

V. Financial and Fiscal Analysis

Section V focuses on a financial analysis of the feasibility of the proposed alternative development scenarios for the study areas. Based on the feasibility testing, ERA will also estimate the fiscal impact of the proposed developments. Together, these estimates will help inform the decision making process the when considering similar development options in the future.

Financial Feasibility of Alternative Development Scenarios

Nine hypothetical models of various urban development forms were formulated for feasibility testing. Although each model has been designated as associated with a specific node or corridor location, with adjustments to market inputs, most of the optional models could be tested at several of the study locations.

The basic characteristics (as previously presented) of the nine alternatives are summarized in the following figure. As summarized in Figure 86, five of the alternatives include significant residential elements, and five are mixed-use developments, while four are single use. The following Figures 87 – 95 consist of a detailed pro forma analysis for each development alternative. The market inputs assume some level of recovery in residential market conditions, and significant strengthening in attainable rents and demand for office space.

The measurement criterion for evaluating feasibility of the alternative models is the internal rate of return (IRR). IRR is calculated including an assumed land cost reflecting current values. IRRs in the 10 to 12 percent range (after allowing for developer's profit) indicate feasibility for income properties, while condominium or other sales projects require over 12 percent. Concluded IRRs range from 9.9 percent for the two-story big box retail development above podium parking, to 18.8 percent for a hypothetical condominium development on a corridor (at a density of 40 units per acre).

These alternatives illustrate the relatively high profitability from residential development as opposed to office development or most forms of retail under current market conditions. In the example of one corridor residential development, an internal rate of return of 12.0 percent could be achieved with a land cost of \$140 per square foot. Alternative 4B is a variation of alternative 4A, substituting luxury condominiums for half the office space. This single change in land use increases the indicated IRR from 10.1 percent to 12.0 percent. The same increase in IRR could be achieved by decreasing the assumed cost of land by \$100 a square foot.

Figure 86

Summary Table for Development Alternatives

Alternatives 1 – 7

	Alternative 1A Corridor Node : Horizontal and Vertical Mixed Use	Alternative 1B Corridor Node : Medium Density Residential Development	Alternative 2 Mid-Corridor Mixed Use Development	Alternative 3 Center : Mixed Use and Urban Live Work Units	Alternative 4A Center : High Density Vertical Mixed Use	Alternative 4B Center : High Density Vertical Mixed Use	Alternative 5 Stand Alone Mid-Box Retail with Surface Parkina	Alternative 6 2-Storey Big Box, Additional Retail	Alternative 7 2-Storey Retail with Podium Parking
	<i>Replace existing low density retail use with: Townhouses/Condos (Subterranean Parking/Shared Parking); 4 Storey commercial mixed use with retail below and 3 stories of office above</i>	<i>Replace existing low density retail use with: Townhouses/Condos (Subterranean Parking)</i>	<i>Replace existing Auto related uses with: High Density residential and retail mixed use</i>	<i>Replace existing low density commercial and surface parking with: Live work spaces (residential above and work spaces below); Condos over retail; Town Houses</i>	<i>Develop existing Surface Parking With: Retail with Offices Above</i>	<i>Develop existing Surface Parking With: Retail with Offices and Luxury Condos Above</i>	<i>Corridor Development: Stand Alone Mid-Box Retail with Surface Parking</i>	<i>Corridor Development: 2-Storey Big Box, Additional Retail</i>	<i>Corridor Development: 2-Storey Development with Ground Floor Retail.</i>
Total Land Area									
Square Feet	261,360	261,360	43,500	100,500	73,600	73,600	48,000	250,000	30,000
Acres	6.00	6.00	1.00	2.31	1.69	1.69	1.10	5.74	0.69
Retail									
Square Feet	84,942	0	28,275	26,325	47,840	47,840	20,000	225,000	25,500
Rent (NNN/SF/Year)	\$37.20	\$0.00	\$30.00	\$36.00	\$45.00	\$45.00	\$27.00	\$34.65	\$28.80
Office									
Square Feet	241,758	0	0	0	136,160	68,080	0	0	0
Rent (Modified Gross/SF/Year)	\$36.00	\$0.00	\$0.00	\$0.00	\$42.00	\$42.00	\$0.00	\$0.00	\$0.00
Residential									
Dwelling Units (DU)	114	228	62	62	0	45	0	0	0
Sales Price/DU	\$690,000	\$675,000	\$406,250	\$525,000 - \$700,000	\$0	\$862,500	\$0	\$0	\$0
Total Parking	1,371	456	198	220	552	420	80	900	89
Internal Rate of Return	10.8%	18.8%	11.7%	15.0%	10.1%	12.0%	11.0%	10.6%	9.9%

