

AGENDA

- 1. Meet the Team
- 2. Scope
- 3. About the property
 - a) Location/History
 - b) Title/Survey
 - c) Current State
 - d) Zoning
- 4. Historic Tax Credits
- 5. HUD Requirements

- 6. Community Input
- 7. Base Building Proforma
- 8. Development Scenarios #1: Residential
 #2: Office
 #3: Office + Retail
- 9. Other Ideas
- 10. Recommendations and Concluding Thoughts



THE TEAM



Johnson Bazzel



Brent Nitschke



Kyle Reis







Alison Drane Waterson



PROJECT SCOPE



- Meet with Community Advisory Committee
- Obtain historic tax credit information from Jack Pyburn
- Research zoning classification, development incentives, similar development projects and market conditions
- Create baseline proforma for redevelopment
- Generate up to three scenarios (with at least one scenario satisfying HUD residential requirements) with feasibility analysis





LOCATION





LOCATION







HISTORY



Phot by Abananza

NEW BUILDING OF TRIO STEAM LAUNDRY.

This shows a new building just completed for the Trio Steam Laundry in Hilliard-st, near Edgewood-ave. Except for a portion of the rear, it is two stories and is built of brick. It is directly across Hilliard-st, from the main building of the laundry. As soon as machinery is installed it will be used exclusively for dry cleaning.

GROWTH AND PROGRESS OF THE NEW SOUTH The Georgian Records Under this Head Each Day Some Fact in Reference to the Progress of the Sout

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Main Office and Plant, J. H. Bowles, President UNIOI	100 Hilliard St.	D. L. Bowles, Manager AUNDRY
Main Office and Plant, J. H. Bowles, President UNIOI	100 Hilliard St.	D. L. Bowles, Manager AUNDRY

APPLICATION FOR BUILDING PERMIT.
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HISTORY









HISTORY





MARTIN LUTHER KING, JR. HISTORIC DISTRICT







Exhibit D: Title and Survey

CURRENT STATE











ZONING: C2 & MLK JR. LANDMARK DISTRICT

Permitted Uses

- The MLK Jr. Landmark District has no parking minimums, while the C2 District does
- Corner Site Potential
 - Max. FAR = 28,014 SF of development
 - Max height = 47.25' (1.5 times the compatible height up to 55')
 - Considering setbacks, building height restrictions, and FAR, potential development envelope yields a 6,000 SF building footprint on 4 levels to maximize the corner lot (this assumes no additional parking is added on site)



ZONING: C2 & MLK JR. LANDMARK DISTRICT





HISTORIC TAX CREDITS

- Can yield ~ 35% savings
 - Federal Tax Credit (assume 15% Rehabilitation) and GA State Tax Credit (20%)
- Design improvements
 - Compliant with the Secretary of Interior and State of Georgia Standards
 - Reviewed by the National Park Service in Washington, DC and the State Historic Preservation Office
- Credits are intended only for for-profit entities
- Eligibility criteria
- Character defining features





HISTORIC TAX CREDITS

Approach to Design of New Features that are Responsive to the Secretary of Interior's Standards for the Preservation of Historic Properties



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HUD REQUIREMENTS

- No direct statutory requirement
- Rule of thumb → produce housing in either mixed-use or mixedincome setting
- Options:
 - Affordable units (need tax credits to provide funding)
 - Project based rental assistance for families at 30% AMI
 - Up to \$20,000 down payment assistance (other sources also)
- In mixed-income, AHA investment typically 20% of total development cost; results in number of affordable units
- Affordable units = <80% AMI</p>
- Consider Proposed City of Atlanta / Fulton County Affordable Housing Requirements
- Pro forma analysis assumes private development



COMMUNITY INPUT

- Diverse group of Stakeholders / Advocates
- Save the Building Make a Values Statement
- Community open to all types of uses
- Celebrate History
- Corner lot is part of historic fabric
- Balance with financial feasibility



