


COLUMBIA STREET ADAPTIVE REUSE FEASIBILITY STUDY

BOARD OF DIRECTORS MEETING
MARCH 22, 2022



CHELAN DOUGLAS
 **Regional Port**
AUTHORITY

ECONorthwest
ECONOMICS • FINANCE • PLANNING

GRAHAM BABA ARCHITECTS



KICK-OFF MEETING
NOV 2, 2021

Owner, GBA + Consultants KO
and Site visit

- As-Built Measurements
- On-site analysis
- Project Objectives Meeting

CHECK-IN #1: ANALYSIS
NOV 30, 2021, VIRTUAL

Owner, GBA + Consultants
Initial Site/Market Findings

- Existing Architectural Conditions
- Zoning/Land-Use, Historic Preservation & Building Code Issues
- Structural Analysis
- Site Analysis
- MEP (Building Systems) Analysis
- Economic Analysis

CHECK-IN #2: CONCEPT
DEC 15, 2021, VIRTUAL

Owner + GBA
Design Meeting

- 3 Alternate Schemes
- Solicit Owner Feedback

CHECK-IN #3: CONCEPT
JAN 5, 2022, VIRTUAL

Owner + GBA + ECONorthwest
Design Meeting

- Economic Analysis of the 3 schemes
- Refine with Owner Input



PRESENTATION TO CDRPA BOARD #1
JAN 11, 2022
IN-PERSON

GBA + EcoNorthwest + Board of Directors

- Presentation of 3 schemes
- Board to narrow to single scheme for development (Included Alternate Live-Work)

CHECK-IN #4: CONCEPT DEVELOPMENT
FEB 16, 2022, VIRTUAL

Owner + GBA + Consultants
Design Meeting

- Preferred Scheme w/ Alternate
- Site Master Plan Development

CHECK-IN #5: DRAFT REPORT REVIEW
MARCH 16, 2022

Owner + GBA + ECONorthwest + DCW
Design Meeting

- Review Draft Report

PRESENTATION TO CDRPA BOARD #2
MARCH 22, 2022,
IN-PERSON

GBA + EcoNorthwest + Board of Directors

- Present Project Report
- Economic & Cost Data
- Final Scheme

AGENDA

SUMMARY OF FINDINGS

- Imagined reuse is feasible from an architectural and construction stand-point.
- Additional design has allowed for more detailed cost estimating of probable construction cost, and these costs are significantly higher than the cost per square foot values used in the previous analysis.
- Resulting development analysis suggests less desirable financial results, especially for buildings D, E, and F.

FINAL SCHEME DESIGN

ECONOMIC ANALYSIS

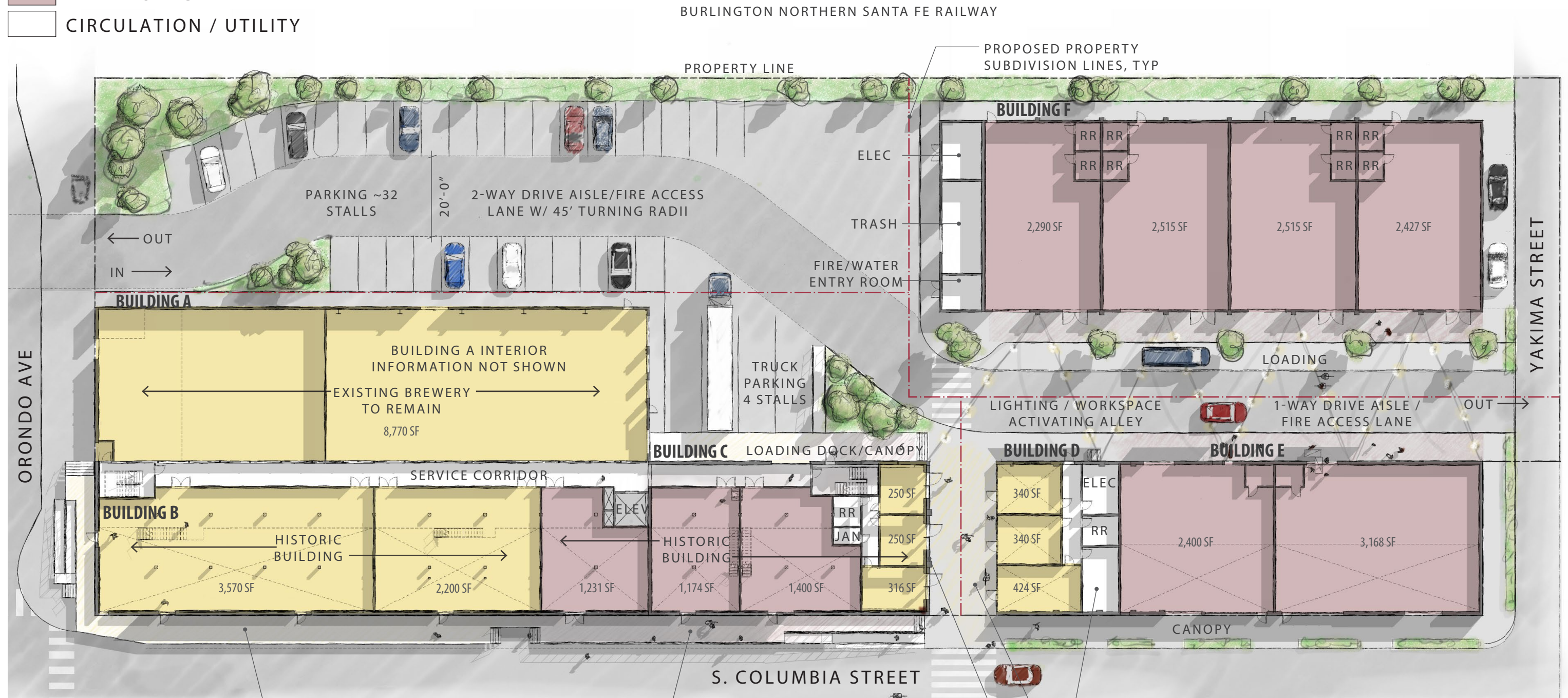
QUESTIONS AND NEXT STEPS

LEVEL 1 & SITE PLAN

SCALE 1/32" = 1'-0"



