2015
Fall

ANCHOR W BALTIMORE

CAPSTONE THESIS

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COLVIN INSTITUTION | University of Maryland

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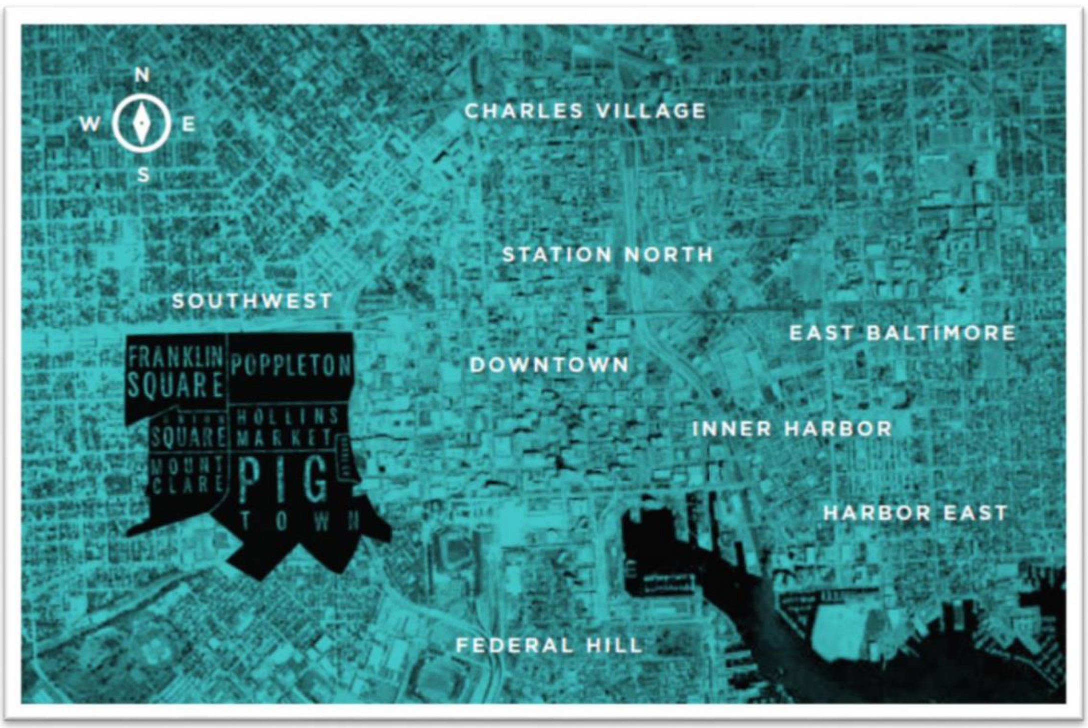
General Context

The Southwest Partnership neighborhoods located adjacent to downtown Baltimore, are Barre Circle, Franklin Square, Hollins Roundhouse, Mount Clare, Pigtown, Poppleton, and Union Square. Neighborhoods in Southwest Baltimore have a proud legacy of industrial enterprise. In the middle of the 20th century, dozens of factories, warehouses, and shops near Carroll Park employed thousands of West Baltimore residents. Unfortunately, shifts in traditional industry left long-term vacancies and abandonment of industrial properties, leading to a declining population in Southwest Baltimore.



Source: Southwest Partnership Vision Plan

History of the Area

The Hollins Market area was an industrial neighborhood housing workers in Southwest Baltimore. Massive layoffs in industry after World War II across the nation also hit Baltimore. With so many of Hollins Market's residents employed in industry, the neighborhood went into decline and lost well over 30 percent of its population in the 1960s and 70s.

Unlike other Baltimore neighborhoods in those decades, Hollins Market did not experience a dramatic racial turnover. It was roughly 20 percent Black in 1980 with the remainder of the population White. However, when Martin Luther King Boulevard opened in 1982, separating Hollins Market from Downtown, the neighborhood experienced a racial flip to 60 Black and 34 percent White with an increase Asian and Hispanic residents. Since then, the population has remained steady with little decline.

Until the University of Maryland BioPark chose to locate in this area, Hollins Market might not have had chance to revive, due to the population decline and few new developments. But now, anchored by the BioPark and Bon Secours Baltimore Health System, Baltimore Street in Hollins Market has potential to be a commercial backbone for Southwest with a central core at the Hollins Market District.

The proposed site is an ideal neighbor for the University of Maryland Baltimore, which will surely lead the neighborhood's revitalization through job opportunities focusing on biotech research and supplementary services. In addition, the proximity of I-95 and BWI provides convenient transportation connections for Southwest Baltimore.

Demographics and Housing

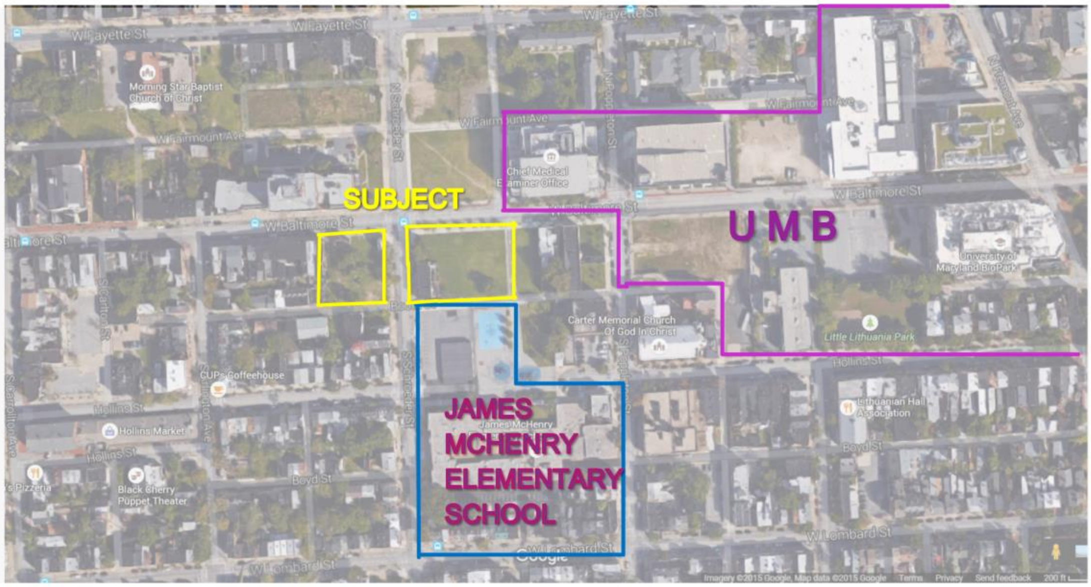
Southwest Baltimore has an estimated population of 19,836 people residing in 7,800 households. Most residents of Southwest Baltimore are African American. There are 11,232 housing units in the area. While a majority of those units are occupied, 71.1 percent, an alarmingly large percentage, 28.9 percent, are vacant. Of the occupied units, 65.9 percent are renter occupied, significantly higher than the City-wide rate of 52.3 percent. The median price of homes sold in Baltimore City is $135,000; in the Hollins Roundhouse area the median price is $170,000. More than 50 percent of households have an income below $35,000.

The current vacancy rate requires new developments that will attract people to move into the area, which would have desirable features such as transit access and a diverse housing stock. Building new units or rehabilitating older units will attract a diverse group of people from downtown, the center of employment, to the area.

The Proposed Site

The site is located at 923-1001 West Baltimore Street and totals 45,993 square feet in two pieces of land at the intersection of West Baltimore and South Schroeder Streets. The Arch site is 17,772 square feet and the other site is 28,221 square feet. The Arch site has 132.6 feet of frontage along West Baltimore Street and 140.8 feet of frontage along South Schroeder Street. The other site has 191.5 feet of frontage along West Baltimore Street and 139.3 feet of frontage along South Schroeder Street.

The site faces the Hollins House public housing development and is only one block away from both the University of Maryland and the James McHenry Elementary School. The site is also close to Hollins Market, which is poised to be a destination amenity at the heart of the Southwest neighborhoods.



Source: Google Map

Ownership

The two sites are owned by three entities. The Frederick Avenue Development Corporation owns the Arch site. The owners of the six row houses along South Schroeder Street are listed as Jeffrey M. Waters and Danelle D. Waters. An LLC called RPC 900 owns the remaining parcels.

The Frederick Avenue Development Corporation is categorized under Real Estate Developers and records[1] show it was established in 1992 and incorporated in Maryland. Current estimates show this company has an annual revenue of $500,000 to $1 million and employs a staff between one and four people. Its president is Lawrence A, Brunt, Sr.

The Waters' cannot afford the property tax on the row houses and therefore, three of the six houses are listed for sale and two are in foreclosure.

The agent representing the RPC 900 LLC is the Corporation Trust Incorporated.

[1] http://www.manta.com/c/mm5tks5/frederick-avenue-development

Anticipated Development

Two mixed-use, multifamily buildings with rental apartments and ground floor retail are proposed for the two sites.

Source: Google Map

For general uses, floor area ratio (FAR) in a B-2-3 District may not exceed 5.0, which is a high density in the area. The premium corner location is attractive for retailers who will target the employees of UMD and the elementary school, as well as the public housing residents just across the street. In addition, the site can take advantage of neighboring UMD for public safety.

Site Assets

The two sites have premium locations at the gateway of West Baltimore Street. Both have corner locations, which is preferable for ground floor retail. The retail customer base will come from the anchor institution, UMD BioPark, as well as the Hollins House development.

The site can take advantage of UMB to improve property and personal security.

The site is also close to Hollins Market, which is poised to be a destination amenity at the heart of the Southwest neighborhoods.

So far, no environmental issues are found in the proposed sites.

Zillow lists the usable properties as the six row houses, two of which are in foreclosure; three are listed and projected to sell at a price of $83,000. However, the price is not attractive according to the last time property sold in the neighborhood. Listing transactions indicate that all the parcels had lack of buyers. Other properties in the Hollins Market area sold at a much lower price. Therefore, the land assessment is much higher than real market value.

The acquisition and demolition costs could be low. Most properties on the two sites have been demolished, leaving open lots. The Arch site has one derelict building and the six row houses.

The historical preservation of the Arch façade may require more design attention and fees but those costs can be recovered by grants.

The by-right development will save time and cost in the zoning process. The only obstacle to obtaining a permit would be the trees on the Arch site, which can be moved and incorporated into the site’s landscaping.

According to Southwest Partnership Vision Plan, 60 percent of the population that can be attracted to the neighborhood is younger singles and couples. “Live Near Your Work” is widely accepted by Millennials as a green living style. This new development can work with UMD to expand housing opportunities for young researchers and students.

Market Analysis

Background and History

West Baltimore Street was a part of the original National Highway built in 1840. Since then, it was historically the primary commercial district, serving residents of the Southwest communities and the wider City. The zoning and accessibility of West Baltimore Street make it a perfect commercial backbone for Southwest, anchored by a central core at Hollins Market. Although there are many vacant lots along the street, these vacancies allow large scale, new development. Through new development, West Baltimore Street can recall its past as an economically vibrant center of commerce supporting current residents and attracting new residents.

The selected sites are near an anchoring institution, the University of Maryland BioPark, at the gateway connecting the neighborhood to downtown Baltimore. Along Schroeder Street, the sites gain additional commercial connectivity to future development in Poppleton. The proximity of I-95 and BWI provides convenient transportation access for future business development along West Baltimore Street.