Source: Community Advisory Committee



BASE BUILDING PROFORMA













TOTAL COST: \$906,000

Roof/Doors/Windows \$156,000

Sitework \$74,000

Masonry/Exterior Trim \$57,000

Drywall/Finishes \$103,000

Steel \$111,000

Mechanical/Electrical/Plumbing \$190,000

Indirect/General Conditions \$215,000

Cost per SF: \$210



	LAUNDRY BUILDING ATLANTA, GEORGIA MARCH 22, 2016				LUSK & COM	PANY	
ITEM	DESCRIPTION	LABOR	MATERIAL	SUB	TOTAL	REMARKS	COST/
	DEMOLITION	0	0	12,671	12,671		
	SANITARY SEWER (new service)	0	0	4,550	4,550		
	DOMESTIC WATER (new service)	0	0	5,110	5,110		
	TERMITE TREATMENT	0	0	250	250		
02280	GRAVEL	0	0	10,582	10,582		
02900	LANDSCAPING	0	0	15,000	15,000	ALLOWANCE	
	SUBTOTAL DIVISION TWO					48,163	
03300	CAST IN PLACE CONCRETE (sidewalks, patch sog, second f	7,524	10,515	5,849	23,888		
	CONCRETE REINFORCING	0	2,269	779	3,048		
	SUBTOTAL DIVISION THREE					26,936	
04200	MASONRY RESTORATION (infill and tuckpointing)	0	0	25,000	25,000	ALLOWANCE	
	REPAIR LINTELS	0	0	5,000		ALLOWANCE	
	SUBTOTAL DIVISION FOUR					30,000	
05100	STRUCTURAL STEEL (floor and roof system with stairs)	0	0	111,459	111,459	1 2	2
	SUBTOTAL DIVISION FIVE					111,459	
06100	ROUGH CARPENTRY (blocking at roof and toilet accessories	1,951	1,116	0	3,067		
	INTERIOR TRIM	0	0	5,000	5,000	ALLOWANCE	
	FYPON CORNICE (around top of building)	4,455	15,444	0	19,899		
	SUBTOTAL DIVISION SIX					27,966	
	WATER REPELLENT COATINGS (at exterior wall)	0	0	4,629	4,629		
	MEMBRANE ROOFING	0	0	28,556	28,556		
07900	CAULKING AND SEALANTS (windows and doors)	0	0	7,500		ALLOWANCE	
	SUBTOTAL DIVISION SEVEN					40,685	
08100	HOLLOW METAL WORK	891	5,000	0	5,891		
08200	WOOD DOORS	3,713	5,346	0	9,059		
08710	FINISH HARDWARE	0	12,100	0	12,100		
08400	GLASS AND GLAZING	0	0	5,537	5,537		
	ALUMINUM CLAD WINDOWS AND DOORS	9,005	74,228	0	83,233		
	SUBTOTAL DIVISION EIGHT					115,820	
09250	GYPSUM DRYWALL	0	0	21,168	21,168	Distances • Industry	
09300	TILE (bathrooms with wet wall tile)	0	0	10,220	10,220		
09500	ACOUSTICAL CEILING (2x2 radar everywhere)	0	0	14,318	14,318		
09650	RESILIENT FLOORING (4" rubber base)	0	0	1,762	1,762		
09680	CARPETING (everywhere \$30.00/sy F&I)	0	0	14,250	14,250		
09900	PAINTING (includes sandblasting exterior wall)	0	0	29,570	29,570		
	SUBTOTAL DIVISION NINE			1000 C C C C C C C C C C C C C C C C C C		91,288	

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	LAUNDRY BUILDING ATLANTA, GEORGIA MARCH 22, 2016			1	LUSK & COMF	ANY	
ITEM	DESCRIPTION	LABOR	MATERIAL	SUB	TOTAL	REMARKS	COST/SF
10150	TOILET PARTITONS (porcelain)	0	0	2,795	2,795		0.64
10800	TOILET ACCESSORIES	0	0	2,974	2,974		0.68
10400	IDENTIFYING DEVICES (interior signs and buuilding letters)	0	0	2,233	2,233		0.51
10520	FIRE PROTECTION SPECIALTIES (2 each fex and cabinets)	81	378	0	459		0.11
	SUBTOTAL DIVISION TEN					8,461	
12500	BLINDS (all windows)	0	0	3,861	3,861		0.89
	SUBTOAL DIVISION TWELVE					3,861	
15300	PLUMBING	0	0	48,355	48,355		11.11
15800	HVAC	0	0	63,365	63,365		14.56
	SUBTOTAL DIVISION FIFTEEN					111,720	
16100	ELECTRICAL	0	0	76,508	76,508		17.58
	SUBTOTAL DIVISION SIXTEEN					76,508	
	SUBTOTAL	27,620	126,396	538,851	692,867	692,867	159.21
	GENERAL CONDITIONS	74,351	22,099	7,486	103,936		23.88
	GENERAL LIABILITY AND UMBRELLA	0	0	3,070	3,070		0.71
	BUILDING PERMIT	0	0	6,372	6,372		1.46
	BUILDER RISK INSURNACE	0	0	593	593		0.14
	OVERHEAD AND PROFIT	0	0	56,479	56,479	0.07	12.98
	CONTINGENCY	0	0	43,166	43,166	0.05	9.92
	TOTAL	101,971	148,495	656,016	906,482		208.29