- RETAIL SPACE
- MAKER SPACE
- CIRCULATION / UTILITY



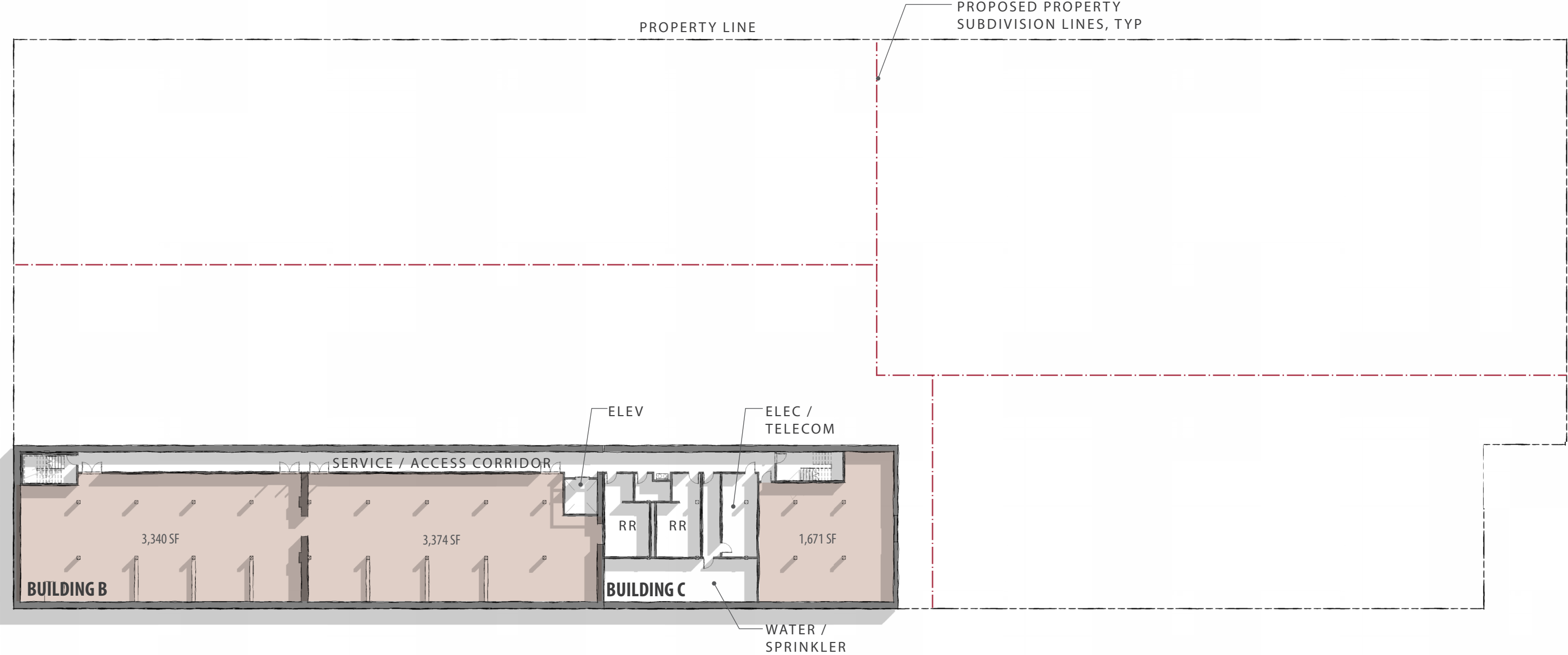
RAISED SIDEWALK, ADA RAMPS, STAIRS, CANOPY FOR ABOVE GRADE ACCESS

FIRE/WATER ENTRY ROOM
 OPEN-AIR "MEWS" WITH SMALL RETAIL SPACES BOTH SIDES
 EXPOSE HISTORIC BRICK

BASEMENT LEVEL PLAN



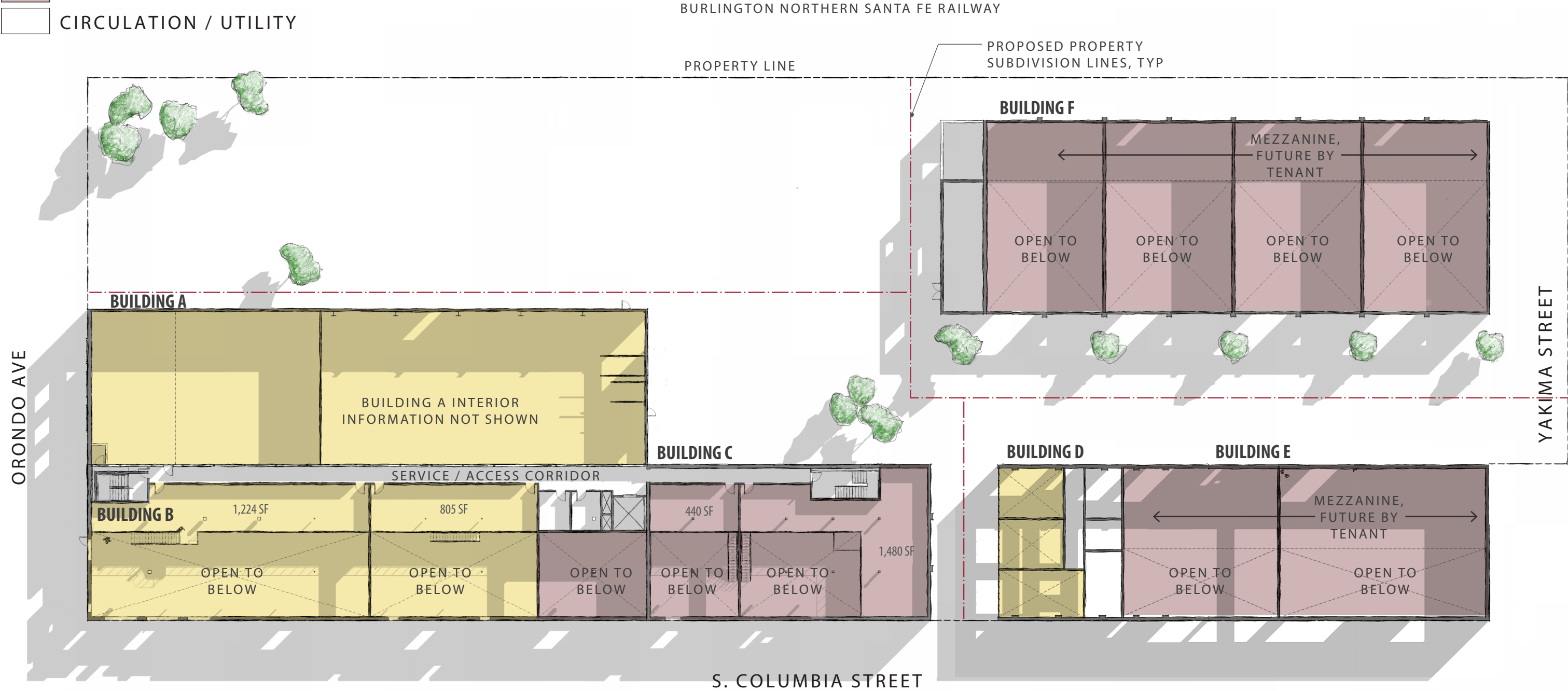
- STORAGE
- CIRCULATION / UTILITY



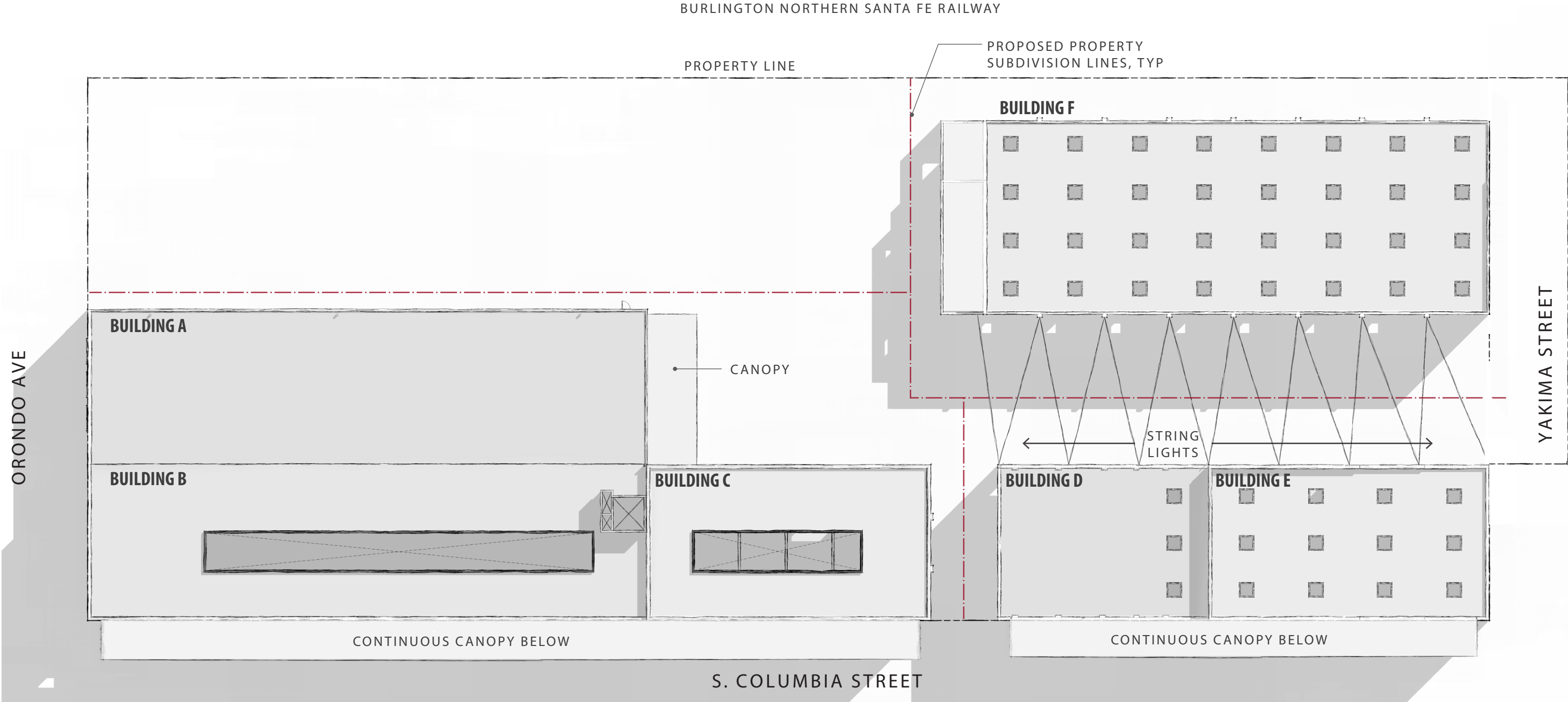
LEVEL 2 PLAN






- RETAIL SPACE
- MAKER SPACE
- CIRCULATION / UTILITY

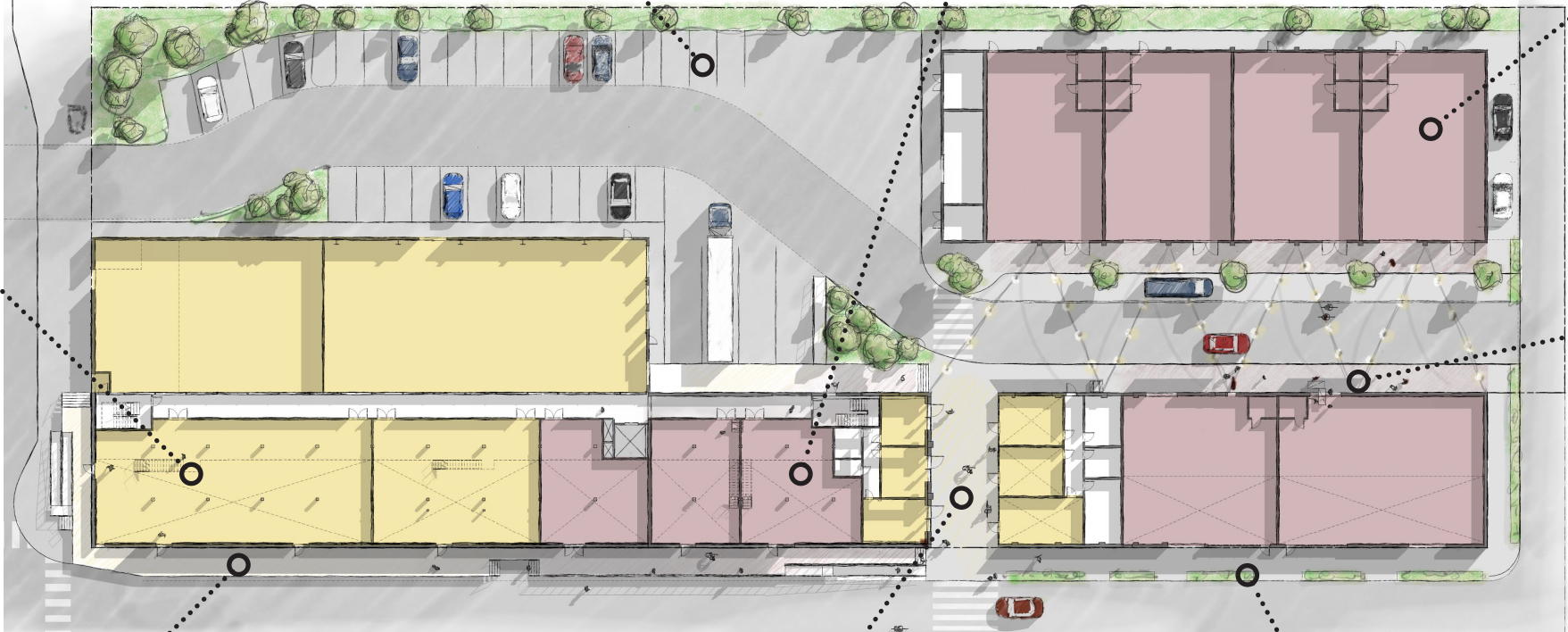
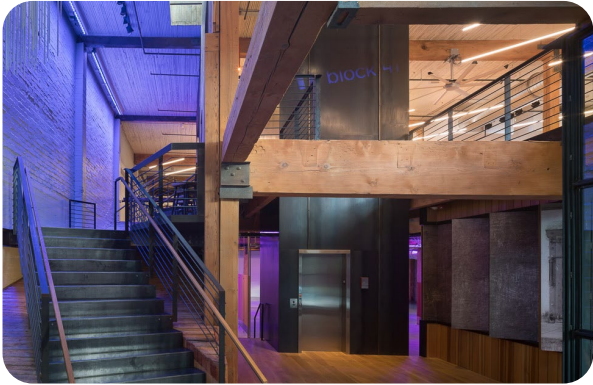


ROOF PLAN



INSPIRATION PRECEDENT IMAGES

-  RETAIL SPACE
-  MAKER SPACE
-  CIRCULATION / UTILITY



CDRPA COLUMBIA STREET STUDY - BASE SCHEME PROGRAM AREAS

BUILDING	STORAGE AND WAREHOUSE			MAKER SPACE AND LIGHT INDUSTRIAL			RETAIL AND FOOD + BEVERAGE			RESIDENTIAL			BUILDING TOTALS (GSF)	BUILDING TOTALS (NSF) ¹
	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹		
A ³							8,770 - 0 = 8,770				- =		8,770	8,770
B ⁴	8,033 - 1,319 =		6,714	1,635 - 404 =		1,231	6,983 - 1,213 =		5,770		- =		16,651	13,715
C ⁴	4,084 - 2,413 =		1,671	3,227 - 653 =		2,574	1,034 - 218 =		816		- =		8,345	5,061
