BASILE BAUMANN PROST & ASSOCIATES, INC.





Basile Baumann Prost & Associates, Inc. (BBP Associates) is an economics and real estate development advisory firm which counsels an array of public and institutional clients, as well as both novice and sophisticated private investors, interested in bringing projects to fruition. We deliver accurate, in-depth analyses and sound recommendations to those formulating policies and assessing risks and rewards.

After pioneering many of the public/private development techniques used to rebuild America's cities and towns, we have tailored these rich experiences, and lessons learned, to face the complexities of the contemporary real estate and economic climate. By applying familiar dealmaking and innovative financing techniques, our horizons have broadened from specializing in downtown, mixed-use, institutional and transportation-related endeavors to packaging commercial, residential and recreational developments located at the edges of cities. Our focus on implementation and our success in producing results remains unparalleled.

BBP Associates has developed a reputation for tenaciously overcoming development constraints, maximizing economic opportunities and formulating practical solutions for our clients and their communities. With our broad-based background of challenging experiences and our solid record of success, BBP Associates offers much more than traditional consulting firms. As our clients will attest, we help them meet their development objectives by using our "hands-on" services to achieve pragmatic results.





PUBLIC/PRIVATE DEVELOPMEN

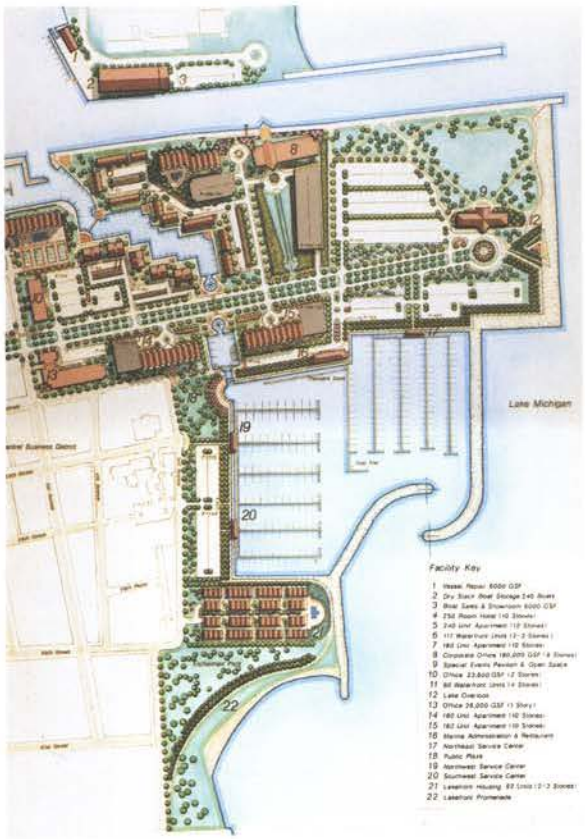
ZONING COMMISSION
CASE No. 96-3/89-1
EXHIBIT No.
ZONING COMMISSION
District of Columbia
CASE NO.96-3
EXHIBIT NO.51



Transit Station Joint Development, Washington Metro Area



Engineer Proving Ground, Fort Belvoir



Southport, Kenosha



-Lincoln Laboratories, Lexington



Strom Thurmond Institute & Performing Arts Center, Clemson University



PROJECTS

Office

We guide development of business parks, general user space, headquarters buildings and projects in high-technology corridors configured in both large- and small-scale endeavors built in center city and urban areas. Nearly $750 million of construction has been completed in Hartford, Houston, Columbia, Des Moines, Hampton, Asheville and elsewhere.

Military & Government Space

BBP Associates is representing the US Army in its initial attempts to accomplish space needs objectives with other than appropriated dollars. We are also directing other similar privatization efforts to build government administrative space, postal facilities and other public buildings. Over $1.1 billion of project value has been created in Fairfax and Arlington County, Florence, New Haven, on the USMA at West Point, at the Fort Belvoir Engineer Proving Ground and elsewhere.

Group Meeting/Audience Support

On behalf of public entities, we analyze the feasibility of convention and conference centers, trade centers, civic centers, auditoriums, stadiums, performing arts centers, libraries, museums, theaters, arts districts and similar exhibition and entertainment facilities. Space in Denver, Cleveland, Chattanooga, Albuquerque, Clemson, Richmond and two dozen other communities has been built at a cost exceeding $200 million.

Residential

Attached and detached dwelling projects, multi-family complexes, retirement/congregate care facilities and resort facilities are being built based on our advice in both large- and small-scale projects (including affordable housing programs and plans). Construction has been completed in Atlantic City, Tarboro, Louisville, Dayton and many other communities.

Hotel

We counsel clients developing luxury, moderate-priced, all-suites and budget facilities in city centers, casinos, suburban locations, waterfront areas and resort/conference center settings. Completed projects built or operated by Hyatt, Radisson, Marriott, Sheraton, Omni, Quality and other chains have totaled nearly $300 million of investment.



Old Town, Fort Collins



Jacksonville Landing, Jacksonville

Industrial

We provide adjustment and economic development strategies and plans leading to the construction of flex space, warehousing/distribution, incubators, manufacturing and research and development parks by public and private entities, universities and regional authorities. Projects have been developed in Pittsburgh, Charlottesville, Hampton, Hamtramck, Baltimore and many other communities.

Institutional

Medical facilities, laboratories, educational/training facilities, prisons and other special-purpose projects are being constructed based on our assessments. Over $800 million of projects in Biloxi, Fayetteville, Columbus, Elizabeth, New Orleans, Lexington, Cleveland and other localities have been built.

Success
is not measured
by promises . . .
but by accomplishments.



Government Center, Fairfax County



Transit Center, Taipei, Republic of China

Recreational/Entertainment

Golf courses, equestrian centers, marinas, ski resorts, clubs, gaming, parks, theme and media centers, entertainment and related facilities are being developed with our guidance. Projects have been undertaken in Atlanta, Atlantic City, Oak Ridge, Kenosha, Lakewood, Cobb County, Bloomington and other localities. We also have been entrusted with determining recreational development feasibility at every US Army Corps of Engineers water reservoir site nationwide.

Retail

We determine the feasibility of shopping centers and malls, specialty centers, festival marketplaces, eating and drinking establishments and street-level offerings found in both new and adaptive reuse projects. We packaged the Mall of America in suburban Minneapolis-St. Paul, which is the largest retail- entertainment center in the U.S., as well as retail centers located in Cincinnati, Fort Collins, Cleveland, Raleigh, Miami and dozens of other U.S. cities.

Transportation

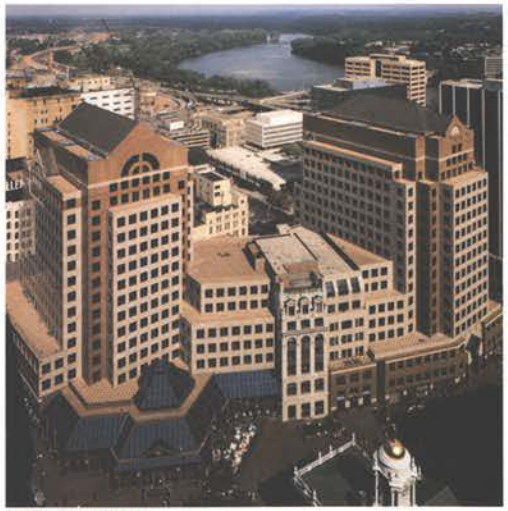
We help implement joint development, air rights developments, commuter rail facilities, transit/highway facilities, parking garages, and multi-modal transit centers. Facilities have been initiated in Boston, New York City, Buffalo, Ottawa, Philadelphia, Baltimore, Washington, D.C., St. Louis, Los Angeles, Taipei, San Diego, Portland and elsewhere.

Mixed-Use Development

We package mixed-use projects incorporating a variety of commercial and residential uses in downtowns, suburban activity centers, edge cities and new towns. Some projects are located in Baltimore, Columbia, Washington, D.C., Minneapolis-St. Paul, Alexandria, Ft. Collins and Boston.

Specialized Assignments

We address areawide concerns focusing on: downtown, neighborhood and commercial area revitalization; economic adjustment caused by severe job losses; growth management; innovative funding strategies; consensus building; transportation and land use interfaces in multi-modal corridors; and the impacts of developing transportation, audience-support and other public projects on local economies. These concerns have been addressed in such communities as Baltimore, Washington D.C., Cleveland, Denver, Los Angeles, Atlanta and elsewhere throughout the United States.



State House Square, Hartford



Crescent Center, Louisville



Colorado Convention Center, Denver



Recreation Partnerships Initiative, US Army Corps of Engineers



Hampton Roads Center, Hampton



Amherst Transportation Corridor, Buffalo



Pack Plaza, Asheville



Potomac Yards (RF&P), Alexandria



SERVICES

Our spectrum of services is wide-ranging. We undertake selected economic studies such as market, financial, economic impact, highest and best use, residual land value and other analyses. We also perform more comprehensive services by representing clients throughout predevelopment, including managing overall project planning, securing project approvals, procuring project financing, preparing partnership solicitations and facilitating relationships among development participants, conducting development negotiations and drafting development agreements.

Backed by state-of-the-art computer-assisted analytical techniques, we provide our clients with rapid, cost-effective assessments and evaluations. Supported by additional, specialized departments to address land use, transportation, legal and financial issues, our staff is equipped to handle complex planning and development assignments. Also, our frequent affiliations with other development specialists, including architects and engineers, allows us to fully employ multidisciplinary approaches to examine every facet of the predevelopment process.

Market & Financial Feasibility Assessments
- *analyze market and development potentials*
- *undertake economic research*
- *prepare pro formas and financial analyses*
- *calculate supportable financing*
- *structure funding approaches*
- *evaluate fiscal impact and cost-benefit*
- *target users and investors*

Developer Solicitations & Evaluations
- *identify candidate developers*
- *create solicitation documents*
- *evaluate proposal responses*
- *conduct due diligence exercises*

Implementation & Packaging Assistance
- *identify funding sources*
- *define goals and objectives*
- *establish negotiating strategies*
- *analyze trade-offs among positions*
- *direct real estate asset management programs*
- *manage multidisciplinary joint development efforts*



Adams Landing, Cincinnati



Boardwalk Entertainment Complex, Atlantic City

Deal Structuring & Negotiations
- *propose innovative financing techniques*
- *negotiate transaction provisions*
- *cause execution of final development agreements*
- *conduct distressed property workouts*

Strategic Planning & Economic Development Analyses
- *prepare redevelopment/revitalization strategies*
- *structure growth management programs*
- *craft job retention and business recruitment strategies*
- *plan tax base expansion and assess fiscal impacts*

Resolution of Public Revenue Shortfalls
- *survey public real estate portfolios*
- *solicit capable development partners*
- *mitigate financial risks*
- *redeploy existing assets*
- *maximize revenue generation*

Military & Federal Property Disposition
- *devise economic recovery and adjustment strategies*
- *structure property disposition strategies*
- *analyze alternatives to the 1949 Property Act*
- *advise on public benefit conveyances*
- *prepare financial/economic analyses*
- *formulate privatization strategies*

Transportation/Joint Development Planning
- *evaluate joint development/economic impacts*
- *examine transit & land use interrelationships*
- *formulate funding and financing strategies*
- *undertake Alternatives Analyses/DEIS/FEIS*
- *complete needs and impact studies*
- *package transit/real estate projects*

Manage Development Organizations & Projects
- *train staff on development analyses techniques*
- *guide community and neighborhood groups*
- *develop work programs and seek funding*
- *coordinate large-scale real estate development efforts*

Special Expertise & Services
- *provide litigation support and expert testimony*
- *represent tenants during lease negotiations*
- *lead consensus-building efforts*
- *serve as "surrogate developer"*

FRONT COVER PHOTOS.

South Station, Boston

New Haven City Hall, New Haven

Lake Acworth Golf Course, Cobb County

Mall of America, Bloomington

CLIENTS/AFFILIATIONS

BBP Associates is proud to have helped produce successful economic plans and real estate projects in many large and small communities throughout the nation. Because we make things happen, we often enjoy long-term relationships with clients enthusiastic about our results. Many award-winning projects and plans have resulted as we have assisted a wide array of public and private sector entities, including:

Federal Government & Other Countries

- General Services Administration
- National Park Service
- Tennessee Valley Authority
- US Army
- US Navy
- US Air Force
- US Dept. of Housing & Urban Development
- US Dept. of Transportation
- US Postal Service
- US Marine Corps
- Carlton, Ottawa, Canada
- Taipei, Republic of China

Cities & Counties

- Arlington County, VA
- Asheville, NC
- Atlantic City, NJ
- Beaver County, PA
- Boulder
- Chattanooga
- Charlotte
- Cleveland
- Columbia, SC
- Delaware County, PA
- Denver
- El Paso/Juarez
- Fairfax County, VA
- Florence, KY
- Ft. Collins, CO
- Fulton County, GA
- Hampton, VA
- Hartford
- Houston
- Jacksonville, FL
- Kenosha, WI
- Lakewood, CO
- Louisville
- Miami
- New Bern, NC
- New Haven
- Oak Ridge, TN
- Orlando
- Phoenix
- Philadelphia
- Raleigh, NC
- Richmond, VA
- San Diego/Tijuana
- Shreveport, LA
- South Bend, IN
- Surry County, VA
- Virginia Beach
- Washington, D.C.

Authorities & Local Development Corporations

- Albuquerque Center, Inc.
- Bloomington Port Authority
- Casino Reinvestment Development Authority of NJ
- Downtown Denver, Inc.
- Jacksonville Downtown Development Authority
- Massachusetts Bay Transportation Authority
- Metropolitan Transit Authority of NY
- Port Authority of NY and NJ
- Richmond Rennaissance Corporation
- St. Vincent Quadrangle Development Corporation
- Washington Metropolitan Area Transit Authority

State & Regional Government

- Bi-State Development Agency (St. Louis)
- California Transportation Commission
- Iowa Department of Transportation
- New York Department of Transportation
- NJ TRANSIT Corporation
- State of Florida
- Maryland Department of Transportation
- State of Michigan
- Virginia Department of Transportation
- Utah Transit Agency

Colleges & Universities

- Clemson University
- Johns Hopkins University
- MIT - Lincoln Laboratory
- Stephens College
- University of Georgia
- University of Virginia
- Virginia Commonwealth University
- Virginia Tech

Medical Institutions

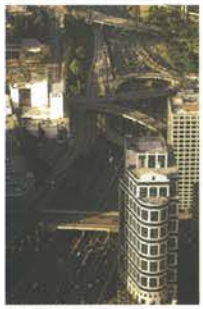
- Biloxi Regional Medical Center
- Dorchester General Hospital
- Kenner/Liljeberg Medical Center
- MetroHealth of Cleveland
- Mt. Carmel Health Systems
- St. Vincent Hospital

Private Developers

- Century Development Corporation
- Forest City
- Crown American Corporation
- CSX Resources, Inc.
- Enterprise Development Company
- Equitable Real Estate
- Ford Motor Land Development Company
- Homart Development Corporation
- Marinas International
- Marriott Corporation
- Melvin Simon Associates
- RF&P Corporation
- The Rouse Company
- Spaulding & Slye
- Tramell Crow Company
- Triple Five Corporation



Sheraton Hotel Marina, New Bern



Air Rights, CALTRANS



Rock-n-Roll Hall of Fame, Cleveland



Mount Carmel Health Center, Columbus

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DRAFT FINAL REPORT:

BUZZARD POINT/CAPITOL GATEWAY OVERLAY ZONE ANALYSIS

Prepared for the

CAPITOL GATEWAY GROUP

OFFICE OF ZONING
DISTRICT OF COLUMBIA
96 NOV 21 A11:50

1 November 1996

Prepared By:

BASILE BAUMANN PROST & ASSOCIATES

Executive Summary

Basile Baumann Prost & Associates conducted an analysis of the impacts of the D.C. Office of Planning's (OP) Proposed Buzzard Point/Capitol Gateway (BP/CG) Overlay Zone. We evaluated market and financial conditions to determine the effects this Overlay Zone would have on the economic feasibility of development in BP/CG. Additionally, we developed and evaluated several alternatives to the OP proposal.

Conclusions

Our analysis indicates that the proposed Overlay Zone will have a negative impact on the development potential for the BP/CG area. OP's proposal will be a disincentive to development in BP/CG; will effectively prevent the subareas from achieving the desired (Comprehensive Plan) goal of a high density residential, medium-high density commercial mixed use district; and could constitute a taking.

There are, however, alternatives to the OP proposal that are viable now. These alternatives, utilizing increased commercial components, decreased residential components, and phasing of development, would more rapidly move Buzzard Point and Capitol Gateway toward the Comprehensive Plan goal of mixed use districts.

Findings

Our analysis indicates that OP's proposal does not produce financially viable development and that bonus zoning incentives in OP's proposal do not adequately address the fundamental problem, that residential development in the Buzzard Point/Capitol Gateway area is costly and unprofitable (see Table X-1, Graph 1). As a result, none of the development alternatives allowable under OP's proposal are feasible. Therefore, OP's proposal would effectively place a moratorium on development in the BP/CG areas.

Other key findings include:

1. The BP/CG is one of the few areas in the District of Columbia capable of major new commercial and residential development .

2. Capitol Gateway and Buzzard Point are distinctly different areas, with different opportunities and limitations. Capitol Gateway, which is defined as the area bounded to the north by M Street; to the south by the Anacostia River; to the east by the Southeast Federal Center, and; to the west by South Capitol Street, benefits from its location at the nexus of commercial districts and proximity to mass transit, while Buzzard Point, which is bounded to the north by P Street; to the east by 1st Street S.E. and the Anacostia River; to the south by the Anacostia River at its intersection with the Washington Channel; and to the west by Fort Leslie J.

McNair, benefits from its extensive waterfront, nearness to Fort McNair and substantial residential uses in Southwest D.C.

3. This definition of the Capitol Gateway area boundary is consistent with previous planning documents. However, modified boundaries appeared in the Buzzard Point/Near Southeast Vision 2020 compilation of planning efforts.

4. The relocation of several thousand federal workers and military personnel to the Navy Yard and Southeast Federal Center (SEFC) in the near future will increase the demand for additional private office and retail space in proximity to those sites.

5. The West End could serve as a model for development in the BP/CG areas, even though it has a different market environment, different physical conditions, and benefited from the construction of hotel space in lieu of residential space to meet District zoning requirements.

6. OP's proposal is based on questionable interpretations of the Comprehensive Plan, lack of market and financial feasibility and fiscal impact analysis.

7. The higher density of commercial development necessary to offset the unprofitable residential component is not allowed under the Office of Planning Proposed Overlay Zone.

8. OP's proposal would substantially devalue the property of owners in the area by eliminating or limiting their development potential and could constitute a "taking."

9. Lack of infrastructure, poor appearance and a lack of available financial incentives within the BP/CG area will prevent the mandated residential component from being achieved.

Recommendations

Mixed use alternatives different from those allowable under the OP proposal are viable now (Table 1). Phasing of development is crucial to continued revitalization of the BP/CG areas. Adopting the recommendations below provide zoning for the development necessary to created healthy mixed use districts.

BBP has determined that a mixed use zone with 6 FAR commercial and 2 FAR residential (including hotel) will create a viable development environment in BP/CG. While it will allow for greater commercial use and less residential use than called for in OP's proposal; it can achieve viable development today; and will move BP/CG more quickly toward becoming mixed use. As the subareas improve physically, residential uses will become more feasible, given improved market conditions.

Zoning for Buzzard Point and Capitol Gateway should allow for, and encourage, the phasing of development, or leading with the mix of development feasible under current and near term market and financial conditions. In Capitol Gateway, zoning regulations should allow for extensive commercial-oriented mixed use development, building on the locational advantages of this area.

Buzzard Point's zoning should encourage early commercial-oriented development in the subarea's northeast corner (abutting Capitol Gateway), developing the Anacostia waterfront and rehabilitating dilapidated public and private housing structures. These measures will lay the foundation for more residential-oriented mixed-use development in BP/CG in the future.

I. Introduction/Background

1. Study Area

Buzzard Point and Capitol Gateway are two distinct areas in the District of Columbia, located south of the Capitol along the Anacostia River. Buzzard Point is bounded to the north by P Street; to the east by 1st Street S.E. and the Anacostia River; to the south by the Anacostia River at its intersection with the Washington Channel; and to the west by Fort Leslie J. McNair. Capitol Gateway is bounded to the north by M Street, to the east by the Southeast Federal Center; to the south by the Anacostia River; and to the west by South Capitol Street. The area is served by the nearby Navy Yard MetroRail station.