TOTAL SQUARE FEET DURATION OF PROJECT 4352 SF 4 MOS



DEVELOPMENT SCENARIOS

- Scenario #1: Residential
 Scenario #2: Office
 Scenario #3: Office + Retail

 OTHER IDEAS
- Community Theater
- Artist Housing

RESIDENTIAL ASSUMPTIONS

- AHA transfer of ownership to a for-profit entity qualifies project for Historical Tax Credit
- Federal Tax Credit (assume 15% of QRE) and GA State Tax Credit (assume 20% of QRE)
- Analysis assumes private development





SCENARIO #1: RESIDENTIAL





FIRST FLOOR PLAN

SCENARIO #1: RESIDENTIAL

Assumes base building, 4 residential units, and 19 monthly parking spaces

Base Scenario Cost Assumptions Total Per Unit

\$750,000

\$120,000

\$1,000,000

\$187,500

\$250,000

\$30,000

				Onit Bundout	<i>Ş120,000</i>	<i>250,000</i>	<i>γ</i> 25.0-
				Soft & Carry Costs	\$50,000	\$12,500	\$10.6
				Total Costs	\$1,920,00	\$480,000) \$410.
Bedrooms	Bathrooms	Unit Count	Unit Mix	Rentable SF	Mkt Rent	\$ / SF Rent	Monthly Total
	1	2	50.0%	610	\$1,129	\$1.85	\$2,257
1	1	1	25.0%	750	\$1,388	\$1.85	\$1,388
2	2	1	25.0%	1,600	\$2,960	\$1.85	\$2,960
		2	50.0%	610	\$1,129	\$1.85	\$2,257
		1	25.0%	750	\$1,388	\$1.85	\$1,388
		1	25.0%	1,600	\$2,960	\$1.85	\$2,960
		4	100.0%	893	\$1,651	\$1.85	\$6,605
				19 spaces @	\$75 / space		\$1,425
							\$8,230
enue units and delinquency	1)				3.00%		(\$247)
							\$7,983
							\$95,791
	Total Co	ontrollable Per Unit			Total Per Unit		
Landscaping and Contrac	t Services	\$25		Controllable	\$150		
Repairs & Maintenance		\$100	Ň	Aanagement Fee	\$1,676		
Utilities		\$0	F	Property Taxes	\$2,171		
Other		\$25	I	nsurance	\$200		
		\$150			\$4,197		
					17.52	% expense ratio	(\$16,787)
							\$79,004
						4.1	1% In Place Yield
				With 35% Histo	oric Tax Credit @ discount ra	e of 6.5% 4.8	4% In Place Yield
	1 2 enue units and delinquency Landscaping and Contrac Repairs & Maintenance Utilities	1 1 2 2	1 2 1 1 2 2 1 2 2 1 1 1 <	1 2 50.0% 1 1 1 25.0% 2 2 1 25.0% 2 2 1 25.0% 1 25.0% 1 25.0% 1 25.0% 1 25.0% 1 25.0% 1 25.0% 4 100.0% 4 100.0% Total Controllable Per Unit Landscaping and Contract Services \$25 Repairs & Maintenance \$100 M Utilities \$0 F Other \$25 M	Bedrooms Bathrooms Unit Count Unit Mix Rentable SF 1 1 2 50.0% 610 1 1 1 25.0% 1,600 2 2 1 25.0% 1,600 1 2 50.0% 610 1 2 2 1 25.0% 1,600 1 25.0% 1,600 1 1,600 1 25.0% 1,600 1 1,600 1 2 50.0% 1,600 4 100.0% 893 1 Itemu units and delinquency) Total Controllable Per Unit Landscaping and Contract Services \$25 Controllable Management Fee Property Taxes \$0 Property Taxes Insurance Insurance Insurance Insurance 1 0ther \$25 \$150 Property Taxes Insurance 1 1	Total Costs \$1,920,000 Bedrooms Bathrooms Unit Count Unit Mix Rentable SF Mkt Rent 1 1 2 50.0% 610 \$1,129 1 1 1 25.0% 750 \$1,388 2 2 1 25.0% 1,600 \$2,960 2 2 1 25.0% 1,600 \$2,960 1 25.0% 1,600 \$2,960 \$1,388 1 25.0% 1,600 \$2,960 1 25.0% 1,600 \$2,960 4 100.0% 893 \$1,513 19 spaces @ \$757/space enue units and delinquency) 3.00% Management Fee \$150 Management Fee \$1,576 Property Taxes \$2,371 Insurance \$200 0ther \$25 \$150 \$4,197 \$1.29	Total Costs \$1,920,000 \$480,000 Bedrooms Bathrooms Unit Count Unit Mix Rentable SF Mkt Rent \$/SF Rent 1 1 2 50.0% 610 51,129 \$1.85 1 1 1 25.0% 750 \$1.388 \$1.85 2 2 1 25.0% 1,000 \$2.960 \$1.85 2 2 1 25.0% 750 \$1.388 \$1.85 1 2 50.0% 610 \$1,129 \$1.85 1 25.0% 750 \$1.388 \$1.85 1 25.0% 750 \$1.388 \$1.85 1 25.0% 1.600 \$2.960 \$1.85 4 100.0% 893 \$1.651 \$1.85 19 spaces @ \$757 / space \$19 spaces @ \$100 MK Landscaping and Contract Services \$25 \$100 Management Fee \$1.676 Utilities \$00 \$100 \$4.1