Hollins Market Issues

The district faces challenges including an unwelcoming layout, poor retail mix, and safety issues that have impacted its ability to be a destination for the neighborhood and the broader public.

The neighborhood lacks diverse residents, retail, average and high quality housing, and transit choices. However, the area possesses a unique building stock characteristic of the City and its culture, with great potential for redevelopment.

Hollins Market Demographics

The Hollins Market Area has an estimated population of 1,675 people residing in 780 households. Thirty-one percent of the residents (641 people) are young adults, aged 18-34. A much smaller percentage of neighborhood residents, 7 percent, are people 65 and older. The area’s median household income is $38,371 and more than 60 percent of households have income below $35,000.[2]

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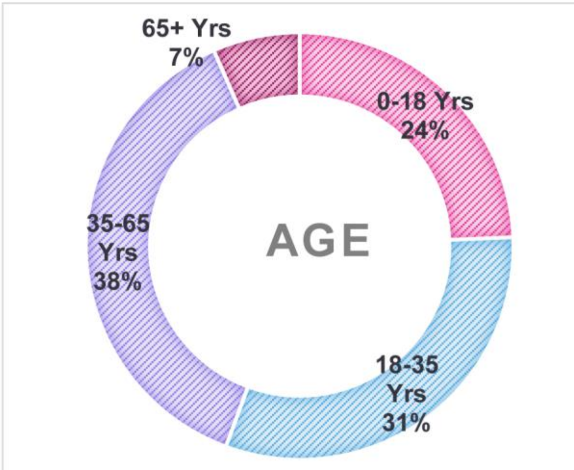
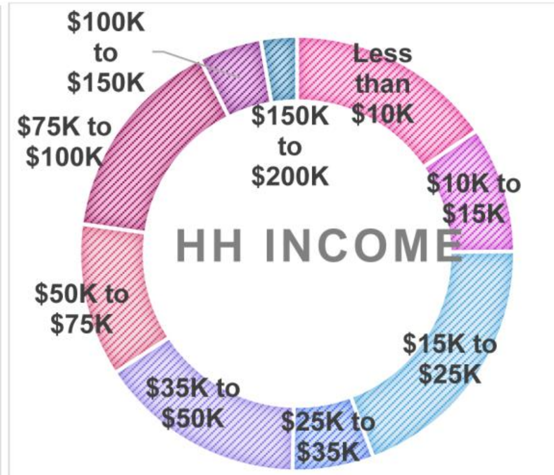
[2] https://baltimore2006to2010acsprofiles.files.wordpress.com/2014/07/hollins-market.pdf





There are 1,135 housing units within the Hollins Market area. While most of those units are occupied, 68.7 percent, a large percentage of them, 31.3 percent, are vacant. Of the occupied units, 55.8 percent are renter occupied, a little higher than the City-wide rate of 52.3 percent. The median price of homes sold in Baltimore City is $135,000; in the Hollins Roundhouse area the median selling price is $170,000.[3] Among the renters, half of them spend more than 35 percent of their household income on rent. The median rent is $852.[4]

Hollins Market is primarily is a rental market rather than an owner market. The current rental properties in Hollins Market cannot ask for higher rent because of the low income of residents and the limited services offered by their properties. Attracting young professionals from anchor institutions is as important as providing high-quality housing choices in Hollins Market area.

Market Demand

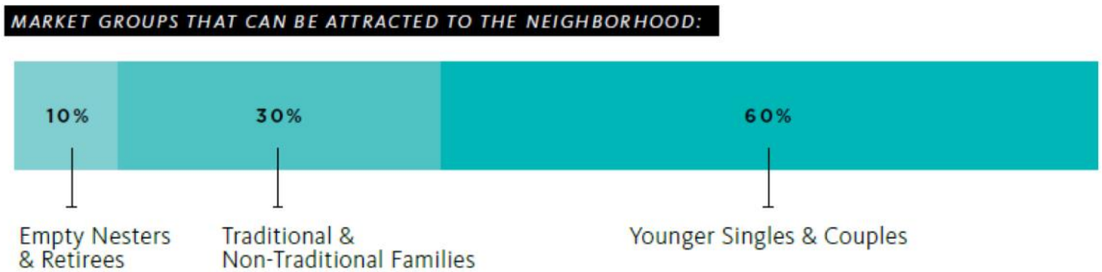
Demand for rental apartments in Baltimore continues to be strong, driven by an expanding downtown job base and by increased numbers of residents opting to rent rather than buy due to the tighter mortgage lending policies. Existing apartment buildings in Baltimore reported occupancy rates of 90 percent and higher.[5]

[3] Southwest Partnership Vision Plan

[4] https://baltimore2006to2010acsprofiles.files.wordpress.com/2014/07/hollins-market.pdf

[5] http://www.godowntownbaltimore.com/publications/sodt/2007_2008_sodt_development_report.pdf?Aspx AutoDetectCookieSupport=1

According to Southwest Partnership Vision Plan, the groups that can be attracted to the neighborhood would be young singles and couples.



Source: Southwest Partnership Plan

Hollins Market is well positioned to capitalize on shifting demographics. The University of Maryland BioPark and the University of Maryland Medical System are housing drivers and can play a significant role in the future. As the major employers in the Hollins Market area, BioPark and UMMS have 25,000 employees, students, and faculty members. In addition, approximately 44 percent of Baltimore's total employment base falls within Downtown's one-mile radius.[6] Young professionals (Generation Y—children of baby boomers, born between 1982 and 1995) earn more on average, and accept density and ethnic diversity. Significant numbers of them are seeking walkable communities with easy access to transit and urban amenities like restaurants, arts, entertainment, and shops, as well as shorter commutes to work.

On west side of downtown Baltimore, mid-rise structures with rental and for-sale multifamily developments have attracted young students and childless couples. Charles Towers' and 39 West Lexington's occupancy rates of nearly 100 percent reflect the strength of the demand for rental housing in the area.[7] Graduate students at the University of Maryland Baltimore and other Baltimore colleges and universities are a major source of demand. High occupancy rates indicate the need for more residential units for this area.

Hollins Market should build strong connections to UMB, area hospitals, State Center—home to a large cluster of state offices—and downtown employment centers as well as providing support retail, services, and restaurants. Hollins Market and the other Southwest Baltimore neighborhoods lack a strong identity as a desirable urban neighborhood; the personal safety issues would dissuade some prospective residents.

[6] http://www.godowntownbaltimore.com/publications/sodt/2007_2008_sodt_development_report.pdf

[7] http://uli.org/wp-content/uploads/ULI-Documents/BaltimoreReport.pdf

Reconfiguring the retail environment to attract new residents and UMB employees, students, and faculty should begin by creating an appealing sense of place, one that provides a niche opportunity for the Collins Market area within the Westside. Daytime employees, the student base, and nearby residents have a retail gap of unmet needs. Filling this gap would most likely include adding businesses selling neighborhood goods and services, food and beverage, housewares, home furnishings, urban gardening supplies, and general apparel or other merchandise operations.[8]

Site Uses and Conditions

The two sites, one at 1001 West Baltimore Street (the Arch site) and the other across South Schroeder Street, need to be assembled to have the same address.

The Arch site's 17,772 square feet area is zoned in the B-2-3 District, which allows for many uses including multifamily, retail, office, or group home. The current listed use of the Arch site is mixed residential and retail. The other site is also zoned in the B-2-3 District. After assembling, the total land of two sites would be 45,993 square feet.

The only setback requirements in a B-2-3 District are along the rear of the lot, requiring setback at least 30 feet deep. The FAR may not exceed 5.0 with a building height maximum of 60 feet and a minimum of 20 feet. A Planned Unit Development (PUD) in B-2-3 Districts must contain at least two acres. The proposed site does not qualify for PUD development.

For off-street residential parking, the zoning code requires one parking space per two dwelling units, one parking space per four efficiency units, and one parking space per six rooming units. Parking requirements for general retail use are one parking space per 600 square feet of floor area in excess of 4,000 square feet. Zoning encourages shared parking lots and parking is prohibited in front of the business.

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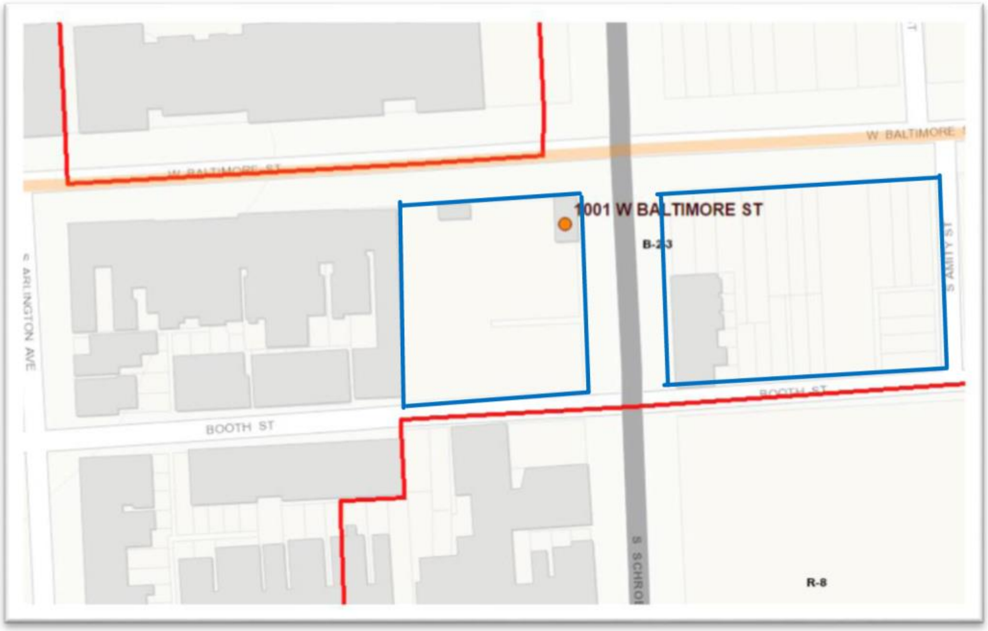
[8] http://uli.org/wp-content/uploads/ULI-Documents/BaltimoreReport.pdf



Zoning Map

The arch is listed as the historic facade of a former bank. The urban renewal plan requires the site to preserve the arch as a design element and engage more public spaces and landscaping.

For general uses, FAR in a B-2-3 District may not exceed 5.0, which allows high density in the area. According to Southwest Partnership Vision Plan, the desired size and price of low-rise rental units would be 550 to 1,000 square feet at $850 to $1,350 per month. Therefore, assuming the maximum FAR with the ground floor all retail and no parking consideration, the maximum would be 200 residential units. The rent range is suitable for market rent apartments with a portion of units to be affordable housing.

Regulatory Context and Public Approval Process

Comprehensive Plan[9]

The City of Baltimore's Comprehensive Master Plan focuses on how residents "LIVE•EARN•PLAY•LEARN," and is intended as a long-term plan. One of the goals in the plan's LIVE section is to make moderately priced, quality housing available to diverse households in an attempt to strengthen and build Baltimore's middle class; a goal that

9 http://archive.baltimorecity.gov/Government/AgenciesDepartments/Planning/ComprehensiveMasterPlan/TheMasterPlan.aspx

supports the development of the market rental apartment buildings on the proposed sites.