D ⁵			0	1,925 - 597 =		1,328	1,303 - 199 =		1,104		- =		3,228	2,432
E ⁵			0	4,240 - 0 =		4,240					- =		4,240	4,240
F ⁵			0	10,596 - 849 =		9,747					- =		10,596	9,747
TOTAL SITE	12,117		8,385	21,624		19,120	18,090		16,460		0	0	51,830	43,965

COMMON SITE ELEMENTS

AUTO PARKING COUNT:	32 SPACES
TRUCK PARKING COUNT:	4 SPACES

NOTES:

- 1 Leasable areas are approximate calculations provided for conceptual design purposes only. The areas do not represent leasable areas as calculated per full BOMA rules.
- 2 Gross areas are based upon approximate total construction areas for each program type.
- 3 Building A existing brew-pub use is calculated as food + beverage for the purpose of this analysis. Given limitations of as-built documentation and relatively small size of the floor plate, the analysis does not include the second floor area within Building A.
- 4 Building B & C basements are calculated as storage and warehouse.
- 5 Building D, E, and F do not include mezzanines built as part of tenant improvements, labeled on plans as "Possible Mezzanines, Future by Tenant". If all tenants build mezzanines, leasable areas would increase in D, E, and F by 725sf, 2,275sf, and 3,000sf respectively.

