 15%, and 20%) for both levels of density.

At 10 units per acre and a hurdle rate of 20%, none of the blocks were feasible for redevelopment. Similarly, at 15% none of the blocks were feasible for redevelopment. At 10% only one block was feasible for redevelopment.

Table 4

Block	# Potential Townhomes @10 DU/Acre	Total Value	Total Dev Cost	Land Costs	Net Value - (Sales Value- Dev. Cost- Land Cost)	Supportable Investment @ 10%	Res. Land Value @ 10%	Res. Land Minus Actual Land @ 10%
27	12	\$6,222,120	\$4,374,000	\$1,063,680	\$784,440	\$5,656,473	\$1,282,473	\$218,793

At 15 dwelling units per acre and a hurdle rate of 10% there are six blocks for which the residual land value (money available for land) is equal to or greater than the land acquisition cost.

Table 5

Block	# Potential Townhomes @15 DU/Acre	Total Value	Total Dev. Cost	Land Costs	Net Value - (Sales Value- Dev. Cost- Land Cost)	Supportable Investment @ 10%	Res. Land Value @ 10%	Res. Land Minus Actual Land @ 10%
17	3	\$1,555,530	\$1,093,500	\$287,290	\$174,740	\$1,414,118	\$320,618	\$33,328
18	3	\$1,555,530	\$1,093,500	\$299,930	\$162,100	\$1,414,118	\$320,618	\$20,688
24	9	\$4,666,590	\$3,280,500	\$697,830	\$688,260	\$4,242,355	\$961,855	\$264,025
25	13	\$6,740,630	\$4,738,500	\$1,191,220	\$810,910	\$6,127,845	\$1,389,345	\$198,125
27	18	\$9,333,180	\$6,561,000	\$1,063,680	\$1,708,500	\$8,484,709	\$1,923,709	\$860,029
28	11	\$5,703,610	\$4,009,500	\$753,230	\$940,880	\$5,185,100	\$1,175,600	\$422,370

At 15 units per acre and a hurdle rate of 15% only three of those blocks are still feasible.

Block	# Potential Townhomes @15 DU/Acre	Total Value	Total Dev. Cost	Land Costs	Net Value - (Sales Value- Dev. Cost- Land Cost)	Supportable Investment @ 15%	Res. Land value @ 15%	Res. Land Minus Actual Land @ 15%
24	9	\$4,666,590	\$3,280,500	\$697,830	\$688,260	\$4,057,904	\$777,404	\$79,574
27	18	\$9,333,180	\$6,561,000	\$1,063,680	\$1,708,500	\$8,115,809	\$1,554,809	\$491,129
28	11	\$5,703,610	\$4,009,500	\$753,230	\$940,880	\$4,959,661	\$950,161	\$196,931

At 15 units per acre and a hurdle rate of 20% only one of the blocks is still feasible.

Block	# Potential Townhomes @15 DU/Acre	Total Value	Total Dev. Cost	Land Costs	Net Value - (Sales Value- Dev. Cost- Land Cost)	Supportable Investment @ 20%	Res. Land Value @ 20%	Res. Land Minus Actual Land @ 20%
27	18	\$9,333,180	\$6,561,000	\$1,063,680	\$1,708,500	\$7,777,650	\$1,216,650	\$152,970

CONCLUSIONS

Based upon these assumptions, the analysis shows limited feasibility for redevelopment at townhouse levels of density. While the increase in density from 10 units per acre to 15 units per acre is significant, it does not lead to widespread feasibility when land acquisition costs and investment thresholds are both taken into account.

Staff has analyzed feasibility at multiple hurdle rates for illustrative purposes. However, Staff believes that a hurdle rate of around 20% is probably most appropriate for a townhouse project that involves assemblage risk.

Based upon these findings, it is unlikely that substantial redevelopment of the Georgia Avenue corridor (outside of the centers) would occur if density were higher. Additional incentives to redevelopment might be necessary if redevelopment alone is to lead to substantial improvements to the aesthetic experience along the corridor.