Source: Economics Research Associates

Figure 87

Corridor Node: Horizontal and Vertical Mixed Use Pro Forma
Alternative 1a

Corridor Node : Horizontal and Vertical Mixed Use													
Existing Use(s)													
Land Area	6.00 acres or	261,360 s.f.											
Existing Bldg. Area	130,680 s.f.												
Proposed Development													
Land Area	6.00 acres or	261,360 s.f.											
Retail Office Mixed Use													
Retail GLA	76,448 s.f.												
Office GLA	217,582 s.f.												
Retail Rent	\$ 37.20 /s.f./Yr. (NNN)												
Office Rent	\$ 36.00 /s.f./Yr. (Modified Gross)												
Parking													
Surface Parking	131 @	\$ 2,800 /space											
Subterranean	1,012 @	\$ 32,000 /space											
Residential													
Total For-Sale Units	114												
Unit Size	1,500 s.f.												
Price / S.f.	\$ 460												
Price / Unit	690,000												
Parking													
Podium	228 @	\$ 20,000 /space											
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019													
Inflation	3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38
INCOME PRODUCTS (Mixed Use)													
Retail													
Occupancy	0%	0%	0%	0%	0%	0%	50%	75%	85%	95%	95%	95%	95%
Occupied GLA (s.f.)	-	-	-	-	-	-	38,224	57,336	64,981	72,625	72,625	72,625	72,625
Office													
Occupancy	0%	0%	0%	0%	0%	0%	50%	75%	85%	90%	90%	90%	90%
Occupied GLA (s.f.)	-	-	-	-	-	-	108,791	163,187	184,945	195,824	195,824	195,824	195,824
FOR SALE PROPERTIES													
Residential Townhomes													
Absorption	-	-	-	26	26	30	32	-	-	-	-	-	-
REVENUES													
<i>Thousands of Dollars</i>													
Rental Revenues													
Retail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,698	\$ 2,623	\$ 3,062	\$ 3,525	\$ 3,631	\$ 3,740	\$ 3,740
Office	-	-	-	-	-	-	4,676	7,225	8,434	9,198	9,474	9,758	9,758
Parking													
Retail	-	-	-	-	-	-	436	674	787	858	884	911	911
Office	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenues (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,811	\$ 10,523	\$ 12,284	\$ 13,582	\$ 13,989	\$ 14,409	\$ 14,409
Sales Revenues													
Sales Proceeds	-	-	-	19,769	20,362	23,709	26,299	-	-	-	-	-	-
Less Cost of Sales	5.00%	-	-	(988)	(1,018)	(1,185)	(1,315)	-	-	-	-	-	-
Sales Revenues (2)	\$ -	\$ -	\$ -	\$ 18,781	\$ 19,344	\$ 22,524	\$ 24,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES													
<i>Thousands of Dollars</i>													
Fixed													
Retail	5.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85	\$ 131	\$ 153	\$ 176	\$ 182	\$ 187	\$ 187
Office	27.00%	-	-	-	-	-	1,263	1,951	2,277	2,484	2,558	2,635	2,635
Total Operating Expenses (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,348	\$ 2,082	\$ 2,430	\$ 2,660	\$ 2,740	\$ 2,822	\$ 2,822
Net Operating Income (4)	\$ -	\$ -	\$ -	\$ 18,781	\$ 19,344	\$ 22,524	\$ 23,636	\$ 8,441	\$ 9,853	\$ 10,922	\$ 11,250	\$ 11,587	\$ 11,587
Adjusted Total Revenues (5) = (4) + (2)	\$ -	\$ -	\$ -	\$ 18,781	\$ 19,344	\$ 22,524	\$ 30,447	\$ 8,441	\$ 9,853	\$ 10,922	\$ 11,250	\$ 11,587	\$ 11,587
DEVELOPMENT COSTS													
<i>Thousands of Dollars</i>													
Site Development													
Demolition													
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ 693	\$ -	\$ 735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00 /s.f.	-	-	277	-	294	-	-	-	-	-	-	-
Other In-Tract Costs ¹	\$ 120,000 /acre	-	-	382	-	405	-	-	-	-	-	-	-
Site Development Costs (6)	\$ -	\$ -	\$ 1,352	\$ 1,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs													
Retail / Office @	\$ 125 /s.f.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,956	\$ 10,971	\$ -	\$ -	\$ -	\$ -	\$ -
Residential @	\$ 165,000 /DU	\$ -	\$ -	\$ 14,967	\$ 15,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking													
Surface	\$ 2,800 /space	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Podium	\$ 20,000 /space	\$ -	\$ -	\$ 4,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subterranean	\$ 32,000 /space	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (7)	\$ -	\$ -	\$ 19,804	\$ 15,416	\$ 1,604	\$ 69,940	\$ 10,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6) + (7)	\$ -	\$ -	\$ 21,316	\$ 15,416	\$ 1,604	\$ 69,940	\$ 10,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs													
A&E	6.00% of (8)	\$ -	\$ -	\$ 1,279	\$ 925	\$ 96	\$ 4,196	\$ 658	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	-	-	1,066	771	80	3,497	549	-	-	-	-	-
Overhead	5.00% of (8)	-	-	1,066	771	80	3,497	549	-	-	-	-	-
Taxes / Insurance	1.00% of (8)	-	-	213	154	16	699	110	-	-	-	-	-
Sub-Total (9)	\$ -	\$ -	\$ 3,624	\$ 2,621	\$ 273	\$ 11,890	\$ 1,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Financing	7.00% of (8+9)	\$ -	\$ -	\$ 1,746	\$ 1,263	\$ 131	\$ 5,728	\$ 899	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	-	-	3,197	2,312	241	10,491	1,646	-	-	-	-	-
Sub-Total (10)	\$ -	\$ -	\$ 4,943	\$ 3,575	\$ 372	\$ 16,219	\$ 2,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9) + (10)	\$ -	\$ -	\$ 8,567	\$ 6,196	\$ 644	\$ 28,109	\$ 4,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Devpt. Costs (12) = (8) + (11)	\$ -	\$ -	\$ 29,883	\$ 21,611	\$ 2,248	\$ 98,048	\$ 15,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Costs @	\$ 85.00 /s.f.	\$ 22,216											
CASH FLOWS													
Cash Flow Before Sale													
Sale @ Blended Cap. Rate of	6.75%	\$ (22,216)	\$ -	\$ (29,883)	\$ (2,830)	\$ 17,096	\$ (75,525)	\$ 15,066	\$ 8,441	\$ 9,853	\$ 10,922	\$ 11,250	\$ 11,587
Cost of Sale	3%	-	-	-	-	-	-	-	-	-	-	-	\$ (5,150)
Cash Flow After Sale	\$ (22,216)	\$ -	\$ (29,883)	\$ (2,830)	\$ 17,096	\$ (75,525)	\$ 15,066	\$ 8,441	\$ 9,853	\$ 10,922	\$ 11,250	\$ 11,587	\$ 178,099
PROJECT IRR = 10.8%													

¹ In-tract costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 88 Corridor Node: Horizontal and Vertical Mixed Use Pro Forma Alternative 1b

Corridor Node - Medium Density Residential Development													
Existing Use(s)													
Land Area	6.00 acres or	261,360 s.f.											
Existing Bldg. Area	130,680 s.f.												
Proposed Development													
Land Area	6.00 acres or	261,360 s.f.											
Residential													
Total For-Sale Units	228												
Unit Size	1,500 s.f.												
Price / s.f.	\$ 450												
Price / Unit	675,000												
Parking													
Podium	456 @	\$ 20,000 /space											
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019													
Inflation	3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38
INCOME PRODUCTS (Mixed Use)													
Retail													
Occupancy	0%	0%	0%	0%	0%	0%	50%	75%	85%	95%	95%	95%	95%
Occupied GLA (s.f.)	-	-	-	-	-	-	-	-	-	-	-	-	-
Office													
Occupancy	0%	0%	0%	0%	0%	0%	50%	75%	85%	90%	90%	90%	90%
Occupied GLA (s.f.)	-	-	-	-	-	-	-	-	-	-	-	-	-
FOR SALE PROPERTIES													
Residential Townhomes													
Absorption	-	-	-	23	34	34	46	46	45	-	-	-	-
REVENUES													
<i>Thousands of Dollars</i>													
Rental Revenues													
Retail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking													
Retail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenues (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Revenues													
Sales Proceeds	\$ -	\$ -	\$ -	\$ 16,965	\$ 25,830	\$ 26,605	\$ 37,075	\$ 38,188	\$ 38,478	\$ -	\$ -	\$ -	\$ -
Less Cost of Sales	5.00%	\$ -	\$ -	\$ (848)	\$ (1,292)	\$ (1,330)	\$ (1,854)	\$ (1,909)	\$ (1,924)	\$ -	\$ -	\$ -	\$ -
Sales Revenues (2)	\$ -	\$ -	\$ -	\$ 16,116	\$ 24,539	\$ 25,275	\$ 35,222	\$ 36,278	\$ 36,554	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES													
<i>Thousands of Dollars</i>													
Fixed													
Retail	5.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office	27.00%	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Income (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Total Revenues (5) = (4) + (2)	\$ -	\$ -	\$ -	\$ 16,116	\$ 24,539	\$ 25,275	\$ 35,222	\$ 36,278	\$ 36,554	\$ -	\$ -	\$ -	\$ -
DEVELOPMENT COSTS													
<i>Thousands of Dollars</i>													
Site Development													
Demolition													
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ 1,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00 /s.f.	-	-	277	-	294	-	-	-	-	-	-	-
Other In-Tract Costs ¹	\$ 120,000 /acre	-	-	382	-	405	-	-	-	-	-	-	-
Site Development Costs (6)	\$ -	\$ -	\$ 2,205	\$ 868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs													
Retail / Office @	\$ 125 /s.f.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential @	\$ 165,000 /DU	\$ -	\$ -	\$ 9,978	\$ 10,277	\$ 10,585	\$ 10,903	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking													
Surface	\$ 2,800 /Space	\$ -	\$ -	\$ 2,419	\$ 2,491	\$ 2,566	\$ 2,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Podium	\$ 20,000 /Space	-	-	-	-	-	-	-	-	-	-	-	-
Subterranean	\$ 32,000 /Space	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total (7)	\$ -	\$ -	\$ 12,397	\$ 12,769	\$ 13,152	\$ 13,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6) + (7)	\$ -	\$ -	\$ 14,601	\$ 12,769	\$ 14,020	\$ 13,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs													
A&E	6.00% of (8)	\$ -	\$ -	\$ 876	\$ 766	\$ 841	\$ 813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	-	-	730	638	701	677	-	-	-	-	-	-
Overhead	5.00% of (8)	-	-	730	638	701	677	-	-	-	-	-	-
Taxes / Insurance	1.00% of (8)	-	-	146	128	140	135	-	-	-	-	-	-
Sub-Total (9)	\$ -	\$ -	\$ 2,482	\$ 2,171	\$ 2,383	\$ 2,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Financing	7.00% of (8+9)	\$ -	\$ -	\$ 1,196	\$ 1,046	\$ 1,148	\$ 1,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	-	-	2,190	1,915	2,103	2,032	-	-	-	-	-	-
Sub-Total (10)	\$ -	\$ -	\$ 3,386	\$ 2,961	\$ 3,251	\$ 3,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9) + (10)	\$ -	\$ -	\$ 5,868	\$ 5,132	\$ 5,635	\$ 5,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Devpt. Costs (12) = (8) + (11)	\$ -	\$ -	\$ 20,470	\$ 17,900	\$ 19,654	\$ 18,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Costs @	\$ 85.00 /s.f.	\$ 22,216											
CASH FLOWS													
Total Cash Flow	\$ (22,216)	\$ -	\$ (20,470)	\$ (1,784)	\$ 4,885	\$ 6,285	\$ 35,222	\$ 36,278	\$ 36,554	\$ -	\$ -	\$ -	\$ -
PROJECT IRR = 18.8%													