The plan's EARN section sets forth strategies to meet the employment needs of residents and local businesses by cultivating seven vital growth sectors: Port-Related Services; Healthcare and Social Assistance; Bioscience; Business Services; Construction; Computer, Internet and Data and Software-Related Services (CIDS); and Hospitality and Tourism. The proposed sites are near the employment hubs focusing on bioscience (BioPark) and Hospitality and Tourism (Bon Secours Health System and Hollins Market). The EARN plan also aims to increase residents from those major employers.
One goal of the plan's PLAY section is to enhance the enjoyment, appreciation, and stewardship of Baltimore's historical and cultural resources, which requires development on the proposed sites to preserve the historic character.

Finally, the LEARN section aims to strengthen the connection between communities and their educational resources, and to upgrade and restructure the facilities to meet the educational needs of today's population, for example, by improving the safety and convenience of transportation.

Master Plans

Centerwest Development

The Centerwest project is proposed mainly for the Poppleton neighborhood but the development will help build some projects in the Hollins Market area.

Operation Reachout Southwest (OROSW) Neighborhood Action Plan - 2002[10]

OROSW aims to improve safety and sanitation by organizing residents at the block level to alleviate crime and grime issues and improve lighting to increase safety. The plan also seeks to turn vacant land into attractive open space to improve the area's image and encourage Investment. These neighborhood improvement efforts would help the proposed development attract tenants.

Urban Renewal Plans

The Poppleton Renewal Plan (1975) focused mainly on land use and set standards for property acquisition, rehabilitation, land disposition, and community review. The clearing of vacant sites, as recommended by the City's urban renewal plans, has led to some redevelopment.

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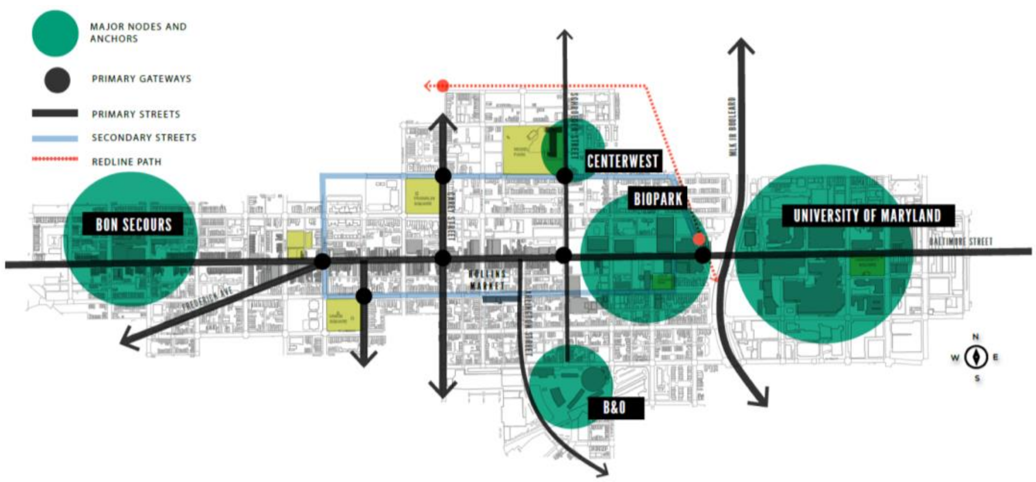
http://archive.baltimorecity.gov/Portals/0/agencies/planning/public%20downloads/OROSWplanrtf4.25.02rt f.pdf

Historic Districts

Hollins Roundhouse is one of the Southwest neighborhoods on the National Register of Historic Places. National historic district designation provides tax incentives for redevelopment and helps protect the historic physical appearance of the neighborhood.

Southwest Partnership Vision Plan

West Baltimore Street would be a major commercial corridor because it presents an incredible opportunity for economic development, new businesses, and jobs.
Hollins Market is a neighborhood gem, a destination amenity at the heart of the Southwest neighborhoods.



Source: Southwest Partnership Plan

City of Baltimore Bicycle Master Plan[11]

To create West Baltimore Street as a Bike Boulevard, roads should be designed to emphasize safe bicycle access, particularly on Hollins, West Lexington, West Baltimore, Carrollton, and North Smallwood Streets.

These master plans provide the foundation of revitalizing Hollins Market and envision the healthier and vibrant neighborhood in future.

Zoning

The Arch site is 17,772 square feet and the other site is 28,221 square feet; after assembling, the total land area of two sites would be 45,993 square feet. The Arch site has 132.6 feet of frontage along West Baltimore Street and 140.8 feet of frontage along

11 http://archive.baltimorecity.gov/portals/0/agencies/transportation/public%20downloads/2015%20Bike%20Master%20 Plan_%20Final%20Draft%20March%2016%202015.pdf

South Schroeder Street. The other site has 191.5 feet of frontage along West Baltimore Street and 139.3 feet of frontage along South Schroeder Street.

The proposed sites are zoned B-2-3: Community Business, which allows for many uses including multifamily, retail, office, or group home. The minimum lot area in a B-2-3 District is: (i) 275 square feet per rooming unit, (ii) 375 square feet per efficiency unit, and (iii) 550 square feet per other dwelling unit.[12]

Zoning Map

The FAR may not exceed 5.0. Space permanently devoted to off-street parking or loading facilities is not included in the computation. Building height is a maximum of 60 feet and a minimum of 20 feet.[13] A Planned Unit Development (PUD) in B-2-3 Districts must contain at least two acres. The proposed site does not qualify for PUD development.

The zoning district has no frontage, side, or interior yard requirements. However, where an interior side yard is provided, it must be at least 10 feet deep. The only yard requirements in a B-2-3 District are for the rear, requiring a setback at least 30 feet

[12] "Efficiency unit" means a dwelling unit that consists of 1 principal room, exclusive of: (1) a bathroom; (2) a kitchen; (3) a hallway; (4) closets; and (5) a dining alcove that: (i) is directly off the principal room, and (ii) does not exceed 125 square feet in floor area.
"Dwelling unit" means 1 or more rooms in a dwelling that: (1) are used as living quarters for occupancy by 1 family; and (2) contain permanently installed bathroom and kitchen facilities reserved for the occupants of the room or rooms.

[13] http://www.rewritebaltimore.org/pdf/NEW_BALTIMORE_CITY_DRAFT_CODE_MAPPING.pdf

deep. Because the proposed sites' rear yards adjoin alleys, 1⁄4 of the alley width may be included as part of the required rear yard.

For residential off-street parking, the zoning requires one parking space per two dwelling units, one parking space per four efficiency units, and one parking space per six rooming units. Parking requirement for general retail use are one parking space per 600 square feet of floor area in excess of 4,000 square feet. The zoning encourages shared parking lots and parking is prohibited in front of the business.

Because West Baltimore Street is a designated bike corridor, the sites would also offer bicycle parking spaces. In general, one bicycle parking space must be provided for: (1) every 10 vehicle parking spaces required by this title, for the first 500 vehicle parking spaces; and (2) every 20 vehicle parking spaces after the first 500 vehicle parking spaces required by this title. The bicycle parking can offset vehicle parking spaces: reduced by one vehicle parking spaces for every eight bicycle parking spaces provided.

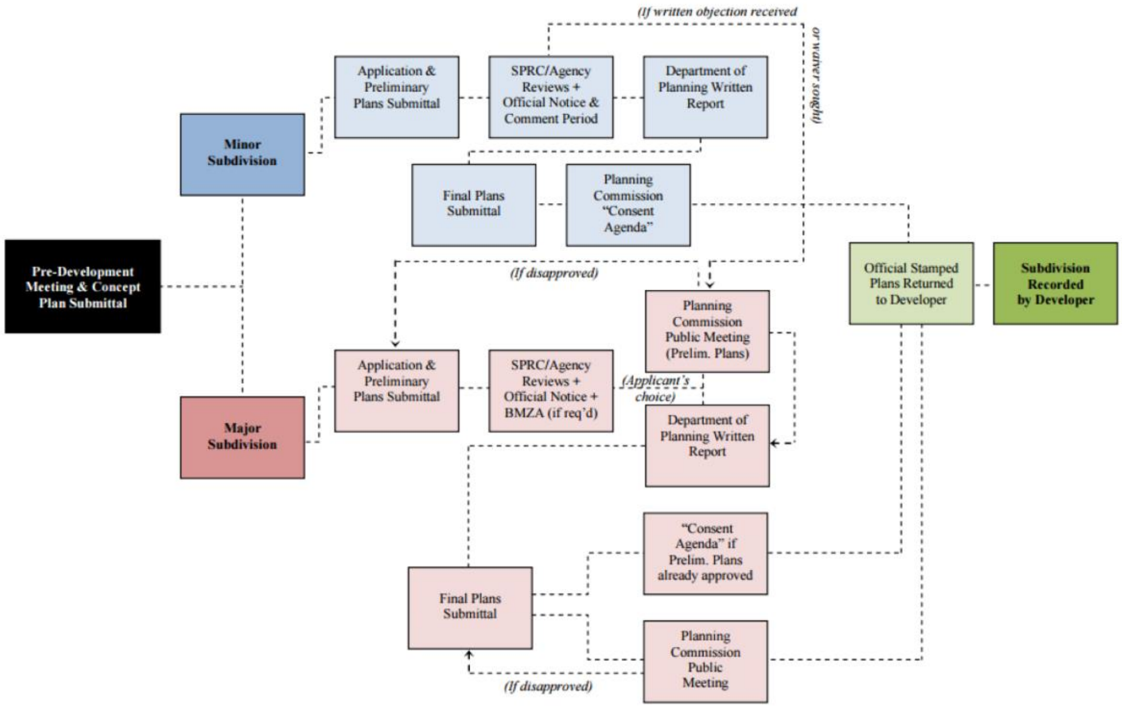
Subdivision[14]

One of the sites need re-subdivision to reestablish a previously existing lot line(s) for adjoining lots that have been consolidated. This minor subdivision requires the submission of a Concept Plan and a formal Predevelopment Meeting, after which, the minor subdivision process formally begins when the developer submits Minor Subdivision Preliminary Plans to the Department of Planning accompanied by the required $150/per lot fee.

The Department of Planning shall transmit the Preliminary Plans for review and comment to the Site Plan Review Committee (SPRC) and other appropriate agencies of City government (for example, Department of General Services, Department of Public Works, Department of Transportation, Department of Housing and Community Development, Fire Department, Parking Authority, and Baltimore Development Corporation).

Because the site that needs assembling does not have directly adjacent property owners (i.e. those sharing a property line), the applicant is required to send copies of the Subdivision Application and Preliminary Plans only to those community groups near the proposed subdivision, as provided by Department of Planning staff. This official notice must be sent via certified mail, and a dated receipt transmitted to the Department of Planning. Once official mailed notice has been sent, community groups have 15 working days from the date on the certified mail receipt to make written comment to Department of Planning staff. If an objection is rendered in writing prior to the

14 http://archive.baltimorecity.gov/Portals/0/agencies/planning/public%20downloads/Subdivision%20Regs_R ev%2011.21.13.pdf



The process of subdivision

conclusion of this 15-day notice period, the Director of Planning shall review the objection(s) for substantive relevancy to these Subdivision Regulations. Based on this review, the Director of Planning may escalate the project to Major Subdivision status. Though the application need not be resubmitted, it must from then on follow the major subdivision procedures.

If no comment or only comments indicating project support are received, then the Minor Subdivision can continue. After receipt of all SPRC and agency comments, the Department of Planning shall provide the developer with a written summary of findings, including a list of required plan modifications. The developer will revise the Preliminary Plans in accordance with the Department of Planning's report and will resubmit Final Plans.