This definition of the Capitol Gateway area boundary is consistent with previous planning documents. However, modified boundaries appeared in the Buzzard Point/Near Southeast Vision 2020, which is not an adopted plan, but rather a compilation of various planning efforts.

2. Scope and Methodology

Basile Baumann Prost & Associates (BBP) has been retained by the Capitol Gateway Group to evaluate the rezoning of Buzzard Point and Capitol Gateway (BP/CG) as proposed by the D.C. Office of Planning. The analysis includes an examination of the likely impact on individual properties, the District government, and housing and employment opportunities.

We have reviewed relevant documents, including the District of Columbia Comprehensive Plan, the Buzzard Point/Capitol Gateway Vision 2020 Plan, The Anacostia Waterfront Plan, and other documents relevant to development in Buzzard Point and Capitol Gateway, the District of Columbia and the greater metropolitan area. Review of these documents and discussions with stakeholders (District property owners, planners, developers, and officials) has provided BBP with an understanding of the Office of Planning's objectives; the concerns of local property owners; and the factors influencing the residential and commercial development and overall economic and market development environment in the District.

BBP has examined how the economic and marketability of a project is impacted by an emphasis on residential and mixed-use projects. BBP evaluated the marketability of residential, Government Services Agency (GSA)-oriented office and mixed-use development. We also examined the likely impacts upon economic and market feasibility; and the economic development and fiscal implications upon District revenues.

Our analysis includes residential and market overviews, a prototypical financial/proforma feasibility and fiscal impact evaluations. The analysis differentiates floor area ratios (FARs), mixes of use, and types of use to illustrate the affects that an overlay zone would have on various development options.

3. Background

Buzzard Point is one of the oldest districts in the Washington. In 1770, Mr. Charles Carroll laid out the new town of Carrollsburg, covering part of what is now Buzzard Point. Over the past two hundred years, the Buzzard Point area developed as an industrial and warehousing district. Since the 1980s, many industrial activities in the area have declined or relocated, leaving large tracts of the Buzzard Point area derelict and underutilized.

Today the combined Buzzard Point/Capitol Gateway area represents one of the last and largest in the District capable of supporting major commercial development. The area is covered with vacant lots and derelict structures, making it easier to assemble large developable tracts here than in most other sections of the District. Because of these factors, the potentially attractive location of the area along the Anacostia waterfront, and the legal requirement that zoning be "not inconsistent" with the Comprehensive Plan of the National Capitol, the Office of Planning has proposed an Overlay Zone for the two areas that would require an even mix of uses (residential and commercial). The OP proposal, as stated in Zoning Case 89-1, would create a base zone of CR and W-2 in the area, with a density bonus for residential development and setbacks from the water's edge.

II. Existing Situation

1. Land Use

Buzzard Point

Buzzard Point is a 115-acre area dominated by industrial uses. It is, however, adjacent to Fort McNair, which possesses a residential, campus-like environment; and to the residential districts of Southwest D.C., creating the potential for increased residential development. Activities in Buzzard Point include warehouses, oil storage and transfer yards, sand and gravel operations, a PEPCO generating plant and facilities, two large office buildings, parkland, garden apartment buildings and salvage yards. The area contains many vacant sites and derelict structures, and there are negligible retail and service activities. The Anacostia waterfront area is primarily industrial and in need of substantial infrastructure improvements, including repair and improvements to the bulkhead along the river.

Capitol Gateway

Capitol Gateway is a 30-acre area located south of M Street between the Southeast Federal Center and South Capitol Street. The area extends south to the Anacostia River waterfont area and is accessible via the Navy Yard Metrorail Station.

While Capitol Gateway has many industrial uses, it is surrounded by commercially-zoned districts. The Southeast MetroBus garage, warehouses, paper recycling operations, asphalt production facilities, and the DPW O Street Yard are located in Capitol Gateway. Capitol Gateway is positioned adjacent to the Southeast Federal Center and the Navy Yard to the east, Buzzard Point to the south, James Creek to the west, and Capitol South to the north. The area is crucial for its redevelopment potential, waterfront location, and access to the Navy Yard Metro.

2. Zoning

Buzzard Point is currently zoned C-M-2 (Commercial-light manufacturing, low bulk; 3 FAR) above Potomac Avenue, which divides the subarea from the northeast corner through the mid-point in the southwest portion of Buzzard Point. Below Potomac Avenue, the subsection is zoned M (General Industry; 6 FAR). Capitol Gateway presently has C-M-2 zoning between South Capitol and Half St. SE north of P Street, and M zoning south of that area.

3. Economic Situation

The Office of Planning Vision 2020 Plan indicates that there were approximately 21,000 employees in the larger Buzzard Point/Near Southeast planning area overall in 1990. As of 1990, the area generated relatively little in property taxes, due to the level of vacancies and low-intensity uses. The assessed value (1991 tax year) of all private property in the area was $302.2 million.

The Anacostia Waterfront Plan, developed for a smaller study area that includes a portion of the BP/CG areas, projected an increase to 102,000 jobs by 2010. Since that document was prepared (1988), employment estimates for the area have been adjusted to reflect the recession of the early 1990s. The estimates for job growth in the Anacostia Waterfront study area have been retained, but buildout is now expected by 2020. Employment growth in the area is expected to bring to 125,000 the total number of jobs in the larger Buzzard Point/Near Southeast area by 2020. At a typical average development density of 4 jobs per 1,000 square feet, an area in excess of 300 acres would be required to support 125,000 jobs at a 3 FAR (at full build-out). The combined BP/CG area contains approximately 185 acres.

III. Market Overview

1. Office

The District of Columbia has an office inventory of 107.3 million square feet (as of 1 August 1996), of which approximately 9% is currently vacant. This rate is down slightly from a vacancy rate of just over 10% in April of 1996. Of the 10.8 million square feet of office space that were available immediately as of 1 August 1996, a significant portion was classified as small (floorplate), class B office space.

Total annual absorption in the District office market as of August 1996 was reported to be 100,000 square feet, while the metropolitan statistical area (MSA)-wide absorption rate for the same period was just over 4 million square feet. The majority of office absorption in the region occurred in the newly-developing suburban areas of Maryland and Virginia. These areas continue to deliver new, larger office space in outlying areas while District absorption has consisted almost entirely of relet (existing structures) activity.

Average asking rental rates for office space in the District of Columbia as of August 1996 were $36.17 per square foot (PSF) for full service. That figure is approximately $8.00 more PSF than the MSA average of $27.99 PSF. Actual rents, however, are generally discounted by 10% of asking price, bringing the District average down to $32.50 PSF.

GSA Office Market

As of 30 June 1996, the GSA office inventory consists of 228 buildings in the District (100 federally owned and 128 leased), providing space for 176,000 office workers. The total square footage of GSA office space in the District of Columbia was 40,275,669. In the MSA overall (including the District of Columbia), the GSA inventory consists of 624 buildings (72,433,265 square feet) for a workforce of 324,462.

In the GSA-office market, there are currently few opportunities for GSA clients to acquire convenient locations within the District with large (50,000 square feet or more) flexible floorplates. Additionally, as the federal government continues to down-size, organizations are likely to continue to attempt to consolidate activities in fewer locations, requiring more large, flexible projects. As GSA leases expire in the metropolitan region in the near future, larger leasable office spaces will likely be sought to facilitate consolidation.

As a result of the 1993 and 1995 Base Realignment and Closure Commission, 5,100 Navy personnel will be relocated to the Washington Navy Yard. Nearly one million square feet of new or newly renovated office space will be required for these people by 2001. Because of the close working relationship between contractors and Navy agencies, the contractor community is expected to seek office sites close to the Navy Yard. Contractors are currently

working in the same building (shared space) with the Navy personnel they serve. Additionally, it is estimated that up to 434 hotel rooms will be required daily by visitors to the relocated offices. However, the areas surrounding the Navy Yard does not have competitive sites ready to meet lodging demand. Buzzard Point and Capitol Gateway have those site necessary for extensive hotel development to meet anticipated demand.

The relocated Navy employees will occupy approximately 1 million square feet of renovated and new office space. This space will be located at the Navy Yard. Relocated contractors, desiring close-in locations, will occupy between 350,000 and 525,000 square feet of space. Additionally, the relocated Navy and contractor employees will be are expected to generated demand for additional private office and retail/services space. This opportunity for commercial growth in the vicinity could be significantly constrained if the necessary sites in proximity to the Navy Yard are not adequately assembled and zoned for commercial uses. There are no plans to provide private office space or lodging at the Navy Yard. A small amount of retail-oriented space, however, may be added. That space is anticipated to be used for a 16,000 square foot food court.

Over 1,900 federal employees will begin relocating to the Southeast Federal Center (SEFC), located adjacent to the Capitol Gateway area. These employees will constitute the first phase of relocation in a program that could bring as many as 7,700 federal workers to the SEFC by build-out (in 2015). The relocation of workers to the SEFC will require 1,324,000 square feet of office space by 2002 and up to 5,175,000 square feet by 2015. This relocation would generate demand for additional private office space for contractors and support organizations. That segment of the workforce will require up to 47,500 square feet of space by 2015, bringing the total space necessary to approximately 5.2 million square feet. At build-out, the SEFC is ultimately expected to house more than 23,000 full-time employees.

2. Residential

The residential market in the District of Columbia has been relatively "flat" for nearly six years. In that period of time, home purchases have remained at approximately 1990 levels. During 1995, only 66,183 houses (new and existing) were purchased, down 10% from the previous year. Dropping sales were recorded in nearly all of the Washington metropolitan area submarkets during that period, with Alexandria and Loudoun County, VA being the only exceptions.

Purchase Market

Median sales prices in Washington decreased by 3% between 1994 and 1995, from $194,950 to $189,700. While a minor upturn has occurred in the District during the first

quarter of 1996, housing prices have basically stayed flat in the District of Columbia and immediately-surrounding suburbs during the past six years.

Condominium prices in the District were up 5% in 1995 to a median of $106,500 (up from a 1994 median of $101,900). Sales, however, were down 8% during the same period from 15,794 in 1994 to 14,597 in 1995.

Rental Market

In the rental market, demand has continued to be highest for apartments in well-established residential districts with extensive infrastructure and mass-transit access. Georgetown, for example, has demonstrated continually strong rental demand for the past several years. Other high-demand rental submarkets in the District include the DuPont Circle area and Cleveland Park, both of which have lower-than average vacancy rates and immediate access to the MetroRail. Further, both rental areas have extensive, well-established commercial/retail sectors located within, providing for healthy and accessible mixed-use communities.

Only one new rental project, Westbrooke Place at 202 units, was reported to be under construction in the District as of year-end 1995. This high-end, luxury project is located in the well-established Dupont Circle section of the District (serving a specialized market niche), and is close to two MetroRail stations (Dupont Circle and Foggy Bottom). Of the total units, 122 of these units were due to be completed in 1995, with the remaining 80 expected to be delivered in 1996.

IV. Office of Planning Proposed Overlay Zone

OP Recommendations

The OP proposal is described as a synthesis of the various plans that have been created by area groups over the past several years. Outlined within the proposal are several "consensus goals" (see attached copy of OP proposal). The OP proposal describes the existing guidance from the Comprehensive Plan and the Generalized Land Use Map and assumptions underlying their zoning approach to the Buzzard Point/Capitol Gateway areas.

CR District

The Office of Planning proposal to the Zoning Commission recommends a CR District as a base zone, with incentives to exceed this density level of (normally) 3.0 FAR residential plus 3.0 FAR commercial. The incentives are derived from the provision of residential space and from creating development at a reduced density (plus open space) along the Anacostia waterfront. These incentives could increase density to a maximum of 8.0 FAR mixed use (4.0

FAR commercial and 4.0 FAR residential), with building heights in excess of 90 feet. The incentives and other provisions governing development would be provided in a proposed overlay zone that is presented in an attachment to this report.

W-2 District

OP also recommends a W-2 District along the Anacostia River to provide a step-down of height and mass at the water's edge. The W-2 zone has a maximum density of 4.0 FAR (of which no more than 2.0 FAR can be used for other than residential purposes), and a height limit of 60 feet. In two locations C-2-B and C-2-C zones are recommended to provide a transition to residential areas outside the BP overlay area. The southern halves of squares 601 and 656 are recommended for C-2-B zoning due to the existing mixture of residential and commercial uses in this location, and the adjacent moderate density residential uses to the north. Along the other residential edge (west of South Capitol Street from Q to M streets, S.W., C-2-C zoning is proposed as a transition.

OP Rationale

Development Opportunity Area

OP notes that the first major designation for Buzzard Point is a Development Opportunity Area, which refers to an area that has unusually large amounts of vacant and underutilized land available for development, where the accessibility to the area by Metrorail, MetroBus interchanges and major street intersections is also very good. OP further states that specific uses to be developed in such areas are indicated in other planning policies.

Generalized Land Use Plan

The next planning guidance described by the Office of Planning is the Generalized Land Use Map of the Comprehensive Plan. This designates the Buzzard Point and Capitol Gateway areas as mixed use, high density residential, medium high density commercial and professional and technical employment (PTE). OP relates the PTE portion of the designation to the existing industrial and heavy commercial uses; and interprets the high density residential designation to indicate an emphasis on the residential component within the mixture of uses recommended in the Plan. This density is characterized by OP as a 90-foot, 3.5 to 6.0 FAR density level, typified by the R-5-D, R-5-E, and SP-2 zones. The medium high density commercial component outlined in the Generalized Land Use Map is interpreted by the Office of Planning to indicate as appropriate density a C-3-C or C-3-B zone with 4.0 to 6.5 FAR commercial.

Land Use Map Guidance

OP states that the Land Use Map places the density of BP/CG between that of the West End and Downtown areas. The West End is primarily zoned CR, which permits a total density

of 6.0 FAR, within which up to 3.0 FAR may be non-residential. In the Downtown area, densities are in the 8.0 to 9.5 FAR range, with residential components varying from 2.0 to 4.5 FAR in the underlying C-4, C-3-C and C-2-C zones. The Downtown zoning allows large commercial components but mandates that the residential component be built concurrently. OP recommends FARs and mixtures of uses that are literally between those found in the West End and Downtown areas.

The Office of Planning recommends the West End as a probable model for mixed use development in the Buzzard Point and Capitol Gateway areas, and subsequently states that OP's rationale is not based on a financial feasibility study, but reflect general, long-term conditions in and on the edge of the Central Employment Area of Washington, D.C.

4. Evaluation of Office of Planning Proposal

The Comprehensive Plan requires consistency from the D.C. Zoning Commission in zoning for the areas in Buzzard Point and Capitol Gateway. The Plan requires a mix of residential and commercial uses, and further guidance calls for the Anacostia waterfront to become a public amenity that draws residential, commercial, and tourist activity to the area. The Office of Planning has proposed, without the benefit of economic and market analysis, a single, mixed-use base zone that lumps the two distinctly different areas of Buzzard Point and Capitol Gateway together; evenly splits the residential and commercial FAR limits; and assigns a low-FAR W-2 zone along the Anacostia waterfront.

A. Consistency with the Comprehensive Plan

OP maintains that High Density Residential designation indicates an emphasis on the residential component within the overall mix of uses recommended in the Comprehensive Plan. The Plan does not emphasize high density residential use over medium-high density commercial use in the mix use designation. Therefore, OP's emphasis on the high density designation for the residential component appears arbitrary. This emphasis is also inconsistent with area employment goals and projections.

Additionally, according to OP's memorandum, the typical density level for medium-high density commercial is greater than the density range for high density residential (i.e., 4.0 FAR to 6.5 FAR versus 3.5 FAR to 6.0 FAR). If the Office of Planning places their decision to determine the component of emphasis based strictly on *density*, there should be a slightly greater emphasis on medium-high density commercial over the residential component.

According to OP, the Generalized Land Use Map of the Comprehensive Plan places the density, especially the commercial density, of the Buzzard Point and Capitol Gateway areas between that of the West End and Downtown. The Office of Planning seems to saying that the

density levels for the Buzzard Point and Capitol Gateway areas should be a measurable quantity that is greater than that of the West End yet lower than the Downtown area. This interpretation has not been the norm for interpreting the Generalized Land Use Map of the Comprehensive Plan. It is a biased and inappropriate application of terminology to the Buzzard Point and Capitol Gateway areas. The Generalized Land Use Map of the Comprehensive Plan designates commercial densities that *range* from medium density (West End) to high density (Downtown).

The Comprehensive Plan designates the Buzzard Point and Capitol Gateway areas as a mixed use, commercial (medium-high density), residential (high density), and PTE district. From that guidance, the Office of Planning has applied a sweeping recommendation that would apply, not only to the district, but to each and every building/parcel. The goal of mixed use districts is possible in the Buzzard Point and Capitol Gateway areas; however, by mandating that a mix of uses occur at a lot-by-lot basis, OP is applying unrealistic requirements. We believe that the Overlay Zone designation and mandated mix of uses proposed by the Office of Planning exceed the guidance of the Comprehensive Plan by attempting to build a mixed use district "lot-by-lot," rather than through tools that offer more development flexibility and will more realistically achieve the desired end-state.

B. Economic and Market Conditions

The Office of Planning states in their 29 March 1996 memorandum to the D.C. Zoning Commission that the BP/CG Overlay Zone is recommended without the benefit of economic and market analysis. This is evident in evaluating the feasibility of the development mixes mandated by the overlay. Given the demand for residential and office space in the District of Columbia for the past several years and for the foreseeable future, the Office of Planning assumes that there is little potential for the Buzzard Point and Capitol Gateway areas to be extensively developed in the near term (5-10 years). With years of stagnant residential and office demand, it is clear that requiring an even mix of these uses in the Overlay Zone will result in a disincentive for development of *any* uses.

The Office of Planning, while pursuing progressive objectives for development in the Buzzard Point and Capitol Gateway areas, has recommended that an unfeasible and relatively inflexible zoning overlay be placed over the area. Even after maximizing the development potential allowable under the Overlay Zone, development projects in the area are still determined to be marginal, at best. The Overlay Zone, even if it were possible to viably develop mixed use projects, would fail to address the District's critical employment (125,000 jobs) and economic development objectives. This in one of the last available locations within the District for significant economic development.

C. Financial Feasibility

The absence of financial analysis reflected in the Office of Planning Overlay Zone is evidence of a lack of understanding of the financial and economic realities in the District and unintended consequence of placing a de facto moratorium on development of any kind in Buzzard Point and Capitol Gateway . The Office of Planning's Overlay Zone proposal is void of any incentives to spur development and of mechanisms to facilitate that development.

The negative value of residential development in this section of the District has been a fact for a number of years, yet there is no provision in the Overlay Zone to effectively address financial obstacles to residential development in the area. There are provisions for bonus FARs for the development of residential space, yet our analysis (provided in the attached appendix) indicates that even with a stronger residential climate, the cost of that development constitutes a severe drag on the viability of the overall mixed use development.

Other incentives and mechanisms such as, planned unit developments (PUDs), transferable development rights (TDRs), combined lot development and phasing of development address the issue of development pressure and regulating the overall density of a district or number of districts, but do not effectively address the basic problem that exists: residential development is generally unprofitable and costly to develop in this section of the District of Columbia.

V. Financial Feasibility Analysis

This section contains an outline and assessment of three alternative zoning proposals for the Buzzard Point and Capitol Gateway area; the Office of Planning proposed Overlay Zone; a Buzzard Point/Capitol Gateway Group proposal submitted to the D.C. Office of Planning in December of 1995; and BBP alternatives. BBP assesses the financial feasibility of each zoning proposal on a prototypical square (block) in the Buzzard Point and Capitol Gateway areas. Finally, BBP discusses the pros and cons of other commonly used economic development incentives available for use in the BP/CG overlay area. These include:

- FAR swapping (TDRs)
- bonus FARs
- phasing of development

1. Zoning Proposals

Assumptions

Our analysis of the development alternatives gauges the impacts of different mixes and densities of uses as recommended by the Office of Planning (OP) and the Capitol Gateway Group. We have made certain reasonable and consistent assumptions concerning development

costs; occupancy rates; financing terms and costs; rental and lease rates and lease-up periods; and rates of return. In each analysis, these figures were held constant, to determine the change in feasibility from one alternative to another.