¹ "in-tract" costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 89

Mid-Corridor: Mixed Use Development Pro Forma

Alternative 2

Mid Corridor Mixed Use Development

Existing Use(s)		
Land Area	1.00 acres or	43,500 s.f.
Existing Bldg. Area	26,100 s.f.	
Proposed Development		
Land Area	1.00 acres or	43,500 s.f.
Retail Office Mixed Use		
Retail GLA	25,448 s.f.	
Office GLA	- s.f.	
Retail Rent	\$ 30.00 /s.f./Yr. (NNN)	
Office Rent	\$ 24.00 /s.f./Yr. (Modified Gross)	
Parking		
Surface Parking	44 @	\$ 1,800 /space
Subterranean	154 @	\$ 32,000 /space
Residential		
Total For-Sale Units	62	
Unit Size	1,250 s.f.	
Price / S.f.	\$ 325	
Price / Unit	406,250	
Parking		
Podium	- @	\$ 20,000 /space

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Inflation	3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38
INCOME PRODUCTS (Mixed Use)													
Retail													
Occupancy		0%	0%	0%	50%	75%	80%	95%	95%	95%	95%	95%	95%
Occupied GLA (s.f.)		-	-	-	12,724	19,086	20,358	24,175	24,175	24,175	24,175	24,175	24,175
Office													
Occupancy		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Occupied GLA (s.f.)		-	-	-	-	-	-	-	-	-	-	-	-
FOR SALE PROPERTIES													
Residential Townhomes													
Absorption		-	-	-	23%	23%	26%	28%	-	-	-	-	-
Absorbed Units		-	-	-	14	14	16	17	-	-	-	-	-

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES												
Rental Revenues												
Retail	\$ -	\$ -	\$ -	\$ 417	\$ 644	\$ 708	\$ 866	\$ 892	\$ 919	\$ 946	\$ 975	\$ 1,004
Office	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenues (1)	\$ -	\$ -	\$ -	\$ 417	\$ 644	\$ 708	\$ 866	\$ 892	\$ 919	\$ 946	\$ 975	\$ 1,004
Sales Revenues												
Sales Proceeds	\$ -	\$ -	\$ -	\$ 6,330	\$ 6,520	\$ 7,592	\$ 8,421	\$ -	\$ -	\$ -	\$ -	\$ -
Less Cost of Sales	5.00%	\$ -	\$ -	\$ (317)	\$ (326)	\$ (380)	\$ (421)	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Revenues (2)	\$ -	\$ -	\$ -	\$ 6,014	\$ 6,194	\$ 7,212	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES												
Fixed												
Retail	5.00%	\$ -	\$ -	\$ 21	\$ 32	\$ 35	\$ 43	\$ 45	\$ 46	\$ 47	\$ 49	\$ 50
Office	27.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses (3)	\$ -	\$ -	\$ -	\$ 21	\$ 32	\$ 35	\$ 43	\$ 45	\$ 46	\$ 47	\$ 49	\$ 50
Net Operating Income (4)	\$ -	\$ -	\$ -	\$ 396	\$ 612	\$ 673	\$ 823	\$ 847	\$ 873	\$ 899	\$ 926	\$ 954
Adjusted Total Revenues (5) = (4)+(2)	\$ -	\$ -	\$ -	\$ 6,410	\$ 6,806	\$ 7,885	\$ 8,823	\$ 847	\$ 873	\$ 899	\$ 926	\$ 954

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DEVELOPMENT COSTS												
Site Development												
Demolition												
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ 277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00 /s.f.	\$ -	\$ -	\$ 92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other In-Tract Costs ¹	\$ 120,000 /acre	\$ -	\$ -	\$ 127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Development Costs (6)	\$ -	\$ -	\$ -	\$ 496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs												
Retail / Office @	\$ 125 /s.f.	\$ -	\$ -	\$ 3,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential @	\$ 137,500 /DU	\$ -	\$ -	\$ 9,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking												
Surface	\$ 1,800 /Space	\$ -	\$ -	\$ 84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Podium	\$ 20,000 /Space	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subterranean	\$ 32,000 /Space	\$ -	\$ -	\$ 5,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (7)	\$ -	\$ -	\$ -	\$ 18,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6)+(7)	\$ -	\$ -	\$ -	\$ 18,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs												
A&E	6.00% of (8)	\$ -	\$ -	\$ 1,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	\$ -	\$ -	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overhead	5.00% of (8)	\$ -	\$ -	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes / Insurance	1.00% of (8)	\$ -	\$ -	\$ 186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (9)	\$ -	\$ -	\$ -	\$ 3,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Financing	7.00% of (8+9)	\$ -	\$ -	\$ 1,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	\$ -	\$ -	\$ 2,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (10)	\$ -	\$ -	\$ -	\$ 4,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9)+(10)	\$ -	\$ -	\$ -	\$ 7,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Devpt. Costs (12) = (8)+(11)	\$ -	\$ -	\$ -	\$ 26,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Land Costs @	\$ 60.00 /s.f.	\$ 2,610											
CASH FLOWS													
Cash Flow Before Sale		\$ (2,610)	\$ -	\$ (26,086)	\$ 6,410	\$ 6,806	\$ 7,885	\$ 8,823	\$ 847	\$ 873	\$ 899	\$ 926	\$ 954
Sale @ Blended Cap. Rate of	7.25%												13,155
Cost of Sale	3%												(395)
Cash Flow After Sale		\$ (2,610)	\$ -	\$ (26,086)	\$ 6,410	\$ 6,806	\$ 7,885	\$ 8,823	\$ 847	\$ 873	\$ 899	\$ 926	\$ 13,714

PROJECT IRR = 11.7%

¹ In-tract costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 90
Center: Mixed Use and Urban Live Work Units Pro Forma
Alternative 3