TECHNICAL APPENDIX: PRO FORMA ANALYSIS OF SELECTED BLOCKS

BLOCK 8		
LAND AREA	Acres	SF
Block 8	1.18	51,290
TOTAL	1.18	51,290

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	17	1,800	\$288	\$518,500	\$8,814,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	17	30,600			\$8,814,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	30,600	\$150			\$4,590,000
Total Construction Costs					\$4,590,000
Total Soft Costs	35%				\$1,606,500
TOTAL PROJECT COSTS					\$6,196,500

Supported investment	@	20%	Hurdle Rate	\$7,345,417
	@	15%	Hurdle Rate	\$7,664,783
	@	10%	Hurdle Rate	\$8,013,182

RESIDUAL LAND VALUATION			10%	15%	20%
Residual land Value			\$1,816,682	\$1,468,283	\$1,148,917
\$/acre			\$1,542,887	\$1,246,995	\$975,762
\$/sf			\$35.42	\$28.63	\$22.40
\$/Unit			\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$2,216,720
\$/acre				\$1,882,634
\$/sf				\$43.22
\$/Unit				\$130,395

LAND VALUE GAP					
			10%	15%	20%
Residual Land Value less Actual Acquisition Cost			-\$400,038	-\$748,437	-\$1,067,803
\$/acre			-\$339,748	-\$635,639	-\$906,873
\$/sf			-\$7.80	-\$14.59	-\$20.82
\$/Unit			-\$23,532	-\$44,026	-\$62,812

BLOCK 9a		
LAND AREA	Acres	SF
Block 9a	1.34	58,303
TOTAL	1.34	58,303

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	20	1,800	\$288	\$518,500	\$10,370,000
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	20	36,000			\$10,370,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	36,000	\$150			\$5,400,000
Total Construction Costs					\$5,400,000
Total Soft Costs	35%				\$1,890,000
TOTAL PROJECT COSTS					\$7,290,000

Supported investment	@	20%	Hurdle Rate	\$8,641,667
	@	15%	Hurdle Rate	\$9,017,391
	@	10%	Hurdle Rate	\$9,427,273

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$2,137,273	\$1,727,391	\$1,351,667
\$/acre		\$1,596,823	\$1,290,588	\$1,009,873
\$/sf		\$36.66	\$29.63	\$23.18
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$2,409,430
\$/acre				\$1,800,161
\$/sf				\$41.33
\$/Unit				\$120,472

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$272,157	-\$682,039	-\$1,057,763
\$/acre		-\$203,337	-\$509,573	-\$790,288
\$/sf		-\$4.67	-\$11.70	-\$18.14
\$/Unit		-\$13,608	-\$34,102	-\$52,888

BLOCK 14b		
LAND AREA	Acres	SF
Block 14b	1.26	54,977
TOTAL	1.26	54,977

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	18	1,800	\$288	\$518,500	\$9,333,000
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	18	32,400			\$9,333,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	32,400	\$150			\$4,860,000
Total Construction Costs					\$4,860,000
Total Soft Costs	35%				\$1,701,000
TOTAL PROJECT COSTS					\$6,561,000

Supported investment	@	20%	Hurdle Rate	\$7,777,500
	@	15%	Hurdle Rate	\$8,115,652
	@	10%	Hurdle Rate	\$8,484,545

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,923,545	\$1,554,652	\$1,216,500
\$/acre		\$1,524,085	\$1,231,800	\$963,871
\$/sf		\$34.99	\$28.28	\$22.13
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$2,656,260
\$/acre				\$2,104,638
\$/sf				\$48.32
\$/Unit				\$147,570

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$732,715	-\$1,101,608	-\$1,439,760
\$/acre		-\$580,553	-\$872,838	-\$1,140,767
\$/sf		-\$13.33	-\$20.04	-\$26.19
\$/Unit		-\$40,706	-\$61,200	-\$79,987

BLOCK 15b		
LAND AREA	Acres	SF
Block 15b	0.90	39,075
TOTAL	0.90	39,075

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	13	1,800	\$288	\$518,500	\$6,740,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	13	23,400			\$6,740,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	23,400	\$150			\$3,510,000
Total Construction Costs					\$3,510,000
Total Soft Costs	35%				\$1,228,500
TOTAL PROJECT COSTS					\$4,738,500