Land

Base Building Unit Buildout

Notes:

(1) Multifamily developers in core+ locations in a market like Atlanta will look for a minimum of a 6.0% yield on cost.

(2) Assuming an aggressive 5.0% cap rate at exit, would produce an exit price of \$1.58mm (\$395K/unit) which is \$340K and \$85K respectively less than the cost to build.



Per RSF

\$160.26

\$213.68

\$25.64

SCENARIO #1: RESIDENTIAL

 Assumes base building, 4 residential units, and 19 monthly parking spaces

Total Costs	\$1,920,000	\$480,000	\$410.26
Soft & Carry Costs	\$50,000	\$12,500	\$10.68
Unit Buildout	\$120,000	\$30,000	\$25.64
Base Building	\$1,000,000	\$250,000	\$213.68
Land	\$750,000	\$187,500	\$160.26
	<u>Total</u>	<u>Per Unit</u>	Per RSF

Base Scenario Cost Assumptions

Solving for the cost of land....

Without Historic Tax Credits:	Land:	(\$500,000)	(\$250,000)	\$0	\$250,000	\$500,000	\$750,000	\$1,000,000
	YOC:	11.8%	8.6%	6.8%	5.6%	4.7%	4.1%	3.6%
With 35% Historic Tax Credits	Land:	(\$500,000)	(\$250,000)	\$0	\$250,000	\$500,000	\$750,000	\$1,000,000
@ 6.5% Discount Rate:	YOC:	20.7%	12.5%	9.0%	7.0%	5.7%	4.8%	4.2%



OFFICE/RETAIL ASSUMPTIONS

- Office & Retail Efficiency @ 95%
- Office TI @ \$40 PSF
- Retail TI @ \$35 PSF

- Office Rent (NNN) @ \$20 PSF
- Retail Rent (NNN) @ \$22 PSF
- 50% LTC @ 5.5% 30 year amortization







SCENARIO #2: OFFICE





SCENARIO #2: OFFICE

DEVELOPMENT PROFORMA

USES	TOTAL	F	PER GSF
Land	\$ 150,000	\$	38
Hard Cost	\$ 821,704	\$	208
Office TI	\$ 157,800	\$	40
Total Soft Cost	162,662	\$	41
Total Project Cost	\$ 1,292,166	\$	328
Less: Tax Credits	\$ 399,758		
Net Project Cost	\$ 892,408	\$	226
SOURCES	TOTAL		%
Land	\$ 150,000	12%	
Federal TC (15% Credit)	\$ 171,325		13%
GA HTC (20% Credit)	\$ 228,433		18%
Loan	\$ 646,083		50%
Equity	\$ 96,325		7%
Total Sources	\$ 1,292,166		100%