For each of our evaluations, we assumed a modest base land value of $30.00 per FAR square foot, a prototypical square with a land area of 183,541 square feet, and a net leasable percentage (of the gross developable space) of 85%. In all of our models, we assumed the permanent financing of development at 10%, mortgage terms to be 30 years, and the developer return on investment of 16% before taxes. Also, office "triple net" lease rate was set at $20.80 (per leasable square foot, base), residential rental rate was set at $1,500 (base, monthly), and retail lease rate was set at $22.00 per square foot (monthly, in base year). These assumptions, which are consistent with historical and current market, allow us to consistently model the alternative development options without compromising the applicability of our analysis.

A. Office of Planning Proposed Overlay Zone

Overlay Zone Summary

The Office of Planning's proposed Overlay Zone calls for a base zone CR District, with a mix of uses (3.0 FAR residential and 3.0 FAR commercial) for a combined FAR of 6.0, with a 2.0 FAR bonus as an incentive for providing residential uses or lowering density along the waterfront, for a maximum of 8.0 FAR. Along the waterfront, OP recommends a W-2 District with a maximum FAR of 4.0, of which not more than 2.0 FAR is allowed for other than residential uses. It is here that the bonus of 2.0 FAR is derived, but that bonus cannot be employed in the W-2 District. Rather, the bonus FAR can be developed anywhere in the CR District, indicative of FAR "swapping", combined lot development, or the application of transferable development rights (TDRs).

The OP proposal mandates retail use at grade-level of all development along M Street, S.E., between South Capitol Street and 4th Street, S.E. of not less than 50% of the gross floor area (of the ground floor). BBP includes this recommendation in our analysis and evaluates a range of development alternatives allowable within the Office of Planning's recommendations.

Office of Planning Proposal - Development Alternatives

BBP conducted evaluations of several different development alternatives allowable under the OP proposal; 2 alternatives under the CR District, and 1 under the W-2 District are described below. Each alternative was developed with a different FAR mix and/or use mix. The alternative development options are as follows:

Assessment

While the Office of Planning states in their report to the Zoning Commission (29 March 1996 memorandum: *Preliminary Report, Buzzard Point and Capitol Gateway Rezoning and Overlay Zone*, Zoning Commission Case 89-1) that the District should "avoid mandates that might be reasonable in strong market conditions but which are unreliable under projected market conditions...," it is clear that residential development requirements as high as 3 FAR will mean projects will not be built, as they result in taking away virtually all land value.

Further, combined lot development alternatives that we analyzed were shown to be largely unprofitable if both the commercial and residential components were developed concurrently under current market conditions in the District. Such a result is inevitable, given a negative $35.52 residential supportable land value per FAR square foot and a positive $33.29 per FAR square foot for office use. Since there is no concurrency requirement recommended in the Office of Planning Proposal, it is likely that a commercial project portion would be built, while the land area set aside for residential development would remain unbuilt for the long term, or until adequate improvements in the residential market occurred.

In the waterfront area, a requirement for 2 FAR residential in a maximum 4 FAR project will serve as an effective disincentive to development there. With current and projected market conditions, an even split of residential and commercial uses at such low densities will make waterfront residential development even more difficult to achieve (see Graph 1). Before such mixes can be profitable, substantial rehabilitation of the waterfront area must occur, and the market conditions for residential development must improve dramatically in the District of Columbia.

B. Buzzard Point/Capitol Gateway Proposal

Overlay Zone Summary

This proposal, developed and submitted by the Buzzard Point/Capitol Gateway Group, calls for a C-3-C (mixed use zone) around the Navy Yard Metrorail station, a CR District in the northern Capitol Gateway area, and an R-5-D zone in the southwestern area of the Buzzard Point subarea (adjacent to Ft. McNair).

The BP/CG Group proposal calls for a maximum FAR of 10.0 in the C-3-C zone (6.5 residential or 6.5 commercial, plus 3.5 bonus FAR); a maximum of 8.0 FAR in the CR District (6.0 residential, 3.0 commercial, and a bonus of 2.0 FAR commercial or residential); and a maximum of 7.5 FAR in the R-5-D (residential) zone (6.0 FAR residential, 0.0 FAR commercial, and a 1.5 FAR bonus of residential). Our analysis evaluates a variety of development alternatives under these provisions.

For the BP/CG Group proposal, we evaluated the feasibility of three different alternatives; two under the C-3-C District and one under the CR District. Since the baseline feasibility (or feasibility of 1.0 FAR of residential with no other uses) of residential is -$35.52 per FAR square foot, we did not conduct an evaluation of all-residential development under the R-5-D zoning category. For each alternative, we used FAR mixes equal to those recommended by the BP/CG proposal, to determine their feasibility given certain cost and market assumptions. The different alternatives we analyzed are listed below:

Assessment

Our analysis indicated that, of all the BP/CG alternatives we evaluated, those that included residential components of 2.0 FAR and less were most feasible. The alternative that provided the greatest supportable land value while at the same time providing a substantial residential district, was the 2 FAR residential/8 FAR commercial alternative. This success was only achievable by increasing the maximum FAR to 10.0. It is highly unlikely that a 10.0 FAR district will be designated in the Buzzard Point/Capitol Gateway areas. Therefore, the BP/CG alternatives were, by and large, only feasible in situations that allowed a substantially greater density than that which is in place and than what is proposed for the area.

C. BBP Alternatives

Zoning Summary

In an effort to develop our own recommendations for rezoning in the Buzzard Point and Capitol Gateway areas, BBP evaluated over fifty different scenarios consisting of a range of FAR mixes and densities. After evaluating the feasibility of these alternatives, we believe that the following two alternatives best summarize the opportunities and limitations on development in Buzzard Point and Capitol Gateway. We have provided the data for two alternatives, both of which were developed under a CR District (mixed use) and consisted of a maximum 8.0 FAR. Further, both alternatives evaluated have a commercial/residential distribution of 6.0 FAR/2.0 FAR, respectively. The distribution of the alternatives we evaluated and our findings are presented in the appendix to this document.

Assessment.

In our first evaluation of a possible alternative to the unfeasible scenarios above, BBP assessed the viability of an 8.0 FAR mixed use project, with substantial residential and commercial components. In this evaluation, the commercial use was broken down into 6.0 FAR office and .5 FAR retail. With both of these components, we were still faced with an unfeasible alternative due to the level of residential density included. This alternative generated a supportable land value of $17.20, about half of the $30.00 break-even point. Under current market conditions, and without deep subsidies, the residential component of this project would

not be developed. If concurrency requirements were in place, it is likely that nothing would be built on that square.

The second BBP alternative proved to be feasible. This alternative consisted of 6.0 commercial FAR, (with the same office/retail distribution as our other analyses), and 2.0 FAR of residential (hotel) use. The scenario generated a supportable land value of $31.09 per FAR square foot ($1.09 above the break-even point). This alternative is significant because it consisted of commercial and residential components which appear to be more in line with the current market conditions.

Since there are few options for large office-using organizations to consolidate in a single space, the provision of a large block of office space could attract a large tenant organization. Further, in several areas around the MSA, large concentrations of office space are supported by on-site or nearby hotel space. Two examples of this situation are Crystal City and Greenbelt's NASA-Goddard facility. This BBP alternative provided a substantial residential element (367 rooms). The very large office component and unique location (nestled among several commercial districts and proximate to Capitol Hill) could generate substantial hotel demand.

Without a concurrency requirement, such a project could be phased to limit front-end costs (for hotel development). On a prototypical square basis, this scenario also generated over $1.5 million that could be applied to the provision of amenities or infrastructure improvement in the vicinity. These investments, coupled with large-scale office and hotel activities in the Buzzard Point and Capitol Gateway areas, could spur further development of residential, retail, and office uses.

2. Recommendations

There is little doubt that residential development is generally costly and unprofitable. Indeed, there is a negative supportable land value associated with each FAR square foot of residential space that is constructed in the Buzzard Point and Capitol Gateway areas. Barring any dramatic improvement in the demand for residential space (such as an unprecedented "back-to-the-city" movement), or available financial incentives, there will likely be no residential units built in this area.

However, there is an opportunity to move toward improving the area's appeal to future home owners and renters. That opportunity rests with the better office and retail potential for the near term in the Capitol Gateway area, and the waterfront amenities and future potential for residential development in the Buzzard Point area. Using commercial-type development in the near term, the District could direct investment toward the improvement of the Anacostia waterfront and the infrastructure of the area, thereby creating a physical environment in Buzzard

Point & Capitol Gateway that is more amenable to future residential development and a local economy that could sustain both extensive residential and commercial uses.

To accomplish that goal, BBP recommends that the overlay zone be replaced with a zoning category that allows a mix of uses; a more feasible distribution of components; and densities that are more likely to provide incentives to developers to provide new uses in both Buzzard Point and Capitol Gateway. We recommend a mixed use zone with a density of 8.0 FAR for both areas. Additionally, BBP recommends a residential density between 1.5 and 2.0 FAR of the total.

Such a mix of uses and densities will facilitate development in Buzzard Point and Capitol Gateway , rather than stifle the economic incentive to redevelop this important and historic resource. With a supportable land value of over $30.00 per FAR square foot today, such a zone would provide even more incentive to developers in improved market conditions. Additionally, as residential demand in the District of Columbia improves, the Buzzard Point area could become competitive by constructing new residential spaces to meet demand, thereby delivering a more strategically focused (to income levels, preferences of potential residents) product.

VI. Fiscal And Economic/Demographic Analysis

In this analysis, BBP applied baseline assumptions to the variety of development options in order to generate annual tax revenues, employment (i.e., jobs created) and population estimates for office, hotel, and retail scenarios. These figures are intended only to highlight the range of possible impacts created by development in BP/CG.

Conclusions

The BBP alternatives create among the highest range of annual tax revenues of the various alternatives we evaluated. Additionally, a large number of new jobs would be generated if the zoning in the Buzzard Point and Capitol Gateway areas would allow for an 8.0 FAR development consisting of a mix of uses and a lower (than the OP proposal) residential requirement. These alternatives would generate annual tax revenues nearly as high as those outlined in the BP/CG proposal, and would generate approximately the same number of jobs as the BP/CG (which created more than the OP proposal).

Further, the BBP alternative with hotel use (BBP Alternative 2), which is economically feasible now, generates high annual tax revenues for the local government, creates a large number of new jobs, and delivers no residential units (due to unfeasibility and low demand). This alternative appears to be the most viable of all scenarios evaluated, when considering feasibility, fiscal and economic impacts, and the pursuit of vital, mixed use districts. Put simply, few of the alternatives we evaluated could work given current and projected market

conditions. Of those that are feasible, BBP Alternative 2 strikes the best balance in terms of viability and positive economic impacts for both the Buzzard Point and Capitol Gateway areas and the District of Columbia.

VII. Other Development Incentives for Consideration.

1. TDRs and FAR Swapping.

Transferable development rights, or TDRs, can be an effective but perhaps difficult-to-implement mechanism for achieving the desired uses in specific locations while still allowing property owners to realize the economic potential of their properties. In the Buzzard Point and Capitol Gateway areas, the Office of Planning recommends that TDRs, or "FAR swapping" be implemented to achieve lower density development in the W-2 District on the Anacostia River properties by transferring development rights to "receiving areas" in the CR overlay District, where higher densities are more appropriate.

In a market with stronger demand, TDRs could be very effective. In the Buzzard Point and Capitol Gateway areas at this time, however, there are insufficient demand and development pressures to warrant any extensive implementation of TDRs. In the future, if the market conditions in BP/CG improve significantly and there is sufficient development pressure to maximize construction of commercial and residential uses in the area, TDRs may become useful.

2. Bonus FARs for density and residential provision.

On its own, the bonus FAR does little to offset the negative impacts on development projects of residential components where that component is large relative to the total FAR. As evidenced in our analysis of OP's CR District (Table 4), when the residential component equals that of the commercial component, the 2 FAR bonus does not completely offset the cost of the residential component. In that alternative, supportable land value increased, from $.37 in the 3 FAR residential/3 FAR commercial in Table 3, to $8.60 per square foot, still well short of the original $30.00 land value.

These bonuses would most likely be effective in areas where substantially less residential development (than commercial development) is desired, so that the bonus can then turn an initially unprofitable venture (where residential components are large or equal to commercial components) into a profitable one (where the bonus successfully offsets the smaller negative

impact of residential development). It is clear, however, that bonuses alone will not make up for the negative impacts of residential development under current market conditions.

3. Combined lot development

Combined lot development can be successful if the developer of a site has very large sites relative to the amount of space necessary for the desired use (e.g., commercial use is desired). In that situation, excess space on the combined lots can be dedicated to the residential component of the development mix. And since there is no concurrency of development required, the residential-dedicated space can lie "fallow" until market improvements warrant the construction of residential space.

Additionally, combined lot development can be successful if the developer has excess property off-site that can be dedicated to the residential component for future use. However, this situation results in a carrying cost to the property owner, and presents negative cash implications for the period of time the site dedicated to residential use lies fallow.

Combined lot development can be an effective tool, but is not feasible in situations where the developer of the site must acquire additional space for the residential component. In such cases, the negative cash implications due to carrying would be compounded by the cost of acquisition for the residential site (at market value). Furthermore, given current economic and market conditions in Buzzard Point and Capitol Gateway, it is likely that, if combined lot development is pursued in the BP/CG areas, the parcels set aside for residential development will remain fallow indefinitely, until dramatic improvements in residential demand and infrastructure improvements are seen.

4. Phasing of development

The ultimate objective of the Comprehensive Plan and the Office of Planning is the establishment of Buzzard Point and Capitol Gateway as healthy mixed use districts. This goal could likely be achieved more rapidly by phasing development in the area. While the residential demand is currently weak, there is some evidence of an improving office market in the area. Therefore, zoning that allowed for "leading" development of the Capitol Gateway area would attract the construction of commercial uses, which could then be followed by ever-increasing residential development in the more-residentially-oriented Buzzard Point.

It is clear that the first projects in the Buzzard Point and Capitol Gateway areas will be pioneering ones. There is little in the way of infrastructure and amenities to draw people to the area. And the area is currently spotted with industrial activities, derelict buildings, and vacant properties. However, with easy access to the Navy Yard MetroRail station, and sufficiently large sites for commercial (primarily office at first) activities, the pioneering projects in Capitol Gateway could be large office tenants, who are generally followed by some retail and

entertainment activities, and subsequently laying the foundation for expanded residential development in the vicinity.

It is also clear that few urban pioneers will be able (or, possibly, willing) to change the image and infrastructure of a large enough portion of the Buzzard Point and Capitol Gateway areas to spur further development. In effect, the Office of Planning is faced with two alternative strategies; 1) mandate that all development of the BP/CG areas must be mixed use and hope for some future market upswing; or 2) allow for near-term, higher-density commercial development in the Capitol Gateway area to change the image and improve the infrastructure of Buzzard Point and Capitol Gateway, and spur future residential development in creating mixed use districts in both areas.

VIII. Conclusions/Recommendations

Conclusions

Our analyses indicate that the OP proposal will impede development in Buzzard Point and Capitol Gateway and devalue many properties through rezoning, rather than create effective incentives for the desired mix of uses and density. OP's lack of consideration of long-standing market trends in the District of Columbia will serve to prevent development of *both* commercial *and* residential uses in the area. The proposal suffers from unrealistic and unsupported requirements for residential components and a lack of clarity in rationale on the part of OP. Other key findings include:

- ***Office development appears marginally viable at present*** - Our analysis indicates that while overall, the market, combined with the condition of the area, makes development difficult, some office development could be successful (Table 1A). While the office market in the District has been stagnant in recent years, current activity and developer interest foster the belief that the District will enjoy a modest up-swing in office development in the near term. Coupled with a GSA-office market where organizations are downsizing and consolidating into fewer, larger spaces, it is likely that the large developable tracts in the Capitol Gateway areas could capture a share of office demand.

- ***Residential development is extremely unprofitable at present*** - In every evaluation we conducted, residential development was substantially unprofitable. The levels of residential development required under the OP proposal present a massive disincentive for development. Indeed, it appears that without deep subsidy, extensive residential development in the BP/CG areas is impossible in the near term (see Table 1B).

- *Office development large enough to offset residential costs is precluded by OP proposal* - Some residential development could be undertaken, provided that component was small relative to the whole of the project. However, the levels of residential development required under the OP proposal, combined with the FAR and height limits placed on other forms of development negate the ability of developers to sufficiently offset residential costs.

- *Decreased residential components could allow for viable mixed use development* - Barring the allowance to build sufficient amounts of commercial space, diminished residential development could allow for profitable, mixed use development.

- *Hotel development, in place of residential development, makes projects more viable* - In each of our evaluations, we found that hotel development in place of the residential requirement made the project more feasible. In the BBP Associates alternatives, hotel use in lieu of residential use proved to be the difference between feasibility and unfeasibility in projects that were similar in distribution.

- *Commercial demand is anticipated to grow significantly with the relocation of over 6,000 Navy Personnel, federal employees and related contractors to the nearby Navy Yard and the Southeast Federal Center (SEFC) in the near future* - The relocation of 5,100 Navy personnel and their civilian contractor counterparts will create the need for up to 525,000 square feet of additional private office space and supporting retail space. Additionally, over 1,900 federal workers will be relocated to the SEFC in the first phase of a large-scale relocation that could bring 23,000 workers to the SEFC by 2015.

- *The West End benefited from hotel use in place of residential development* - In the West End's overlay district, the residential component requirement was met by developing approximately 1,300 hotel rooms, during a number of market up-swings through the 1970s and 1980s. This led to a healthy mixed use district over several years.

- *The W-2 zone on the waterfront will preclude residential development there*- The low FAR on the waterfront (4 FAR maximum) and the non-residential limit of 2 FAR makes development unlikely there. Further, private residential demand is very unlikely in the near term due to the industrial nature of the area, lack of infrastructure, and unimproved waterfront areas. Even urban pioneers are likely to navigate away from this area in its present state.

- *The use of combined lot development in BP/CG at this time does not appear viable* - Our analysis concludes that the weak residential market conditions in the District of Columbia results in the combined lot development provision not creating sufficient incentive to build

residential units at this time. In an environment where the residential market is much improved, combined lot development could prove to be an effective way to bring about residential and commercial uses cost-effectively.

- ***Improved future market conditions could make residential development more viable*** - Our analysis indicates that even if the residential market were extremely healthy (and able to attract a base rent of $2,750 per month--approximately 40% greater than the top rent rates in the District), development of a mixed use project (3 FAR residential/3 FAR office) would barely break even. That analysis does not factor in likely improvements in the office market as well, which would have a substantial impact on the feasibility of the project overall.

- ***Capitol Gateway is better suited to more commercial use in the near term*** - Our study of the Buzzard Point and Capitol Gateway areas indicates that the Capitol Gateway is a competitive location for extensive commercial development, while Buzzard Point is best suited to more residential emphasis. Capitol Gateway is located at the nexus of several commercial areas and in close proximity to the Navy Yard MetroRail. Buzzard Point is located near the residential-in-character Ft. McNair installation and the residential districts of Southwest D.C.

- ***Leading development of the area toward mixed use with commercial space could work*** - As stated above, office development appears to have potential for limited profitable development at this time. Tied to a residential component of substantive size, however, generally renders projects unfeasible. Therefore, leading redevelopment of the area with commercial development in Capitol Gateway now would create the critical mass of commercial uses necessary to spur future residential development in nearby Buzzard Point.

Our analysis indicates that the OP Proposed Overlay Zone will have a negative impact on the development potential for the Buzzard Point and Capitol Gateway areas; serve as a disincentive to development in this area; and will effectively prevent the BP/CG area from achieving the desired end-state of a healthy, mixed use neighborhood. Additionally, the effect of rezoning on residual land values of properties in the BP/CG areas could constitute a taking (see Graph 2). Indeed, on a prototypical square in the Buzzard Point and Capitol Gateway areas, a current residual land value of $38.2 million would be reduced to $410,594 under an Office of Planning-proposed CR District that mandates 3.0 FAR of residential use.

While the goals of the Office of Planning are laudable (specifically the guided development of a mixed use district), their proposal, coupled with market conditions and the physical condition of the Buzzard Point and Capitol Gateway areas (at present) create formidable obstacles to development in the Buzzard Point and Capitol Gateway areas.