Supported investment	@	20%	Hurdle Rate	\$5,617,083
	@	15%	Hurdle Rate	\$5,861,304
	@	10%	Hurdle Rate	\$6,127,727

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,389,227	\$1,122,804	\$878,583
\$/acre		\$1,548,682	\$1,251,679	\$979,426
\$/sf		\$35.55	\$28.73	\$22.48
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,801,080
\$/acre				\$2,007,807
\$/sf				\$46.09
\$/Unit				\$138,545

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$411,853	-\$678,276	-\$922,497
\$/acre		-\$459,125	-\$756,128	-\$1,028,380
\$/sf		-\$10.54	-\$17.36	-\$23.61
\$/Unit		-\$31,681	-\$52,175	-\$70,961

BLOCK 16a		
LAND AREA	Acres	SF
Block 16a	0.76	32,914
TOTAL	0.76	32,914

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	11	1,800	\$288	\$518,500	\$5,703,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	11	19,800			\$5,703,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	19,800	\$150			\$2,970,000
Total Construction Costs					\$2,970,000
Total Soft Costs	35%				\$1,039,500
TOTAL PROJECT COSTS					\$4,009,500

Supported investment	@	20%	Hurdle Rate	\$4,752,917
	@	15%	Hurdle Rate	\$4,959,565
	@	10%	Hurdle Rate	\$5,185,000

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,175,500	\$950,065	\$743,417
\$/acre		\$1,555,714	\$1,257,363	\$983,874
\$/sf		\$35.71	\$28.87	\$22.59
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,289,000
\$/acre				\$1,705,926
\$/sf				\$39.16
\$/Unit				\$117,182

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$113,500	-\$338,935	-\$545,583
\$/acre		-\$150,211	-\$448,563	-\$722,052
\$/sf		-\$3.45	-\$10.30	-\$16.58
\$/Unit		-\$10,318	-\$30,812	-\$49,598

BLOCK 16b		
LAND AREA	Acres	SF
Block 16b	1.50	65,513
TOTAL	1.50	65,513

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	19	1,800	\$288	\$518,500	\$9,851,500
MPDU	3	1,500	\$140	\$210,000	\$630,000
TOTAL	22	38,700			\$10,481,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	38,700	\$150			\$5,805,000
Total Construction Costs					\$5,805,000
Total Soft Costs	35%				\$2,031,750
TOTAL PROJECT COSTS					\$7,836,750

Supported investment	@	20%	Hurdle Rate	\$8,734,583
	@	15%	Hurdle Rate	\$9,114,348
	@	10%	Hurdle Rate	\$9,528,636

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,691,886	\$1,277,598	\$897,833
\$/acre		\$1,124,946	\$849,483	\$596,975
\$/sf		\$25.83	\$19.50	\$13.70
\$/Unit		\$76,904	\$58,073	\$40,811

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$2,579,550
\$/acre				\$1,715,159
\$/sf				\$39.37
\$/Unit				\$117,252

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$887,664	-\$1,301,952	-\$1,681,717
\$/acre		-\$590,213	-\$865,676	-\$1,118,184
\$/sf		-\$13.55	-\$19.87	-\$25.67
\$/Unit		-\$40,348	-\$59,180	-\$76,442

BLOCK 17		
LAND AREA	Acres	SF
Block 17	0.22	9,546
TOTAL	0.22	9,546

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	3	1,800	\$288	\$518,500	\$1,555,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	3	5,400			\$1,555,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	5,400	\$150			\$810,000
Total Construction Costs					\$810,000
Total Soft Costs	35%				\$283,500
TOTAL PROJECT COSTS					\$1,093,500

Supported investment	@	20%	Hurdle Rate	\$1,296,250
	@	15%	Hurdle Rate	\$1,352,609
	@	10%	Hurdle Rate	\$1,414,091

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$320,591	\$259,109	\$202,750
\$/acre		\$1,462,910	\$1,182,356	\$925,182
\$/sf		\$33.58	\$27.14	\$21.24
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$287,290
\$/acre				\$1,310,952
\$/sf				\$30.10
\$/Unit				\$95,763