ALTERNATE PLANS - BUILDINGS D&E



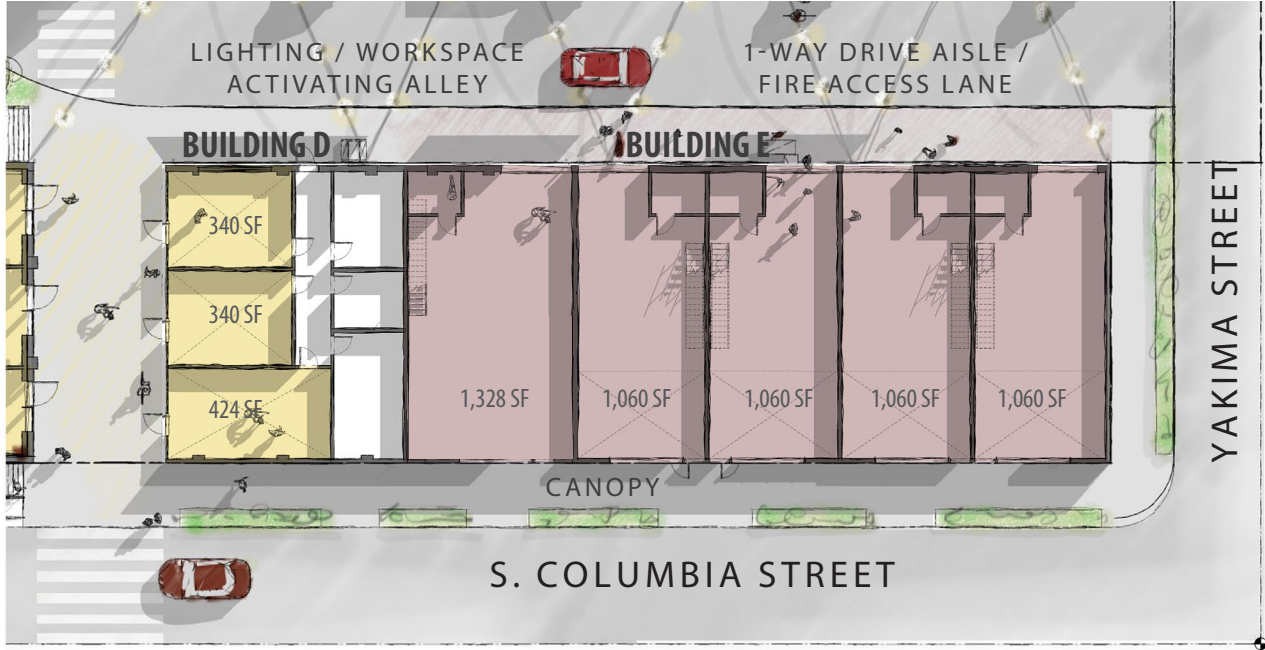
- RETAIL SPACE
- MAKER SPACE
- RESIDENTIAL
- CIRCULATION / UTILITY

Note:
 The alternate scheme as presented does not require elevator service to the upper residential levels of the units. These units are considered multistory live-work units and as such, the ground commercial use must include accessible entries and restrooms but the upper levels do not need to meet the requirements of the accessibility codes' Type B unit. Type A units are also not required given the limited quantity of residential units on the site.

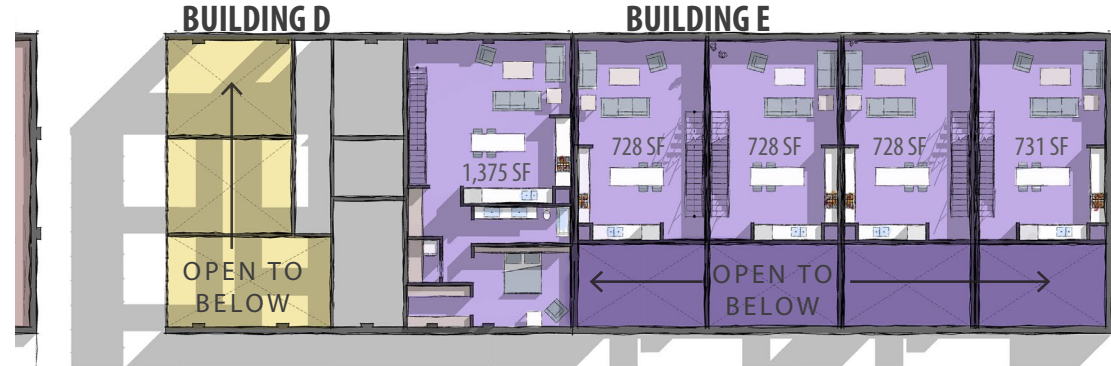
The following alternative configurations could also meet the accessibility codes, but were not studied in detail:

- 1) (5) Separate Residential Units:
 If the residential units on the upper levels are fully separated from the commercial spaces or are configured such that an owner can provide a separate entry from the street to the residential use; then the upstairs units must meet the requirements of Type B units and have an accessible route from the right of way to the entry door of each unit. In effect this would require a residential lobby, elevator and common corridor on the upper level.
- 2) (4) Separate Residential Units on the Upper Floor with a single Ground Level Unit:
 Providing a single Type B residential unit with an accessible entry on the ground floor would allow for the remaining 4 units on the upper level to not meet Type B requirements and not require accessible pathways to the entries of the upper units. In effect, this would eliminate the elevator and common corridor requirements in alternate option 1. Note that the zoning code does not allow residential uses facing the street, so the ground level unit would need to face the back of the building.

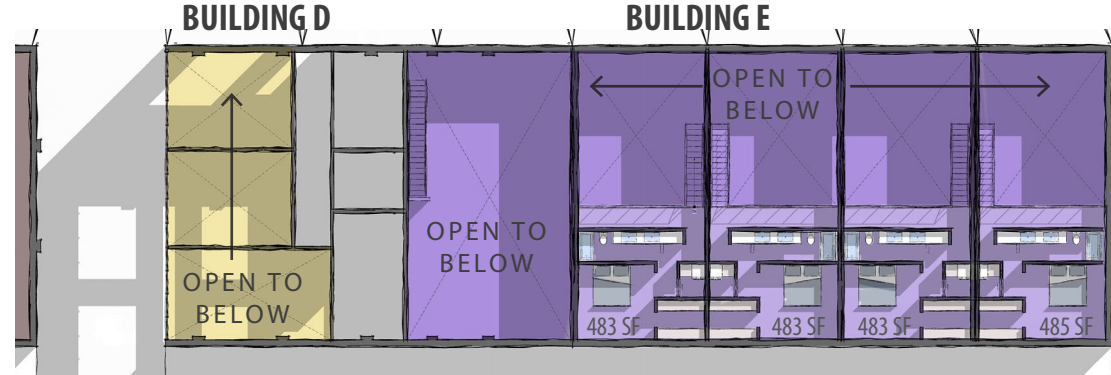
These alternate configurations are conceptual only - Accessibility code requirements can vary based upon final design layouts and should be fully vetted by the design professional developing these plans.