Upon verification by the Department of Planning that the Final Plans meet all relevant requirements, the Minor Subdivision Final Plans will be scheduled for an administrative meeting before the Planning Commission, at which time they will be voted upon on the Consent Agenda.

The Planning Commission shall then transmit a letter to the developer indicating the outcome of that meeting. Department of Planning staff will obtain stamped endorsement of the Final Plans from the Planning Commission and the Department of

General Services and will notify the developer when they are ready to be picked up for recording.

The review process does not suggest when the developer would begin the subdivision. It appears that the assembly may be done immediately after the acquisition of all parcels. This approval process may need at least three months, depending on each case.

Permit

Because the proposed development is by-right, once the development plan is approved, the project can apply for a construction permit. Baltimore Housing's Office of Permits & Building Inspections enforces the Baltimore City Building Code, as well as state laws pertaining to construction and occupancy. This same office issues building permits and provides subsequent inspections for construction, alteration, electrical, mechanical and plumbing work in both commercial and residential structures.

Even though the sites are not in a Critical Area, Floodplain Area or other special areas, they still need various permits including: demolition, construction, tree removal, historic preservation, and environmental.

Traffic Impact Study

Residential developments of 100 or more dwelling units should pay for completion of a Traffic Impact Study, which is sent to the Department of Transportation, Transportation Engineering Division and Planning for review.

Forest Conservation

The proposed development would disturb more than 20,000 square feet of land. Therefore, the developer should submit a Forest Stand Delineation plan, showing where forest exists on the site, which is reviewed before the project goes to the Site Plan Review Committee. Additionally, the developer is required to submit a Forest Conservation Plan, which could include preservation of the trees on the site or off-site tree planting to replace trees removed for development. If no forest exists, then there is a streamlined review process. The developer must submit a landscape plan as part of this process.

The trees on the Arch site will be relocated or protected during construction. The relocated trees will become the sidewalk trees or located in the site's landscaped area.

Stormwater Management

A stormwater management review may be initiated if a development will disturb more than 5,000 square feet of land. The Department of Public Works' Water and Wastewater Division (Surface Water Management group) reviews the stormwater management plan.

Grading/Sediment and Erosion Control

Any project that involves site disturbance of 5,000 square feet or greater must include sediment and erosion control plans. During the planning stage of such a project, the Environmental Engineering Section of the Department of Public Works must approve the plans before their submission to the Planning Commission.

This project will create more green open spaces to reduce the amount of impervious surface and increase on-site stormwater treatment.

Landmark and Local Historic District Designations[15]

Any changes made to a Baltimore City landmark or to a property within a local historic district must be presented to the Commission for Historical and Architectural Preservation (CHAP). This approval must come before a building permit can be issued. Both sites are included in the historic district. The Arch will be retained as a design element.

Building Code[16]

In August 2007, Council Bill 07-0602 mandated that the City establish Green Building Standards for commercial and multifamily residential buildings over 10,000 square feet being either newly constructed or extensively modified. Those projects that trigger this requirement have the option of pursuing one of two tracks: the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, or the Baltimore City Green Building Standards.

For this project, the minimum requirements of LEED would not increase construction costs significantly.[17]

The site utilities could be inexpensive because of the proximity of BioPark. Even if there is a need to connect utilities, the connecting construction does not cost much time or monies compared to an undeveloped area.

Easement and Deed

The Transfer and Recordation Section is responsible for reviewing all deeds and other property related documents prior to a document being finalized and recorded by the Land Records Office of the Circuit Court.

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15 http://finance.baltimorecity.gov/Portals/Finance/documents/tax%20credits/Historic%20Restoration%20a n d%20Rehabilitation.pdf

16 http://static.baltimorehousing.org/pdf/permits_fees.pdf; http://archive.baltimorecity.gov/portals/0/charter%20and%20Codes/code/Art%2000%20-%20Bldg,%20Fire.pdf

17 http://www.usgbc.org/Docs/Archive/General/Docs6715.pdf

The sites do not have any easement including utilities.[18]

Design and Environmental Analysis

Despite the growing employment base in downtown Baltimore and BioPark, the Hollins Market area, located within a mile of downtown, has had a stable population of roughly 20,000 residents since 1980s. Due to the limited housing choices and bad perception of area's public safety, the neighborhood became less attractive to possible residents.

Anchor W Baltimore would be the first new development in Hollins Market area since 2005 and aims to improve the neighborhood's quality of life and build regional awareness of the benefits of and opportunities for living and working in the area.

Live Near Work

The current demographics show that potential residents would be primarily adults. The rental market of the neighborhood would meet the housing needs of the young adults working nearby.

Young professionals usually start with renting house when entering the job market. According to a ULI report, most Millennials prefer to live in neighborhoods with urban characteristics, such as a high degree of walkability, transportation alternatives, and easy access to shopping, entertainment, and places to hang out.[19] However, Millennials also live in places less centrally located but more affordable and live with roommates to save money.

Charm City Circulator: Orange Route Map

18
https://mdlandrec.net/main/dsp_viewer.cfm?cid=BC&q=CE&sr=164&ssu=8946&sp=524&view=bookview&imtp=current&SrTyp=L&first=true&singlepage=1

19 http://uli.org/press-release/uli-report-generation-y-housing/

Anchor W Baltimore targets young professionals working in the Hollins Market area's anchor institutions by creating an urban living environment at a moderate rent. With the easy access to I-95 and downtown Baltimore, connected downtown by the Charm City Circulator, this new development will offer amenities that meet Millennials' work-life balance requirements.

Improved Quality of Life

The area's widespread vacancies not only depress the values of surrounding homes, but also dissuade businesses and are magnets for criminal activity. The neighborhood's limited retail choices don't meet the needs of residents and workers.

Anchor W Baltimore's retail tenants would serve daily needs of the residents and workers. A grocery store, restaurants, hair salons, coffee shops and others would be ideal ground-floor tenants. These new retail stores could work with Hollins Market to hold events and buying fresh produce to mutually support local businesses.

By demolishing buildings that are no longer viable and keeping historical characteristics in the new building, Anchor W Baltimore will improve the neighborhood's image.

Branding

Anchor W Baltimore will bring newcomers to the neighborhood. By sending the message through this development that Hollins Market has plenty of development opportunities and community support, outside businesses would consider this market. Anchor W Baltimore will work with communities, anchor institutions, and other partners to change Hollins Market into a safe and affordable place for working, living, learning, and socializing.

Unit Mix

According to the Southwest Partnership Vision Plan, target customers prefer units sized between 550 and 1,000 square feet. Therefore, the project would not include three-bedroom units. The unit numbers and sizes are listed in the following table. Lot occupancy would be 80 percent for the east site and 77 percent for the Arch site, with the green spaces for dining and landscaping.

To be more flexible for retail tenants, the project will diversify the size and pricing of vendor space. The total retail space is 20,000 square feet, divided into five to ten units ranging from 1,000 to 5,000 square feet. The average rent of the retail spaces would be $15 to $17 per square foot.

The required 85 parking spaces could be reduced to 60 by sharing parking with BioPark and using on-street parking.

Unit Type	Size (in square feet)	Number
Studio	525	10
1-bedroom	684	40
2-bedroom/1bath	893	40
2-bedroom/2 bath	1024	25
Total	93,930	115
Average	816.78	-
Parking spaces		number[20]
Retail	20,000	27
Residential Units Number	115	58
Total	-	85

Public Safety

Anchor W Baltimore is located in a place with the strongest market potential and physical connections to surrounding neighborhoods. However, public safety is one reason that makes potential move-ins hesitate.

To increase the area's public safety and change the perception of this area, Anchor W Baltimore would partner with anchor institutions, local businesses, and communities to improve streetscaping, lighting, and cleanliness as well as policing and foot patrols. The resident/business street-cleaning teams will educate residents and increase tenant responsibility for cleanliness of sidewalks, alleys, and yards. Anchor W Baltimore would support a volunteer trash-cleaning program.

To prevent crime, Anchor W Baltimore would provide more trash cans, add street lighting, advocate to extend the existing police service area; encourage neighborhood policing, foot patrols, and CityWatch; and support a real-time surveillance system connected to police.

Anchor W Baltimore would have fob/card access control for retail, residential units, and parking garage. The social media and mobile devices will be deployed to supplement crime prevention and response.

Design Concept

Because the desired rent range in this mid-rise building would be $850 to $1,350 per month, the building would use the III-A structure to lower the construction costs. A first

[20] For residential off-street parking, the zoning code requires 1 parking space per 2 dwelling units. The general retail use requires for 1 parking space per 600 square feet of floor area in excess of 4,000 square feet. ((retail space-4000)/600)

level podium will be used as retail and parking. The residential apartments will use wood frame on the top of the podium.

MFE award 2015 project for Podium Mid-rise

The arch on the site would become a design element of the multifamily buildings. The trees on the Arch site will be moved and trimmed to improve visibility and the comfort of customers and pedestrians.

Retail stores would have higher visibility for pedestrians and providing the streetscaping for store's customers. Restaurants can use the wide-sidewalk or green open spaces for outdoor seating and dinning.

The site has convenient vehicle and transit transportation access but lacks amenities for pedestrians and bicyclists. Anchor W Baltimore would improve the accessibility and safety of the site for pedestrians and bicyclists as well as increase connectivity to the public parks.

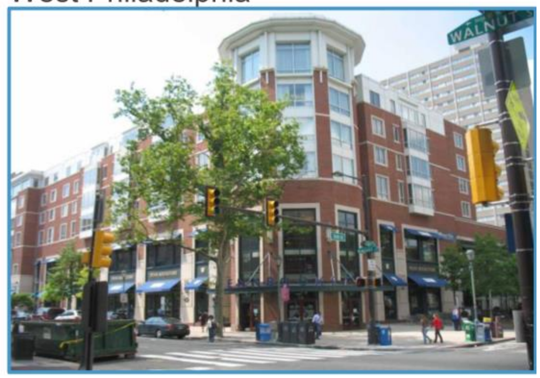
The residential lobby entrance will be located on South Schroeder Street, reserving West Baltimore Street for retail stores. The parking garage entrance would be located in the back of the building.

Precedents

Anchor institutions are magnets for economic development and serve as engines of urban renaissance (or even survival). Their direct impact derives from their landholdings and capacity as large employers, revenue generators, goods and services purchasers, centers of human capital and economic cluster development, and service deliverers. Indirectly, they contribute to urban reinvention and civic pride, attracting coveted knowledge-industry workers and suburban spenders.

West Philadelphia[21]

West Philadelphia[22]



The University of Pennsylvania also abutted a crime-ridden and blighted neighborhood in West Philadelphia. Leading a partnership with neighborhood communities, the University promoted a safe and clean environment by supporting employee housing, engaging in commercial development, building economic inclusion, and investing in public education.

The multi-decade effort has created a vibrant district. Visual evidence suggests that University City has improved significantly since the late 1990s and early 2000s—there are new vibrant commercial areas, home values have increased, crime is down, and a successful K-8 university-city partnership school sits at the center of the community. Its efforts added up to an attraction strategy, stabilizing the market and providing higher quality amenities to attract newcomers to the neighborhood.