Center : Mixed Use and Urban Live Work Units													
Existing Use(s)													
Land Area	2.31 acres or	100,500 s.f.											
Existing Bldg. Area	60,300 s.f.												
Proposed Development													
Land Area	2.31 acres or	100,500 s.f.											
Retail Office Mixed Use													
Retail GLA	26,325 s.f.												
Office GLA	420 s.f.												
Retail Rent	\$ 36.00 /s.f./Yr. (NNN)												
Office Rent	\$ 33.00 /s.f./Yr. (Modified Gross)												
Residential													
Townhouses	10												
Unit Size	1,500 s.f.												
Price / S.f.	\$ 420												
Price / Unit	\$ 630,000												
Live Work Units	23												
Unit Size	2,000 s.f.												
Price / S.f.	\$ 350												
Price / Unit	\$ 700,000												
Condos	29												
Unit Size	1,250 s.f.												
Price / S.f.	\$ 420												
Price / Unit	\$ 525,000												
Parking													
Podium	44 @	\$ 20,000 /space											
Surface Parking	60 @	\$ 2,800 /space											
Subterranean	74 @	\$ 32,000 /space											
Tuck Under	42 @	\$ 10,000 /space											
INCOME PRODUCTS (Mixed Use)													
Inflation	3.00%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail													
Occupancy	0%	0%	0%	50%	75%	80%	85%	85%	85%	85%	85%	85%	85%
Occupied GLA (s.f.)				13,163	19,744	21,060	25,009	25,009	25,009	25,009	25,009	25,009	25,009
Office													
Occupancy	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Occupied GLA (s.f.)													
FOR SALE PROPERTIES													
Absorption													
Townhomes	-	-	-	50%	50%								
Live Work	-	-	-	20%	20%	30%	30%						
Condos	-	-	-	20%	20%	30%	30%						
Absorbed Units													
Townhomes	-	-	-	5	5	-	-	-	-	-	-	-	-
Live Work	-	-	-	5	5	7	6	-	-	-	-	-	-
Condos	-	-	-	6	6	9	8	-	-	-	-	-	-
REVENUES													
Rental Revenues													
Retail		\$ -	\$ -	\$ -	\$ 518	\$ 800	\$ 879	\$ 1,075	\$ 1,107	\$ 1,140	\$ 1,175	\$ 1,210	\$ 1,246
Office		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Revenues (1)		\$ -	\$ -	\$ -	\$ 518	\$ 800	\$ 879	\$ 1,075	\$ 1,107	\$ 1,140	\$ 1,175	\$ 1,210	\$ 1,246
Sales Revenues													
Sales Proceeds		\$ -	\$ -	\$ -	\$ 10,709	\$ 11,030	\$ 11,158	\$ 10,030	\$ -	\$ -	\$ -	\$ -	\$ -
Less Cost of Sales	5.00%	\$ -	\$ -	\$ -	\$ (535)	\$ (551)	\$ (558)	\$ (502)	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Revenues (2)		\$ -	\$ -	\$ -	\$ 10,173	\$ 10,478	\$ 10,600	\$ 9,528	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES													
Fixed													
Retail	5.00%	\$ -	\$ -	\$ -	\$ 26	\$ 40	\$ 44	\$ 54	\$ 55	\$ 57	\$ 59	\$ 60	\$ 62
Office	27.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses (3)		\$ -	\$ -	\$ -	\$ 26	\$ 40	\$ 44	\$ 54	\$ 55	\$ 57	\$ 59	\$ 60	\$ 62
Net Operating Income (4)		\$ -	\$ -	\$ -	\$ 492	\$ 760	\$ 835	\$ 1,021	\$ 1,052	\$ 1,083	\$ 1,116	\$ 1,149	\$ 1,184
Adjusted Total Revenues (5) = (4)+(2)		\$ -	\$ -	\$ -	\$ 10,665	\$ 11,238	\$ 11,435	\$ 10,550	\$ 1,052	\$ 1,083	\$ 1,116	\$ 1,149	\$ 1,184
DEVELOPMENT COSTS													
Site Development													
Demolition													
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ 640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00 /s.f.	\$ -	\$ -	\$ 213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other In-Tract Costs ¹	\$ 120,000 /acre	\$ -	\$ -	\$ 294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Development Costs (6)		\$ -	\$ -	\$ 1,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs													
Retail / Office @	\$ 120 /s.f.	\$ -	\$ -	\$ 3,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential		\$ -	\$ -	\$ 849	\$ 874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Townhouses @	\$ 160,000 /DU	\$ -	\$ -	\$ 1,354	\$ 1,395	\$ 1,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Live Work @	\$ 140,000 /DU	\$ -	\$ -	\$ 2,154	\$ 2,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Condo @		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking		\$ -	\$ -	\$ 516	\$ 295	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Podium	\$ 20,000 /Space	\$ -	\$ -	\$ 54	\$ 57	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surface Parking	\$ 2,800 /Space	\$ -	\$ -	\$ 845	\$ 854	\$ 376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subterranean	\$ 32,000 /Space	\$ -	\$ -	\$ 127	\$ 127	\$ 68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuck Under	\$ 10,000 /Space	\$ -	\$ -	\$ 9,622	\$ 5,821	\$ 2,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (7)		\$ -	\$ -	\$ 9,622	\$ 5,821	\$ 2,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6)+(7)		\$ -	\$ -	\$ 10,769	\$ 5,821	\$ 2,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs													
A/E	6.00% of (8)	\$ -	\$ -	\$ 646	\$ 349	\$ 151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	\$ -	\$ -	\$ 538	\$ 291	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overhead	5.00% of (8)	\$ -	\$ -	\$ 538	\$ 291	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes / Insurance	1.00% of (8)	\$ -	\$ -	\$ 108	\$ 58	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (9)		\$ -	\$ -	\$ 1,831	\$ 990	\$ 428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Financing	7.00% of (8+9)	\$ -	\$ -	\$ 882	\$ 477	\$ 206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	\$ -	\$ -	\$ 1,615	\$ 873	\$ 377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (10)		\$ -	\$ -	\$ 2,497	\$ 1,350	\$ 583	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9)+(10)		\$ -	\$ -	\$ 4,328	\$ 2,339	\$ 1,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Develpt. Costs (12) = (8)+(11)		\$ -	\$ -	\$ 15,096	\$ 8,160	\$ 3,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Costs @	\$ 100.00 /s.f.	\$ 10,050											
CASH FLOWS													
Cash Flow Before Sale		\$ (10,050)	\$ -	\$ (15,096)	\$ 2,505	\$ 7,713	\$ 11,435	\$ 10,550	\$ 1,052	\$ 1,083	\$ 1,116	\$ 1,149	\$ 1,184
Site @ Blended Cap. Rate of	7.0%												16,913
Cost of Sale	3%												(507)
Cash Flow After Sale		\$ (10,050)	\$ -	\$ (15,096)	\$ 2,505	\$ 7,713	\$ 11,435	\$ 10,550	\$ 1,052	\$ 1,083	\$ 1,116	\$ 1,149	\$ 17,590
PROJECT IRR = 15.0%													

¹ In-tract costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 91
Center: High Density Vertical Mixed Use Pro Forma
Alternative 4a