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		\$33,301	-\$28,181	-\$84,540
\$/acre		\$151,958	-\$128,596	-\$385,770
\$/sf		\$3.49	-\$2.95	-\$8.86
\$/Unit		\$11,100	-\$9,394	-\$28,180

BLOCK 18		
LAND AREA	Acres	SF
Block 18	0.24	10,250
TOTAL	0.24	10,250

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	3	1,800	\$288	\$518,500	\$1,555,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	3	5,400			\$1,555,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	5,400	\$150			\$810,000
Total Construction Costs					\$810,000
Total Soft Costs	35%				\$283,500
TOTAL PROJECT COSTS					\$1,093,500

Supported investment	@	20%	Hurdle Rate	\$1,296,250
	@	15%	Hurdle Rate	\$1,352,609
	@	10%	Hurdle Rate	\$1,414,091

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$320,591	\$259,109	\$202,750
\$/acre		\$1,362,433	\$1,101,149	\$861,638
\$/sf		\$31.28	\$25.28	\$19.78
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$299,930
\$/acre				\$1,274,629
\$/sf				\$29.26
\$/Unit				\$99,977

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		\$20,661	-\$40,821	-\$97,180
\$/acre		\$87,804	-\$173,481	-\$412,991
\$/sf		\$2.02	-\$3.98	-\$9.48
\$/Unit		\$6,887	-\$13,607	-\$32,393

BLOCK 19a		
LAND AREA	Acres	SF
Block 19a	2.00	87,304
TOTAL	2.00	87,304

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	26	1,800	\$288	\$518,500	\$13,481,000
MPDU	4	1,500	\$140	\$210,000	\$840,000
TOTAL	30	52,800			\$14,321,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	52,800	\$150			\$7,920,000
Total Construction Costs					\$7,920,000
Total Soft Costs	35%				\$2,772,000
TOTAL PROJECT COSTS					\$10,692,000

Supported investment	@	20%	Hurdle Rate	\$11,934,167
	@	15%	Hurdle Rate	\$12,453,043
	@	10%	Hurdle Rate	\$13,019,091

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$2,327,091	\$1,761,043	\$1,242,167
\$/acre		\$1,161,093	\$878,666	\$619,774
\$/sf		\$26.66	\$20.17	\$14.23
\$/Unit		\$77,570	\$58,701	\$41,406

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$3,393,400
\$/acre				\$1,693,124
\$/sf				\$38.87
\$/Unit				\$113,113

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$1,066,309	-\$1,632,357	-\$2,151,233
\$/acre		-\$532,031	-\$814,458	-\$1,073,350
\$/sf		-\$12.21	-\$18.70	-\$24.64
\$/Unit		-\$35,544	-\$54,412	-\$71,708

BLOCK 19b		
LAND AREA	Acres	SF
Block 19b	2.13	92,959
TOTAL	2.13	92,959

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	28	1,800	\$288	\$518,500	\$14,518,000
MPDU	4	1,500	\$140	\$210,000	\$840,000
TOTAL	32	56,400			\$15,358,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	56,400	\$150			\$8,460,000
Total Construction Costs					\$8,460,000
Total Soft Costs	35%				\$2,961,000
TOTAL PROJECT COSTS					\$11,421,000

Supported investment	@	20%	Hurdle Rate	\$12,798,333
	@	15%	Hurdle Rate	\$13,354,783
	@	10%	Hurdle Rate	\$13,961,818

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$2,540,818	\$1,933,783	\$1,377,333
\$/acre		\$1,190,611	\$906,158	\$645,410
\$/sf		\$27.33	\$20.80	\$14.82
\$/Unit		\$79,401	\$60,431	\$43,042

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$3,343,200
\$/acre				\$1,566,602
\$/sf				\$35.96
\$/Unit				\$104,475

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$802,382	-\$1,409,417	-\$1,965,867
\$/acre		-\$375,991	-\$660,444	-\$921,193
\$/sf		-\$8.63	-\$15.16	-\$21.15
\$/Unit		-\$25,074	-\$44,044	-\$61,433