GROUND LEVEL PLAN - MAKER SPACES



LEVEL 2 PLAN - LIVING SPACES



LOFT PLAN - LIVING SPACES

CDRPA COLUMBIA STREET STUDY - ALTERNATE SCHEME PROGRAM AREAS

BUILDING	STORAGE AND WAREHOUSE			MAKER SPACE AND LIGHT INDUSTRIAL			RETAIL AND FOOD + BEVERAGE			RESIDENTIAL			BUILDING TOTALS (GSF)	BUILDING TOTALS (NSF) ¹	
	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹	GROSS (GSF) ²	UNLEASABLE AREA	APPROXIMATE LEASABLE AREA (NSF) ¹			
A ³							8,770	0	=	8,770			8,770	8,770	
B ⁴	8,033	- 1319	= 6,714	1,635	- 404	= 1,231	6,983	- 1213	=	5,770			16,651	13,715	
C ⁴	4,084	- 2413	= 1,671	3,227	- 653	= 2,574	1,034	- 218	=	816			8,345	5,061	
D			0	1,925	- 597	= 1,328	1,303	- 199	=	1,104	1,328	- 0	= 1,328	4,556	3,760
E			0	4,240	- 0	= 4,240					4,849	- 0	= 4,849	9,089	9,089
F ⁵			0	10,596	- 849	= 9,747							10,596	9,747	
TOTAL SITE	12,117		8,385	21,624		19,120	18,090			16,460	6,177		6,177	58,007	50,142

COMMON SITE ELEMENTS

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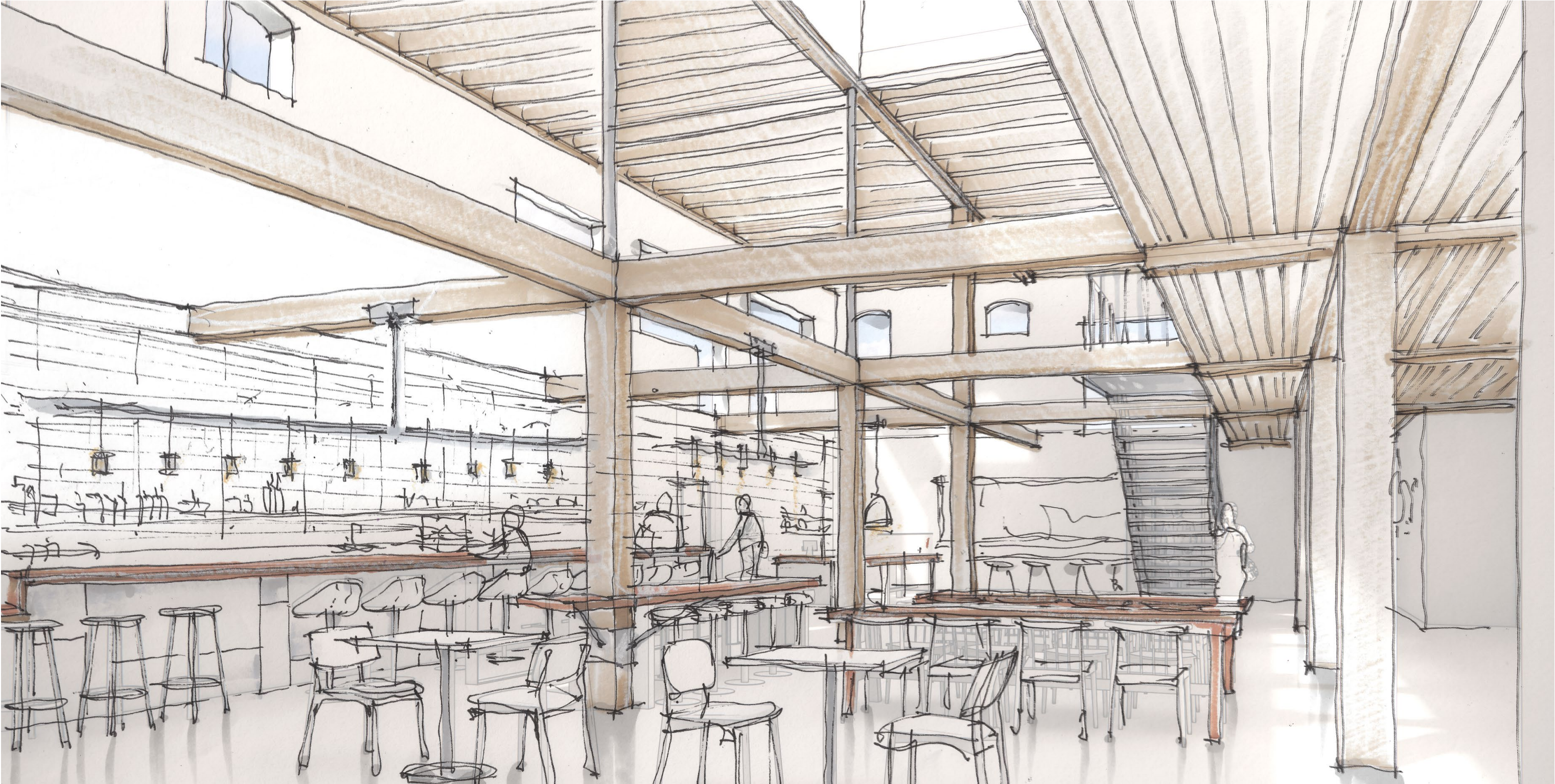
ALLEY FACING NORTH



COLUMBIA STREET



HISTORIC BUILDING INTERIOR



DCW Cost Management

Port of Chelan County Columbia Street Properties Adaptive Reuse

Overall Summary

	SF	\$/SF	TOTAL
Building A, B and C	43,553	231.74	10,092,901
Building D and E	7,850	398.38	3,127,293
Building F	10,931	329.24	3,598,946
Site - North Property			435,702

RECOMMENDED BUDGET

17,254,842

ALTERNATES

Alternate 1: Building D and E buildout - live-work (ADD)

2,149,358

Building A, B and C Summary

		%	\$/SF	TOTAL	
		Gross Area:	43,553 SF		
01	Foundations	0%	0.75	32,642	
02	Vertical Structure	2%	4.93	214,736	
03	Floor and Roof Structure	2%	3.48	151,723	
04	External Cladding	6%	13.53	589,206	
05	Roofing and Waterproofing	4%	10.00	435,390	
1	Shell	14%	32.69	1,423,695	
06	Interior Partitions	4%	8.56	372,835	
07	Interior Finishes	2%	5.71	248,586	
2	Interiors	6%	14,268.15	621,421	
08	Equipment and Specialties	0%	0.00	0	
09	Vertical Transportation	2%	5.28	230,000	
3	Equipment & Vertical Transportation	2%	5.28	230,000	
10	Plumbing	2%	4.17	181,710	
11	HVAC	27%	62.12	2,705,510	
12	Electrical	13%	29.91	1,302,523	
13	Fire Protection	3%	5.89	256,457	
4	Mechanical & Electrical	44%	102.09	4,446,200	
14	Selective Demolition	1%	3.12	135,885	
5	Selective Demolition	1%	3.12	135,885	
15	Site Earthwork	2%	5.34	232,446	
5	Building Sitework	2%	5.34	232,446	
	BUILDING CONSTRUCTION	70%	162.78	7,089,647	
17	General Requirements	6.00%	4%	9.77	425,379
18	General Conditions	8.00%	6%	13.80	601,202
19	Permits and Fees	2.00%	2%	3.73	162,325
20	Contractor's Overhead & Profit or Fee	5.00%	4%	8.63	375,751
	PLANNED CONSTRUCTION COST	86%	198.71	8,654,304	
21	Contingency	10.00%	9%	19.87	865,430
	CONSTRUCTION COST BEFORE ESCALATION	94%	218.58	9,519,734	
22	Escalation to Construction Start (Sep 2023)	6.02%	6%	13.16	573,167
	RECOMMENDED BUDGET	100%	231.74	10,092,901	