Charles Commons/Charles Village

The primary campus of Johns Hopkins University (separate from the medical campus) is located in northern Baltimore, adjacent to the Charles Village neighborhood. To spark revitalization in the Charles Village area, a prime residential location for many of its students, Hopkins looked to locate uses on University land within the neighborhood that could spark investment. Originally the goal was to locate the campus bookstore in the neighborhood, but this grew into a much larger project after the University listened to students about the need for retail and better housing. In the late 1990s, Hopkins selected a joint venture group—the Collegetown Development Alliance—to develop retail, conference space, and student housing on University-owned land. The Alliance consisted of a national student housing developer, a retail/marketing analyst, and a local construction company.

The result is the Charles Commons Building, which houses a Barnes & Noble bookstore, over 600 student beds, dining areas, and conference facilities. Today Charles Village has seen a considerable amount of private investment, including housing rehabilitation. It is

[21] http://penniur.upenn.edu/uploads/media/Anchor-Institutions-PRAI-2014.pdf

a much safer neighborhood and more closely resembles the top middle class areas of the City rather than the more challenged areas to its south. Much of this can be attributed to the University's move across Charles Street into the Village, though the expansion of the Union Memorial Hospital—not affiliated with the University—deserves some credit as well.

Now the initial development has brought more energy to this north central Baltimore neighborhood. The photo, taken in late March 2015, shows new development near the Charles Commons building. The residents have easy access to campus and are within walking distance of the year-round 32nd Street Farmer's Market and popular restaurants.

Residents living in Anchor W Baltimore would enjoy a similar living environment, within walking distance of Hollins Market, BioPark, grocery stores, and public parks. Anchor W Baltimore will make best use of the neighborhood's assets. Teamed with anchor institutions and supportive communities to improve public safety, building environment, and quality of life for residents, Anchor W Baltimore will build regional awareness of the neighborhood and attract more businesses and be a leader, as the first development in Hollins Market since 2005.

Financial Analysis

Project Build-Out

The building will occupy 75 to 80 percent of the lot with a 90 percent efficiency.

The A West Building	Size (SF)	Units		The K East Building	Size (SF)	Units
Retail	7,670			Retail	9,665	
Residential	49,340	56		Residential	61,720	56
Parking	5,825			Parking	22,215	
Lobby	3,040			Lobby	2,665	
Total	65,875			Total	105,860	
Land	17,772			Land	28,221	

Total Development Cost Breakdown

The project's total development cost (TDC) is divided by both percentage and actual numbers.

TDC Breakdown		
Acquisition	3.23%	$854,450
Hard Cost	75.87%	$20,053,269
Soft Cost	4.78%	$1,262,380
Financing	5.08%	$1,342,318
FF & E	1.04%	$274,960
Development Fee	10.00%	$2,643,042
TDC		**$26,430,420**

Funding Sources

An equity position of 35 percent is a key assumption, with a conventional amortized, permanent loan of $17 million. With more than 20 percent of the income produced by retail, a new market tax credit program will cover 39 percent of the cost.

	The A	The E
Equity		
Equity- Owner(s) (Land/Building)	$79,589	$774,861
Equity- Investors, LP, and/or LLC	$696,782	$1,899,491
New Market Tax Credit	$2,731,470	$2,478,653
Debt		
1st Mortgage (Conventional)	$7,155,276	$9,855,298
Other		
City Loan (Soft)		
County Loan (Soft)		
Inclusionary program Grants	$345,000	$414,000
Total Financing + Equity:	$11,008,117	$15,422,302

Uses

A detailed schedule of uses is presented below.

		Uses-The A	Uses-The E
Development Costs		**TDC**	**TDC**
Acquisition			
Land Acquisition		$78,593	$608,819
Building(s) Acquisition		$996	$166,042
Total Acquisition		**$79,589**	**$774,861**
Demolish/Land Improvement		**$ 5,000**	**$45,000**
Construction			
Parking		$240,000	$630,000
Residential		$5,501,183	$5,161,122
Non-Residential		$1,869,374	$5,023,060
Contingency	5.00%	$380,528	$540,709
Permit Fees		$25,000	$25,000
Taxes (During Construction)		$1,729	$13,394
Insurance (During Construction)		$22,425	$22,425
Consultants: (Construction Management)		$55,000	$65,000
Utilities (During Construction)		$12,500	$15,500
Tenant Relocation Cost			
Tax Credit Fees			$397,945
Other-Construction Costs		$25,000	$30,000
Total Construction		**$8,132,739**	**$11,924,156**
Construction Financing			
Points & Fees (Origination)	3.00%	$243,982	$357,725
Interest Expense	5.25%	$249,065	$365,177
Total Construction Financing		**$493,047**	**$722,902**

Soft Costs			
Architectural & Engineering	8.00%	$608,845	$173,027
Historic Preservation Consultant	8.00%	$172,009	
Environmental Studies		$7,500	
Survey		$12,500	
Feasibility Studies			
Appraisal		$15,500	-
Legal		$15,000	
Market Study		$10,500	
Marketing (Lease-up)		$65,000	$35,000
Organization Cost			
Accounting (Startup)		$10,000	
Syndication/Legal & Related Costs		$22,500	
Application/Reservation/Allocation Fees		$20,000	
Post-Construction Audit		$12,500	$12,500
Soft Cost Contingency		$60,000	$10,000
Total Soft Costs		**$1,031,853**	**$230,527**
Permanent Financing			
Points & Fees (Origination)	0.50%	$35,776	$49,276
Transfer/Recording Fees	0.15%	$10,783	$14,833
Title Ins., Other Mgt. Costs		$7,850	$7,850
Total Permanent Financing		**$54,409**	**$71,959**
Reserves			
Lease-up Reserve		$65,000	$65,000
Operating Reserve		$20,000	$20,000
Replacement Reserve		$25,667	$25,667
Total Reserve		**$110,667**	**$110,667**
Development Fees			
General & Admin. Costs	4.00%	$440,325	$616,892
Development Fee	6.00%	$660,487	$925,338
Total Development Fees		**$1,100,812**	**$1,542,230**
Total Development Cost		**$11,008,117**	**$15,422,302**

Income Sources

There are two primary sources of income: retail tenants and residential rental apartments. Retail income should come from Gross Rents and a percentage of Gross Sales. To be conservative in this emerging market, the calculation would only use base rent. Ten percent of the apartments would be affordable units, which should be below $1,440 for a one-bedroom unit and $1,645 for a market rate one-bedroom unit. The unit mix and rental income are listed below.

Market research shows the preferred rent of target clients would be $850 to $1,350 per month. Costar shows market rent of retail space in Hollins Market at $16 to $18 per square foot.

The A								
Residential								
RENTS:	Units	Sq.ft	Rent /Unit/m	Total Sq.Ft.	Total Rent/m	Total Rent /yr	Monthly Rent/SF	Yearly: Rent/SF
Studio	2	525	$900	1,050	$1,800	$21,600	$1.71	$20.57
Studio	3	525	$1,105	1,575	$3,315	$39,780	$2.10	$25.26
Studio	3	525	$1,250	1,575	$3,750	$45,000	$2.38	$28.57
1 B/1 B	8	684	$1,050	5,472	$8,400	$100,800	$1.54	$18.42
1 B/1 B	10	684	$1,430	6,840	$14,300	$171,600	$2.09	$25.09
1 B/1 B	10	684	$1,600	6,840	$16,000	$192,000	$2.34	$28.07
2 B/1 B	4	893	$1,570	3,572	$6,280	$75,360	$1.76	$21.10
2 B/1 B	4	893	$1,690	3,572	$6,760	$81,120	$1.89	$22.71
2 B/1 B	4	893	$1,890	3,572	$7,560	$90,720	$2.12	$25.40
2 B/2 B	2	1024	$2,150	2,048	$4,300	$51,600	$2.10	$25.20
2 B/2 B	3	1024	$2,280	3,072	$6,840	$82,080	$2.23	$26.72
2 B/2 B	3	1024	$2,450	3,072	$7,350	$88,200	$2.39	$28.71
Total Residential Income:	**56**			**42,260**	**$86,655**	**$1,039,860**	**$2.05**	**$24.61**
Total		**Avg/unit Sq.Ft.**		**755**	**$1,547**	**$18,569**	**$2.05**	**$24.61**
Non-Residential								
RENTS:	Units	Sq.ft	Rent /Unit/m	Total Sq.Ft.	Total Rent/m	Total Rent /yr	Monthly Rent/SF	Yearly: Rent/SF
Retail Rent	1	7,670	$138,060	7,670	$11,505	$138,060	$1.50	$18.00
Total Retail/Comm. Income:				7,670	$11,505	$138,060	$1.50	$18.00
TOTAL INCOME:						$1,177,920		

The E								
Residential								
RENTS: Size & Style	Units	Sq.ft	Rent /Unit/m	Total Sq.Ft.	Total Rent/m	Total Rent /yr	Monthly Rent/SF	Yearly: Rent/SF
Studio	1	525	$979	525	$979	$11,748	$1.86	$22.38
Studio	2	525	$1,185	1,050	$2,370	$28,440	$2.26	$27.09
Studio	2	525	$1,279	1,050	$2,558	$30,696	$2.44	$29.23
1 B/1 B				3,420	$5,795	$69,540	$1.69	$20.33
1 B/1 B				4,104	`	$106,488	$2.16	$25.95
1 B/1 B				4,104	$9,900	$118,800	$2.41	$28.95
2 B/1 B				7,144	$12,960	$155,520	$1.81	$21.77
2 B/1 B				7,144	$14,000	$168,000	$1.96	$23.52
2 B/1 B				7,144	$15,840	$190,080	$2.22	$26.61
2 B/2 B				3,072	$6,525	$78,300	$2.12	$25.49
2 B/2 B				4,096	$9,400	$112,800	$2.29	$27.54
2 B/2 B				3,072	$7,500	$90,000	$2.44	$29.30
Total Residential Income:	**56**			**45,925**	**$96,701**	**$1,160,412**	**$2.11**	**$25.27**
Total		**Avg/unit Sq.Ft.**		**820**	**$1,727**	**$20,722**	**$2.11**	**$25.27**
Non-Residential								
RENTS:	Units	Sq.ft	Rent /Unit/m	Total Sq.Ft.	Total Rent/m	Total Rent /yr	Monthly Rent/SF	Yearly: Rent/SF
Retail Rent	1	9,665	$193,300	9,665	$16,108	$193,300	$1.67	$20.00
Total Retail/Comm. Income:				**9,665**	**$16,108**	**$193,300**	**$1.67**	**$20.00**
TOTAL INCOME:						**$1,353,712**		

Income and Expenses

The following income and expense statement highlights Years 1, 3, 5, 7, and 10. Income has been allocated to show both retail and residential income, for a more detailed analysis. A triple-net lease is expected for retail, and expenses shown are those anticipated to be associated with operating a holding company (LLC, etc.) for the asset.