BLOCK 20a		
LAND AREA	Acres	SF
Block 20a	1.15	49,986
TOTAL	1.15	49,986

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	17	1,800	\$288	\$518,500	\$8,814,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	17	30,600			\$8,814,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	30,600	\$150			\$4,590,000
Total Construction Costs					\$4,590,000
Total Soft Costs	35%				\$1,606,500
TOTAL PROJECT COSTS					\$6,196,500

Supported investment	@	20%	Hurdle Rate	\$7,345,417
	@	15%	Hurdle Rate	\$7,664,783
	@	10%	Hurdle Rate	\$8,013,182

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,816,682	\$1,468,283	\$1,148,917
\$/acre		\$1,583,136	\$1,279,526	\$1,001,217
\$/sf		\$36.34	\$29.37	\$22.98
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$2,293,400
\$/acre				\$1,998,570
\$/sf				\$45.88
\$/Unit				\$134,906

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$476,718	-\$825,117	-\$1,144,483
\$/acre		-\$415,433	-\$719,044	-\$997,353
\$/sf		-\$9.54	-\$16.51	-\$22.90
\$/Unit		-\$28,042	-\$48,536	-\$67,323

BLOCK 22		
LAND AREA	Acres	SF
Block 22	0.52	22,564
TOTAL	0.52	22,564

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	7	1,800	\$288	\$518,500	\$3,629,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	7	12,600			\$3,629,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	12,600	\$150			\$1,890,000
Total Construction Costs					\$1,890,000
Total Soft Costs	35%				\$661,500
TOTAL PROJECT COSTS					\$2,551,500

Supported investment	@	20%	Hurdle Rate	\$3,024,583
	@	15%	Hurdle Rate	\$3,156,087
	@	10%	Hurdle Rate	\$3,299,545

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$748,045	\$604,587	\$473,083
\$/acre		\$1,444,108	\$1,167,160	\$913,292
\$/sf		\$33.15	\$26.79	\$20.97
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,038,110
\$/acre				\$2,004,080
\$/sf				\$46.01
\$/Unit				\$148,301

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$290,065	-\$433,523	-\$565,027
\$/acre		-\$559,972	-\$836,920	-\$1,090,789
\$/sf		-\$12.86	-\$19.21	-\$25.04
\$/Unit		-\$41,438	-\$61,932	-\$80,718

BLOCK 23		
LAND AREA	Acres	SF
Block 23	1.18	51,319
TOTAL	1.18	51,319

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	17	1,800	\$288	\$518,500	\$8,814,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	17	30,600			\$8,814,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	30,600	\$150			\$4,590,000
Total Construction Costs					\$4,590,000
Total Soft Costs	35%				\$1,606,500
TOTAL PROJECT COSTS					\$6,196,500

Supported investment	@	20%	Hurdle Rate	\$7,345,417
	@	15%	Hurdle Rate	\$7,664,783
	@	10%	Hurdle Rate	\$8,013,182

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,816,682	\$1,468,283	\$1,148,917
\$/acre		\$1,542,015	\$1,246,291	\$975,210
\$/sf		\$35.40	\$28.61	\$22.39
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,870,430
\$/acre				\$1,587,637
\$/sf				\$36.45
\$/Unit				\$110,025

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$53,748	-\$402,147	-\$721,513
\$/acre		-\$45,622	-\$341,346	-\$612,427
\$/sf		-\$1.05	-\$7.84	-\$14.06
\$/Unit		-\$3,162	-\$23,656	-\$42,442

BLOCK 24		
LAND AREA	Acres	SF
Block 24	0.61	26,608
TOTAL	0.61	26,608

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Square Feet	\$/sf	Total Price	Total Value
Market Rate	9	1,800	\$288	\$518,500	\$4,666,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	9	16,200			\$4,666,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	16,200	\$150			\$2,430,000
Total Construction Costs					\$2,430,000
Total Soft Costs	35%				\$850,500
TOTAL PROJECT COSTS					\$3,280,500

Supported investment	@	20%	Hurdle Rate	\$3,888,750
	@	15%	Hurdle Rate	\$4,057,826
	@	10%	Hurdle Rate	\$4,242,273