Building D and E Summary

	%	\$/SF	TOTAL	
Gross Area:		7,850 SF		
01 Foundations	1%	3.96	31,106	
02 Vertical Structure	2%	6.43	50,441	
03 Floor and Roof Structure	0%	0.94	7,370	
04 External Cladding	18%	71.28	559,575	
05 Roofing and Waterproofing	6%	25.74	202,061	
1 Shell	27%	108.35	850,553	
06 Interior Partitions	2%	9.86	77,390	
07 Interior Finishes	2%	6.43	50,465	
2 Interiors	4%	16,287.20	127,855	
08 Equipment and Specialties	0%	0.00	0	
09 Vertical Transportation	0%	0.00	0	
3 Equipment & Vertical Transportation	0%	0.00	0	
10 Plumbing	2%	7.20	56,525	
11 HVAC	16%	64.94	509,775	
12 Electrical	12%	46.47	364,815	
13 Fire Protection	2%	6.08	47,730	
4 Mechanical & Electrical	31%	124.69	978,845	
14 Selective Demolition	1%	3.12	24,492	
5 Selective Demolition	1%	3.12	24,492	
15 Site Earthwork	7%	27.39	214,988	
5 Building Sitework	7%	27.39	214,988	
BUILDING CONSTRUCTION	70%	279.84	2,196,733	
17 General Requirements	6.00%	4%	16.79	131,804
18 General Conditions	8.00%	6%	23.73	186,283
19 Permits and Fees	2.00%	2%	6.41	50,296
20 Contractor's Overhead & Profit or Fee	5.00%	4%	14.83	116,427
PLANNED CONSTRUCTION COST	86%	341.60	2,681,543	
21 Contingency	10.00%	9%	34.16	268,154
CONSTRUCTION COST BEFORE ESCALATION	94%	375.76	2,949,697	
22 Escalation to Construction Start (Sep 2023)	6.02%	6%	22.62	177,596
RECOMMENDED BUDGET	100%	398.38	3,127,293	

Alternates

Item Description	Quantity	Unit	Rate	Total
Alternate 1: Building D and E buildout - live-work (ADD)				
DEDUCT				
Interior Partitions	(1)	LS	77,390.00	(77,390)
Interior Finishes	(1)	LS	50,464.50	(50,465)
Plumbing	(1)	LS	56,525.00	(56,525)
HVAC	(1)	LS	509,775.00	(509,775)
Electrical	(1)	LS	364,815.00	(364,815)
ADD				
Residential/Commercial fit out	13,920	SF		
Foundations				
24" x 48" footing	15	CY	950.00	14,074
12" x 24" footing	133	CY	950.00	126,667
Vertical structure				
W14x53	0.82	LF	7,500.00	6,161
Steel brace frame - W14x74, incl. 6" dia. Pipe braces	6.42	TN	7,500.00	48,150
Sheathing - 1/2" plywood	3,564	SF	5.45	19,424
Roof and Floor construction				
14" TJI 560, 16" O.C.	3,300	LF	22.50	74,250
14" TJI 230, 16" O.C.	933	LF	23.50	21,933
2x4 blocking	1,330	SF	5.50	7,315
W16x26	0.65	TN	7,500.00	4,875
Decking	6,365	SF	10.50	66,833
Plates and connections	6,365	SF	5.00	31,825
Interior construction - fit out	13,920	SF	30.00	417,600
Interior finishes	7,850	SF	35.00	274,750
Vertical transportation				
Stairs	14	FLT	18,500.00	259,000
Plumbing	7,850	SF	16.50	129,525
Mechanical	7,850	SF	65.00	510,250
Electrical	7,850	SF	55.00	431,750
Equipment and furnishings	7,850	SF	15.00	117,750
Alternate Cost Before Markups				1,503,162
General Requirements	6.00%			90,190
General Conditions	8.00%			127,468
Permits and Fees	2.00%			34,416
Contractor's Overhead & Profit or Fee	5.00%			87,762
Contingency	10.00%			184,300
Escalation to Construction Start (Sep 2023)	6.02%			122,060

2,149,358

Building F Summary

		%	\$/SF	TOTAL	
	Gross Area:		10,931 SF		
01	Foundations	1%	2.02	22,030	
02	Vertical Structure	1%	1.66	18,122	
03	Floor and Roof Structure	0%	0.04	450	
04	External Cladding	15%	47.92	523,763	
05	Roofing and Waterproofing	6%	20.04	219,110	
1	Shell	22%	71.67	783,475	
06	Interior Partitions	3%	8.85	96,758	
07	Interior Finishes	2%	7.48	81,711	
2	Interiors	5%	16.33	178,469	
08	Equipment and Specialties	0%	0.00	0	
09	Vertical Transportation	0%	0.00	0	
3	Equipment & Vertical Transportation	0%	0.00	0	
10	Plumbing	4%	13.03	142,400	
11	HVAC	19%	63.97	699,257	
12	Electrical	13%	44.33	484,613	
13	Fire Protection	2%	6.00	65,600	
4	Mechanical & Electrical	39%	127.33	1,391,869	
14	Selective Demolition	1%	3.12	34,105	
5	Selective Demolition	1%	3.12	34,105	
15	Site Earthwork	4%	12.82	140,121	
5	Building Sitework	4%	12.82	140,121	
BUILDING CONSTRUCTION		70%	231.27	2,528,040	
17	General Requirements	6.00%	4%	13.88	151,682
18	General Conditions	8.00%	6%	19.61	214,378
19	Permits and Fees	2.00%	2%	5.30	57,882
20	Contractor's Overhead & Profit or Fee	5.00%	4%	12.26	133,986
PLANNED CONSTRUCTION COST		86%	282.31	3,085,968	
21	Contingency	10.00%	9%	28.23	308,597
CONSTRUCTION COST BEFORE ESCALATION		94%	310.54	3,394,564	
22	Escalation to Construction Start (Sep 2023)	6.02%	6%	18.70	204,381
RECOMMENDED BUDGET		100%	329.24	3,598,946	

Site - North Property Summary

		%	\$/SF	TOTAL	
	Gross Area:		11,544 SF		
01	Foundations	0%	0.00		
02	Vertical Structure	0%	0.00		
03	Floor and Roof Structure	0%	0.00		
04	External Cladding	0%	0.00		
05	Roofing and Waterproofing	0%	0.00		
1	Shell	0%	0.00	0	
06	Interior Partitions	0%	0.00		
07	Interior Finishes	0%	0.00		
2	Interiors	0%	0.00	0	
08	Equipment and Specialties	0%	0.00		
09	Vertical Transportation	0%	0.00		
3	Equipment & Vertical Transportation	0%	0.00	0	
10	Plumbing	0%	0.00		
11	HVAC	0%	0.00		
12	Electrical	0%	0.00		
13	Fire Protection	0%	0.00		
4	Mechanical & Electrical	0%	0.00	0	
14	Selective Demolition	0%	0.00		
5	Selective Demolition	0%	0.00	0	
15	Site Earthwork	70%	26.51	306,054	
5	Building Sitework	70%	26.51	306,054	
BUILDING CONSTRUCTION		70%	26.51	306,054	
17	General Requirements	6.00%	4%	1.59	18,363
18	General Conditions	8.00%	6%	2.25	25,953
19	Permits and Fees	2.00%	2%	0.61	7,007
20	Contractor's Overhead & Profit or Fee	5.00%	4%	1.41	16,221
PLANNED CONSTRUCTION COST		86%	32.36	373,599	
21	Contingency	10.00%	9%	3.24	37,360
CONSTRUCTION COST BEFORE ESCALATION		94%	35.60	410,959	
22	Escalation to Construction Start (Sep 2023)	6.02%	6%	2.14	24,743
RECOMMENDED BUDGET		100%	37.74	435,702	