The A							
Income		Partial Yr.	1st. Full Yr.				
Period Beginning Date		Year 0	Year 1	Year 3	Year 5	Year 7	Year 10
Period Ending Date		May-2018	Jan-2019	Jan-2021	Jan-2023	Jan-2025	Jan-2028
Income- Residential		Dec-2018	Dec-2019	Dec-2021	Dec-2023	Dec-2025	Dec-2028
Potential Rental Income		$693,240	$1,039,860	$1,103,187	$1,170,372	$1,241,647	$1,356,781
Vacancy & Credit Loss	5.35%	$ 37,088	$ 55,633	$ 59,021	$ 62,615	$ 66,428	$ 72,588
Effective Rental Income		$656,152	$ 984,227	$1,044,167	$1,107,757	$1,175,219	$1,284,194
Other Income		$ 12,567	$ 18,850	$ 19,998	$ 21,216	$ 22,508	$ 24,595
Operating Income- Residential		$668,718	$1,003,077	$1,064,165	$1,128,973	$1,197,727	$1,308,789
Income- Non-Residential							
Potential Rental Income		$ 92,040	$ 138,060	$ 138,060	$ 144,618	$ 151,487	$ 158,683
Vacancy & Credit Loss	5.00%	$ 4,602	$ 6,903	$ 6,903	$ 7,231	$ 7,574	$ 7,934
Effective Rental Income		$ 87,438	$ 131,157	$ 131,157	$ 137,387	$ 143,913	$ 150,749
Other Income		$ -	$ -	$ -	$ -	$ -	$ -
Reimbursable Expenses (T & I)		$ 7,721	$ 11,582	$ 12,287	$ 13,036	$ 13,830	$ 15,112
Operating Income- Non-Residential		$ 95,159	$ 142,739	$ 143,444	$ 150,423	$ 157,742	$ 165,861
Gross Operating Income		$763,878	$1,145,816	$1,207,609	$1,279,395	$1,355,469	$1,474,649
Expense							
Expense- Residential							
Administrative		$ 51,741	$ 77,612	$ 82,338	$ 87,353	$ 92,673	$ 101,266
Operating		$ 24,677	$ 37,016	$ 39,270	$ 41,662	$ 44,199	$ 48,297
Maintenance		$ 19,152	$ 28,728	$ 30,478	$ 32,334	$ 34,303	$ 37,484
Payroll		$ 37,557	$ 56,336	$ 59,767	$ 63,407	$ 67,268	$ 73,506
Taxes & Insurance		$ 20,309	$ 30,464	$ 32,319	$ 34,288	$ 36,376	$ 39,749
Operating Expenses- Residential		$153,437	$ 230,156	$ 244,172	$ 259,042	$ 274,818	$ 300,301
Expense- Non-Residential							
Retail		$ 44,742	$ 67,113	$ 71,200	$ 75,536	$ 80,136	$ 87,567
Operating Expenses- Non-Residential		$ 44,742	$ 67,113	$ 71,200	$ 75,536	$ 80,136	$ 87,567
Total Operating Expenses		$198,179	$ 297,269	$ 315,373	$ 334,579	$ 354,955	$ 387,868
Net Operating Income (NOI)		$565,698	$ 848,548	$ 892,237	$ 944,816	$1,000,515	$1,086,781
Yearly Reserves							
Residential		$ 13,067	$ 19,600	$ 19,600	$ 19,600	$ 19,600	$ 19,600
Non-Residential		$ 4,045	$ 6,067	$ 6,067	$ 6,067	$ 6,067	$ 6,067
Total Yearly Reserves		$ 17,112	$ 25,667	$ 25,667	$ 25,667	$ 25,667	$ 25,667
Cumulative Reserves		$ 17,112	$ 42,779	$ 42,779	$ 145,448	$ 196,782	$ 273,784

The E						
Income		Partial Yr.				
Period Beginning Date		Year 0	Year 2	Year 4	Year 6	Year 9
Period Ending Date		Dec-2019	Jan-2021	Jan-2023	Jan-2025	Jan-2028
Income- Residential		Dec-2019	Dec-2021	Dec-2023	Dec-2025	Dec-2028
Potential Rental Income		$ 96,701	$1,195,224	$1,268,014	$1,345,236	$1,469,975
Vacancy & Credit Loss	5.35%	$ 5,174	$ 63,945	$ 67,839	$ 71,970	$ 78,644
Effective Rental Income		$ 91,527	$1,131,280	$1,200,175	$1,273,265	$1,391,332
Other Income		$ 1,725	$ 21,321	$ 22,619	$ 23,997	$ 26,222
Operating Income- Residential		$ 93,252	$1,152,601	$1,222,794	$1,297,262	$1,417,554
Income- Non-Residential						
Potential Rental Income		$ 16,108	$ 193,300	$ 202,482	$ 202,482	$ 212,100
Vacancy & Credit Loss	5.00%	$ 805	$ 9,665	$ 10,124	$ 10,124	$ 10,605
Effective Rental Income		$ 15,303	$ 183,635	$ 192,358	$ 192,358	$ 201,495
Other Income		$ -	$ -	$ -	$ -	$ -
Reimbursable Expenses (T & I)		$ 1,216	$ 15,032	$ 15,947	$ 16,919	$ 18,487
Operating Income- Non-Residential		$ 16,519	$ 198,667	$ 208,305	$ 209,276	$ 219,982
Gross Operating Income		$ 109,772	$1,351,268	$1,431,099	$1,506,539	$1,637,536
Expense						
Expense- Residential						
Administrative		$ 6,938	$ 85,758	$ 90,980	$ 96,521	$ 105,471
Operating		$ 3,085	$ 38,126	$ 40,448	$ 42,912	$ 46,891
Maintenance		$ 2,627	$ 32,474	$ 34,451	$ 36,550	$ 39,939
Payroll		$ 4,695	$ 58,026	$ 61,560	$ 65,309	$ 71,365
Taxes & Insurance		$ 2,539	$ 31,378	$ 33,289	$ 35,316	$ 38,591
Operating Expenses- Residential		$ 19,884	$ 245,762	$ 260,729	$ 276,607	$ 302,256
Expense- Non-Residential						
Retail		$ 7,048	$ 87,107	$ 92,412	$ 98,040	$ 107,131
Operating Expenses- Non-Residential		$ 7,048	$ 87,107	$ 92,412	$ 98,040	$ 107,131
Total Operating Expenses		$ 26,931	$ 332,869	$ 353,141	$ 374,647	$ 409,387
Net Operating Income (NOI)		$ 82,840	$1,018,399	$1,077,958	$1,131,891	$1,228,149
Yearly Reserves						
Residential		$ 1,633	$ 19,600	$ 19,600	$ 19,600	$ 19,600
Non-Residential		$ 506	$ 6,067	$ 6,067	$ 6,067	$ 6,067
Total Yearly Reserves		$ 2,139	$ 25,667	$ 25,667	$ 25,667	$ 25,667
Cumulative Reserves		$ 2,139	$ 53,473	$ 104,808	$ 156,142	$ 233,144

Permanent Loan Terms and Amortization

The Loan-to-Value and Debt-Coverage-Ratio comparison method was used to calculate the amount of debt the project could support and financing options.
DCR: 1.25 for the A, DCR: 1.25 for the E and LTV: 65 percent.

The project can adequately support an LTV loan of 65 percent. The amortization table presented is a seven-year snapshot. The loan term is 20 years with 6.25 percent fixed interest rate.

The A			
Total Development Cost (TDC)	$ 11,008,117	DCR	1.25
		NOI in 1st year	$ 848,548
		Max. Annual Pmt.	$ 678,838.12
LTV:			
	TDC	$ 11,008,117	
	LTV	65.00%	
	Max. Loan	$ 7,155,276	
DCR Loan:			
	Interest (Yrly):	6.25%	
	Term (Yrs):	20	
	Monthly Pmt.:	$ 56,570	
	Loan Amount:	$7,739,453	
Maximum Loan	$ 7,155,276		
The E			
Total Development Cost (TDC)	$ 15,422,302	DCR	1.15
		NOI in 1st year	$ 994,085
		Max. Annual Pmt.	$ 864,421.83
LTV:			
	TDC	$ 15,422,302	
	LTV	65.00%	
	Max. Loan	$ 10,024,496	
DCR Loan:			
	Interest (Yrly):	6.25%	
	Term (Yrs):	20	
	Monthly Pmt.:	$ 72,035	
	Loan Amount:	$9,855,298	
Maximum Loan	$ 9,855,298		

	Partial Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Period Beginning Date	May-2018	Jan-2019	Jan-2020	Jan-2021	Jan-2022	Jan-2023	Jan-2024	Jan-2025
Period Ending Date	Dec-2018	Dec-2019	Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
	Partial Yr.	1st Full Yr.						
THE A Mortgage Calculation								
Beginning Balance	**$ -**	**$ 7,032,798**	**$ 6,839,267**	**$ 6,633,288**	**$ 6,414,060**	**$ 6,180,731**	**$ 5,932,394**	**$ 5,668,083**
Ending Balance	$7,032,798	$ 6,839,267	$ 6,633,288	$ 6,414,060	$ 6,180,731	$ 6,016,899	$ 5,668,083	$ 5,386,772
Principal Reduction	$ 122,478	$ 193,531	$ 205,979	$ 219,228	$ 233,329	$ 248,337	$ 264,311	$ 281,312
Interest Expense	$ 295,921	$ 434,068	$ 421,620	$ 408,371	$ 394,270	$ 379,262	$ 363,288	$ 346,287
THE E Mortgage Calculation		Begin 2nd Mrt.						
Beginning Balance	**$ -**	**$ -**	**$ 9,834,593**	**$ 9,577,553**	**$ 9,303,979**	**$ 9,012,809**	**$ 8,702,910**	**$ 8,373,079**
Ending Balance	$ -	$ 9,834,593	$ 9,577,553	$ 9,303,979	$ 9,012,809	$ 8,702,910	$ 8,373,079	$ 8,022,031
Principal Reduction	$ -	$ 20,705	$ 257,040	$ 273,573	$ 291,170	$ 309,899	$ 329,832	$ 373,627
Interest Expense	$ -	$ 51,330	$ 607,382	$ 590,848	$ 573,252	$ 554,523	$ 534,590	$ 490,795
Yearly Principal Reduction	$ 122,478	$ 214,236	$ 463,019	$ 492,801	$ 524,499	$ 558,236	$ 594,143	$ 654,939
Yearly Interest Expense	$ 295,921	$ 485,398	$ 1,029,002	$ 999,220	$ 967,522	$ 933,785	$ 897,878	$ 837,082
Yr. End Mortgage(s) Balance	**$7,032,798**	**$ 16,673,860**	**$16,210,841**	**$15,718,040**	**$15,193,540**	**$14,719,809**	**$14,041,162**	**$13,408,803**

Financial Report

The following financial report highlights Years 1, 3, 5, 6, 7, and 10 and presents a complete flow through of Income, Expense, Before and After-Tax Cash Flow analysis, anticipated Tax Liability, and Debt Service Coverage Ratio.