Additionally, the Office of Planning's position is questionable in terms of 1) their interpretation of the required density of activities called for in the Comprehensive Plan, 2) the lack of market and economic feasibility analysis that is evident in the OP proposal, and 3) the application of overly-restrictive mixes of use at the individual lot-level in order to achieve a mixed use district overall.

The Comprehensive Plan designates the BP/CG areas as a mixed use. Our analysis indicates that the strategy recommended by the Office of Planning will stifle development toward that end. An alternative strategy leading with more commercially created activity, phasing-in of residential development, and a greater density of uses could prove effective in creating a mixed use area by changing the image and character of the area and more rapidly spurring development.

While current market conditions may be problematical for the near term, development could be viable in situations where the residential component is reduced and the commercial component large enough to offset the negative financial impacts of residential development. The implementation of the OP proposal, combined with low residential and office demand, effectively creates a de facto moratorium on extensive development and could result in a "taking" in the Buzzard Point and Capitol Gateway areas.

Recommendations.

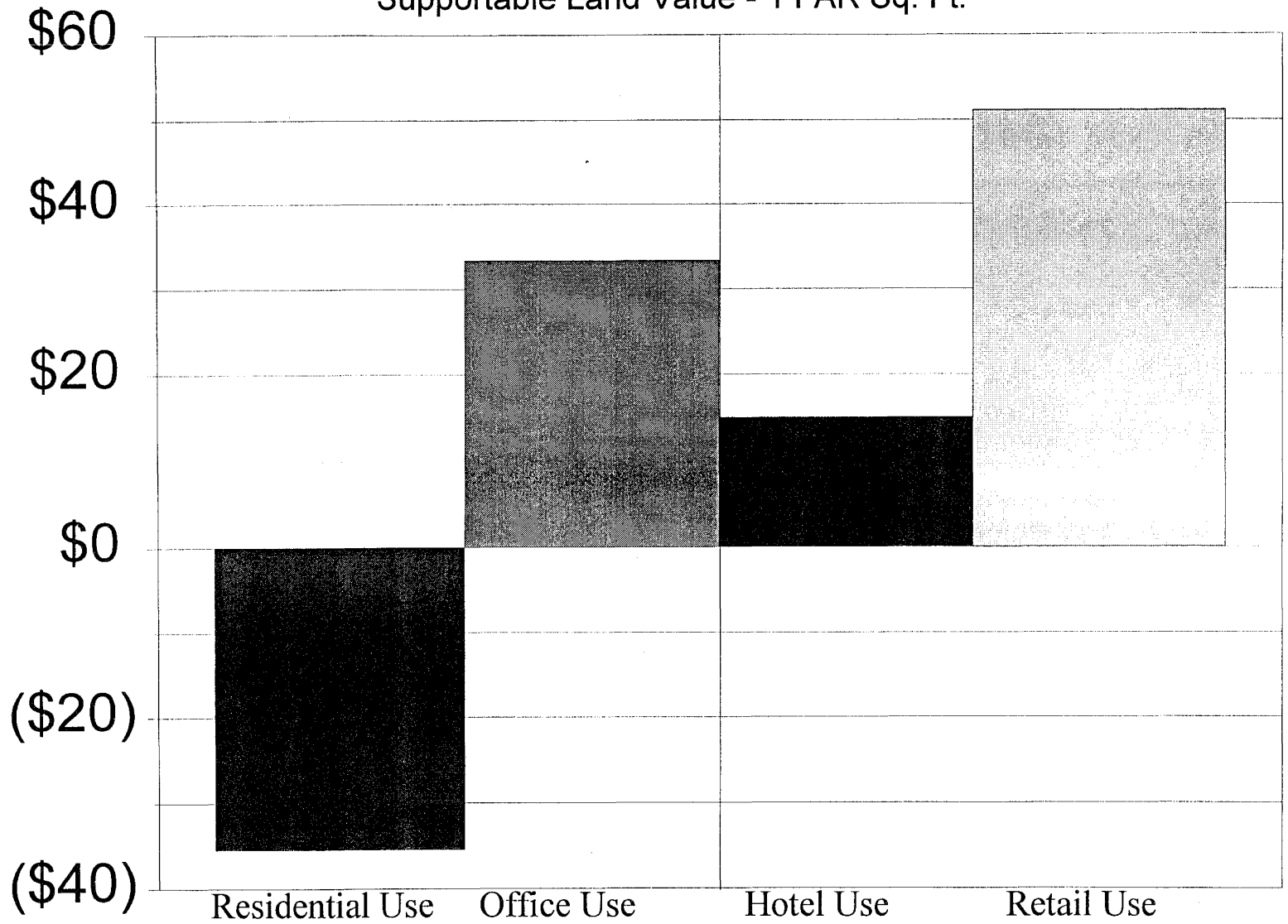
BBP recommends that the Office of Planning Proposed Overlay Zone *not* be implemented as currently proposed. To accomplish Comprehensive Plan goals, we recommend that the OP Proposed Overlay Zone be replaced with a zone that allows a mix of uses, a more feasible distribution of components, and densities that are more likely to provide incentives to developers to provide new uses in both Buzzard Point and Capitol Gateway. That zone would be applicable to both Buzzard Point and Capitol Gateway. We suggest that the density of uses should not exceed a maximum of 8.0 FAR in either subarea, and that the mandated development of residential space should range from 1.5 FAR to 2.0 FAR in BP/CG. Further, we recommend there be no concurrency requirement; and that there be provisions for the use of TDRs and combined lot development.

The study area would most quickly and logically develop into mixed use districts if zoning for the area fostered a phasing of development. By leading the redevelopment of the area with those uses that are feasible, Buzzard Point and Capitol Gateway will sooner become mixed use. This could be accomplished by allowing extensive commercial development in Capitol Gateway; requiring lower residential densities; requiring no concurrency of residential

development; and directing investment toward the improvement and development of the Anacostia waterfront, all of which could be adopted in a more rational, feasible, and logical rezoning of the BP/CG areas.

Graph 1

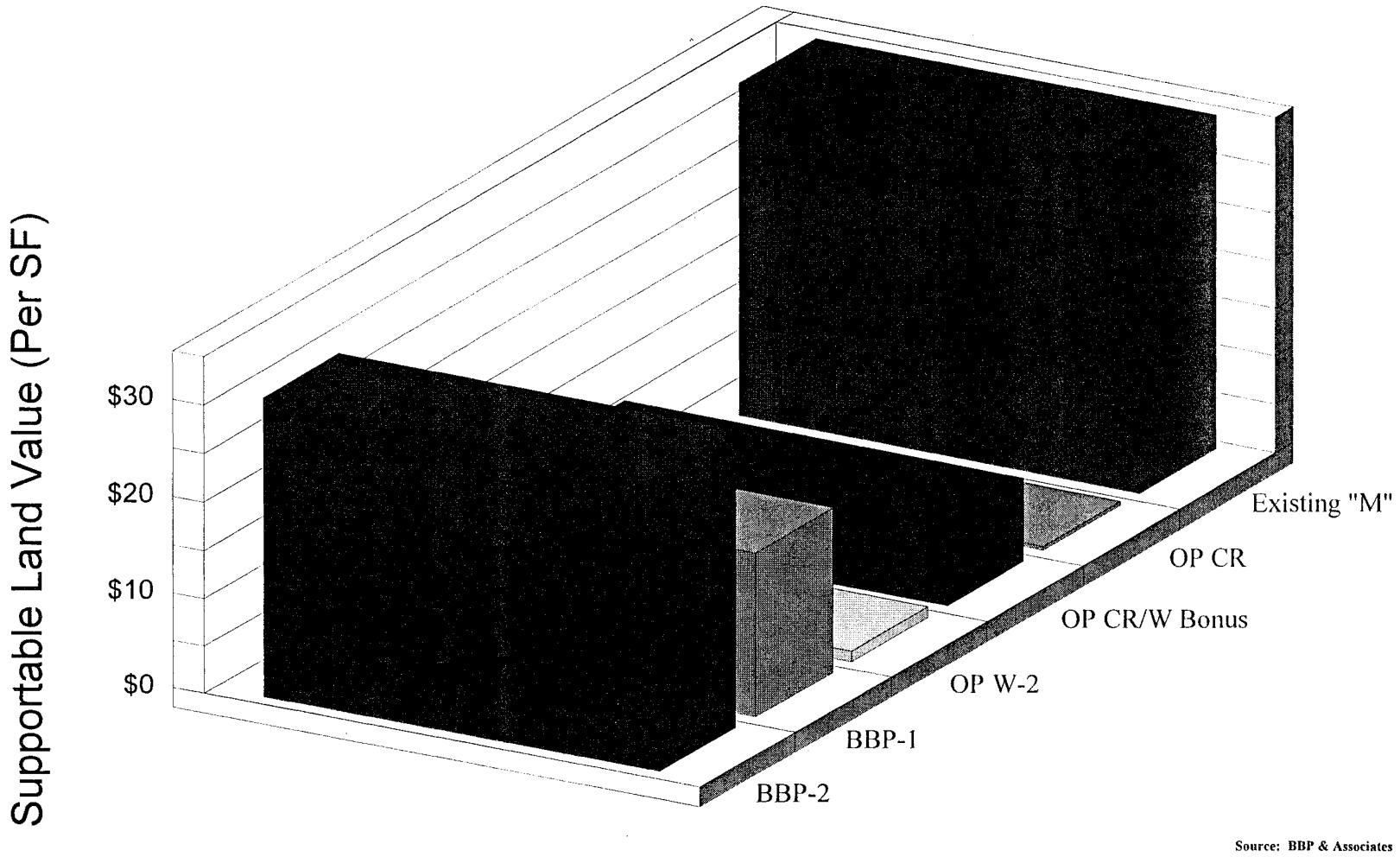
Supportable Land Value - 1 FAR Sq. Ft.



Source: BBP & Associates

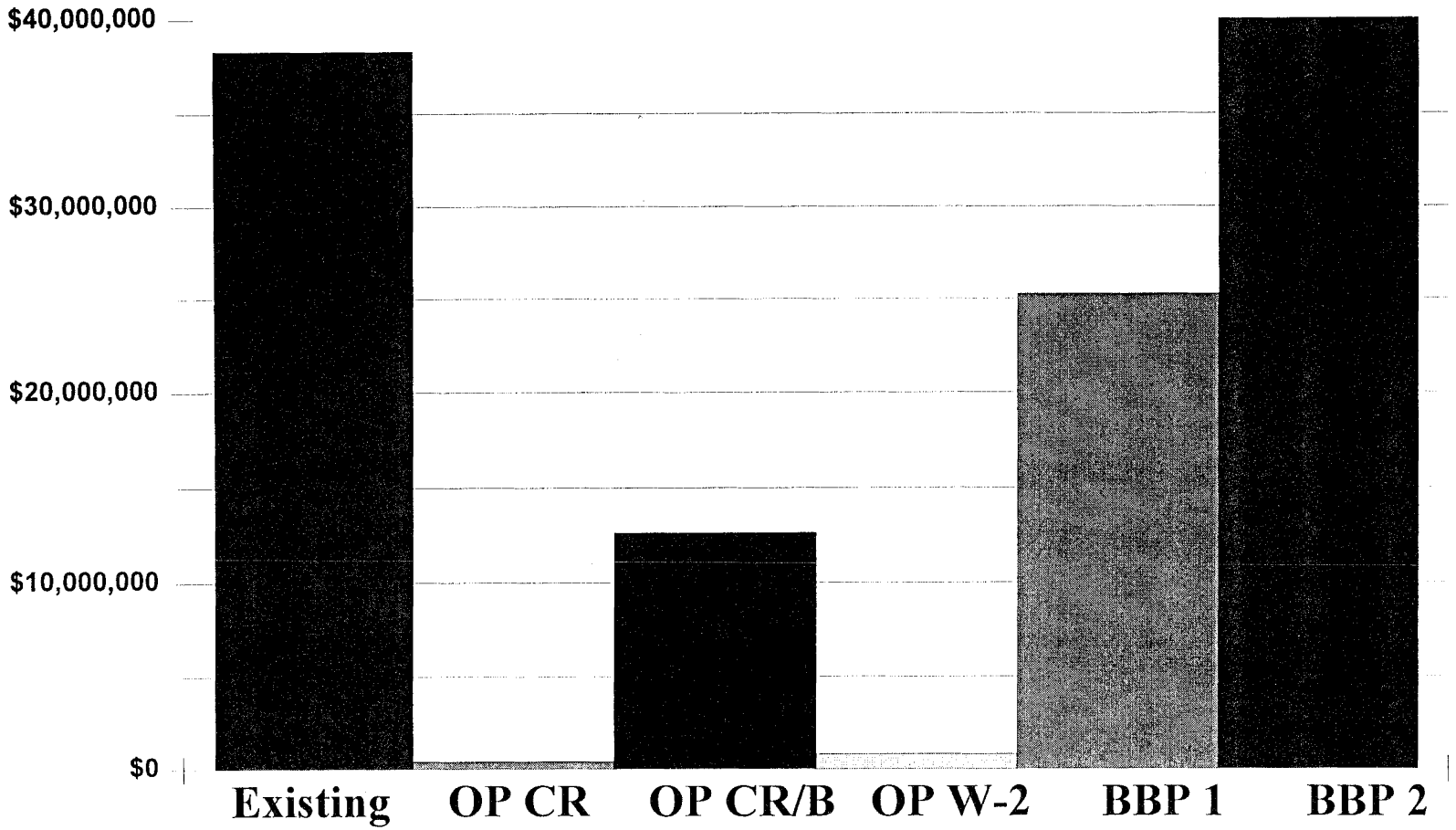
Graph 2

Supportable Land Values Per Sq. Ft.



Source: BBP & Associates

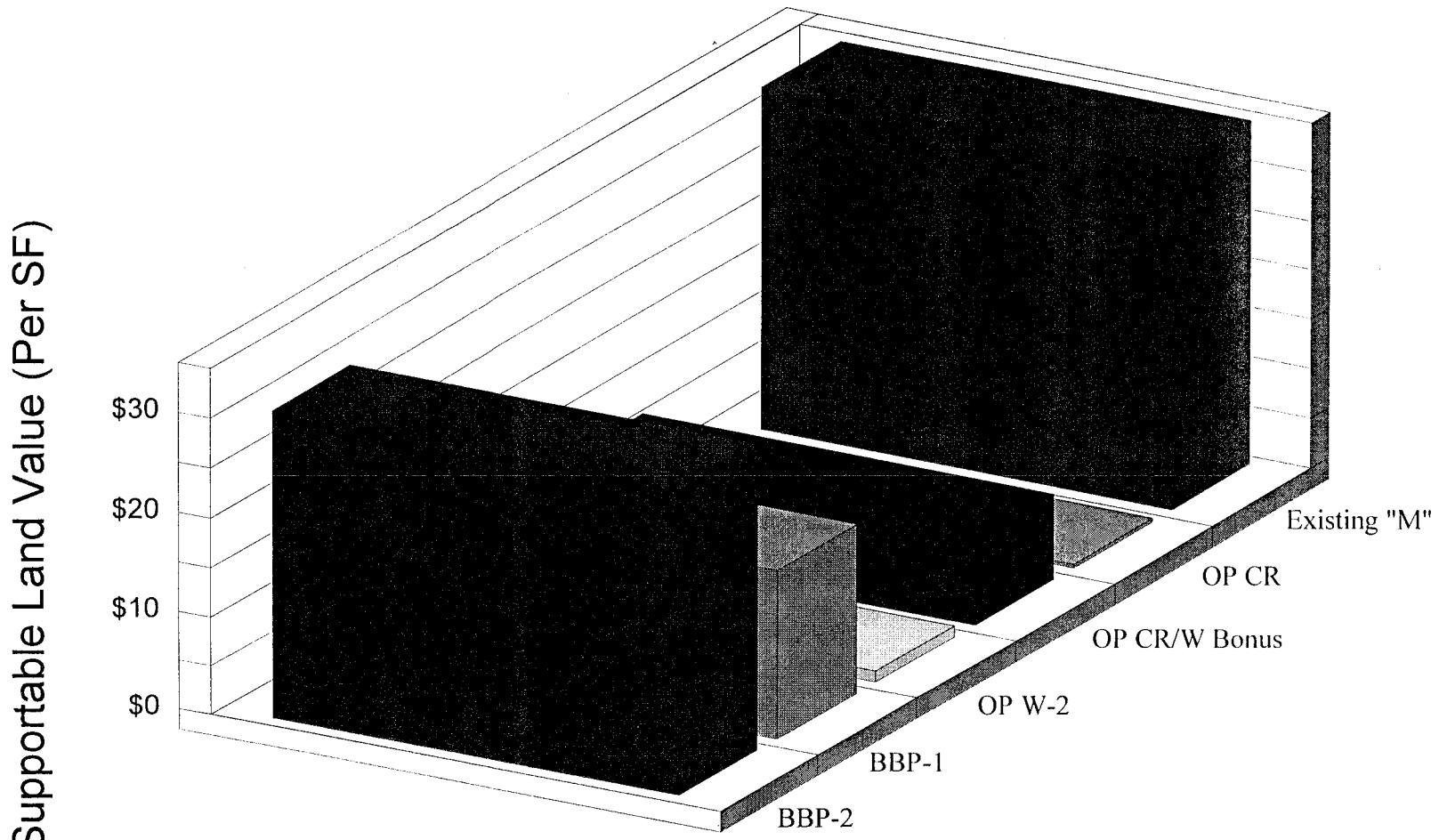
Graph 3
Residual Land Value-Prototype Square



Source: BBP & Associates

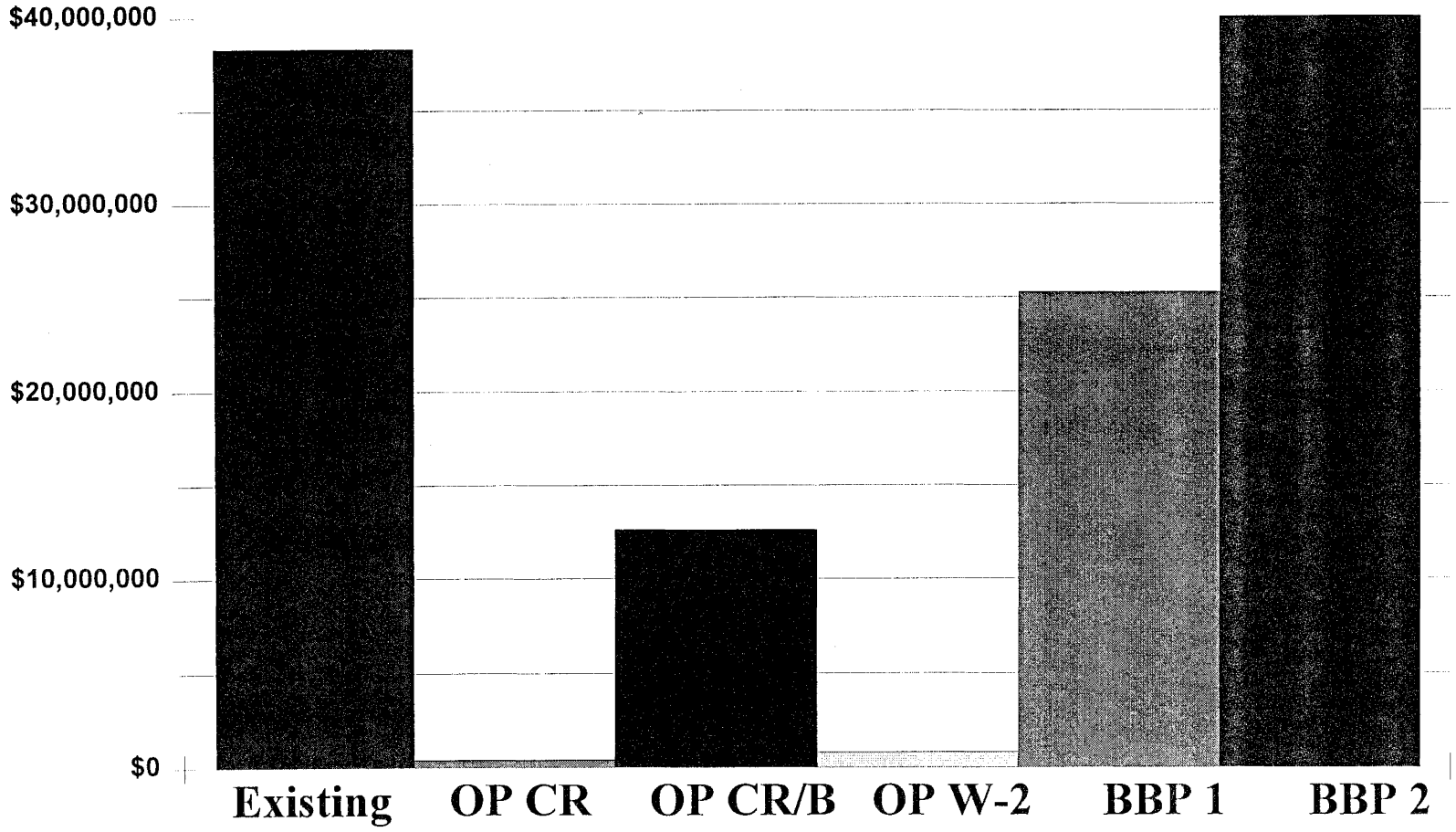
Graph 2

Supportable Land Values Per Sq. Ft.