Center : High Density Vertical Commercial Mixed Use													
Existing Use(s)													
Land Area	1.69 acres or	73,600 s.f.											
Existing Bldg. Area	-	s.f.											
Proposed Development													
Land Area	1.69 acres or	73,600 s.f.											
Retail/Office Mixed Use													
Retail GLA	43,056	s.f.											
Office GLA	122,544	s.f.											
Retail Rent	\$ 45.00	/s.f./Yr. (NNN)											
Office Rent	\$ 42.00	/s.f./Yr. (Modified Gross)											
Parking													
Surface Parking	74 @	\$ 2,800 /space											
Subterranean	691 @	\$ 32,000 /space											
INCOME PRODUCTS (Mixed Use)													
Inflation	3.00%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES													
<i>Thousands of Dollars</i>													
Rental Revenues													
Retail													
Occupancy	0%	0%	0%	50%	75%	80%	95%	95%	95%	95%	95%	95%	95%
Occupied GLA (s.f.)	-	-	-	21,528	32,292	34,445	40,903	40,903	40,903	40,903	40,903	40,903	40,903
Office													
Occupancy	0%	0%	0%	50%	75%	80%	90%	90%	90%	90%	90%	90%	90%
Occupied GLA (s.f.)	-	-	-	61,272	91,908	98,035	110,290	110,290	110,290	110,290	110,290	110,290	110,290
RENTAL REVENUES													
Retail	\$ -	\$ -	\$ -	\$ 1,059	\$ 1,636	\$ 1,797	\$ 2,198	\$ 2,264	\$ 2,332	\$ 2,402	\$ 2,474	\$ 2,548	\$ 2,548
Office	\$ -	\$ -	\$ -	\$ 2,812	\$ 4,345	\$ 4,773	\$ 5,531	\$ 5,697	\$ 5,868	\$ 6,044	\$ 6,225	\$ 6,412	\$ 6,412
Parking	\$ -	\$ -	\$ -	\$ 241	\$ 372	\$ 409	\$ 474	\$ 488	\$ 503	\$ 518	\$ 534	\$ 550	\$ 550
Rental Revenues (1)	\$ -	\$ -	\$ -	\$ 4,112	\$ 6,353	\$ 6,979	\$ 8,203	\$ 8,449	\$ 8,703	\$ 8,964	\$ 9,233	\$ 9,509	\$ 9,509
OPERATING EXPENSES													
<i>Thousands of Dollars</i>													
Fixed													
Retail	5.00%	\$ -	\$ -	\$ -	\$ 53	\$ 82	\$ 90	\$ 110	\$ 113	\$ 117	\$ 120	\$ 124	\$ 127
Office	27.00%	\$ -	\$ -	\$ -	\$ 759	\$ 1,173	\$ 1,299	\$ 1,493	\$ 1,538	\$ 1,584	\$ 1,632	\$ 1,681	\$ 1,731
Total Operating Expenses (3)	\$ -	\$ -	\$ -	\$ 812	\$ 1,255	\$ 1,379	\$ 1,603	\$ 1,651	\$ 1,701	\$ 1,752	\$ 1,804	\$ 1,859	\$ 1,859
Net Operating Income (4)	\$ -	\$ -	\$ -	\$ 3,299	\$ 5,098	\$ 5,601	\$ 6,600	\$ 6,798	\$ 7,002	\$ 7,212	\$ 7,428	\$ 7,651	\$ 7,651
DEVELOPMENT COSTS													
<i>Thousands of Dollars</i>													
Site Development													
Demolition													
Existing Structures @	\$ 10.00	/s.f.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Relocation Costs	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00	/s.f.	\$ -	\$ -	\$ 156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other In-Tract Costs ¹	\$ 120,000	/acre	\$ -	\$ -	\$ 215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Development Costs (6)	\$ -	\$ -	\$ -	\$ 371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs													
Retail / Office @	\$ 135	/s.f.	\$ -	\$ -	\$ 17,129	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surface	\$ 2,800	/Space	\$ -	\$ -	\$ 142	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subterranean	\$ 32,000	/Space	\$ -	\$ -	\$ 15,257	\$ 8,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (7)	\$ -	\$ -	\$ -	\$ 32,528	\$ 18,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6)+(7)	\$ -	\$ -	\$ -	\$ 32,900	\$ 18,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs													
A&E	6.00% of (8)	\$ -	\$ -	\$ 1,974	\$ 1,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	\$ -	\$ -	\$ 1,645	\$ 902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overhead	5.00% of (8)	\$ -	\$ -	\$ 1,645	\$ 902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes / Insurance	1.00% of (8)	\$ -	\$ -	\$ 329	\$ 180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (9)	\$ -	\$ -	\$ -	\$ 5,593	\$ 3,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Financing	7.00% of (8)+(9)	\$ -	\$ -	\$ 2,694	\$ 1,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	\$ -	\$ -	\$ 4,935	\$ 2,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (10)	\$ -	\$ -	\$ -	\$ 7,629	\$ 4,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9)+(10)	\$ -	\$ -	\$ -	\$ 13,222	\$ 7,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Devpt. Costs (12) = (8)+(11)	\$ -	\$ -	\$ -	\$ 46,122	\$ 25,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Costs @	\$ 150.00	/s.f.	\$ 11,040										
CASH FLOWS													
Cash Flow Before Sale		\$ (11,040)	\$ -	\$ (46,122)	\$ (21,992)	\$ 5,098	\$ 5,601	\$ 6,600	\$ 6,798	\$ 7,002	\$ 7,212	\$ 7,428	\$ 7,651
Sale @ Blended Cap. Rate of	6.5%												117,705
Cost of Sale	3%												(3,531)
Cash Flow After Sale		\$ (11,040)	\$ -	\$ (46,122)	\$ (21,992)	\$ 5,098	\$ 5,601	\$ 6,600	\$ 6,798	\$ 7,002	\$ 7,212	\$ 7,428	\$ 121,825
PROJECT IRR = 10.1%													

¹ "In-tract" costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 92

Center: High Density Vertical Mixed Use Pro Forma

Alternative 4b

Center : High Density Vertical Mixed Use With Commercial and Luxury Residential

Existing Use(s)		
Land Area	1.69 acres or	73,600 s.f.
Existing Bldg. Area	-	s.f.
Proposed Development		
Land Area	1.69 acres or	73,600 s.f.
Retail Office Mixed Use		
Retail GLA	47,840	s.f.
Office GLA	68,080	s.f.
Retail Rent	\$ 45.00 /s.f./Yr. (NNN)	
Office Rent	\$ 42.00 /s.f./Yr. (Modified Gross)	
Residential		
Total For-Sale Units	45	
Unit Size	1,500	s.f.
Price / S.f.	\$ 575	
Price / Unit	862,500	
Parking		
Surface Parking	74 @	\$ 2,800 /space
Subterranean	559 @	\$ 32,000 /space

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Inflation	3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34
INCOME PRODUCTS (Mixed Use)												
Retail												
Occupancy	0%	0%	0%	50%	75%	80%	95%	95%	95%	95%	95%	95%
Occupied GLA (s.f.)	-	-	-	23,920	35,880	38,272	45,448	45,448	45,448	45,448	45,448	45,448
Office												
Occupancy	0%	0%	0%	50%	75%	80%	90%	90%	90%	90%	90%	90%
Occupied GLA (s.f.)	-	-	-	34,040	51,060	54,464	61,272	61,272	61,272	61,272	61,272	61,272
FOR SALE PROPERTIES												
Luxury Condos												
Absorption				30%	30%	40%						
Absorbed Units	-	-	-	14	14	18	-	-	-	-	-	-

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES												
Rental Revenues												
Retail	\$ -	\$ -	\$ -	\$ 1,176	\$ 1,817	\$ 1,997	\$ 2,442	\$ 2,515	\$ 2,591	\$ 2,668	\$ 2,749	\$ 2,831
Office	-	-	-	1,562	2,414	2,652	3,073	3,165	3,260	3,358	3,458	3,562
Parking	-	-	-	134	207	227	263	271	279	288	296	305
Rental Revenues (1)	\$ -	\$ -	\$ -	\$ 2,872	\$ 4,438	\$ 4,876	\$ 5,778	\$ 5,952	\$ 6,130	\$ 6,314	\$ 6,503	\$ 6,699
Sales Revenues												
Sales Proceeds	\$ -	\$ -	\$ -	\$ 12,723	\$ 13,105	\$ 17,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Cost of Sales	\$ -	\$ -	\$ -	\$ (636)	\$ (655)	\$ (900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Revenues (2)	\$ -	\$ -	\$ -	\$ 12,087	\$ 12,450	\$ 17,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING EXPENSES												
Fixed												
Retail	5.00%	\$ -	\$ -	\$ 59	\$ 91	\$ 100	\$ 122	\$ 126	\$ 130	\$ 133	\$ 137	\$ 142
Office	27.00%	-	-	422	652	716	830	855	880	907	934	962
Total Operating Expenses (3)	\$ -	\$ -	\$ -	\$ 481	\$ 743	\$ 816	\$ 952	\$ 980	\$ 1,010	\$ 1,040	\$ 1,071	\$ 1,103
Net Operating Income (4)	\$ -	\$ -	\$ -	\$ 2,392	\$ 3,695	\$ 4,060	\$ 4,826	\$ 4,971	\$ 5,120	\$ 5,274	\$ 5,432	\$ 5,595
Adjusted Total Revenues (5) = (4)+(2)	\$ -	\$ -	\$ -	\$ 14,479	\$ 16,145	\$ 21,158	\$ 4,826	\$ 4,971	\$ 5,120	\$ 5,274	\$ 5,432	\$ 5,595