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$961,773	\$777,326	\$608,250
\$/acre		\$1,574,520	\$1,272,562	\$995,767
\$/sf		\$36.15	\$29.21	\$22.86
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$697,830
\$/acre				\$1,142,419
\$/sf				\$26.23
\$/Unit				\$77,537

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		\$263,943	\$79,496	-\$89,580
\$/acre		\$432,101	\$130,143	-\$146,652
\$/sf		\$9.92	\$2.99	-\$3.37
\$/Unit		\$29,327	\$8,833	-\$9,953

BLOCK 25		
LAND AREA	Acres	SF
Block 25	0.89	38,660
TOTAL	0.89	38,660

assessments

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	13	1,800	\$288	\$518,500	\$6,740,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	13	23,400			\$6,740,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	23,400	\$150			\$3,510,000
Total Construction Costs					\$3,510,000
Total Soft Costs	35%				\$1,228,500
TOTAL PROJECT COSTS					\$4,738,500

Supported investment	@	20%	Hurdle Rate	\$5,617,083
	@	15%	Hurdle Rate	\$5,861,304
	@	10%	Hurdle Rate	\$6,127,727

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,389,227	\$1,122,804	\$878,583
\$/acre		\$1,565,306	\$1,265,115	\$989,940
\$/sf		\$35.93	\$29.04	\$22.73
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,191,220
\$/acre				\$1,342,202
\$/sf				\$30.81
\$/Unit				\$91,632

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		\$198,007	-\$68,416	-\$312,637
\$/acre		\$223,104	-\$77,087	-\$352,262
\$/sf		\$5.12	-\$1.77	-\$8.09
\$/Unit		\$15,231	-\$5,263	-\$24,049

BLOCK 26a		
LAND AREA	Acres	SF
BLOCK 26a	2.91	126,652
TOTAL	2.91	126,652

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	37	1,800	\$288	\$518,500	\$19,184,500
MPDU	6	1,500	\$140	\$210,000	\$1,260,000
TOTAL	43	75,600			\$20,444,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	75,600	\$150			\$11,340,000
Total Construction Costs					\$11,340,000
Total Soft Costs	35%				\$3,969,000
TOTAL PROJECT COSTS					\$15,309,000

Supported investment	@	20%	Hurdle Rate	\$17,037,083
	@	15%	Hurdle Rate	\$17,777,826
	@	10%	Hurdle Rate	\$18,585,909

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$3,276,909	\$2,468,826	\$1,728,083
\$/acre		\$1,127,042	\$849,115	\$594,348
\$/sf		\$25.87	\$19.49	\$13.64
\$/Unit		\$76,207	\$57,415	\$40,188

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$5,580,010
\$/acre				\$1,919,158
\$/sf				\$44.06
\$/Unit				\$129,768

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$2,303,101	-\$3,111,184	-\$3,851,927
\$/acre		-\$792,116	-\$1,070,044	-\$1,324,811
\$/sf		-\$18.18	-\$24.56	-\$30.41
\$/Unit		-\$53,560	-\$72,353	-\$89,580

BLOCK 27		
LAND AREA	Acres	SF
BLOCK 27	1.26	54,916
TOTAL	1.26	54,916

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	18	1,800	\$288	\$518,500	\$9,333,000
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	18	32,400			\$9,333,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	32,400	\$150			\$4,860,000
Total Construction Costs					\$4,860,000
Total Soft Costs	35%				\$1,701,000
TOTAL PROJECT COSTS					\$6,561,000

Supported investment	@	20%	Hurdle Rate	\$7,777,500
	@	15%	Hurdle Rate	\$8,115,652
	@	10%	Hurdle Rate	\$8,484,545

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,923,545	\$1,554,652	\$1,216,500
\$/acre		\$1,525,778	\$1,233,168	\$964,942
\$/sf		\$35.03	\$28.31	\$22.15
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,063,680
\$/acre				\$843,723
\$/sf				\$19.37
\$/Unit				\$59,093

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		\$859,865	\$490,972	\$152,820
\$/acre		\$682,055	\$389,445	\$121,219
\$/sf		\$15.66	\$8.94	\$2.78
\$/Unit		\$47,770	\$27,276	\$8,490