Source: BBP & Associates

Graph 3
Residual Land Value-Prototype Square



Source: BBP & Associates

Table X-1
Executive Summary Table

Document Table #	Zoning Category:	FAR Maximum/Mix			Economic Feasibility Analyses	
		Total FAR	1 / Commercial	2 / Residential	Supportable Land Value	Feasibility
2	M (existing zoning)	6	6	0	$34.78	Yes
3	OP CR District	6	3	3	$0.37	No
4	OP CR with Bonus	8	5	3	$8.60	No
5	OP W-2 District	4	2	2	$1.12	No
9	BBP Altern. 1	8	6	2	$17.20	No
10	BBP Altern. 2 (Hotel)	8	6	2	$31.09	Yes

1/ "Commercial indicates office use and .5 FAR of retail use in each evaluation.
2/ "Residential" refers to permanent residential use, unless "Hotel" is used .
3/ Total annual tax revenues generated.

Source: Basile Baumann Prost & Associates, Inc.

Table 1
MASTER SUMMARY TABLE

Table #	Zoning Category:	FAR Maximum/Mix: Total FAR	1/ Commercial	2/ Residential	Economic Feasibility Analyses: Supportable Land Value	Feasible	Impact Analyses: Tax Revenues Total 3/	Per SF	Economic/Demographic: Employees	Residents
	Baseline Per FAR:									
1A	Residential	1	0	1	($35.52)	No	$1,290,838	$7.03	7	379
1B	Office	1	1	0	$33.29	Yes	$1,667,789	$9.09	913	0
1C	Hotel	1	0	1	$15.01	No	$1,791,360	$9.76	216	0
1D	Retail	1	1	0	$51.11	Yes	$4,490,538	$24.47	367	0
2	M	6	6	0	$34.78	Yes	$12,326,799	$11.19	5231	0
3	OP CR District	6	3	3	$0.37	No	$10,287,272	$9.34	2500	1138
4	OP CR with Bonus	8	5	3	$8.60	No	$13,622,850	$9.28	4335	1138
5	OP W-2 District	4	2	2	$1.12	No	$7,328,645	$9.98	1575	759
6	CG 1: C-3-C	10	6.5	3.5	$10.10	No	$16,769,952	$9.14	5715	1327
7	CG 2: C-3-C	10	8	2	$20.42	No	$17,335,379	$9.45	7081	759
8	CG 3: CR	8	3	5	($8.60)	No	$12,868,948	$8.76	2515	1896
9	BBP Altern. 1	8	6	2	$17.20	No	$13,999,801	$9.53	5246	759
10	BBP Altern. 2 (Hotel)	8	6	2	$31.09	Yes	$15,000,846	$10.22	5663	0

1/ "Commercial indicates office use and .5 FAR of retail use in each evaluation.

2/ "Residential" refers to permanent residential use, unless "Hotel" is used .

3/ Total annual tax revenues generated.

Source: Basile Baumann Prost & Associates, Inc.

Table 1A
Baseline Feasibility - 1 FAR Residential

Zoning Category: BASELINE RESIDENTIAL

ASSUMPTIONS

Component Distribution (FAR)

Office	0
Residential	1
Retail	0
Total:	**1**

Physical Specifications

Land Area	183,541
FAR	1
Gross Developable SF	183,541
Leasable Space Percentage	85%
Net Developable SF	156,010
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	156

Development Costs

Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$30.71
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates

Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs

		Costs
Hard Costs: Office/Retail		$0
Residential/Hotel		$19,271,805
Subtotal Hard Costs		$22,548,012
Soft Costs		$5,637,003
Land Costs		$5,506,230
	Subtotal	**$33,691,245**
Total Average Cost Per SF		$184

Less Supportable Funding

Supportable Debt		$15,173,496
Supportable Equity		$6,492,594
	Subtotal	**$21,666,089**
Surplus Funding (GAP)		($12,025,156)
% of Development Costs		-36%
Residual Land Value:		**($6,518,926)**

Residential Subsidy Required

$ per unit: (gap/units)	$77,079
% of capital cost per unit	44.44%
Dollars Avail. for Amenities	($12,025,156)

Financing Terms

Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:

Office Square Feet:	0
Retail Square Feet:	0
Gross Total Commercial:	0
Gross Residential SF	183,541
Gross Total Square Feet:	183,541

Net Developable Space:

Office Square Feet:	0
Retail Square Feet:	0
Subtotal Commercial:	0
Residential Square Feet:	156,010
Net Total Square Feet:	156,010
Number of Parking SF	81,905

Land Value:

Dollars:	$5,506,230
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:

Dollars:	($12,025,156)
Percent:	-35.69%
Dollars per Square Foot:	($65.52)

Supportable Land Value:

Supportable Land Value ($)	**($6,518,926)**
Supportable Land Value ($/SF)	**($35.52)**

Surplus/(Deficit) Land Value:

Dollars:	**($12,025,156)**
Percent:	**-218.39%**
Dollars per Square Foot:	**($65.52)**

Source: Basile Baumann Prost & Associates, Inc.

Table 1A

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	0	0	0	0	0	0	0	0	0	0
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RESIDENTIAL:										
Number of Units	156	156	156	156	156	156	156	156	156	156
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$1,684,906	$2,024,696	$2,383,356	$2,761,714	$3,002,597	$3,092,675	$3,185,455	$3,281,019	$3,379,449	$3,480,833
RETAIL:										
Net Leasable Space (SF)	0	0	0	0	0	0	0	0	0	0
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
PARKING:										
Net Leasable Space (SF)	81,905	81,905	81,905	81,905	81,905	81,905	81,905	81,905	81,905	81,905
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$327,621	$358,540	$382,330	$402,750	$437,879	$451,015	$464,546	$478,482	$492,836	$507,621
TOTAL REVENUES:	$2,012,527	$2,383,236	$2,765,686	$3,164,464	$3,440,476	$3,543,690	$3,650,001	$3,759,501	$3,872,286	$3,988,454

Source: Basile Baumann Prost & Associates, Inc.

Table 1A

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$589,717.23	$708,643.54	$834,174.68	$966,599.91	$1,050,908.91	$1,082,436.17	$1,114,909.26	$1,148,356.54	$1,182,807.23	$1,218,291.45
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$589,717.23	$708,643.54	$834,174.68	$966,599.91	$1,050,908.91	$1,082,436.17	$1,114,909.26	$1,148,356.54	$1,182,807.23	$1,218,291.45
Annual Net Operating Income		$1,422,810	$1,674,592	$1,931,512	$2,197,864	$2,389,567	$2,461,254	$2,535,091	$2,611,144	$2,689,478	$2,770,163
Debt Service		$1,597,899	$1,597,899	$1,597,899	$1,597,899	$1,597,899	$1,597,899	$1,597,899	$1,597,899	$1,597,899	$1,597,899
Cash Flow		($175,090)	$76,693	$333,612	$599,965	$791,667	$863,354	$937,192	$1,013,245	$1,091,579	$1,172,263
Working Capital Proceeds		($175,090)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		($175,090)	$76,693	$333,612	$599,965	$791,667	$863,354	$937,192	$1,013,245	$1,091,579	$1,172,263
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$19,443,475
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		($175,090)	$76,693	$333,612	$599,965	$791,667	$863,354	$937,192	$1,013,245	$1,091,579	$20,615,738

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$1,931,512
Debt Coverage Ratio	1.20
Covered Income	$1,609,593
Supportable Debt	$15,173,496
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$2,770,163
Capitalization Rate	8%
Total Property Value	$34,627,034
Less: Sales Cost at (4%)	$1,385,081
Net Sales Price	$33,241,952
Less: Loan Balance	$13,798,477
Net Sales Proceeds	$19,443,475
NPV Sales Proceeds Yr. 0	$4,407,517
Capitalized Yr 3 CF	$2,085,076.61
Supportable Equity	$6,492,594

Source: Basile Baumann Prost & Associates, Inc.

Table 1B
Baseline Feasibility - 1 FAR Office

Zoning Category: BASELINE OFFICE

ASSUMPTIONS

Component Distribution (FAR)

Office	1
Residential	0
Retail	0
Total:	1

Physical Specifications

Land Area	183,541
FAR	1
Gross Developable SF	183,541
Leasable Space Percentage	85%
Net Developable SF	156,010
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	0

Development Costs

Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.79
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates

Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

Source: Basile Baumann Prost & Associates, Inc.

FINANCIAL SUMMARY

Total Development Costs		Costs
Hard Costs: Office/Retail		$22,024,920
Residential/Hotel		$0
Subtotal Hard Costs		$23,337,503
Soft Costs		$5,834,376
Land Costs		$5,506,230
	Subtotal	**$34,678,109**
Total Average Cost Per SF		$189

Less Supportable Funding

Supportable Debt		$25,543,326
Supportable Equity		$9,739,192
	Subtotal	**$35,282,518**
Surplus Funding (GAP)		$604,410
% of Development Costs		2%
Residual Land Value:		**$6,110,640**

Residential Subsidy Required

$ per unit: (gap/units)	ERR
% of capital cost per unit	-2.16%
Dollars Avail. for Amenities	$604,410

Financing Terms

Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:

Office Square Feet:	183,541
Retail Square Feet:	0
Gross Total Commercial:	183,541
Gross Residential SF	0
Gross Total Square Feet:	183,541

Net Developable Space:

Office Square Feet:	156,010
Retail Square Feet:	0
Subtotal Commercial:	156,010
Residential Square Feet:	0
Net Total Square Feet:	156,010
Number of Parking SF	32,815

Land Value:

Dollars:	$5,506,230
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:

Dollars:	$604,410
Percent:	1.74%
Dollars per Square Foot:	$3.29

Supportable Land Value:

Supportable Land Value ($)	**$6,110,640**
Supportable Land Value ($/SF)	**$33.29**

Surplus/(Deficit) Land Value:

Dollars:	**$604,410**
Percent:	**10.98%**
Dollars per Square Foot:	**$3.29**

Table 1B

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	156,010	156,010	156,010	156,010	156,010	156,010	156,010	156,010	156,010	156,010
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$2,758,254	$2,841,002	$3,098,363	$3,368,609	$3,469,668	$3,573,758	$3,680,970	$3,791,399	$3,905,141	$4,022,296
RESIDENTIAL:										
Number of Units	0	0	0	0	0	0	0	0	0	0
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RETAIL:										
Net Leasable Space (SF)	0	0	0	0	0	0	0	0	0	0
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
PARKING:										
Net Leasable Space (SF)	32,815	32,815	32,815	32,815	32,815	32,815	32,815	32,815	32,815	32,815
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$131,258	$143,646	$153,177	$161,358	$175,432	$180,695	$186,116	$191,699	$197,450	$203,374
TOTAL REVENUES:	$2,889,512	$2,984,648	$3,251,540	$3,529,967	$3,645,100	$3,754,453	$3,867,086	$3,983,099	$4,102,592	$4,225,670

Source: Basile Baumann Prost & Associates, Inc.

Table 1B

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Annual Net Operating Income		$2,889,512	$2,984,648	$3,251,540	$3,529,967	$3,645,100	$3,754,453	$3,867,086	$3,983,099	$4,102,592	$4,225,670
Debt Service		$2,689,932	$2,689,932	$2,689,932	$2,689,932	$2,689,932	$2,689,932	$2,689,932	$2,689,932	$2,689,932	$2,689,932
Cash Flow		$199,581	$294,716	$561,609	$840,036	$955,168	$1,064,521	$1,177,155	$1,293,167	$1,412,660	$1,535,738
Working Capital Proceeds		$199,581	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$199,581	$294,716	$561,609	$840,036	$955,168	$1,064,521	$1,177,155	$1,293,167	$1,412,660	$1,535,738
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$27,479,440
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$199,581	$294,716	$561,609	$840,036	$955,168	$1,064,521	$1,177,155	$1,293,167	$1,412,660	$29,015,178

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$3,251,540
Debt Coverage Ratio	1.20
Covered Income	$2,709,617
Supportable Debt	$25,543,326
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$4,225,670
Capitalization Rate	8%
Total Property Value	$52,820,869
Less: Sales Cost at (4%)	$2,112,835
Net Sales Price	$50,708,035
Less: Loan Balance	$23,228,595
Net Sales Proceeds	$27,479,440
NPV Sales Proceeds Yr. 0	$6,229,138
Capitalized Yr 3 CF	$3,510,053.61
Supportable Equity	$9,739,192

Source: Basile Baumann Prost & Associates, Inc.

Table 1C
Existing Zoning

Zoning Category: BASELINE HOTEL

ASSUMPTIONS

Component Distribution (FAR)	
Office	0
Residential	1
Retail	0
Total:	1

Physical Specifications	
Land Area	183,541
FAR	1
Gross Developable SF	183,541
Leasable Space Percentage	85%
Net Developable SF	156,010
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	156

Development Costs	
Hard Costs: (Office/ Retail)	$115.00
(Residential/Hotel)	$100
Soft Costs (20% hard cost)	$23.57
Land Value per FAR SF	$30.00
Residential Cost PSF:	$150
Commercial Cost PSF:	$168

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

Source: Basile Baumann Prost & Associates, Inc.

FINANCIAL SUMMARY

Total Development Costs		Costs
Hard Costs: Office/Retail		$0
Residential/Hotel		$18,354,100
Subtotal Hard Costs		$21,630,307
Soft Costs		$4,326,061
Land Costs		$5,506,230
	Subtotal	**$31,462,598**
Total Average Cost Per SF		$171

Less Supportable Funding		
Supportable Debt		$15,241,757
Supportable Equity		$6,487,902
	Subtotal	**$21,729,659**
Surplus Funding (GAP)		($9,732,939)
% of Development Costs		-31%
Residual Land Value:		**($4,226,709)**

Residential Subsidy Required	
$ per unit: (gap/units)	$62,387
% of capital cost per unit	37.50%
Dollars Avail. for Amenities	($9,732,939)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	0
Retail Square Feet:	0
Gross Total Commercial:	0
Gross Residential SF	183,541
Gross Total Square Feet:	183,541

Net Developable Space:	
Office Square Feet:	0
Retail Square Feet:	0
Subtotal Commercial:	0
Residential Square Feet:	156,010
Net Total Square Feet:	156,010
Number of Parking SF	81,905

Land Value:	
Dollars:	$5,506,230
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($9,732,939)
Percent:	-30.93%
Dollars per Square Foot:	($53.03)

Supportable Land Value:	
Supportable Land Value ($)	**($4,226,709)**
Supportable Land Value ($/SF)	**($23.03)**

Surplus/(Deficit) Land Value:	
Dollars:	**($9,732,939)**
Percent:	**-176.76%**
Dollars per Square Foot:	**($53.03)**

Table 1C

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	0	0	0	0	0	0	0	0	0	0
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	90%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RESIDENTIAL:										
Number of Units	156	156	156	156	156	156	156	156	156	156
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$1,684,908	$2,024,696	$2,383,356	$2,761,714	$3,002,597	$3,092,675	$3,185,455	$3,281,019	$3,379,449	$3,480,833
RETAIL:										
Net Leasable Space (SF)	0	0	0	0	0	0	0	0	0	0
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
PARKING:										
Net Leasable Space (SF)	81,905	81,905	81,905	81,905	81,905	81,905	81,905	81,905	81,905	81,905
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	83%	88%	90%	95%	95%	95%	95%	95%	95%	95%
Subtota;:	$339,906	$371,194	$391,019	$425,125	$437,879	$451,015	$464,546	$478,482	$492,836	$507,621
TOTAL REVENUES:	$2,024,813	$2,395,890	$2,774,376	$3,186,839	$3,440,476	$3,543,690	$3,650,001	$3,759,501	$3,872,286	$3,988,454

Source: Basile Baumann Prost & Associates, Inc.

Table 1C
Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$589,717.23	$708,643.54	$834,174.68	$966,599.91	$1,050,908.91	$1,082,436.17	$1,114,909.26	$1,148,356.54	$1,182,807.23	$1,218,291.45
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$589,717.23	$708,643.54	$834,174.68	$966,599.91	$1,050,908.91	$1,082,436.17	$1,114,909.26	$1,148,356.54	$1,182,807.23	$1,218,291.45
Annual Net Operating Income		$1,435,096	$1,687,247	$1,940,201	$2,220,239	$2,389,567	$2,461,254	$2,535,091	$2,611,144	$2,689,478	$2,770,163
Debt Service		$1,605,088	$1,605,088	$1,605,088	$1,605,088	$1,605,088	$1,605,088	$1,605,088	$1,605,088	$1,605,088	$1,605,088
Cash Flow		($169,992)	$82,159	$335,113	$615,151	$784,479	$856,166	$930,003	$1,006,056	$1,084,390	$1,165,075
Working Capital Proceeds		($169,992)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		($169,992)	$82,159	$335,113	$615,151	$784,479	$856,166	$930,003	$1,006,056	$1,084,390	$1,165,075
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$19,381,402
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		($169,992)	$82,159	$335,113	$615,151	$784,479	$856,166	$930,003	$1,006,056	$1,084,390	$20,546,478

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$1,940,201
Debt Coverage Ratio	1.20
Covered Income	$1,616,834
Supportable Debt	$15,241,757
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$2,770,163
Capitalization Rate	8%
Total Property Value	$34,627,034
Less: Sales Cost at (4%)	$1,385,081
Net Sales Price	$33,241,952
Less: Loan Balance	$13,860,551
Net Sales Proceeds	$19,381,402
NPV Sales Proceeds Yr. 0	$4,393,446
Capitalized Yr 3 CF	$2,094,456.11
Supportable Equity	$6,487,902

Source: Basile Baumann Prost & Associates, Inc.

Table 1D
Baseline Feasibility - 1 FAR Retail

Zoning Category: BASELINE RETAIL

ASSUMPTIONS

Component Distribution (FAR)

Office	0
Residential	0
Retail	1
Total:	1

Physical Specifications

Land Area	183,541
FAR	1
Gross Developable SF	183,541
Leasable Space Percentage	85%
Net Developable SF	156,010
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	0

Development Costs

Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.79
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates

Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs	**Costs**
Hard Costs: Office/Retail	$22,024,920
Residential/Hotel	$0
Subtotal Hard Costs	$23,337,503
Soft Costs	$5,834,376
Land Costs	$5,506,230
Subtotal	**$34,678,109**
Total Average Cost Per SF	$189

Less Supportable Funding

Supportable Debt	$28,377,792
Supportable Equity	$10,175,629
Subtotal	**$38,553,421**
Surplus Funding (GAP)	$3,875,313
% of Development Costs	11%
Residual Land Value:	**$9,381,543**

Residential Subsidy Required

$ per unit: (gap/units)	ERR
% of capital cost per unit	-13.84%
Dollars Avail. for Amenities	$3,875,313

Financing Terms

Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:

Office Square Feet:	0
Retail Square Feet:	183,541
Gross Total Commercial:	183,541
Gross Residential SF	0
Gross Total Square Feet:	183,541

Net Developable Space:

Office Square Feet:	0
Retail Square Feet:	156,010
Subtotal Commercial:	156,010
Residential Square Feet:	0
Net Total Square Feet:	156,010
Number of Parking SF	32,815

Land Value:

Dollars:	$5,506,230
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:

Dollars:	$3,875,313
Percent:	11.18%
Dollars per Square Foot:	$21.11

Supportable Land Value:

Supportable Land Value ($)	**$9,381,543**
Supportable Land Value ($/SF)	**$51.11**

Surplus/(Deficit) Land Value:

Dollars:	**$3,875,313**
Percent:	**70.38%**
Dollars per Square Foot:	**$21.11**

Source: Basile Baumann Prost & Associates, Inc.