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DEVELOPMENT COSTS												
Site Development												
Demolition												
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00 /s.f.	-	-	156	-	-	-	-	-	-	-	-
Other In-Tract Costs ¹	\$ 120,000 /acre	-	-	215	-	-	-	-	-	-	-	-
Site Development Costs (6)	\$ -	\$ -	\$ -	\$ 371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs												
Retail / Office @	\$ 135 /s.f.	\$ -	\$ -	\$ 10,791	\$ 5,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential @	\$ 250,000 /DU	\$ -	\$ -	\$ 7,758	\$ 4,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking												
Surface	\$ 2,800 /Space	\$ -	\$ -	\$ 142	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subterranean	\$ 32,000 /Space	\$ -	\$ -	\$ 12,339	\$ 6,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (7)	\$ -	\$ -	\$ -	\$ 31,030	\$ 17,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6)+(7)	\$ -	\$ -	\$ -	\$ 31,401	\$ 17,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs												
A&E	6.00% of (8)	\$ -	\$ -	\$ 1,884	\$ 1,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	\$ -	\$ -	\$ 1,570	\$ 860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overhead	5.00% of (8)	\$ -	\$ -	\$ 1,570	\$ 860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes / Insurance	1.00% of (8)	\$ -	\$ -	\$ 314	\$ 172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (9)	\$ -	\$ -	\$ -	\$ 5,338	\$ 2,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Financing	7.00% of (8)+(9)	\$ -	\$ -	\$ 5,511	\$ 3,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	\$ -	\$ -	\$ 4,710	\$ 2,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (10)	\$ -	\$ -	\$ -	\$ 10,221	\$ 5,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9)+(10)	\$ -	\$ -	\$ -	\$ 15,559	\$ 8,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Devpt. Costs (12) = (8)+(11)	\$ -	\$ -	\$ -	\$ 46,961	\$ 25,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Costs @	\$ 150.00 /s.f.	\$ -	\$ -	\$ 11,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CASH FLOWS												
Cash Flow Before Sale												
Sale @ Blended Cap. Rate of	7.00%	\$ (11,040)	\$ -	\$ (46,961)	\$ (11,258)	\$ 16,145	\$ 21,158	\$ 4,826	\$ 4,971	\$ 5,120	\$ 5,274	\$ 5,432
Cost of Sale	3%	-	-	-	-	-	-	-	-	-	-	\$ (2,398)
Cash Flow After Sale	\$ (11,040)	\$ -	\$ (46,961)	\$ (11,258)	\$ 16,145	\$ 21,158	\$ 4,826	\$ 4,971	\$ 5,120	\$ 5,274	\$ 5,432	\$ 83,128

PROJECT IRR = 12.0%

¹ "in-tract" costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 93

Stand Alone Mid-Box Retail with Surface Parking Pro Forma
Alternative 5

Stand Alone Mid-Box Retail with Surface Parking																																							
Existing Use(s)																																							
Land Area	1.10 acres or	48,000 sf																																					
Existing Bldg. Area	24,000 sf.																																						
Proposed Development																																							
Land Area	1.10 acres or	48,000 sf																																					
Retail GLA	20,000 sf.																																						
Retail Rent	\$ 27.00 /sf./Yr. (NNN)																																						
Parking																																							
Surface Parking	80 @	\$ 2,800 /space																																					
Subterranean	- @	\$ 32,000 /space																																					
<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Inflation</td> <td>3.00%</td> <td>1.00</td> <td>1.03</td> <td>1.06</td> <td>1.09</td> <td>1.13</td> <td>1.16</td> <td>1.19</td> <td>1.23</td> <td>1.27</td> <td>1.30</td> <td>1.34</td> <td>1.38</td> </tr> </tbody> </table>														2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Inflation	3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019																											
Inflation	3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38																										
INCOME PRODUCTS (Mixed Use)																																							
Retail																																							
Occupancy	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%																											
Occupied GLA (s.f.)	-	-	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000																											
REVENUES																																							
Rental Revenues																																							
<i>Thousands of Dollars</i>																																							
Retail	\$ -	\$ -	\$ -	\$ 590	\$ 608	\$ 626	\$ 645	\$ 664	\$ 684	\$ 705	\$ 726	\$ 747																											
Rental Revenues (1)	\$ -	\$ -	\$ -	\$ 590	\$ 608	\$ 626	\$ 645	\$ 664	\$ 684	\$ 705	\$ 726	\$ 747																											
OPERATING EXPENSES																																							
<i>Thousands of Dollars</i>																																							
Fixed																																							
Retail	% of (1)	\$ -	\$ -	\$ -	\$ 12	\$ 12	\$ 13	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15	\$ 15																										
Total Operating Expenses (3)	\$ -	\$ -	\$ -	\$ 12	\$ 12	\$ 13	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15	\$ 15																											
Net Operating Income (4)	\$ -	\$ -	\$ -	\$ 578	\$ 596	\$ 613	\$ 632	\$ 651	\$ 670	\$ 690	\$ 711	\$ 733																											
DEVELOPMENT COSTS																																							
<i>Thousands of Dollars</i>																																							
Site Development																																							
Demolition																																							
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ 255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Site Prep./Grading	\$ 2.00 /s.f.	-	102	-	-	-	-	-	-	-	-	-																											
Other In-Tract Costs ¹	\$ 120,000 /acre	-	140	-	-	-	-	-	-	-	-	-																											
Site Development Costs (6)	\$ -	\$ -	\$ 497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Hard Costs																																							
Retail @	\$ 120 /s.f.	\$ -	\$ 2,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Surface	\$ 2,800 /Space	\$ -	\$ 238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Sub-Total (7)	\$ -	\$ -	\$ 2,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Total Hard Costs (8) = (6)+(7)	\$ -	\$ -	\$ 3,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Soft Costs																																							
A&E	6.00% of (8)	\$ -	\$ 197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Contingency	5.00% of (8)	-	164	-	-	-	-	-	-	-	-	-																											
Overhead	5.00% of (8)	-	164	-	-	-	-	-	-	-	-	-																											
Taxes / Insurance	1.00% of (8)	-	33	-	-	-	-	-	-	-	-	-																											
Sub-Total (9)	\$ -	\$ -	\$ 558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Construction Financing	7.00% of (8+9)	\$ -	\$ 269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Builder Profit	15.00% of (8)	-	492	-	-	-	-	-	-	-	-	-																											
Sub-Total (10)	\$ -	\$ -	\$ 761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Total Soft Costs (11) = (9)+(10)	\$ -	\$ -	\$ 1,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Total Devpt. Costs (12) = (8)+(11)	\$ -	\$ -	\$ 4,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																											
Land Costs @	\$ 60.00 /s.f.	\$ 2,880																																					
CASH FLOWS																																							
Cash Flow Before Sale																																							
Sale @ Blended Cap. Rate of	6.0%	\$ (2,880)	\$ -	\$ (4,599)	\$ 578	\$ 596	\$ 613	\$ 632	\$ 651	\$ 670	\$ 690	\$ 711	\$ 733																										
Cost of Sale	3%	-	-	-	-	-	-	-	-	-	-	-	12,209																										
Cash Flow After Sale		\$ (2,880)	\$ -	\$ (4,599)	\$ 578	\$ 596	\$ 613	\$ 632	\$ 651	\$ 670	\$ 690	\$ 711	\$ 12,575																										
PROJECT IRR = 11.0%																																							

