



ram

Ram Development Program for Lot 5 November 15, 2006

Lot 5 Building Program

Retail Square Feet	28,540 net
Housing Units Market Rate	116
Housing Units Workforce	<u>21</u>
Total Housing Units	137
Public Open Space	27,215 square feet (This includes the added Rosemary street courtyard and reduction of the alley)

Lot 5 Parking

Two levels of below grade Total of approximately 330 spaces

<u>Residential Level</u>	169
Parking conveyed to market rate purchasers	128 Spaces
Parking sold to residents for second spaces	<u>41</u> Spaces
Total residential level parking	169
Workforce housing parking	No parking conveyed. Leased from Town controlled parking at Town's discretion
<u>Public Parking Garage Level</u>	161 (Purchased from Developer by Town)
Added street parking	10 - 15 (subject to design and DOT)
Total Town controlled spaces	171 - 176 (depending on number of street spaces)

Redevelopment of the Wallace Deck as currently designed in the manner desired by the Town has proved to be unfeasible at this time. The opportunity for redevelopment of the Wallace Deck property to achieve its future "highest and best" use remains. Changes in the design, stimulation in the market, and increased market confidence can provide for this opportunity to be more fully realized. Ram remains interested in exploring the future "best use" of this property as part of The Town of Chapel Hill's overall economic development vision. By making the redevelopment of this property a secondary phase the Town will maintain valuable parking during the construction of Lot 5.

Lot Five Proforma

Town of Chapel Hill - Mixed Use Development

Town Contribution

Land

Date
15-Nov-06

PROJECT INCOME SUMMARY

RETAIL: (at year 3 stabilization)				Sqr Feet	Rent PSF		Annual
Franklin St. Retail - Base Rent				15,068	\$	30.00	\$ 452,040
Church St. Retail - Base Rent				13,472		25.00	336,800
Gross Potential Rent				28,540		27.64	788,840
Plus: Pass Through Charges to Tenant (@100% occupancy)						8.00	228,320
Less: Vacancy @ 5% (includes pass through charges)						(1.78)	(50,858)
Less: Common Area Maintenance, Taxes, and Insurance						(8.00)	(228,320)
Less: Non-recoverable expenses (admin., tax returns, etc.)						(0.20)	(5,708)
Less: Capital Reserves						(0.15)	(4,281)
Total Commercial Net Operating Income (annual)				28,540		25.51	727,993
Retail Valuation Based upon 7.25% Capitalization Rate (NOI, not including Capital Reserves)							10,100,331
Less: Projected Transaction and Closing Costs (3%)							(303,010)
NET VALUE OF RETAIL AT YEAR 3						\$	9,797,321
Revenue from Parking (161 Spaces)				Spaces	Per Space		Annual
Public Parking Spaces - Sale				161	\$	45,000	\$ 7,245,000
							7,245,000
							7,245,000
Less: Projected Transaction and Closing Costs (3%)							(217,350)
NET REVENUE PARKING SALE						\$	7,027,650
Market Rate Residential		# of Units	Average Size	Total SF	Price PSF	Average Price	Gross Proceeds
1 Bedroom		19	848	16,110	\$ 330	\$ 279,800	\$ 5,316,201
2+ Bedroom		85	1,486	126,276	325	482,819	41,039,651
Penthouse		12	2,471	29,652	350	864,850	10,378,200
Sub-Total		116	1,483	172,038	330	489,087	56,734,052
Plus: Unit Premiums & Upgrades		116				12,000	1,392,000
Plus: Sale of 2nd Parking Spaces		41				25,000	1,025,000
Less: 2nd 1/2 of Broker's Fees @ 5%							(1,478,776)
Less: 1% Closing Costs							(591,511)
Less: 1% Warranty Reserves							(591,511)
Total Market Rate Residential		116	1,483	172,038	330	NA	\$ 56,489,255
Workforce Residential		# of Units	Average Size	Total SF	Price PSF	Average Price	Gross Proceeds
1 Bedroom		21	643	13,500	\$ 133	\$ 85,550	\$ 1,796,550
Sub-Total		21	643	13,500	133	85,550	1,796,550
Less: Closing Costs (@ \$3500/unit)						(3,500)	(73,500)
Less: 1% Warranty Reserves							(17,966)
Total Workforce Residential		21		13,500			\$ 1,705,085
Total Project Revenues		137		214,078			\$ 75,019,311

DEVELOPMENT COST SUMMARY	Project Costs:			Total \$	PSF	Notes/Reference:
	Land Purchase Price			\$ -	\$ -	
	Total Land Costs			-		
	Soft Costs					
	Title, Recording, & Closing			69,884	0.33	
	Legal			356,409	1.66	
	Architecture & Engineering			1,908,923	8.92	Arch Estimate (8/4/06)
	Permits & Impact Fees			708,922	3.31	
	RE Tax & Insurance			244,595	1.14	
	Financing Interest & Fees			5,000,550	23.36	80%LTC, 60%out, 24 mo@7%+0.5%fee
	Sales, Mktg, & Promo.			702,325	3.28	1% of TDC
	First Half of Broker's Fees @ 5%			1,478,776	6.91	
	Developer Fee & Supervision			1,003,472	4.69	Cost of Lot 5 from original RFP
	Public Space Programming			200,000	0.93	
	Art in Public Places			670,479		1% of TDC less Dev. Fee, Financed Broker's Fee, Marketing
	Soft Cost Contingency @ 2.5%			308,608	1.44	2.5% of soft costs
	Sub-Total Soft Costs			12,652,944	59.10	
	Hard Costs					
	General Sitework:					
	Parking Underground Delta			6,575,489		GC Estimate of Total Underground Premium on All Spaces
	Public Space Construction			799,650	3.74	GC Estimate (8/4/06)
	General Sitework:			3,132,754	14.63	GC Estimate (8/4/06)
	Sub-total Sitework			10,507,893	49.08	
	Structures:					
	Construction			38,999,657	182.18	GC Estimate (8/4/06) Updated for increased Penthouse SF 8/22/06
	Performance Bond			492,749	2.30	9/10ths of 1% of HC less TI & HC Contingency
	LEED Commissioning			261,800	1.22	Consultant estimate (BVM and Cline)
	Sub-total Structures			39,754,206	185.70	
	Parking			5,242,339	24.49	GC Estimate (8/4/06)
	Tenant Improvements			670,690	3.13	\$23.50 / SF Allowance
	Hard Cost Contingency			1,404,378	6.56	2.5% Ram Estimate based on GC HC Estimate (8/4/06)
	Sub-Total Hard Costs			57,579,506	268.97	
	TOTAL PROJECT COSTS			\$ 70,232,450	\$ 328.07	

Project Profit Summary:		Sub Totals	
		Revenues	
Valuation of Retail in Year 3	\$ 9,797,321	\$	75,019,311
Valuation of Parking in Year 3	7,027,650		
		Costs	
Net Sale Proceeds of Market Rate Housing	56,489,255	\$	(70,232,450)
Net Sale Proceeds of Workforce Housing	1,705,085		
Total Project Costs	(70,232,450)		
Net Profit	\$ 4,786,860		
Return on Costs	6.82%		