LAND AREA	Acres	SF
BLOCK 28	0.75	32,869
TOTAL	0.75	32,869

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	11	1,800	\$288	\$518,500	\$5,703,500
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	11	19,800			\$5,703,500

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	19,800	\$150			\$2,970,000
Total Construction Costs					\$2,970,000
Total Soft Costs	35%				\$1,039,500
TOTAL PROJECT COSTS					\$4,009,500

Supported investment	@	20%	Hurdle Rate	\$4,752,917
	@	15%	Hurdle Rate	\$4,959,565
	@	10%	Hurdle Rate	\$5,185,000

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,175,500	\$950,065	\$743,417
\$/acre		\$1,557,844	\$1,259,084	\$985,221
\$/sf		\$35.76	\$28.90	\$22.62
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$753,230
\$/acre				\$998,226
\$/sf				\$22.92
\$/Unit				\$68,475

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		\$422,270	\$196,835	-\$9,813
\$/acre		\$559,618	\$260,858	-\$13,005
\$/sf		\$12.85	\$5.99	-\$0.30
\$/Unit		\$38,388	\$17,894	-\$892

BLOCK 30a		
LAND AREA	Acres	SF
BLOCK 30a	0.97	42,443
TOTAL	0.97	42,443

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	14	1,800	\$288	\$518,500	\$7,259,000
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	14	25,200			\$7,259,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	25,200	\$150			\$3,780,000
Total Construction Costs					\$3,780,000
Total Soft Costs	35%				\$1,323,000
TOTAL PROJECT COSTS					\$5,103,000

Supported investment	@	20%	Hurdle Rate	\$6,049,167
	@	15%	Hurdle Rate	\$6,312,174
	@	10%	Hurdle Rate	\$6,599,091

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,496,091	\$1,209,174	\$946,167
\$/acre		\$1,535,465	\$1,240,997	\$971,068
\$/sf		\$35.25	\$28.49	\$22.29
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$1,820,740
\$/acre				\$1,868,658
\$/sf				\$42.90
\$/Unit				\$130,053

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$324,649	-\$611,566	-\$874,573
\$/acre		-\$333,193	-\$627,661	-\$897,590
\$/sf		-\$7.65	-\$14.41	-\$20.61
\$/Unit		-\$23,189	-\$43,683	-\$62,470

BLOCK 30b		
LAND AREA	Acres	SF
BLOCK 30b	1.08	47,088
TOTAL	1.08	47,088

DEVELOPMENT PLAN AND PROJECT VALUE					
	Units	Sqare Feet	\$/sf	Total Price	Total Value
Market Rate	16	1,800	\$288	\$518,500	\$8,296,000
MPDU	0	1,500	\$140	\$210,000	\$0
TOTAL	16	28,800			\$8,296,000

PROJECT COSTS					TOTAL
Construction	Square Feet	\$/sf	Parking stalls	\$/stall	
Building/Site Costs	28,800	\$150			\$4,320,000
Total Construction Costs					\$4,320,000
Total Soft Costs	35%				\$1,512,000
TOTAL PROJECT COSTS					\$5,832,000

Supported investment	@	20%	Hurdle Rate	\$6,913,333
	@	15%	Hurdle Rate	\$7,213,913
	@	10%	Hurdle Rate	\$7,541,818

RESIDUAL LAND VALUATION		10%	15%	20%
Residual land Value		\$1,709,818	\$1,381,913	\$1,081,333
\$/acre		\$1,581,713	\$1,278,375	\$1,000,316
\$/sf		\$36.31	\$29.35	\$22.96
\$/Unit		\$106,864	\$86,370	\$67,583

ACTUAL LAND VALUATION				
Actual Acquisition Cost				\$2,123,860
\$/acre				\$1,964,733
\$/sf				\$45.10
\$/Unit				\$132,741

LAND VALUE GAP		10%	15%	20%
Residual Land Value less Actual Acquisition Cost		-\$414,042	-\$741,947	-\$1,042,527
\$/acre		-\$383,020	-\$686,358	-\$964,417
\$/sf		-\$8.79	-\$15.76	-\$22.14
\$/Unit		-\$25,878	-\$46,372	-\$65,158