¹ In-tract costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 94 2-Storey Big Box and Additional Street Retail Pro Forma Alternative 6

2 Storey Big Box with Subterranean parking

Existing Use(s)		5.74 acres or 125,000 s.f.	250,000 s.f.													
Proposed Development		5.74 acres or 225,000 s.f.	250,000 s.f.													
Retail Rent		\$ 34.65 /s.f./Yr. (NNN)														
Parking																
Surface Parking		390 @	\$ 2,800 /space													
Subterranean		510 @	\$ 27,000 /space													
				2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Initiation				3.00%	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38
INCOME PRODUCTS (Mixed Use)																
Retail																
Occupancy		0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Occupied GLA (s.f.)		-	-	-	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	
REVENUES																
<i>Thousands of Dollars</i>																
Rental Revenues																
Retail		\$ -	\$ -	\$ -	\$ 8,519	\$ 8,775	\$ 9,038	\$ 9,309	\$ 9,588	\$ 9,876	\$ 10,172	\$ 10,478	\$ 10,792	\$ 11,108	\$ 11,424	
Rental Revenues (1)		\$ -	\$ -	\$ -	\$ 8,519	\$ 8,775	\$ 9,038	\$ 9,309	\$ 9,588	\$ 9,876	\$ 10,172	\$ 10,478	\$ 10,792	\$ 11,108	\$ 11,424	
OPERATING EXPENSES																
<i>Thousands of Dollars</i>																
Fixed																
Retail	% of (1)	5.00%	\$ -	\$ -	\$ -	\$ 426	\$ 439	\$ 452	\$ 465	\$ 479	\$ 494	\$ 509	\$ 524	\$ 540		
Total Operating Expenses (3)		\$ -	\$ -	\$ -	\$ 426	\$ 439	\$ 452	\$ 465	\$ 479	\$ 494	\$ 509	\$ 524	\$ 540	\$ 554		
Net Operating Income (4)		\$ -	\$ -	\$ -	\$ 8,093	\$ 8,336	\$ 8,586	\$ 8,844	\$ 9,109	\$ 9,382	\$ 9,664	\$ 9,954	\$ 10,252	\$ 10,544		
DEVELOPMENT COSTS																
<i>Thousands of Dollars</i>																
Site Development																
Demolition																
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ 1,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Relocation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Site Prep./Grading	\$ 2.00 /s.f.	\$ -	\$ -	\$ 530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Other In-Tract Costs ¹	\$ 120,000 /acre	\$ -	\$ -	\$ 731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Site Development Costs (6)		\$ -	\$ -	\$ 2,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Hard Costs																
Retail @	\$ 125 /s.f.	\$ -	\$ -	\$ 29,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Surface	\$ 2,800 /Space	\$ -	\$ -	\$ 1,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Sub	\$ 27,000	\$ -	\$ -	\$ 14,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Sub-Total (7)		\$ -	\$ -	\$ 56,859	\$ 6,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Hard Costs (8) = (6)+(7)		\$ -	\$ -	\$ 59,446	\$ 6,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Soft Costs																
A&E	6.00% of (8)	\$ -	\$ -	\$ 3,567	\$ 374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Contingency	5.00% of (8)	\$ -	\$ -	\$ 2,972	\$ 312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Overhead	5.00% of (8)	\$ -	\$ -	\$ 2,972	\$ 312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Taxes / Insurance	1.00% of (8)	\$ -	\$ -	\$ 594	\$ 62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Sub-Total (9)		\$ -	\$ -	\$ 10,106	\$ 1,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Construction Financing	7.00% of (8)+(9)	\$ -	\$ -	\$ 4,869	\$ 511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Builder Profit	15.00% of (8)	\$ -	\$ -	\$ 8,917	\$ 936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Sub-Total (10)		\$ -	\$ -	\$ 13,786	\$ 1,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Soft Costs (11) = (9)+(10)		\$ -	\$ -	\$ 23,891	\$ 2,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Devpt. Costs (12) = (8)+(11)		\$ -	\$ -	\$ 83,338	\$ 8,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Land Costs @	\$ 85.00 /s.f.	\$ 21,250														
CASH FLOWS																
Cash Flow Before Sale																
Sale @ Blended Cap. Rate of	6.0%	\$ (21,250)	\$ -	\$ (83,338)	\$ (657)	\$ 8,336	\$ 8,586	\$ 8,844	\$ 9,109	\$ 9,382	\$ 9,664	\$ 9,954	\$ 10,252	\$ 10,544		
Cost of Sale	3%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Cash Flow After Sale		\$ (21,250)	\$ -	\$ (83,338)	\$ (657)	\$ 8,336	\$ 8,586	\$ 8,844	\$ 9,109	\$ 9,382	\$ 9,664	\$ 9,954	\$ 10,252	\$ 10,544		
PROJECT IRR = 10.6%																

¹ In-tract costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Figure 95
2-Storey Retail with Podium Parking Pro Forma
Alternative 7

2-Storey Retail With Surface and Podium Parking											
Existing Use(s)											
Land Area	0.69 acres or	30,000 s.f.									
Existing Bldg. Area	15,000 s.f.										
Proposed Development											
Land Area	0.69 acres or	30,000 s.f.									
Retail GLA	25,500 s.f.										
Retail Rent	\$	28.80 /s.f./Yr. (NNN)									
Parking											
Surface Parking	19 @	\$ 2,800 /space									
Podium	70 @	\$ 20,000 /space									
INCOME PRODUCTS (Mixed Use)											
Inflation	3.00%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
		1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30
REVENUES											
Rental Revenues											
Retail		\$ -	\$ -	\$ -	\$ 522	\$ 620	\$ 724	\$ 833	\$ 858	\$ 884	\$ 910
Occupancy		0%	0%	0%	65%	75%	85%	95%	95%	95%	95%
Occupied GLA (s.f.)		-	-	-	16,575	19,125	21,675	24,225	24,225	24,225	24,225
OPERATING EXPENSES											
Fixed											
Retail	5.00%	\$ -	\$ -	\$ -	\$ 26	\$ 31	\$ 36	\$ 42	\$ 43	\$ 44	\$ 46
Total Operating Expenses (3)		\$ -	\$ -	\$ -	\$ 26	\$ 31	\$ 36	\$ 42	\$ 43	\$ 44	\$ 46
Net Operating Income (4)		\$ -	\$ -	\$ -	\$ 496	\$ 589	\$ 687	\$ 791	\$ 815	\$ 840	\$ 865
DEVELOPMENT COSTS											
Site Development											
Demolition											
Existing Structures @	\$ 10.00 /s.f.	\$ -	\$ -	\$ 159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Prep./Grading	\$ 2.00 /s.f.	-	-	64	-	-	-	-	-	-	-
Other In-Tract Costs ¹	\$ 120,000 /acre	-	-	88	-	-	-	-	-	-	-
Site Development Costs (6)		\$ -	\$ -	\$ 310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hard Costs											
Retail @	\$ 130 /s.f.	\$ -	\$ -	\$ 3,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking											
Podium	\$ 20,000			1,485							
Surface	\$ 2,800 /Space	\$ -	\$ -	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subterranean	\$ 32,000 /Space	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total (7)		\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Hard Costs (8) = (6)+(7)		\$ -	\$ -	\$ 5,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs											
A&E	6.00% of (8)	\$ -	\$ -	\$ 322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	5.00% of (8)	-	-	268	-	-	-	-	-	-	-
Overhead	5.00% of (8)	-	-	268	-	-	-	-	-	-	-
Taxes / Insurance	1.00% of (8)	-	-	54	-	-	-	-	-	-	-
Sub-Total (9)		-	-	913	-	-	-	-	-	-	-
Construction Financing	7.00% of (8+9)	\$ -	\$ -	\$ 440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Builder Profit	15.00% of (8)	-	-	805	-	-	-	-	-	-	-
Sub-Total (10)		\$ -	\$ -	\$ 1,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Soft Costs (11) = (9)+(10)		\$ -	\$ -	\$ 2,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Devpt. Costs (12) = (8)+(11)		\$ -	\$ -	\$ 7,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Costs @	\$ 85.00 /s.f.	\$ 2,550									
CASH FLOWS											
Cash Flow Before Sale		\$ (2,550)	\$ -	\$ (7,528)	\$ 496	\$ 589	\$ 687	\$ 791	\$ 815	\$ 840	\$ 865
Sale @ Blended Cap. Rate of	6.0%										
Cost of Sale	3%										
Cash Flow After Sale		\$ (2,550)	\$ -	\$ (7,528)	\$ 496	\$ 589	\$ 687	\$ 791	\$ 815	\$ 840	\$ 865