A photograph of a brick building facade. The wall is made of dark grey bricks. There are two windows with wooden shutters. The shutters are made of light-colored wood and feature a prominent 'X' pattern. The window on the left is partially open, revealing a dark interior. A white metal ladder is leaning against the brick wall to the right of the window. The ground in front of the building is a mix of dirt and concrete. The overall scene is in a sepia or muted color palette.

**SCHEME:
ECONOMIC
ANALYSIS**

Columbia Street Properties Adaptive Reuse Study

Discussion Draft March 16, 2022

ECONNorthwest

ECONOMICS • FINANCE • PLANNING

- Financial Feasibility
 - Final Scheme
 - Alternative
- Economic Impact
- Consideration

Feasibility Metric: Debt Service Coverage Ratio (DSCR)

- Expressed as a ratio of the revenues and the debt service costs

How Do Developers Determine if a Project is Financially Feasible?

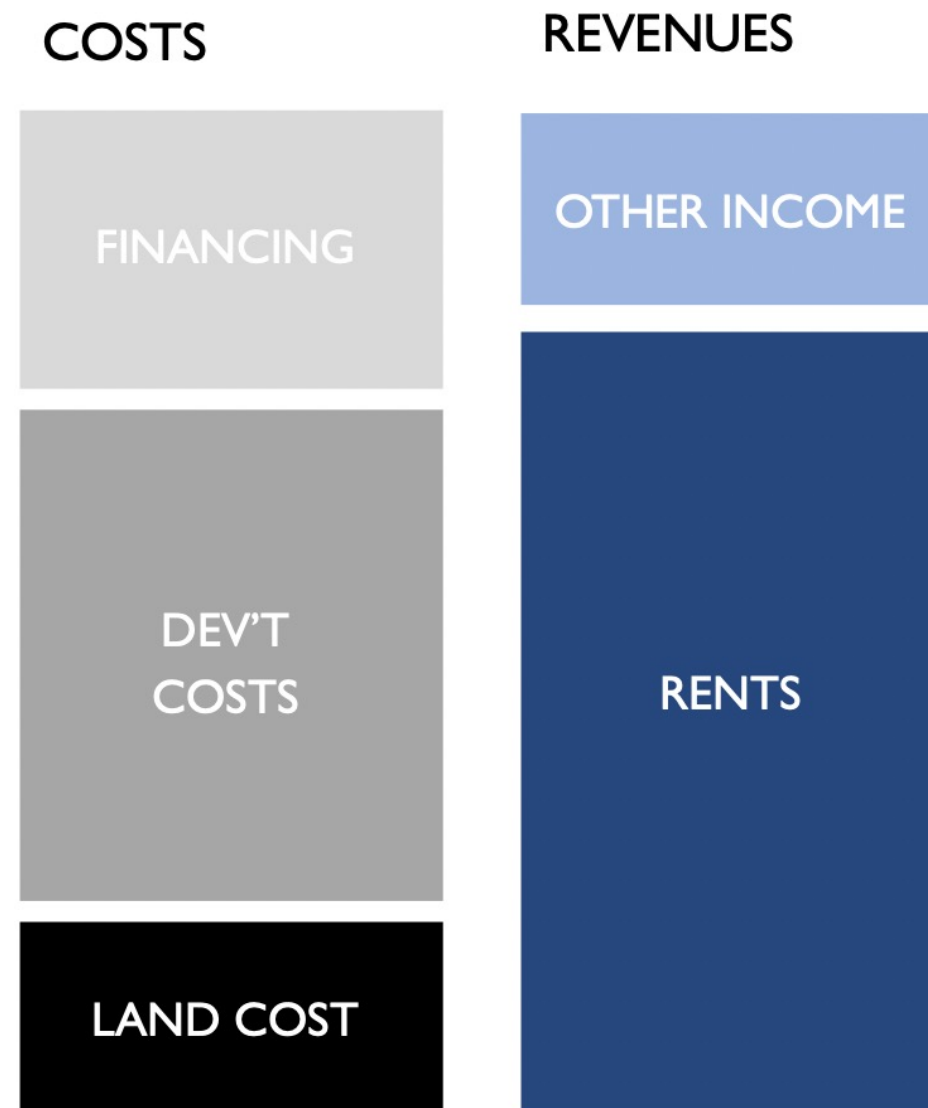
At its most basic level, new development happens when developers have the necessary resources and when project profitability is higher than alternative investments.

Several factors drive the equation to determine the financial feasibility of development. These factors are illustrated in the graphic to the right.

Equity and debt are generally priced in a national marketplace where capital is seeking competitive returns across sectors

Costs include:

Hard costs (construction costs, tenant improvements)
Soft costs (construction costs, tenant improvements)



Some developments can generate revenue through additional amenities, like pet rent

Revenues are driven by demographics, macro economics, and local characteristics (e.g. proximity to downtown, access to parks, block orientation)

Feasibility Metric: Debt Service Coverage Ratio (DSCR)

- Expressed as a ratio of the revenues and the debt service costs

Debt Coverage Ratio Calculation:

- $DSCR = NOI \div Debt\ Service$
 - *Debt Service = Loan payment for most of the total development costs*
 - *NOI = Rent revenues – operating costs - vacancy*

DSCR less than 1.0: indicates revenues cannot support to cover the cost of the debt.

DSCR of 1.0: indicates breakeven point, where revenues equal the costs of a project. This is generally not enough to acquire a construction loan.

DSCR of 1.15 to 1.25: indicates enough revenues are generated to support cost of debt and profit to property owner.

Typical DSCR underwriting requirements: 1.15 to 1.25.

Development costs for Buildings DE and F are substantially high, reaching possibly new construction costs.

Total Hard Cost			
	Buildings A,B,C	Buildings D,E	Building F
Land Cost	\$0	\$0	\$0
Hard Cost	\$10,092,901	\$3,127,293	\$3,598,946
HP Hard Cost Reduction	-\$1,917,651	\$0	\$0
Parking Costs	\$283,849	\$62,779	\$89,074
Total Hard Cost	\$8,459,099	\$3,190,072	\$3,688,020
Soft Cost	\$1,691,820	\$638,014	\$737,604
HP Soft Cost Reduction	-\$321,446	\$0	\$0
Total Soft Cost	\$1,370,374	\$638,014	\$737,604
Contingency	\$491,474	\$191,404	\$221,281
Developer Fee	\$516,047	\$200,975	\$232,345
Total Development Cost	\$10,836,994	\$4,220,465	\$4,879,250
Development Cost per SF	\$321	\$565	\$460

Developer fees: Is the fee charged to a property owner for managing the development process for another person or entity.

Soft costs: Include professional services and regulatory fees such as: architectural, engineering and design fees and Permit and impact fees

Buildings ABC produce the highest rent revenues when compared with the other buildings.