Table 1D

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	0	0	0	0	0	0	0	0	0	0
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RESIDENTIAL:										
Number of Units	0	0	0	0	0	0	0	0	0	0
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RETAIL:										
Net Leasable Space (SF)	156,010	156,010	156,010	156,010	156,010	156,010	156,010	156,010	156,010	156,010
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$2,917,384	$3,110,961	$3,459,177	$3,562,952	$3,669,841	$3,779,936	$3,893,334	$4,010,134	$4,130,438	$4,254,351
PARKING:										
Net Leasable Space (SF)	32,815	32,815	32,815	32,815	32,815	32,815	32,815	32,815	32,815	32,815
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$131,258	$143,646	$153,177	$161,358	$175,432	$180,695	$186,116	$191,699	$197,450	$203,374
TOTAL REVENUES:	$3,048,642	$3,254,607	$3,612,354	$3,724,310	$3,845,273	$3,960,631	$4,079,450	$4,201,833	$4,327,888	$4,457,725

Source: Basile Baumann Prost & Associates, Inc.

Table 1D

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0 00	$0 00	$0 00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0 00
Residential Revenue X % Revenue	35%	$0 00	$0 00	$0.00	$0.00	$0 00	$0.00	$0.00	$0.00	$0 00	$0 00
Retail GSF X Percent of Revenues	0%	$0 00	$0 00	$0.00	$0.00	$0 00	$0.00	$0 00	$0 00	$0 00	$0 00
TOTAL EXPENSES	---	$0 00	$0.00	$0 00	$0 00	$0.00	$0 00	$0.00	$0 00	$0.00	$0 00
Annual Net Operating Income		$3,048,642	$3,254,607	$3,612,354	$3,724,310	$3,845,273	$3,960,631	$4,079,450	$4,201,833	$4,327,888	$4,457,725
Debt Service		$2,988,425	$2,988,425	$2,988,425	$2,988,425	$2,988,425	$2,988,425	$2,988,425	$2,988,425	$2,988,425	$2,988,425
Cash Flow		$60,217	$266,182	$623,929	$735,885	$856,848	$972,206	$1,091,025	$1,213,408	$1,339,463	$1,469,300
Working Capital Proceeds		$60,217	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$60,217	$266,182	$623,929	$735,885	$856,848	$972,206	$1,091,025	$1,213,408	$1,339,463	$1,469,300
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$27,686,499
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$60,217	$266,182	$623,929	$735,885	$856,848	$972,206	$1,091,025	$1,213,408	$1,339,463	$29,155,798

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$3,612,354
Debt Coverage Ratio	1.20
Covered Income	$3,010,295
Supportable Debt	$28,377,792
Interest Rate	10 00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$4,457,725
Capitalization Rate	8%
Total Property Value	$55,721,563
Less: Sales Cost at (4%)	$2,228,863
Net Sales Price	$53,492,701
Less: Loan Balance	$25,806,202
Net Sales Proceeds	$27,686,499
NPV Sales Proceeds Yr. 0	$6,276,075
Capitalized Yr 3 CF	$3,899,553.69
Supportable Equity	$10,175,629

Source: Basile Baumann Prost & Associates, Inc.

Table 2
Existing Zoning

Zoning Category: M

ASSUMPTIONS

Component Distribution (FAR)

Office	5.5
Residential	0
Retail	0.5
Total:	**6**

Physical Specifications

Land Area	183,541
FAR	6
Gross Developable SF	1,101,246
Leasable Space Percentage	85%
Net Developable SF	936,059
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	0

Development Costs

Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.79
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates

Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs

	Costs
Hard Costs: Office/Retail	$132,149,520
Residential/Hotel	$0
Subtotal Hard Costs	$140,025,017
Soft Costs	$35,006,254
Land Costs	$33,037,380
Subtotal	**$208,068,652**
Total Average Cost Per SF	$189

Less Supportable Funding

Supportable Debt	$154,677,191
Supportable Equity	$58,653,371
Subtotal	**$213,330,562**
Surplus Funding (GAP)	$5,261,910
% of Development Costs	3%
Residual Land Value:	**$38,299,290**

Residential Subsidy Required

$ per unit: (gap/units)	ERR
% of capital cost per unit	-3.13%
Dollars Avail. for Amenities	$5,261,910

Financing Terms

Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:

Office Square Feet:	1,009,476
Retail Square Feet:	91,771
Gross Total Commercial:	1,101,246
Gross Residential SF	0
Gross Total Square Feet:	1,101,246

Net Developable Space:

Office Square Feet:	858,054
Retail Square Feet:	78,005
Subtotal Commercial:	936,059
Residential Square Feet:	0
Net Total Square Feet:	936,059
Number of Parking SF	196,887

Land Value:

Dollars:	$33,037,380
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:

Dollars:	$5,261,910
Percent:	2.53%
Dollars per Square Foot:	$4.78

Supportable Land Value:

Supportable Land Value ($)	**$38,299,290**
Supportable Land Value ($/SF)	**$34.78**

Surplus/(Deficit) Land Value:

Dollars:	**$5,261,910**
Percent:	**15.93%**
Dollars per Square Foot:	**$4.78**

Source: Basile Baumann Prost & Associates, Inc.

Table 2

Annual Revenues

TYPE OF SPACE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$15,170,398	$15,625,510	$17,040,997	$18,527,351	$19,083,171	$19,655,666	$20,245,336	$20,852,696	$21,478,277	$22,122,626
RESIDENTIAL:										
Number of Units	0	0	0	0	0	0	0	0	0	0
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	196,887	196,887	196,887	196,887	196,887	196,887	196,887	196,887	196,887	196,887
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$787,550	$861,875	$919,063	$968,149	$1,052,593	$1,084,171	$1,116,696	$1,150,197	$1,184,703	$1,220,244
TOTAL REVENUES:	$17,416,640	$18,042,865	$19,689,648	$21,276,976	$21,970,685	$22,629,805	$23,308,699	$24,007,960	$24,728,199	$25,470,045

Source: Basile Baumann Prost & Associates, Inc.

Table 2

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES:	---	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Annual Net Operating Income		$17,416,640	$18,042,865	$19,689,648	$21,276,976	$21,970,685	$22,629,805	$23,308,699	$24,007,960	$24,728,199	$25,470,045
Debt Service		$16,288,837	$16,288,837	$16,288,837	$16,288,837	$16,288,837	$16,288,837	$16,288,837	$16,288,837	$16,288,837	$16,288,837
Cash Flow		$1,127,803	$1,754,028	$3,400,812	$4,988,139	$5,681,848	$6,340,969	$7,019,863	$7,719,124	$8,439,363	$9,181,208
Working Capital Proceeds		$1,127,803	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$1,127,803	$1,754,028	$3,400,812	$4,988,139	$5,681,848	$6,340,969	$7,019,863	$7,719,124	$8,439,363	$9,181,208
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$164,980,167
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$1,127,803	$1,754,028	$3,400,812	$4,988,139	$5,681,848	$6,340,969	$7,019,863	$7,719,124	$8,439,363	$174,161,376

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$19,689,648
Debt Coverage Ratio	1.20
Covered Income	$16,408,040
Supportable Debt	$154,677,191
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$25,470,045
Capitalization Rate	8%
Total Property Value	$318,375,564
Less: Sales Cost at (4%)	$12,735,023
Net Sales Price	$305,640,541
Less: Loan Balance	$140,660,374
Net Sales Proceeds	$164,980,167
NPV Sales Proceeds Yr.	$37,398,299
Capitalized Yr 3 CF	$21,255,072.09
Supportable Equity	$58,653,371

Source: Basile Baumann Prost & Associates, Inc.

Table 3
Office of Planning Proposed CR District

Zoning Category: OP CR District

ASSUMPTIONS

Component Distribution (FAR)	
Office	2.5
Residential	3
Retail	0.5
Total:	**6**

Physical Specifications	
Land Area	183,541
FAR	6
Gross Developable SF	1,101,246
Leasable Space Percentage	85%
Net Developable SF	936,059
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	468

Development Costs	
Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.25
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

Source: Basile Baumann Prost & Associates, Inc.

FINANCIAL SUMMARY

Total Development Costs		Costs
Hard Costs: Office/Retail		$66,074,760
Residential/Hotel		$57,815,415
Subtotal Hard Costs		$137,656,544
Soft Costs		$34,414,136
Land Costs		$33,037,380
	Subtotal	**$205,108,060**
Total Average Cost Per SF		$186

Less Supportable Funding		
Supportable Debt		$123,567,699
Supportable Equity		$48,913,575
	Subtotal	**$172,481,274**
Surplus Funding (GAP)		($32,626,786)
% of Development Costs		-16%
Residual Land Value:		**$410,594**

Residential Subsidy Required	
$ per unit: (gap/units)	$69,711
% of capital cost per unit	19.75%
Dollars Avail. for Amenities	($32,626,786)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	458,853
Retail Square Feet:	91,771
Gross Total Commercial:	550,623
Gross Residential SF	550,623
Gross Total Square Feet:	1,101,246

Net Developable Space:	
Office Square Feet:	390,025
Retail Square Feet:	78,005
Subtotal Commercial:	468,030
Residential Square Feet:	468,030
Net Total Square Feet:	936,059
Number of Parking SF	344,159

Land Value:	
Dollars:	$33,037,380
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($32,626,786)
Percent:	-15.91%
Dollars per Square Foot:	($29.63)

Supportable Land Value:	
Supportable Land Value ($)	**$410,594**
Supportable Land Value ($/SF)	**$0.37**

Surplus/(Deficit) Land Value:	
Dollars:	**($32,626,786)**
Percent:	**-98.76%**
Dollars per Square Foot:	**($29.63)**

Table 3

Annual Revenues

TYPE OF SPACE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	390,025	390,025	390,025	390,025	390,025	390,025	390,025	390,025	390,025	390,025
Lease Rates Per SF	$20 80	$21.42	$22 07	$22 73	$23.41	$24 11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$6,895,635	$7,102,504	$7,745,908	$8,421,523	$8,674,169	$8,934,394	$9,202,426	$9,478,498	$9,762,853	$10,055,739
RESIDENTIAL:										
Number of Units	468	468	468	468	468	468	468	468	468	468
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$5,054,719	$6,074,087	$7,150,069	$8,285,142	$9,007,791	$9,278,024	$9,556,365	$9,843,056	$10,138,348	$10,442,498
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22 00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	8800%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$155,548,061	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	344,159	344,159	344,159	344,159	344,159	344,159	344,159	344,159	344,159	344,159
Rental Rates Per SF	$5 00	$5 15	$5 30	$5.46	$5.63	$5.80	$5.97	$6 15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$1,376,637	$1,506,557	$1,606,522	$1,692,324	$1,839,933	$1,895,131	$1,951,985	$2,010,544	$2,070,860	$2,132,986
TOTAL REVENUES:	$14,785,684	$170,231,210	$18,232,086	$20,180,466	$21,356,812	$21,997,517	$22,657,442	$23,337,165	$24,037,280	$24,758,399

Source: Basile Baumann Prost & Associates, Inc.

Table 3

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$1,769,151.70	$2,125,930.62	$2,502,524.05	$2,899,799.74	$3,152,726.72	$3,247,308.52	$3,344,727.78	$3,445,069.61	$3,548,421.70	$3,654,874.35
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$1,769,151.70	$2,125,930.62	$2,502,524.05	$2,899,799.74	$3,152,726.72	$3,247,308.52	$3,344,727.78	$3,445,069.61	$3,548,421.70	$3,654,874.35
Annual Net Operating Income		$13,016,532	$168,105,279	$15,729,562	$17,280,666	$18,204,086	$18,750,208	$19,312,714	$19,892,096	$20,488,859	$21,103,525
Debt Service		$13,012,740	$13,012,740	$13,012,740	$13,012,740	$13,012,740	$13,012,740	$13,012,740	$13,012,740	$13,012,740	$13,012,740
Cash Flow		$3,792	$155,092,539	$2,716,822	$4,267,926	$5,191,346	$5,737,468	$6,299,974	$6,879,356	$7,476,119	$8,090,785
Working Capital Proceeds		$3,792	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$3,792	$155,092,539	$2,716,822	$4,267,926	$5,191,346	$5,737,468	$6,299,974	$6,879,356	$7,476,119	$8,090,785
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$140,872,277
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$3,792	$155,092,539	$2,716,822	$4,267,926	$5,191,346	$5,737,468	$6,299,974	$6,879,356	$7,476,119	$148,963,062

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$15,729,562
Debt Coverage Ratio	1.20
Covered Income	$13,107,969
Supportable Debt	$123,567,699
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$21,103,525
Capitalization Rate	8%
Total Property Value	$263,794,057
Less: Sales Cost at (4%)	$10,551,762
Net Sales Price	$253,242,294
Less: Loan Balance	$112,370,017
Net Sales Proceeds	$140,872,277
NPV Sales Proceeds Yr. 0	$31,933,435
Capitalized Yr 3 CF	$16,980,139.59
Supportable Equity	$48,913,575

Source: Basile Baumann Prost & Associates, Inc.

Table 4
Office of Planning Proposal - CR District With Bonus

Zoning Category: CR

ASSUMPTIONS

Component Distribution (FAR)	
Office	4.5
Residential	3
Retail	0.5
Total:	**8**

Physical Specifications	
Land Area	183,541
FAR	8
Gross Developable SF	1,468,328
Leasable Space Percentage	85%
Net Developable SF	1,248,079
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	468

Development Costs	
Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.38
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs	Costs
Hard Costs: Office/Retail	$110,124,600
Residential/Hotel	$57,815,415
Subtotal Hard Costs	$184,331,550
Soft Costs	$46,082,887
Land Costs	$44,049,840
Subtotal	**$274,464,277**
Total Average Cost Per SF	$187

Less Supportable Funding	
Supportable Debt	$174,654,351
Supportable Equity	$68,391,959
Subtotal	**$243,046,311**
Surplus Funding (GAP)	($31,417,967)
% of Development Costs	-11%
Residual Land Value:	**$12,631,873**

Residential Subsidy Required	
$ per unit: (gap/units)	$67,128
% of capital cost per unit	14.20%
Dollars Avail. for Amenities	($31,417,967)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	825,935
Retail Square Feet:	91,771
Gross Total Commercial:	917,705
Gross Residential SF	550,623
Gross Total Square Feet:	1,468,328

Net Developable Space:	
Office Square Feet:	702,044
Retail Square Feet:	78,005
Subtotal Commercial:	780,049
Residential Square Feet:	468,030
Net Total Square Feet:	1,248,079
Number of Parking SF	409,788

Land Value:	
Dollars:	$44,049,840
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($31,417,967)
Percent:	-11.45%
Dollars per Square Foot:	($21.40)

Supportable Land Value:	
Supportable Land Value ($)	**$12,631,873**
Supportable Land Value ($/SF)	**$8.60**

Surplus/(Deficit) Land Value:	
Dollars:	**($31,417,967)**
Percent:	**-71.32%**
Dollars per Square Foot:	**($21.40)**

Table 4

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	702,044	702,044	702,044	702,044	702,044	702,044	702,044	702,044	702,044	702,044
Lease Rates Per SF	$20 80	$21.42	$22 07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$12,412,144	$12,784,508	$13,942,634	$15,158,742	$15,613,504	$16,081,909	$16,564,366	$17,061,297	$17,573,136	$18,100,330
RESIDENTIAL:										
Number of Units	468	468	468	468	468	468	468	468	468	468
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$5,054,719	$6,074,087	$7,150,069	$8,285,142	$9,007,791	$9,278,024	$9,556,365	$9,843,056	$10,138,348	$10,442,498
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22 00	$22 66	$23 34	$24 04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	409,788	409,788	409,788	409,788	409,788	409,788	409,788	409,788	409,788	409,788
Rental Rates Per SF	$5 00	$5 15	$5 30	$5.46	$5.63	$5.80	$5.97	$6.15	$6 33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$1,639,153	$1,793,849	$1,912,876	$2,015,041	$2,190,797	$2,256,521	$2,324,217	$2,393,943	$2,465,761	$2,539,734
TOTAL REVENUES:	$20,564,708	$22,207,925	$24,735,167	$27,240,400	$28,647,012	$29,506,422	$30,391,615	$31,303,363	$32,242,464	$33,209,738

Source: Basile Baumann Prost & Associates, Inc.

Table 4

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$1,769,151.70	$2,125,930.62	$2,502,524.05	$2,899,799.74	$3,152,726.72	$3,247,308.52	$3,344,727.78	$3,445,069.61	$3,548,421.70	$3,654,874.35
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$1,769,151.70	$2,125,930.62	$2,502,524.05	$2,899,799.74	$3,152,726.72	$3,247,308.52	$3,344,727.78	$3,445,069.61	$3,548,421.70	$3,654,874.35
Annual Net Operating Income		$18,795,557	$20,081,994	$22,232,643	$24,340,601	$25,494,285	$26,259,114	$27,046,887	$27,858,294	$28,694,042	$29,554,864
Debt Service		$18,392,603	$18,392,603	$18,392,603	$18,392,603	$18,392,603	$18,392,603	$18,392,603	$18,392,603	$18,392,603	$18,392,603
Cash Flow		$402,954	$1,689,391	$3,840,040	$5,947,997	$7,101,682	$7,866,510	$8,654,284	$9,465,690	$10,301,439	$11,162,260
Working Capital Proceeds		$402,954	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$402,954	$1,689,391	$3,840,040	$5,947,997	$7,101,682	$7,866,510	$8,654,284	$9,465,690	$10,301,439	$11,162,260
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$195,831,155
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$402,954	$1,689,391	$3,840,040	$5,947,997	$7,101,682	$7,866,510	$8,654,284	$9,465,690	$10,301,439	$206,993,415

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$22,232,643
Debt Coverage Ratio	1.20
Covered Income	$18,527,202
Supportable Debt	$174,654,351
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$29,554,864
Capitalization Rate	8%
Total Property Value	$369,435,795
Less: Sales Cost at (4%)	$14,777,432
Net Sales Price	$354,658,364
Less: Loan Balance	$158,827,209
Net Sales Proceeds	$195,831,155
NPV Sales Proceeds Yr. 0	$44,391,712
Capitalized Yr 3 CF	$24,000,247.57
Supportable Equity	$68,391,959

Source: Basile Baumann Prost & Associates, Inc.

Table 5
Office of Planning Proposal - W-2 District

Zoning Category: W-2 District

ASSUMPTIONS

Component Distribution (FAR)	
Office	1.5
Residential	2
Retail	0.5
Total:	**4**

Physical Specifications	
Land Area	183,541
FAR	4
Gross Developable SF	734,164
Leasable Space Percentage	85%
Net Developable SF	624,039
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	312

Development Costs	
Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.25
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

Source: Basile Baumann Prost & Associates, Inc.

FINANCIAL SUMMARY

Total Development Costs	Costs
Hard Costs: Office/Retail	$44,049,840
Residential/Hotel	$38,543,610
Subtotal Hard Costs	$91,771,029
Soft Costs	$22,942,757
Land Costs	$22,024,920
Subtotal	**$136,738,707**
Total Average Cost Per SF	$186

Less Supportable Funding	
Supportable Debt	$82,850,877
Supportable Equity	$32,681,790
Subtotal	**$115,532,667**
Surplus Funding (GAP)	($21,206,040)
% of Development Costs	-16%
Residual Land Value:	**$818,880**

Residential Subsidy Required	
$ per unit: (gap/units)	$67,964
% of capital cost per unit	19.26%
Dollars Avail. for Amenities	($21,206,040)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	275,312
Retail Square Feet:	91,771
Gross Total Commercial:	367,082
Gross Residential SF	367,082
Gross Total Square Feet:	734,164

Net Developable Space:	
Office Square Feet:	234,015
Retail Square Feet:	78,005
Subtotal Commercial:	312,020
Residential Square Feet:	312,020
Net Total Square Feet:	624,039
Number of Parking SF	229,439

Land Value:	
Dollars:	$22,024,920
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($21,206,040)
Percent:	-15.51%
Dollars per Square Foot:	($28.88)

Supportable Land Value:	
Supportable Land Value ($)	**$818,880**
Supportable Land Value ($/SF)	**$1.12**

Surplus/(Deficit) Land Value:	
Dollars:	**($21,206,040)**
Percent:	**-96.28%**
Dollars per Square Foot:	**($28.88)**

Table 5

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	234,015	234,015	234,015	234,015	234,015	234,015	234,015	234,015	234,015	234,015
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$4,137,381	$4,261,503	$4,647,545	$5,052,914	$5,204,501	$5,360,636	$5,521,455	$5,687,099	$5,857,712	$6,033,443
RESIDENTIAL:										
Number of Units	312	312	312	312	312	312	312	312	312	312
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$3,369,813	$4,049,392	$4,766,712	$5,523,428	$6,005,194	$6,185,350	$6,370,910	$6,562,037	$6,758,898	$6,961,665
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	229,439	229,439	229,439	229,439	229,439	229,439	229,439	229,439	229,439	229,439
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$917,758	$1,004,371	$1,071,014	$1,128,216	$1,226,622	$1,263,420	$1,301,323	$1,340,363	$1,380,574	$1,421,991
TOTAL REVENUES:	$9,883,644	$10,870,746	$12,214,860	$13,486,034	$14,271,237	$14,699,374	$15,140,355	$15,594,566	$16,062,403	$16,544,275

Source: Basile Baumann Prost & Associates, Inc.