		Partial Year	Year 1	Year 3	Year 5	Year 6	Year 7	Year 10
Period Beginning Date		**May-2018**	**Jan-2019**	**Jan-2021**	**Jan-2023**	**Jan-2024**	**Jan-2025**	**Jan-2028**
Period Ending Date		**Dec-2018**	**Dec-2019**	**Dec-2021**	**Dec-2023**	**Dec-2024**	**Dec-2025**	**Dec-2028**
		Partial Yr.	**1st Full Yr.**					
INCOME & EXPENSE STATEMENT								
+ Potential Rental Income		$785,280	$1,290,729	$2,629,772	$2,785,485	$2,858,636	$2,940,852	$3,197,539
- Vacancy/ Credit Loss	5.31%	$ 41,690	$ 68,514	$ 139,533	$ 147,809	$ 151,722	$ 156,097	$ 169,771
= Effective Rental Income		**$743,590**	**$1,222,215**	**$2,490,239**	**$2,637,676**	**$2,706,914**	**$2,784,755**	**$3,027,769**
+ Misc. Income		$ 20,288	$ 33,373	$ 68,638	$ 72,818	$ 75,003	$ 77,253	$ 84,416
= Gross Operating Income		**$763,878**	**$1,255,588**	**$2,558,877**	**$2,710,494**	**$2,781,917**	**$2,862,008**	**$3,112,185**
Operating Expense								
- Operating Expense		$198,179	$ 324,200	$ 648,242	$ 687,720	$ 708,351	$ 729,602	$ 797,256
- Other		$ -	$ -	$ -	$ -	$ -	$ -	$ -
= Total Expenses		**$198,179**	**$ 324,200**	**$ 648,242**	**$ 687,720**	**$ 708,351**	**$ 729,602**	**$ 797,256**
Net Operating Income		**$565,698**	**$ 931,388**	**$1,910,635**	**$2,022,775**	**$2,073,566**	**$2,132,406**	**$2,314,929**
ANNUAL TAXABLE INCOME ANALYSIS								
+ Net Operating Income		**$565,698**	**$ 931,388**	**$1,910,635**	**$2,022,775**	**$2,073,566**	**$2,132,406**	**$2,314,929**
- Interest Expense		$295,921	$ 485,398	$ 999,220	$ 933,785	$ 897,878	$ 837,082	$ 702,398
- Cost Recovery								
- Cost Recovery		$123,004	$ 751,806	$ 799,104	$ 799,104	$ 799,104	$ 792,557	$ 779,464
- Cost Recovery Additions		$ -	$ -	$ -	$ -	$ -	$ -	$ -
= Total Annual Cost Recovery		**$123,004**	**$ 751,806**	**$ 799,104**	**$ 799,104**	**$ 799,104**	**$ 792,557**	**$ 779,464**
- Non-Operating Expenses (Amortization)		$ 1,209	$ 8,025	$ 8,425	$ 8,425	$ 8,425	$ 8,425	$ 8,425
= Taxable Income (Loss)		**$145,564**	**$ (313,841)**	**$ 103,887**	**$ 281,462**	**$ 368,159**	**$ 494,343**	**$ 824,643**
ANNUAL CASH FLOW ANALYSIS								
Net Operating Income		**$565,698**	**$ 931,388**	**$1,910,635**	**$2,022,775**	**$2,073,566**	**$2,132,406**	**$2,314,929**
- Annual Debt Service		$418,399	$ 699,634	$1,492,021	$1,492,021	$1,492,021	$1,492,021	$1,492,021
- Cost Recovery Additions		$ -	$ -	$ -	$ -	$ -	$ -	$ -
- Reserves		$ 17,112	$ 27,806	$ 51,335	$ 51,335	$ 51,335	$ 51,335	$ 51,335
+ Reserves To Additions		$ -	$ -	$ -	$ -	$ -	$ -	$ -
= Cash Flow Before-Tax		**$130,187**	**$ 203,948**	**$ 367,280**	**$ 479,419**	**$ 530,210**	**$ 589,051**	**$ 771,574**
Taxable Income (Loss) (Ordinary)		$145,564	$ (313,841)	$ 103,887	$ 281,462	$ 368,159	$ 494,343	$ 824,643
Marginal Tax Rate	MD							
× (Federal & State)	43.25%	43.25%	43.25%	43.25%	43.25%	43.25%	43.25%	43.25%
= Tax Liability		**$ 62,956**	**$ (135,736)**	**$ (78,857)**	**$ 121,732**	**$ 159,229**	**$ 213,803**	**$ 356,658**
Cash Flow Before Tax		$130,187	$ 203,948	$ 367,280	$ 479,419	$ 530,210	$ 589,051	$ 771,574
- Tax Liability		$ 62,956	$ -	$ -	$ 121,732	$ 159,229	$ 213,803	$ 356,658
= Cash Flow After Tax		**$ 67,231**	**$ 203,948**	**$ 367,280**	**$ 357,687**	**$ 370,981**	**$ 375,247**	**$ 414,916**
Debt Service Coverage Ratio:		**1.35**	**1.33**	**1.28**	**1.36**	**1.39**	**1.43**	**1.55**

Sales Schedule and Exit Strategy Points

This sales schedule highlights Years 1, 3, 6, 7, and 10. An exit CAP Rate of 9 percent has been assumed. This project presents options for a Buy & Hold strategy as well as for an investor seeking eventual disposition.

	Cap Rate	Partial Year	Year 1	Year 3	Year 6	Year 7	Year 10
Period Beginning Date		May-2018	Jan-2019	Jan-2021	Jan-2024	Jan-2025	Jan-2028
Period Ending Date	9.00%	Dec-2018	Dec-2019	Dec-2021	Dec-2024	Dec-2025	Dec-2028
		Partial Yr.	1st Full Yr.				
Sale Proceeds Before Tax							
Sale Price (NOI/CAP)		$ 10,348,756	$20,712,828	$21,830,451	$23,693,403	$24,393,637	$26,482,011
+ Reserve Fund		$ 17,112	$ 44,918	$ 147,587	$ 301,590	$ 352,925	$ 506,928
- Cost of Sale (Commission)	6.00%	$ 620,925	$ 1,242,770	$ 1,309,827	$ 1,421,604	$ 1,463,618	$ 1,588,921
= Adjusted Sale Price		$ 9,744,943	$19,514,976	$20,668,211	$22,573,389	$23,282,943	$25,400,018
- Loan Balance (s)		$ 7,032,798	$16,673,860	$15,718,040	$14,041,162	$13,408,803	$10,806,584
= Sale Proceeds Before Tax		**$ 2,712,144**	**$ 2,841,116**	**$ 4,950,171**	**$ 8,532,227**	**$ 9,874,140**	**$14,593,434**
Sale Proceed Before Tax		**$ 2,712,144**	**$ 2,841,116**	**$ 4,950,171**	**$ 8,532,227**	**$ 9,874,140**	**$14,593,434**
- Tax on Capital Gain		$ -	$ -	$ -	$ 314,137	$ 684,085	$ 1,774,281
- Tax on Ordinary Income		$ (23,009)	$ (50,661)	$ (43,374)	$ (32,443)	$ (28,799)	$ (17,868)
= Sale Proceeds After Tax		**$ 2,735,153**	**$ 2,891,776**	**$ 4,993,545**	**$ 8,250,532**	**$ 9,218,854**	**$12,837,021**
Calculations							
Basis at Acquisition		$ 25,910,216	$25,910,216	$25,910,216	$25,910,216	$25,910,216	$25,910,216
+ Capital Additions		$ -	$ -	$ -	$ -	$ -	$ -
- Cost Recovery		$ 123,004	$ 874,810	$ 2,473,018	$ 4,870,328	$ 5,662,885	$ 7,975,089
= Adjusted Basis		**$ 25,787,212**	**$25,035,406**	**$23,437,199**	**$21,039,888**	**$20,247,331**	**$17,935,127**
Sale Price		**$ 10,348,756**	**$20,712,828**	**$21,830,451**	**$23,693,403**	**$24,393,637**	**$26,482,011**
- Cost of Sale		$ 620,925	$ 1,242,770	$ 1,309,827	$ 1,421,604	$ 1,463,618	$ 1,588,921
- Adjusted Basis		$ 25,787,212	$25,035,406	$23,437,199	$21,039,888	$20,247,331	$17,935,127
= Total Gain	MD	**$(16,059,381)**	**$ (5,565,348)**	**$ (2,916,575)**	**$ 1,231,911**	**$ 2,682,687**	**$ 6,957,963**
Captal Gain Tax	25.50%	25.50%	25.50%	25.50%	25.50%	25.50%	25.50%
= Tax on Capital Gain (Savings)		**$ -**	**$ -**	**$ -**	**$ 314,137**	**$ 684,085**	**$ 1,774,281**
Ordinary Income Tax							
+ Recapture of Cost Recovery (None)		$ -	$ -	$ -	$ -	$ -	$ -
- Unamortized Expenditures		$ 53,200	$ 117,135	$ 100,286	$ 75,012	$ 66,587	$ 41,314
=Ordinary Income on Sale (Savings)		**$ (53,200)**	**$ (117,135)**	**$ (100,286)**	**$ (75,012)**	**$ (66,587)**	**$ (41,314)**
× Federal & State Tax	43.25%	43.25%	43.25%	43.25%	43.25%	43.25%	43.25%
= Tax on Ordinanry Income		**$ (23,009)**	**$ (50,661)**	**$ (43,374)**	**$ (32,443)**	**$ (28,799)**	**$ (17,868)**

Investment Results and Sensitivity Tables

For sponsor and investor, pari passu will be calculated based on a 9 percent preferred return and a 30 percent promote rate. The sensitivity analysis for holding five and seven years after stabilization are listed below.

PROFORMA	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
5 years											
Allocate Distributable Cash Flow to Parties											
Investor			**$53,113**	**$161,119**	**$253,431**	**$290,151**	**$330,379**	**$282,573**	**$5,707,239**		
Sponsor			**14,119**	**42,829**	**67,368**	**77,129**	**87,822**	**75,114**	**2,914,275**		
Total Distributable Cash Flow			$67,231	$203,948	$320,799	$367,280	$418,201	$357,687	$8,621,514		
7 years											
Allocate Distributable Cash Flow to Parties											
Investor			**$53,113**	**$161,119**	**$253,431**	**$290,151**	**$330,379**	**$282,573**	**$293,075**	**$296,446**	**$6,970,684**
Sponsor			**14,119**	**42,829**	**67,368**	**77,129**	**87,822**	**75,114**	**77,906**	**78,802**	**3,985,615**
Total Distributable Cash Flow			$67,231	$203,948	$320,799	$367,280	$418,201	$357,687	$370,981	$375,247	$10,956,298

Investors Return (after tax)

5 YEARS				AFTER TAX
Investment Results (Developer)				
LLC (and/or LP) INVESTMENT RESULTS				**LEVERAGED**
	Total			
	LLC	Cash Flow	After-Tax	LLC
	Equity	After	Property	After-Tax
Year	Pay-in	Taxes	Sale	Distribution
0	$(688,408)	$ -	$ -	$ (688,408)
P	$ -	$ -	$ -	$ -
1	$ -	$ 14,119	$ -	$ 14,119
2	$ -	$ 42,829	$ -	$ 42,829
3	$ -	$ 67,368	$ -	$ 67,368
4	$ -	$ 77,129	$ -	$ 77,129
5	$ -	$ 87,822	$ -	$ 87,822
6	$ -	$ 75,114	$ -	$ 75,114
7	$ -		$2,914,275	$2,914,275
Total	$ -	$ 364,381	$ -	$ 364,381
		Internal Rate of Return After Tax		**23.00%**
		After Tax Net Present Value		**$387,983**
			MIRR	**22.41%**
			Hurdle Rate	15.00%
			NPV Rate	15.00%

10 YEARS				AFTER TAX
Investment Results (Developer)				
LLC (and/or LP) INVESTMENT RESULTS				**LEVERAGED**
	Total			
	LLC	Cash Flow	After-Tax	LLC
	Equity	After	Property	After-Tax
Year	Pay-in	Taxes	Sale	Distribution
0	$(688,408)	$ -	$ -	$ (688,408)
P	$ -	$ -	$ -	$ -
1	$ -	$ 14,119	$ -	$ 14,119
2	$ -	$ 42,829	$ -	$ 42,829
3	$ -	$ 67,368	$ -	$ 67,368
4	$ -	$ 77,129	$ -	$ 77,129
5	$ -	$ 87,822	$ -	$ 87,822
6	$ -	$ 75,114	$ -	$ 75,114
7	$ -	$ 77,906	$ -	$ 77,906
8	$ -	$ 78,802	$ -	$ 78,802
9	$ -	$ -	$3,985,615	$3,985,615
Total	$(688,408)	$ 521,089	$3,985,615	$3,818,295
		Internal Rate of Return After Tax		**22.46%**
		After Tax Net Present Value		**$457,869**
			MIRR	**21.72%**
			Hurdle Rate	15.00%
			NPV Rate	15.00%