PROJECT IRR = 9.9%

¹ 'In-tract' costs include infrastructure costs, impact fees and entitlement fees

Source: Economics Research Associates

Fiscal Impact of Alternative Development Scenarios

In this analysis, the term “Fiscal Impact” is defined as the net annual fiscal revenue or cost to the city’s general fund during the first stable year of operations (as defined as full project absorption) of the proposed development alternatives. ERA previously discussed the mythology to establish costs at an EDU basis (as presented in Section II). The fiscal impact presented in this section takes into account anticipated general fund revenues, less the projected costs. The revenue per EDU has been adjusted to evaluate the estimated impacts of the alternative development scenarios. ERA has separately estimated the sales and property tax generated by project. Consequently, the sales and property tax has been removed from the general fund revenues. Similarly, as presented in Figure 96, ERA removed other sources of general fund revenue that will not increase with the addition of new housing or employees in the City.

Figure 96
Adjusted Revenue per EDU
2007

	Hawthorne	Redondo Beach	Torrance
Total General Fund Revenues	50,299,066	66,827,383	153,217,503
Sales Tax	(7,764,639)	(10,339,000)	(40,707,000)
Property Tax	(3,815,000)	(16,435,000)	(30,692,000)
Revenue from Use of Money or Property	(2,575,000)	(1,256,880)	(2,325,358)
Other Revenue	(1,637,500)	(1,256,004)	(8,757,087)
<u>Total Adjusted General Fund Revenue</u>	<u>34,506,927</u>	<u>37,540,499</u>	<u>70,736,058</u>
Estimated Adjusted Revenue per EDU	\$1,039	\$1,137	\$1,025

Notes

-1- As per the City's 2006/2007 Budget, Total Adjusted City General Fund Expenditures divided by EDU

Source: Economics Research Associates

Several other key assumptions are at the basis of this fiscal impact analysis:

- All projections are made assuming full absorption of the project, as provided Figures 87 – 95;
- New households income levels are estimated at a set ratio (.25) based on residential sales price;
- The amount of retail spending per household is set by income group per the Bureau of Labor Statistics Consumer Expenditure Study (2006);
- ERA estimates that 30 percent of all new household spending will occur within the City of residence;

- In scenarios 1 -3 and 4B, ERA estimates that 30 percent of retail sales will be “net new” to the City. The associated employment spending is calculated in all scenarios based on typical spending patterns previously discussed in Section II. In these scenarios, ERA assumes that the average sales per square foot will equal \$300;
- In scenarios 5 and 6, mid-box and big box retailers, ERA estimates that 45 percent of retail sales will be “net new” to the City. In these scenarios, ERA assumes that the average sales per square foot will equal \$500;
- Net assessed value of the projects, used to estimate property tax, is the individual projects’ construction cost plus land acquisition costs less the current land’ s assessed value (estimated at \$30 per square foot in all scenarios); and
- ERA did not consider the loss of property tax based on a development potentially locating within a redevelopment area.

Using the development alternatives evaluated in the cities of Redondo Beach, Torrance and Hawthorne, Figure 97 presents a summary of the fiscal impacts of development. As presented, two of the nine alternatives return negative net fiscal impacts to the city. Alternative 1B, which is strictly a high density housing development, yielded a cost to the city. Similarly, Alternative 3 also yielded a negative impact to the City of analysis due to its heavy housing component. The largest fiscal benefit came under Scenario 6, a big-box retail development.

While the fiscal circumstances of each city influences the fiscal impact of the alternative development scenarios, several general conclusions can be drawn based on this fiscal impact analysis. First, in order for density to provide a positive fiscal impact for the cities analyzed, each project must contain high value housing. The high incomes required to purchase such housing are likely going to have more disposable income that will in turn provide fiscal benefit for the city via sales tax. Additionally, higher priced residential will have a higher associated property tax value which will increase the city’ s general fund. Second, the ability for cities to attract the new retail dollars from the new households is important. ERA assumes that 30 percent of all new household spending will occur within the city.

However, if the actual amount falls below 30%, the relative cost per new EDU will increase. On the other hand, if a city can increase the capture above 30 percent of new household retail spending, it will positively affect the fiscal impact of the development. Currently, there are large retail centers in neighboring South Bay cities that can be expected to attract a high percentage of the retail spending created by new housing developments in the cities analyzed. Finally, all scenarios assume five percent vacancy for retail uses. While

this is an industry norm for retail development, it is important to carefully consider the retail portion of a mixed use project before development. As noted in the pro forma analysis of hypothetical scenarios, a developer can attain its required return through the residential component of the mixed use development alone. If the proposed retail is not properly developed, the retail may not reach full occupancy and fiscal benefit, in terms of sales tax, will be negatively affected.

Figure 97
Fiscal Impact Matrix
Alternatives 1 – 7

	Alternative 1A	Alternative 1B	Alternative 2	Alternative 3	Alternative 4A	Alternative 4B	Alternative 5	Alternative 6	Alternative 7
Project Equivalent Dwelling Unit									
Residential Dwelling Units	114	228	62	62	0	45	0	0	0
Employment Equivalent Dwelling Units (1)	331	0	19	19	143	121	14	158	19
Total Equivalent Dwelling Units	445	228	81	81	143	166	14	158	19
General Fund Revenues									
Pro-Rata Revenues @ City EDU (2)	\$505,747	\$259,334	\$83,987	\$83,461	\$162,704	\$188,960	\$15,924	\$179,145	\$21,431
Sales & Use Tax (3)	\$99,389	\$37,629	\$28,757	\$32,577	\$6,400	\$55,813	\$30,626	\$513,489	\$23,022
Property Tax (4)	\$375,370	\$181,136	\$56,005	\$48,656	\$159,048	\$161,595	\$11,969	\$209,774	\$18,191
Total Annual General Fund Revenues	\$980,507	\$478,099	\$168,749	\$164,694	\$328,153	\$406,368	\$58,520	\$902,408	\$62,644
General Fund Expenditures									
Pro-Rata Expenditures @ City EDU (5)	\$936,310	\$480,116	\$115,505	\$180,762	\$301,221	\$349,830	\$29,481	\$331,659	\$39,676
Total Annual General Fund Expenditures	\$936,310	\$480,116	\$115,505	\$180,762	\$301,221	\$349,830	\$29,481	\$331,659	\$39,676
Net Annual Impact to the General Fund	\$44,196	(\$2,017)	\$53,244	(\$16,068)	\$26,932	\$56,538	\$29,039	\$570,749	\$22,968

Notes

- (1) Based on 450 or 500 square feet per employee
- (2) Figure 96
- (3) Based on development programs
- (4) Net assessed value (AV) less estimated AV
- (5) Figures 4, 7, 12

Source: Economics Research Associates