Table 5

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$1,179,434.47	$1,417,287.08	$1,668,349.37	$1,933,199.83	$2,101,817.81	$2,164,872.35	$2,229,818.52	$2,296,713.07	$2,365,614.47	$2,436,582.90
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$1,179,434.47	$1,417,287.08	$1,668,349.37	$1,933,199.83	$2,101,817.81	$2,164,872.35	$2,229,818.52	$2,296,713.07	$2,365,614.47	$2,436,582.90
Annual Net Operating Income		$8,704,210	$9,453,459	$10,546,510	$11,552,834	$12,169,419	$12,534,502	$12,910,537	$13,297,853	$13,696,789	$14,107,692
Debt Service		$8,724,909	$8,724,909	$8,724,909	$8,724,909	$8,724,909	$8,724,909	$8,724,909	$8,724,909	$8,724,909	$8,724,909
Cash Flow		($20,699)	$728,550	$1,821,602	$2,827,925	$3,444,510	$3,809,593	$4,185,628	$4,572,944	$4,971,880	$5,382,783
Working Capital Proceeds		($20,699)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		($20,699)	$728,550	$1,821,602	$2,827,925	$3,444,510	$3,809,593	$4,185,628	$4,572,944	$4,971,880	$5,382,783
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$93,949,360
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		($20,699)	$728,550	$1,821,602	$2,827,925	$3,444,510	$3,809,593	$4,185,628	$4,572,944	$4,971,880	$99,332,144

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$10,546,510
Debt Coverage Ratio	1.20
Covered Income	$8,788,759
Supportable Debt	$82,850,877
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$14,107,692
Capitalization Rate	8%
Total Property Value	$176,346,153
Less: Sales Cost at (4%)	$7,053,846
Net Sales Price	$169,292,307
Less: Loan Balance	$75,342,947
Net Sales Proceeds	$93,949,360
NPV Sales Proceeds Yr. 0	$21,296,780
Capitalized Yr 3 CF	$11,385,010.12
Supportable Equity	$32,681,790

Source: Basile Baumann Prost & Associates, Inc.

Table 6
Buzzard Point/Capitol Gateway Alternative 1

Zoning Category: C-3-C

ASSUMPTIONS

Component Distribution (FAR)

Office	6
Residential	3.5
Retail	0.5
Total:	**10**

Physical Specifications

Land Area	183,541
FAR	10
Gross Developable SF	1,835,410
Leasable Space Percentage	85%
Net Developable SF	1,560,099
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	546

Development Costs

Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.41
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates

Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs	Costs
Hard Costs: Office/Retail	$143,161,980
Residential/Hotel	$67,451,318
Subtotal Hard Costs	$230,611,810
Soft Costs	$57,652,953
Land Costs	$55,062,300
Subtotal	**$343,327,063**
Total Average Cost Per SF	$187

Less Supportable Funding

Supportable Debt	$220,556,089
Supportable Equity	$86,247,044
Subtotal	**$306,803,133**
Surplus Funding (GAP)	($36,523,930)
% of Development Costs	-11%
Residual Land Value:	**$18,538,370**

Residential Subsidy Required

$ per unit: (gap/units)	$66,889
% of capital cost per unit	13.20%
Dollars Avail. for Amenities	($36,523,930)

Financing Terms

Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:

Office Square Feet:	1,101,246
Retail Square Feet:	91,771
Gross Total Commercial:	1,193,017
Gross Residential SF	642,394
Gross Total Square Feet:	1,835,410

Net Developable Space:

Office Square Feet:	936,059
Retail Square Feet:	78,005
Subtotal Commercial:	1,014,064
Residential Square Feet:	546,034
Net Total Square Feet:	1,560,099
Number of Parking SF	499,963

Land Value:

Dollars:	$55,062,300
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:

Dollars:	($36,523,930)
Percent:	-10.64%
Dollars per Square Foot:	($19.90)

Supportable Land Value:

Supportable Land Value ($)	**$18,538,370**
Supportable Land Value ($/	**$10.10**

Surplus/(Deficit) Land Value:

Dollars:	**($36,523,930)**
Percent:	**-66.33%**
Dollars per Square Foot:	**($19.90)**

Source: Basile Baumann Prost & Associates, Inc.

Table 6

Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	936,059	936,059	936,059	936,059	936,059	936,059	936,059	936,059	936,059	936,059
Lease Rates Per SF	$20 80	$21.42	$22 07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$16,549,525	$17,046,011	$18,590,179	$20,211,655	$20,818,005	$21,442,545	$22,085,822	$22,748,396	$23,430,848	$24,133,773
RESIDENTIAL:										
Number of Units	546	546	546	546	546	546	546	546	546	546
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$5,897,172	$7,086,435	$8,341,747	$9,665,999	$10,509,089	$10,824,362	$11,149,093	$11,483,565	$11,828,072	$12,182,915
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22 00	$22.66	$23 34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	499,963	499,963	499,963	499,963	499,963	499,963	499,963	499,963	499,963	499,963
Rental Rates Per SF	$5 00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$1,999,851	$2,188,587	$2,333,806	$2,458,453	$2,672,885	$2,753,071	$2,835,663	$2,920,733	$3,008,355	$3,098,606
TOTAL REVENUES:	$25,905,241	$27,876,514	$30,995,320	$34,117,583	$35,834,899	$36,909,946	$38,017,244	$39,157,762	$40,332,495	$41,542,469

Source: Basile Baumann Prost & Associates, Inc.

Table 6

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$2,064,010.32	$2,480,252.40	$2,919,611.39	$3,383,099.70	$3,678,181.17	$3,788,526.61	$3,902,182.41	$4,019,247.88	$4,139,825.32	$4,264,020.08
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$2,064,010.32	$2,480,252.40	$2,919,611.39	$3,383,099.70	$3,678,181.17	$3,788,526.61	$3,902,182.41	$4,019,247.88	$4,139,825.32	$4,264,020.08
Annual Net Operating Income		$23,841,230	$25,396,261	$28,075,709	$30,734,484	$32,156,718	$33,121,419	$34,115,062	$35,138,514	$36,192,669	$37,278,449
Debt Service		$23,226,450	$23,226,450	$23,226,450	$23,226,450	$23,226,450	$23,226,450	$23,226,450	$23,226,450	$23,226,450	$23,226,450
Cash Flow		$614,780	$2,169,811	$4,849,259	$7,508,033	$8,930,267	$9,894,969	$10,888,612	$11,912,063	$12,966,219	$14,051,999
Working Capital Proceeds		$614,780	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$614,780	$2,169,811	$4,849,259	$7,508,033	$8,930,267	$9,894,969	$10,888,612	$11,912,063	$12,966,219	$14,051,999
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$246,772,053
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$614,780	$2,169,811	$4,849,259	$7,508,033	$8,930,267	$9,894,969	$10,888,612	$11,912,063	$12,966,219	$260,824,052

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$28,075,709
Debt Coverage Ratio	1.20
Covered Income	$23,396,424
Supportable Debt	$220,556,089
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$37,278,449
Capitalization Rate	8%
Total Property Value	$465,980,617
Less: Sales Cost at (4%)	$18,639,225
Net Sales Price	$447,341,392
Less: Loan Balance	$200,569,339
Net Sales Proceeds	$246,772,053
NPV Sales Proceeds Yr. 0	$55,939,178
Capitalized Yr 3 CF	$30,307,865.92
Supportable Equity	$86,247,044

Source: Basile Baumann Prost & Associates, Inc.

Table7
Buzzard Point/Capitol Gateway Alternative 2

Zoning Category: C-3-C

ASSUMPTIONS

Component Distribution (FAR)	
Office	7.5
Residential	2
Retail	0.5
Total:	**10**

Physical Specifications	
Land Area	183,541
FAR	10
Gross Developable SF	1,835,410
Leasable Space Percentage	85%
Net Developable SF	1,560,099
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	312

Development Costs	
Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.57
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs	Costs
Hard Costs: Office/Retail	$176,199,360
Residential/Hotel	$38,543,610
Subtotal Hard Costs	$231,796,047
Soft Costs	$57,949,012
Land Costs	$55,062,300
Subtotal	**$344,807,358**
Total Average Cost Per SF	$188

Less Supportable Funding	
Supportable Debt	$236,110,835
Supportable Equity	$91,116,942
Subtotal	**$327,227,777**
Surplus Funding (GAP)	($17,579,582)
% of Development Costs	-5%
Residual Land Value:	**$37,482,718**

Residential Subsidy Required	
$ per unit: (gap/units)	$56,341
% of capital cost per unit	6.32%
Dollars Avail. for Amenities	($17,579,582)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	1,376,558
Retail Square Feet:	91,771
Gross Total Commercial:	1,468,328
Gross Residential SF	367,082
Gross Total Square Feet:	1,835,410

Net Developable Space:	
Office Square Feet:	1,170,074
Retail Square Feet:	78,005
Subtotal Commercial:	1,248,079
Residential Square Feet:	312,020
Net Total Square Feet:	1,560,099
Number of Parking SF	426,327

Land Value:	
Dollars:	$55,062,300
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($17,579,582)
Percent:	-5.10%
Dollars per Square Foot:	($9.58)

Supportable Land Value:	
Supportable Land Value ($)	**$37,482,718**
Supportable Land Value ($/	**$20.42**

Surplus/(Deficit) Land Value:	
Dollars:	**($17,579,582)**
Percent:	**-31.93%**
Dollars per Square Foot:	**($9.58)**

Table 7

Annual Revenues

TYPE OF SPACE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	1,170,074	1,170,074	1,170,074	1,170,074	1,170,074	1,170,074	1,170,074	1,170,074	1,170,074	1,170,074
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$20,686,906	$21,307,513	$23,237,723	$25,264,569	$26,022,506	$26,803,181	$27,607,277	$28,435,495	$29,288,560	$30,167,217
RESIDENTIAL:										
Number of Units	312	312	312	312	312	312	312	312	312	312
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$3,369,813	$4,049,392	$4,766,712	$5,523,428	$6,005,194	$6,185,350	$6,370,910	$6,562,037	$6,758,898	$6,961,665
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	426,327	426,327	426,327	426,327	426,327	426,327	426,327	426,327	426,327	426,327
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$1,705,308	$1,866,246	$1,990,077	$2,096,365	$2,279,215	$2,347,591	$2,418,019	$2,490,560	$2,565,276	$2,642,235
TOTAL REVENUES:	$27,220,719	$28,778,632	$31,724,101	$34,665,839	$36,141,835	$37,226,090	$38,342,873	$39,493,159	$40,677,954	$41,898,292

Source: Basile Baumann Prost & Associates, Inc

Table 7

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$1,179,434.47	$1,417,287.08	$1,668,349.37	$1,933,199.83	$2,101,817.81	$2,164,872.35	$2,229,818.52	$2,296,713.07	$2,365,614.47	$2,436,582.90
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$1,179,434.47	$1,417,287.08	$1,668,349.37	$1,933,199.83	$2,101,817.81	$2,164,872.35	$2,229,818.52	$2,296,713.07	$2,365,614.47	$2,436,582.90
Annual Net Operating Income		$26,041,284	$27,361,345	$30,055,752	$32,732,639	$34,040,017	$35,061,218	$36,113,054	$37,196,446	$38,312,339	$39,461,710
Debt Service		$24,864,499	$24,864,499	$24,864,499	$24,864,499	$24,864,499	$24,864,499	$24,864,499	$24,864,499	$24,864,499	$24,864,499
Cash Flow		$1,176,785	$2,496,846	$5,191,253	$7,868,140	$9,175,519	$10,196,719	$11,248,556	$12,331,947	$13,447,841	$14,597,211
Working Capital Proceeds		$1,176,785	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$1,176,785	$2,496,846	$5,191,253	$7,868,140	$9,175,519	$10,196,719	$11,248,556	$12,331,947	$13,447,841	$14,597,211
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$258,825,999
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$1,176,785	$2,496,846	$5,191,253	$7,868,140	$9,175,519	$10,196,719	$11,248,556	$12,331,947	$13,447,841	$273,423,210

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$30,055,752
Debt Coverage Ratio	1.20
Covered Income	$25,046,460
Supportable Debt	$236,110,835
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$39,461,710
Capitalization Rate	8%
Total Property Value	$493,271,370
Less: Sales Cost at (4%)	$19,730,855
Net Sales Price	$473,540,515
Less: Loan Balance	$214,714,516
Net Sales Proceeds	$258,825,999
NPV Sales Proceeds Yr. 0	$58,671,610
Capitalized Yr 3 CF	$32,445,331.79
Supportable Equity	$91,116,942

Source: Basile Baumann Prost & Associates, Inc.

Table 8
Buzzard Point/Capitol Gateway Alternative 3

Zoning Category: CR

ASSUMPTIONS

Component Distribution (FAR)	
Office	2.5
Residential	5
Retail	0.5
Total:	**8**

Physical Specifications	
Land Area	183,541
FAR	8
Gross Developable SF	1,468,328
Leasable Space Percentage	85%
Net Developable SF	1,248,079
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	780

Development Costs	
Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.12
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs		Costs
Hard Costs: Office/Retail		$66,074,760
Residential/Hotel		$96,359,025
Subtotal Hard Costs		$162,752,568
Soft Costs		$45,688,142
Land Costs		$44,049,840
	Subtotal	**$272,490,550**
Total Average Cost Per SF		$186

Less Supportable Funding		
Supportable Debt		$153,914,690
Supportable Equity		$61,898,762
	Subtotal	**$215,813,453**
Surplus Funding (GAP)		($56,677,097)
% of Development Costs		-21%
Residual Land Value:		**($12,627,257)**

Residential Subsidy Required	
$ per unit: (gap/units)	$72,658
% of capital cost per unit	25.84%
Dollars Avail. for Amenities	($56,677,097)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	458,853
Retail Square Feet:	91,771
Gross Total Commercial:	550,623
Gross Residential SF	917,705
Gross Total Square Feet:	1,468,328

Net Developable Space:	
Office Square Feet:	390,025
Retail Square Feet:	78,005
Subtotal Commercial:	468,030
Residential Square Feet:	780,049
Net Total Square Feet:	1,248,079
Number of Parking SF	507,970

Land Value:	
Dollars:	$44,049,840
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($56,677,097)
Percent:	-20.80%
Dollars per Square Foot:	($38.60)

Supportable Land Value:	
Supportable Land Value ($)	**($12,627,257)**
Supportable Land Value ($/SF)	**($8.60)**

Surplus/(Deficit) Land Value:	
Dollars:	**($56,677,097)**
Percent:	**-128.67%**
Dollars per Square Foot:	**($38.60)**

Source: Basile Baumann Prost & Associates, Inc.

Table 8
Annual Revenues

TYPE OF SPACE:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	390,025	390,025	390,025	390,025	390,025	390,025	390,025	390,025	390,025	390,025
Lease Rates Per SF	$20 80	$21.42	$22 07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$6,895,635	$7,102,504	$7,745,908	$8,421,523	$8,674,169	$8,934,394	$9,202,426	$9,478,498	$9,762,853	$10,055,739
RESIDENTIAL:										
Number of Units	780	780	780	780	780	780	780	780	780	780
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$8,424,532	$10,123,479	$11,916,781	$13,808,570	$15,012,984	$15,463,374	$15,927,275	$16,405,093	$16,897,246	$17,404,164
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22 00	$22.66	$23 34	$24 04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	507,970	507,970	507,970	507,970	507,970	507,970	507,970	507,970	507,970	507,970
Rental Rates Per SF	$5 00	$5.15	$5 30	$5.46	$5.63	$5.80	$5.97	$6.15	$6 33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$2,031,878	$2,223,637	$2,371,182	$2,497,824	$2,715,690	$2,797,161	$2,881,076	$2,967,508	$3,056,533	$3,148,229
TOTAL REVENUES:	$18,810,738	$21,005,101	$23,763,459	$26,509,394	$28,237,764	$29,084,896	$29,957,443	$30,856,167	$31,781,852	$32,735,307

Source: Basile Baumann Prost & Associates, Inc.

Table 8
Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$2,948,586.17	$3,543,217.71	$4,170,873.42	$4,832,999.57	$5,254,544.53	$5,412,180.87	$5,574,546.30	$5,741,782.69	$5,914,036.17	$6,091,457.25
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$2,948,586.17	$3,543,217.71	$4,170,873.42	$4,832,999.57	$5,254,544.53	$5,412,180.87	$5,574,546.30	$5,741,782.69	$5,914,036.17	$6,091,457.25
Annual Net Operating Income		$15,862,151	$17,461,883	$19,592,586	$21,676,394	$22,983,219	$23,672,716	$24,382,897	$25,114,384	$25,867,815	$26,643,850
Debt Service		$16,208,539	$16,208,539	$16,208,539	$16,208,539	$16,208,539	$16,208,539	$16,208,539	$16,208,539	$16,208,539	$16,208,539
Cash Flow		($346,387)	$1,253,345	$3,384,047	$5,467,855	$6,774,680	$7,464,177	$8,174,358	$8,905,845	$9,659,277	$10,435,311
Working Capital Proceeds		($346,387)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		($346,387)	$1,253,345	$3,384,047	$5,467,855	$6,774,680	$7,464,177	$8,174,358	$8,905,845	$9,659,277	$10,435,311
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$179,759,227
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		($346,387)	$1,253,345	$3,384,047	$5,467,855	$6,774,680	$7,464,177	$8,174,358	$8,905,845	$9,659,277	$190,194,539

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$19,592,586
Debt Coverage Ratio	1.20
Covered Income	$16,327,155
Supportable Debt	$153,914,690
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$26,643,850
Capitalization Rate	8%
Total Property Value	$333,048,124
Less: Sales Cost at (4%)	$13,321,925
Net Sales Price	$319,726,199
Less: Loan Balance	$139,966,972
Net Sales Proceeds	$179,759,227
NPV Sales Proceeds Yr. 0	$40,748,469
Capitalized Yr 3 CF	$21,150,292.81
Supportable Equity	$61,898,762

Source: Basile Baumann Prost & Associates, Inc

Table 9
BBP Proposal 1 - 8 FAR

Zoning Category: BBP

ASSUMPTIONS

Component Distribution (FAR)	
Office	5.5
Residential	2
Retail	0.5
Total:	**8**

Physical Specifications	
Land Area	183,541
FAR	8
Gross Developable SF	1,468,328
Leasable Space Percentage	85%
Net Developable SF	1,248,079
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number of residential units:	312

Development Costs	
Hard Costs: (Office/ Retail)	$120
(Residential/Hotel)	$105
Soft Costs (20% hard cost)	$31.52
Land Value per FAR SF	$30.00
Residential Cost PSF:	$156
Commercial Cost PSF:	$174

Lease Rates	
Office NNN (per SF)	$20.80
Residential (base, per mo.)	$1,500
Residential Rent Per SF	$1.50
Retail (per SF)	$22.00
Hotel Avg. Daily Rate (ADR)	$100

Source: Basile Baumann Prost & Associates, Inc.