Total Revenue			
	Buildings A,B,C	Buildings D,E	Building F
Rent per year	\$372,209	\$87,816	\$121,838
Property taxes per year	\$0	\$0	\$0
Op Ex per year	\$30,864	\$5,998	\$7,310
Annual NOI	\$341,345	\$81,818	\$114,527
Annual abated property taxes	\$0	\$0	\$0
Financial Returns			
	Buildings A,B,C	Buildings D,E	Building F
Subtotal Dev Cost for Scheme	\$10,836,994	\$4,220,465	\$4,879,250
Subsidy			
Total Dev Cost for Scheme	\$10,836,994	\$4,220,465	\$4,879,250
Total Debt	\$10,836,994	\$4,220,465	\$4,879,250
Annual Payment	\$698,104	\$271,876	\$314,314
Debt Service Coverage Ratio	0.49	0.30	0.36

Alternative - Financial Feasibility

Development costs for Buildings DE and F are still substantially high, however, the extra leasable SF in Buildings DE help reduce some costs per SF.

Total Hard Cost			
	Buildings A,B,C	Buildings D,E	Building F
Land Cost	\$0	\$0	\$0
Hard Cost	\$10,092,901	\$5,276,651	\$3,598,946
HP Hard Cost Reduction	-\$1,917,651	\$0	\$0
Parking Costs	\$253,623	\$102,490	\$79,589
Total Hard Cost	\$8,428,873	\$5,379,141	\$3,678,535
Soft Cost	\$1,685,775	\$1,075,828	\$735,707
HP Soft Cost Reduction	-\$320,297	\$0	\$0
Total Soft Cost	\$1,365,477	\$1,075,828	\$735,707
Contingency	\$489,718	\$322,748	\$220,712
Developer Fee	\$514,203	\$338,886	\$231,748
Total Development Cost	\$10,798,271	\$7,116,604	\$4,866,701
Development Cost per SF	\$320	\$522	\$459

Developer fees: Is the fee charged to a property owner for managing the development process for another person or entity.

Soft costs: Include professional services and regulatory fees such as: architectural, engineering and design fees and Permit and impact fees

Debt Service Coverage Ratio are substantially low across all buildings.

Total Revenue			
	Buildings A,B,C	Buildings D,E	Building F
Rent per year	\$372,209	\$211,356	\$121,838
Property taxes per year	\$0	\$0	\$0
Op Ex per year	\$30,864	\$14,645	\$7,310
Annual NOI	\$341,345	\$196,711	\$114,527
Annual abated property taxes	\$0	\$0	\$0
Financial Returns			
	Buildings A,B,C	Buildings D,E	Building F
Subtotal Dev Cost for Scheme	\$10,798,271	\$7,116,604	\$4,866,701
Subsidy			
Total Dev Cost for Scheme	\$10,798,271	\$7,116,604	\$4,866,701
Total Debt	\$10,798,271	\$7,116,604	\$4,866,701
Annual Payment	\$695,609	\$458,442	\$313,506
Debt Service Coverage Ratio	0.49	0.43	0.37

Substantially high rent premiums and historic tax credits are needed for Buildings ABC to cover the target DSCR.

	Current Market Assumptions		Break Even Market Assumptions (150%+ increase)	
	Final Scheme	Alt. Final Scheme	Final Scheme	Alt. Final Scheme
Rent Assumptions (annual per sf)	\$20.00 - Residential \$16.50 - Retail / Food + Beverage \$12.50 - Maker Space / Light Industrial \$8.50 - Storage and Warehouse		\$50.00 - Residential \$41.25 - Retail / Food + Beverage \$31.25 - Maker Space / Light Industrial \$21.25 - Storage and Warehouse	
Debt Service Coverage Ratio DSCR	0.49 - Buildings A,B,C 0.30 - Buildings D,E 0.36 - Building F	0.49 - Buildings A,B,C 0.43 - Buildings D,E 0.37 - Building F	1.25 - Buildings A,B,C 0.77 - Buildings D,E 0.93 - Building F	1.26 - Buildings A,B,C 1.09 - Buildings D,E 0.93 - Building F
Subsidy needed to reach 1.25 DSCR (w/ historic tax credits applied)	\$6.6 M - Buildings A,B,C \$3.2 M - Buildings D,E \$3.45 M - Building F	\$9.45 M - Buildings A,B,C \$4.65 M - Buildings D,E \$3.45 M - Building F	\$0 - Buildings A,B,C \$1.63 M - Buildings D,E \$1.25 M - Building F	\$0 - Buildings A,B,C \$0.95 M - Buildings D,E \$1.25 M - Building F
Subsidy needed to reach 1.25 DSCR (w/o historic tax credits applied)	\$9.45 M - Buildings A,B,C No change for other buildings		\$2.9 M - Buildings A,B,C No change for other buildings	

Financial Feasibility

- **Scheme-specific estimated costs are higher** than the range tested in the earlier financial analysis.
- Assuming no change to the revenues estimated (high-end of the marketplace), **the project will not meet underwriting debt coverage targets and would require a construction subsidy of approximately:**
 - **Final Scheme:** \$13,250,000 (w/historic tax credits) and \$16,100,000 (w/o tax credits)
 - **Alternative:** \$17,550,000 (w/historic tax credits) and \$17,550,000 (w/o tax credits)

Financial Feasibility

- Adjusting on per-building basis, **Buildings A, B, and C have the strongest performance.**
- The value of the **Historic Preservation Tax Credits improves the financial performance of Buildings A, B, and C approximately \$2.85 million**, thereby reducing the needed construction subsidy
- With Historic Preservation Tax Credit, **Rents would have to increase by at least 150%** to meet underwriting debt coverage for Buildings A, B, and C with the existing cost structure.
- Increase by use:
 - Residential – \$30.00 annually per SF
 - Retail - \$24.80 per annually per SF
 - Marker Space - \$18.80 annually per SF
 - Storage/Warehouse - \$12.80 annually per SF

Economic Growth, Jobs, and Taxes

- Development of the site and tenanting of buildings would generate economic and fiscal benefits to the region.
- The project could support 220 construction related jobs and 110 annual jobs from businesses at the development.
- The project would support \$5.0 million in city and county taxes stemming from property, sales, and utility taxes from construction and occupation.

Construction Impact (1-time)

	Direct Effect	Multipier Effect
Economic Output	\$19,000,000	\$16,000,000
Jobs	120	100
Wages/Income	\$9,400,000	\$6,900,000

Operating Impact (recurring)

	Direct Employment	Multipier Effect
Economic Output	\$20,700,000	\$7,500,000
Jobs	70	40
Wages/Income	\$4,400,000	\$3,200,000

Construction and Recurring Taxes (city and county)

Revenue Source	City	County
Property Taxes (leasehold)	\$400,000	\$360,000
Sales Tax on Construction	\$170,000	\$250,000
Ongoing Sales Tax	\$1,390,000	\$2,050,000
Utility Taxes	\$80,000	N/A
Total Incremental Revenues	\$2,040,000	\$2,970,000

Key Takeaways

- **Total site development as proposed is not feasible without significant outside funding or subsidies to close the gap.** Increases in construction costs from previous analysis have grown the financial feasibility gap.
- **Development of Buildings ABC is the closest to financial feasibility, but would require:** significant premium in rental rates, historic preservation tax credits acquired and/or other gap funding.
- **Tear down and redevelopment of Buildings DE and F** could yield better highest and best uses. The high cost of rehabilitation may be approaching or exceeding new construction prices. It's unclear whether retrofitted buildings would fetch additional premium.

THANK YOU!



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