SCENARIO #2: OFFICE

CASH FLOW PROFORMA

									101	AL			
Office Rent (N	INN)				\$		74,955	I					
Parking					\$		1,425	I					
Gross Income	;							\$	76	,380			
Less: Vacanc	y (5%))						\$	3,81	9.00			
Effective Gros	s Inco	ome						\$	72	,561	_		
Reserves					\$		3,819						
Total Expense	es							\$	3	,819			
Net Operatin	g Inco	ome						\$	68	,742	1		
Yield on Cost	(with I	HTC)							7.7%	<u>/</u> 0		
Without Historic Tax Credit	Land:	\$	-	\$	150,000	\$	300,000	\$	450,000	\$	600,000	\$	750,000
	YOC:		6.0%	6	5.3%		4.7%		4.3%		3.9%		3.6%
	Land			•	(20.000	•		<u></u>	150 000		000.000	<u>_</u>	750.000
With 35% Historic Tax Credit	Land: YOC:	\$	- 9.3%	\$ %	150,000 7.7%	\$	300,000 6.6%	\$	450,000 5.7%	\$	600,000 5.1%	\$	750,000 4.6%
	R												



SCENARIO #3: OFFICE + RETAIL





SCENARIO #3: OFFICE + RETAIL

DEVELOPMENT PROFORMA

USES	TOTAL	F	PER GSF
Land	\$ 150,000	\$	38
Hard Cost	\$ 821,704	\$	208
Office TI	\$ 97,300	\$	40
Retail TI	\$ 52,938	\$	35
Total Soft Cost	159,351	\$	40
Total Project Cost	\$ 1,183,993	\$	300
Less: Tax Credits	\$ 361,898		
Net Project Cost	\$ 822,095	\$	208
SOURCES	TOTAL		%
Land	\$ 150,000		13%
Federal TC (15% Credit)	\$ 155,099		13%
GA HTC (20% Credit)	\$ 206,799		17%
Loan	\$ 591,996		50%
Equity	\$ 80,099		7%
Total Sources	\$ 1,183,993		100%



SCENARIO #3: OFFICE + RETAIL

CASH FLOW PROFORMA		Т	OTAL
Office (NNN)	\$ 46,218		
Retail (NNN)	\$ 31,611		
Parking	\$ 1,425		
Gross Income		\$	79,254
Less: Vacancy (5%)		\$	3,963
Effective Gross Income		\$	75,291
Reserve	\$ 3,963		
Total Expenses		\$	3,963
Net Operating Income		\$	71,328

Without Historic Tax Credit	Land:	\$ -	\$ 150,000	\$ 300,000	\$ 450,000	\$ 600,000	\$ 750,000
	YOC:	6.9%	6.0%	5.3%	4.8%	4.3%	4.0%
With 35% Historic Tax Credit	Land:	\$ -	\$ 150.000	\$ 300.000	\$ 450.000	\$ 600,000	\$ 750.000

Vith 35% Historic Tax Credit	Land:	\$-	\$ 150,000	\$ 300,000	\$ 450,000	\$ 600,000	\$ 750,000
	YOC:	10.7%	8.7%	7.3%	6.3%	5.6%	5.0%



MARKET STUDIES

- Broker Opinion of Value = \$250,000 \$300,000
 - \$20-\$30 psf (~\$110,000) plus \$300,000 for vacant land
 - \$300,000 discounted heavily with assumption of parking use
- Rental rates:
 - \$15 psf nnn for commercial/office
 - \$22 psf nnn retail
 - \$1.25 psf residential
- Comps (building and land) = average of \$158 psf



COMMUNITY THEATER + ARTIST HOUSING

- Assumes no tax credits (not-for-profit)
- 24 Units w/o parking
- Demand for artist housing

- Community Need / Desire
- Potential 2 Story Volume a Plus
- Potential Partners / Operators
 - High Museum
 - WonderRoot
 - Goat Farm

THEATER ~\$1.5 - \$2M Cost Not-for-profit entity capable of up front and ongoing costs

ARTIST HOUSING 24 units @ 800 SF/Unit ~\$3.6M Cost ~\$1/SF Rent 4.5% YOC in best case scenario





RECOMMENDATIONS & CONCLUDING THOUGHTS

- Cost to rebuild base building?
 - \$1M+
- How do traditional development options pencil out?
 - Yield on Cost 7.7% & 8.7% best scenarios
 - Risky project even at near zero land basis
- So....now what?
 - Consider low land cost basis for developer
 - Find a philanthropic champion
 - Theater
 - Support artist community
 - Mission-based organizations
 - Community buy in on alternative approaches
 - Partial façade





ACKNOWLEDGEMENTS

- AHA
- Community Advisory Committee
- Jack Pyburn
- Gene Kansas
- Sarah Butler
- Pimsler Hoss
- New South Associates
- Save the Historic Trio Building Community Group