FINANCIAL SUMMARY

Total Development Costs	Costs
Hard Costs: Office/Retail	$132,149,520
Residential/Hotel	$38,543,610
Subtotal Hard Costs	$185,121,041
Soft Costs	$46,280,260
Land Costs	$44,049,840
Subtotal	**$275,451,141**
Total Average Cost Per SF	$188

Less Supportable Funding	
Supportable Debt	$185,024,182
Supportable Equity	$71,638,558
Subtotal	**$256,662,740**
Surplus Funding (GAP)	($18,788,401)
% of Development Costs	-7%
Residual Land Value:	**$25,261,439**

Residential Subsidy Required	
$ per unit: (gap/units)	$60,215
% of capital cost per unit	8.46%
Dollars Avail. for Amenities	($18,788,401)

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space:	
Office Square Feet:	1,009,476
Retail Square Feet:	91,771
Gross Total Commercial:	1,101,246
Gross Residential SF	367,082
Gross Total Square Feet:	1,468,328

Net Developable Space:	
Office Square Feet:	858,054
Retail Square Feet:	78,005
Subtotal Commercial:	936,059
Residential Square Feet:	312,020
Net Total Square Feet:	1,248,079
Number of Parking SF	360,698

Land Value:	
Dollars:	$44,049,840
Dollars per Square Foot:	$30.00

Surplus/(GAP) Funding:	
Dollars:	($18,788,401)
Percent:	-6.82%
Dollars per Square Foot:	($12.80)

Supportable Land Value:	
Supportable Land Value ($)	**$25,261,439**
Supportable Land Value ($/SF)	**$17.20**

Surplus/(Deficit) Land Value:	
Dollars:	**($18,788,401)**
Percent:	**-42.65%**
Dollars per Square Foot:	**($12.80)**

Table 9
Annual Revenues

TYPE OF SPACE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OFFICE:										
Net Leasable SF	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$15,170,398	$15,625,510	$17,040,997	$18,527,351	$19,083,171	$19,655,666	$20,245,336	$20,852,696	$21,478,277	$22,122,626
RESIDENTIAL:										
Number of Units	312	312	312	312	312	312	312	312	312	312
Rental Rates Per SF	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
Occupancy Rates	60%	70%	80%	90%	95%	95%	95%	95%	95%	95%
Subtotal:	$3,369,813	$4,049,392	$4,766,712	$5,523,428	$6,005,194	$6,185,350	$6,370,910	$6,562,037	$6,758,898	$6,961,665
RETAIL:										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
PARKING:										
Net Leasable Space (SF)	360,698	360,698	360,698	360,698	360,698	360,698	360,698	360,698	360,698	360,698
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtota;:	$1,442,791	$1,578,955	$1,683,723	$1,773,649	$1,928,350	$1,986,201	$2,045,787	$2,107,161	$2,170,375	$2,235,487
TOTAL REVENUES:	$21,441,694	$22,809,337	$25,221,021	$27,605,904	$28,851,636	$29,717,185	$30,608,700	$31,526,961	$32,472,770	$33,446,953

Source: Basile Baumann Prost & Associates, Inc.

Table 9
Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Revenue X % Revenue	35%	$1,179,434.47	$1,417,287.08	$1,668,349.37	$1,933,199.83	$2,101,817.81	$2,164,872.35	$2,229,818.52	$2,296,713.07	$2,365,614.47	$2,436,582.90
Retail GSF X Percent of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXPENSES	---	$1,179,434.47	$1,417,287.08	$1,668,349.37	$1,933,199.83	$2,101,817.81	$2,164,872.35	$2,229,818.52	$2,296,713.07	$2,365,614.47	$2,436,582.90
Annual Net Operating Income		$20,262,259	$21,392,049	$23,552,671	$25,672,704	$26,749,818	$27,552,313	$28,378,882	$29,230,248	$30,107,156	$31,010,370
Debt Service		$19,484,635	$19,484,635	$19,484,635	$19,484,635	$19,484,635	$19,484,635	$19,484,635	$19,484,635	$19,484,635	$19,484,635
Cash Flow		$777,624	$1,907,414	$4,068,036	$6,188,068	$7,265,183	$8,067,677	$8,894,246	$9,745,613	$10,622,520	$11,525,735
Working Capital Proceeds		$777,624	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$777,624	$1,907,414	$4,068,036	$6,188,068	$7,265,183	$8,067,677	$8,894,246	$9,745,613	$10,622,520	$11,525,735
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$203,867,119
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$777,624	$1,907,414	$4,068,036	$6,188,068	$7,265,183	$8,067,677	$8,894,246	$9,745,613	$10,622,520	$215,392,855

Supportable Debt Calculations	
Stabilized NOI (Year 3)	$23,552,671
Debt Coverage Ratio	1.20
Covered Income	$19,627,226
Supportable Debt	$185,024,182
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$31,010,370
Capitalization Rate	8%
Total Property Value	$387,629,631
Less: Sales Cost at (4%)	$15,505,185
Net Sales Price	$372,124,446
Less: Loan Balance	$168,257,326
Net Sales Proceeds	$203,867,119
NPV Sales Proceeds Yr. 0	$46,213,333
Capitalized Yr 3 CF	$25,425,224.57
Supportable Equity	$71,638,558

Source: Basile Baumann Prost & Associates, Inc.

Table10
BBP Proposal 2 - Mixed Use District With 8.0 FAR

Zoning Category: BBP

ASSUMPTIONS

Component Distribution (FAR)	
Office	5.5
Retail	0.5
Hotel	2
Total:	8

Physical Specifications	
Land Area	183,541
FAR	8
Gross Developable Square Feet	1,468,328
Leasable Space Percentage	85%
Net Developable SF	1,248,079
Residential Unit Size (SF)	1000
Hotel Unit Size (SF)	850
Number Residential Units	0

Development Costs	
Hard Cost (Office & Retail)	$120
(Residential/Hotel)	$105
Soft Cost (20% of Hard Cost)	$30.03
Land Value per FAR SF	$30.00
Residential Cost PSF	$156
Commercial Cost PSF	$174

Lease Rates	
Office NNN (per SF)	$20.80
Retail	$22
Hotel revenues	$40.10
Hotel Avg. Daily Rate (ADR)	$100

FINANCIAL SUMMARY

Total Development Costs	
Hard Costs: Office/Retail	$132,149,520
Residential/Hotel	$38,543,610
Subtotal Hard Costs	$183,707,775
Soft Costs	$44,089,866
Land Costs	$44,049,840
Subtotal	**$271,847,481**
Total Average Cost PSF	$185

Less Supportable Funding	
Supportable Debt	**$197,449,714**
Supportable Equity	**$75,995,721**
Subtotal	**$273,445,435**
Surplus Funding (GAP)	**$1,597,953**
% of Development Costs	**1%**
Residual Land Value	**$45,647,793**

Residential Subsidy Required	
$ Per Unit:	
% Of Capital Cost:	
Dollars Avail. for Amenities	$1,597,953

Financing Terms	
Interest Rate	10.00%
Mortgage Term (Years)	30
Required Developer Return	16.00%

PROJECT SUMMARY

Gross Developable Space	
Office Square Feet	1,009,476
Retail Square Feet	91,771
Subtotal Gross Commercial	1,101,246
Hotel Square Feet	367,082
Gross Total SF	1,468,328

Net Developable Space	
Office Square Feet	858,054
Retail Square Feet	78,005
Subtotal Net Commercial	936,059
Hotel Square Feet	312,020
Net Total Developable SF	1,248,079
Number of Parking SF	325,366
Number of Hotel Rooms	367
Number of Residential Units	0

Land Value	
Land Value ($)	$44,049,840
Land Value ($/SF)	$30.00

Surplus/(GAP) Funding:	
Dollars	$1,597,953
Percent of Development Costs	0.59%
Dollars Per Square Foot	$1.09

Supportable Land Value	
Supportable Land Value ($)	$45,647,793
Supportable Land Value ($/SF)	$31.09

Surplus/(Deficit) Land Value	
Dollars:	**$1,597,953**
Percent of Development Costs	**3.63%**
Dollars Per Square Foot	**$1.09**

Source: Basile Baumann Prost & Associates, Inc.

Table10

Annual Revenues

Type of Space:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Use:										
Net Leasable SF	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054	858,054
Lease Rates Per SF	$20.80	$21.42	$22.07	$22.73	$23.41	$24.11	$24.84	$25.58	$26.35	$27.14
Occupancy Rates	85%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Subtotal	$15,170,398	$15,625,510	$17,040,997	$18,527,351	$19,083,171	$19,655,666	$20,245,336	$20,852,696	$21,478,277	$22,122,626
Retail Use										
Net Leasable Space (SF)	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005	78,005
Rental Rates Per SF	$22.00	$22.66	$23.34	$24.04	$24.76	$25.50	$26.27	$27.06	$27.87	$28.71
Occupancy Rates	85%	88%	95%	95%	95%	95%	95%	95%	95%	95%
Subtotal:	$1,458,692	$1,555,481	$1,729,588	$1,781,476	$1,834,920	$1,889,968	$1,946,667	$2,005,067	$2,065,219	$2,127,176
Hotel Use										
Rooms	367	367	367	367	367	367	367	367	367	367
Net Revenue Per Occ Rm	$40.10	$41.30	$42.54	$43.82	$45.13	$46.49	$47.88	$49.32	$50.80	$52.32
Occupancy Rates	80%	85%	85%	85%	90%	95%	95%	95%	95%	95%
Subtotal	$4,298,237	$4,703,883	$4,844,999	$4,990,349	$5,442,416	$5,917,116	$6,094,629	$6,277,468	$6,465,792	$6,659,766
Parking Use										
Net Leasable Space (SF)	325,366	325,366	325,366	325,366	325,366	325,366	325,366	325,366	325,366	325,366
Rental Rates Per SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80	$5.97	$6.15	$6.33	$6.52
Occupancy Rates	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%
Subtotal	$1,301,465	$1,424,290	$1,518,796	$1,599,914	$1,739,462	$1,791,645	$1,845,395	$1,900,757	$1,957,779	$2,016,513
Total Revenues:	**$22,228,791**	**$23,309,163**	**$25,134,381**	**$26,899,089**	**$28,099,969**	**$29,254,395**	**$30,132,027**	**$31,035,988**	**$31,967,068**	**$32,926,080**

Source: Basile Baumann Prost & Associates, Inc.

Table10

Annual Expenses

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Operating GSF & Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Hotel Rev X % Revenue	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Retail GSF X % of Revenues	0%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Expenses	---	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Annual Net Operating Income		$22,228,791	$23,309,163	$25,134,381	$26,899,089	$28,099,969	$29,254,395	$30,132,027	$31,035,988	$31,967,068	$32,926,080
Debt Service		$20,793,151	$20,793,151	$20,793,151	$20,793,151	$20,793,151	$20,793,151	$20,793,151	$20,793,151	$20,793,151	$20,793,151
Cash Flow		$1,435,640	$2,516,013	$4,341,230	$6,105,939	$7,306,818	$8,461,245	$9,338,877	$10,242,837	$11,173,917	$12,132,929
Working Capital Proceeds		$1,435,640	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Annual Cash Flow		$1,435,640	$2,516,013	$4,341,230	$6,105,939	$7,306,818	$8,461,245	$9,338,877	$10,242,837	$11,173,917	$12,132,929
Net Sale Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$215,556,099
Net TDR Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Cash Flow		$1,435,640	$2,516,013	$4,341,230	$6,105,939	$7,306,818	$8,461,245	$9,338,877	$10,242,837	$11,173,917	$227,689,028

Supportable Debt Calc	
Stabilized NOI (Year 3)	$25,134,381
Debt Coverage Ratio	1.20
covered income	$20,945,317
Supportable Debt	$197,449,714
Interest Rate	10.00%
Term 30 Years/360 Months	30

Net Sale Or Refinance Proceeds	
NOI (Year 10)	$32,926,080
Capitalization Rate	8%
Total Property Value	$411,575,997
Less: Sales Cost at (4%)	$16,463,040
Net Sales Price	$395,112,957
Less: Loan Balance	$179,556,858
Net Sales Proceeds	$215,556,099
NPV Sales Proceeds Yr. 0	$48,863,033
Capitalized Yr 3 CF	$27,132,687.22
Supportable Equity	$75,995,721

Source: Basile Baumann Prost & Associates, Inc.

Basile Baumann Prost & Associates, Inc.

JAMES L. PROST, AICP, Principal

Mr. Prost is a founding Principal and co-owner of Basile Baumann Prost & Associates, Inc. He has over 25 years experience in urban economics and real estate development advisory services. He has broad experience in such diverse fields as: market analysis; financial feasibility; economic planning; development programming; growth management; development packaging; project funding; and project implementation and management. His primary areas of specialization include public/private sector development advisory services with a particular emphasis on mixed-use and transportation-related development projects.

Prior to his establishment of Basile Baumann Prost & Associates, Inc. (BBP Associates), he was Corporate Officer and Project Manager for both a multidisciplinary urban economics and development consulting firm (ZHA, Inc.) and a planning and development subsidiary of a large development and design organization (Cannon Group). Mr. Prost was also Principal of his own firm specializing in community development programming and private sector venture development. Earlier in his career, Mr. Prost was a Project Director for a private economic and development consulting firm and has also worked for local and regional development corporations in formulating and implementing real estate projects.

Within BBP Associates, Mr. Prost undertakes and manages numerous development programming and packaging assignments for both the public and private sector. He specializes in transportation-related joint development planning, evaluating the land use and transportation interface for major mixed-use development projects. His current assignments with the firm include a major mixed-use/recreation/entertainment development planning and packaging assignment on the Boardwalk in Atlantic City; formulation of long-range transportation and land use policies for the Research Triangle area; examination of highway improvements as economic development tools for the State of Pennsylvania; evaluations of land use and transportation implications related to new Federal Transportation Legislation; joint development packaging and implementation for a major intermodal transportation center in downtown St. Louis; and multiple development packaging and implementation projects in inner-City portions of Cleveland.

Selected prior transportation/land use joint development experience includes preparing corporate-wide development packaging/private financing and funding programs for the California Department of Transportation, the New York MTA and the New Jersey Transit Corporation. Mr. Prost has also been responsible for the successful completion of a variety of joint development transportation-related projects in such diverse metropolitan areas and locations as: New York; Philadelphia; Baltimore; Buffalo; Cleveland; Columbus; Cincinnati; Washington; Atlanta; Miami; Minneapolis; St. Paul; St. Louis; Houston; Salt Lake; San Francisco; Sacramento; Los Angeles; San Diego; Portland, Honolulu; Ottawa, Canada; and

Taipei, Republic of China. He has also conducted national studies of transportation and land use and economic development impact for both the Federal Highway Administration and Urban Mass Transit Administration.

Mr. Prost has directed numerous highway impact evaluations focusing on the impact on existing residential and non-residential land uses, as well as impact on future development opportunities. His previous experience includes evaluations of both urban and rural highway systems. Mr. Prost has been responsible for highway impact evaluations in Vermont, Massachusetts, New York, Pennsylvania, Maryland, Virginia, North Carolina, Florida, Ohio, Michigan and California. He has evaluated development impacts along commercial corridors including the Beaver Valley Expressway (Pennsylvania), the Orange Blossom Trail (Florida) and the Route 1 corridor (Virginia, Maryland, Connecticut and Massachusetts). He has evaluated development needs as it relates to new interstate highway/joint development for Interstate I-670 (Ohio), I-83 (Pennsylvania/Maryland), I-64 (Virginia), I-10 (California). He also has conducted statewide evaluations of highway impacts for the California and Michigan Departments of Transportation.

Mr. Prost's non-transit-related mixed-use development project experience includes successful planning, implementation and funding program for improvements to the Cleveland waterfront; a new balanced residential waterfront community in Atlantic City; financing and funding programs for a new baseball stadium in Richmond, Virginia; mixed-use downtown development projects (office, retail, audience-support facilities) in Dayton, Ohio; waterfront development planning and implementation along the Miami River in Miami, Florida; and numerous other mixed-use development projects involving feasibility evaluation, planning, financing and implementation usually involving major public and private sector investments.

Other successful projects include: downtown office and commercial development; revitalization and growth management programs; land use and master plan development; new towns and large-scale real estate projects; waterfront development projects; shopping centers; industrial parks, and special-use projects (university office parks, planned unit developments, audience-support facilities, health spas, specialty retail, mini warehouses, etc.).

Mr. Prost has moved beyond traditional market/economic analysis to successfully undertake and complete a wide variety of public/private sector assignments with a specialization in financial programming and project implementation. His experience includes documenting costs and revenues for: bond financing; special assessment districts; tax-increment financing; syndication; private sector loans; foundation gifts; and public sector loans and grants. Mr. Prost has successfully aided in the predevelopment packaging and implementation of a wide variety of assignments for the public and private sector in retail, commercial, residential and audience-support implementation programming. He has also served as an expert witness concerning planning, zoning, market demands and development programming in eight separate states.

Mr. Prost has completed the Master of Regional Planning Program at Cornell University with an emphasis on urban planning and development and has a Bachelors in Arts Degree in Government and Economics from Northeastern University. He is a charter member of the American Institute of Certified Planners where he serves as Chairman of the Private Practice Division. He is also a Certified Review Appraiser and has held membership and leadership positions in numerous professional organizations including the American Planning Association, Transportation Research Board, The American Public Transit Association, The Transportation Research Forum, the National Council for Urban Economic Development, the National Association of Housing and Redevelopment Officials and the Urban Land Institute.

Projects he has successfully completed in Atlantic City, Baltimore, Cleveland, Shreveport and Denver have won national awards from the American Planning Association, the Department of Housing and Community Development, the Council for Urban Economic Development, National Association of Housing and Redevelopment Officials, the National Association of Home Builders and the Urban Land Institute. Mr. Prost is listed in both Who's Who in Finance and Industry and Who's Who in Leading American Executives. He has lectured extensively, delivered papers before various university groups and professional associations and has published articles in numerous professional journals.

WASHINGTON BUSINESS JOURNAL
NOVEMBER 8-14, 1996
Commercial Real Estate

Hundreds of federal leases due to expire by year 2000

By RENEE DEGROSS
Staff Reporter

Industry experts say that any local commercial real estate boom will come from the expiration of more than 400 federal property leases by 2000, not from the re-election of President Clinton.

Real estate brokers said that hundreds of federal properties will come into into play, including the massive 1.2-million-square-foot Department of Transportation property on Seventh Street, the Justice Department building and the smaller Alcohol, Tobacco and Firearms headquarters.


Scott Leachman

The expiring leases are prompting District government officials into action. Del. Eleanor Holmes Norton of D.C., who said the "jobs are here in D.C.," has urged the federal government to keep leases like the ATF's from fleeing the city, but sources said it's likely that the ATF will go to Northern Virginia and that its current space is too small.

"We haven't selected a site yet," said Mignon Anthony, the ATF project manager in the relocation office heading the move.

The ATF, which occupies more than 205,000 square feet at 650 Massachusetts Ave. N.W., said the 1995 bombing in Oklahoma City of a federal building has made it consider a move for employee safety and security reasons. The agency's 10-year lease expires in 2000.

To keep government leases in urban areas, the General Services Administration is establishing a new program called "Can't Beat GSA Leasing."

GSA will now conform to local market practices, such as appraisals, and will eliminate the use of some government forms, making the paperwork easier.

"We will reduce the time it takes to lease space," said GSA's Acting Administrator David J. Barram.

The government occupies 73 million square feet in the Washington area, paying out $766 million in rents to the private sector annually.

Under the new leasing program, effective Oct. 14, private sector brokers can compete with the GSA for government leases because the program allows government agencies to use either GSA or private sector leasing agents.

"It remains to be seen how beneficial this program will be to the brokerage community," said Scott Leachman, a senior vice president at Barnes, Morris, Pardoe and Foster. "If this [program] can break the logjam and increase leasing activity, it will certainly benefit the market and the brokerage community."

In this fiscal year, 222 government leases will expire for a total of 8 million square feet. Fiscal year 1997 started at the beginning of October.

About 126 government leases will expire for a total of 5.7 million square feet in 1998.

"Statistics are pretty clear," said Joe Delogu, a Spaulding & Slye vice president. "But, it's not going to be like the early 1990s where GSA was widely received as saving the market [in the District]."

Historically, whenever a new presidential administration takes office, it ignites the commercial real estate business.

But this is not a new administration, and there have been downsizing efforts as well as expiring leases.

"In the effort to reinvent government, this administration made it clear that agency growth was not a desirable option," said Delogu, who switched to the private sector after working five years at the GSA.

Just before the next presidential election, a total of 75 leases expire totaling 5 million square feet.