Sponsors Return (after tax)

5 YEARS				AFTER TAX
Investment Results (Sponsor)				
LLC (and/or LP) INVESTMENT RESULTS				**LEVERAGED**
	Total			
	LLC	Cash Flow	Before-Tax	LLC
	Equity	Before	Property	Before- Tax
Year	Pay-in	Taxes	Sale	Distribution
0	$ -	$ -	$ -	$ -
P	$ (696,782)	$ -	$ -	$ (696,782)
1	$(2,012,420)	$ -	$ -	$(2,012,420)
2	$ -	$ 161,119	$ -	$ 161,119
3	$ -	$ 253,431	$ -	$ 253,431
4	$ -	$ 290,151	$ -	$ 290,151
5	$ -	$ 330,379	$ -	$ 330,379
6	$ -	$ 282,573	$ -	$ 282,573
7	$ -		$5,707,239	$ 5,707,239
Total	$(2,709,202)	$ 1,317,653	$5,707,239	$ 4,315,690
		Internal Rate of Return Before Tax		**18.52%**
		Before Tax Net Present Value		**$382,287**
			MIRR	**17.75%**
			Hurdle Rate	15.00%
			NPV Rate	15.00%

10 YEARS						AFTER TAX
Investment Results (Sponsor)						
LLC (and/or LP) INVESTMENT RESULTS						**LEVERAGED**
		Total				
		LLC	Cash Flow	Before-Tax		LLC
		Equity	Before	Property		Before- Tax
Year		Pay-in	Taxes	Sale		Distribution
0		$ -	$ -	$ -		$ -
P		$ (696,782)		$ -		$ (696,782)
1		$(2,012,420)	$ -	$ -		$(2,012,420)
2		$ -	$ 161,119	$ -		$ 161,119
3		$ -	$ 253,431	$ -		$ 253,431
4		$ -	$ 290,151	$ -		$ 290,151
5		$ -	$ 330,379	$ -		$ 330,379
6		$ -	$ 282,573	$ -		$ 282,573
7		$ -	$ 293,075	$ -		$ 293,075
8		$ -	$ 296,446	$ -		$ 296,446
9		$ -	0	$6,970,684		$ 6,970,684
Total		$(2,709,202)	$ 1,907,173	$6,970,684		$ 6,168,656
			Internal Rate of Return Before Tax			**18.06%**
			Before Tax Net Present Value			**$419,702**
				MIRR		**17.09%**
				Hurdle Rate		15.00%
				NPV Rate		15.00%

RESULTS	**5 years**	
	Total Profits	IRR
Investor	$4,315,690	18.5%
Sponsor	$2,590,247	23.0%
	7 years	
	Total Profits	IRR
Investor	$6,168,656	18.1%
Sponsor	$3,818,295	22.5%

Therefore, the nine-year holding period would be the best choice for the developer.

Construction Management and Scheduling

Anchor W Baltimore is a 156,595 SF Type III-A four-story wood-frame construction structure over a precast concrete podium. The project consists of two nested wood-framed L-shaped structures (the A and the E), oriented for maximum access to light and views, set on top of a concrete podium housing 17,335 square feet of ground floor retail space and 58 parking stalls.

Construction Costs

Budget is often a consideration for mid-rise housing. A growing number of institutions, developers and architects are choosing wood-frame construction, which provides notable cost savings as well as other advantages, including speed of construction, safety, durability, aesthetics, and environmental performance.

Anchor W Baltimore	Building Budget	
	Unit Quantity unit price	total
General Requirements Preparation of work MO 26 $23,842 $619,892		
Preconstruction work Site Work (historic preservation+ tree removal)	SF 45,993 $20.87	$959,874
Concrete Building concrete SF 38,750 $74.87 $2,901,213 +underlayment		
Masonry walls	SF 38,750 $8.56	$331,700
Metals Column, beam, stairs SF 8,750 $10.21 $395,638		
Woods an Plastics	SF 95,630 $44.26	$4,232,584
Thermos and Moisture Water proofing, roofing SF 60,965 $17.85 $1,088,225		
Doors and Windows	EA 224 $3,398	$761,152
Finishes SF 118,670 $16.50 $1,958,055		
Specialties Fire, postal, bath	EA 156,595 $0.48	$75,166
Equipment refrigerator, kitchen, EA 156,595 $5.18 $811,162 laundry		
Furnishing Blinds & shades	EA 156,595 $0.25	$39,149
Conveying systems elevators EA 10 $20,185 $201,850 stop		
Mechanical Plumbing, Sprinkle, HVAC	SF 156,595 $17.86	$2,796,228
Electrical SF 156,595 $8.55 $1,338,887		
Roofing Green Roof System	SF 10,985 $28.90	$317,467
Misc. Permit, allowance SF 45,993 $5.00 $229,965		
Subtotal- Direct Costs		$19,058,205

General Conditions	5.50%	**$1,048,201**
Insurance	1%	**$201,064**
Subtotal		**$20,307,470**
Fee	5.00%	**$1,015,374**
Total Budget		**$21,322,844**
Total Budget $/sf		**$136.17**

A III-A type podium is required to use non-combustible materials for all bearing walls and structural framing, while fire-retardant wood is allowed for non-load bearing interior partitions.

Special Requirements

For a wood frame structure, exterior walls need to be non-combustible, but anything on the interior can be combustible as long as it meets the required ratings.

The arch would be preserved as a design element in the building. Therefore, the facade facing West Baltimore Street would be use faux brick exterior walls to complement the brick arch.

The rooftop of the podium would be built as rooftop terrace. The wood frame rooftop would use solar panels to save utility costs.

The cutting-edge design with various technologies, including electronic apartment key fobs and Apple TVs, will help attract young renters.

The lighting features would consider natural sunlight, using LEDs and sound system to save utility usage.

http://www.apartmentsatcitycenter.com/wp-content/uploads/2013/08/3922_81R0818_1000x666_72.jpg

http://r4architecture.com/blog/wp-content/uploads/2010/02/solar-panels-close-

Parking

Zoning requires 56 parking spaces for the residential apartments and 22 spaces for retail. However, the two sites have 20 off-street parking spaces already. According to the Zoning Code, the retail can count off-street parking spaces if they are approved by the Department of Public Works. The 58 vehicle parking spaces and 112 bicycle parking spaces will be offered on the ground floor podium structure.

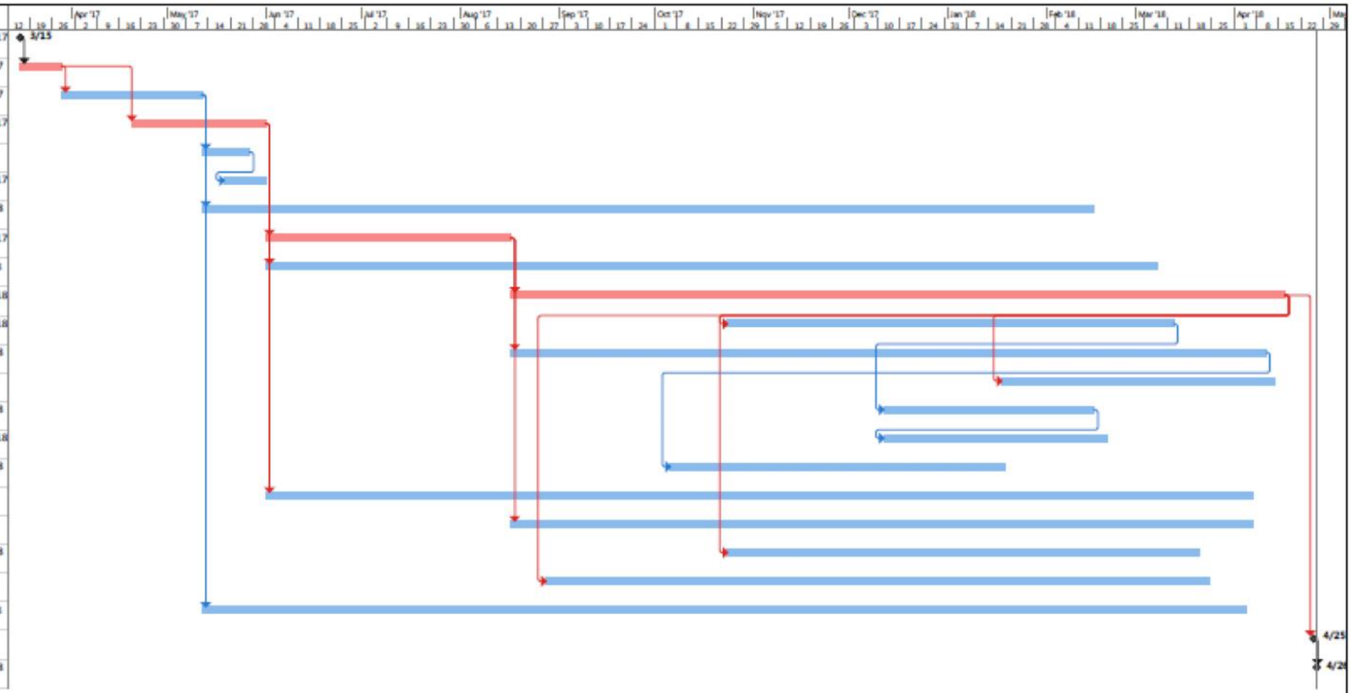
Parking Calculations:			
		Spaces required/unit	**Spaces**
Existing (By right off-street parking)			20
Residential	112 Units	0.5	56
		Required space/SF	
Retail	17,335 SF	(X-4000)/600	22
Total Spaces required			**58**

For the young professionals working in BioPark and downtown, the provided parking spaces would be sufficient because both the transit system and workplaces are nearby.

Project Schedule

It will take 14 months to get the entitlements and begin the construction on west site. The permit process would take two to three months. Take the construction procedure of The A as the example. The 13-month project schedule is:

ID	Task Name	Duration	Start	Finish
1	Notice to Proceed	1 day	Wed 3/15/17	Wed 3/15/17
2	Site Mobilization	9 days	Thu 3/16/17	Tue 3/28/17
3	Grading	32 days	Wed 3/29/17	Thu 5/11/17
4	Install Sewer	30 days	Thu 4/20/17	Wed 5/31/17
5	Install Storm	11 days	Fri 5/12/17	Fri 5/26/17
6	Install Water Service	9 days	Fri 5/19/17	Wed 5/31/17
7	Paving	200 days	Fri 5/12/17	Thu 2/15/18
8	Concrete	55 days	Thu 6/1/17	Wed 8/16/17
9	Masonry	200 days	Thu 6/1/17	Wed 3/7/18
10	Wood	173 days	Thu 8/17/17	Mon 4/16/18
11	Moisture Protection	100 days	Tue 10/24/17	Mon 3/12/18
12	Doors and Windows	169 days	Thu 8/17/17	Tue 4/10/18
13	Finishes	62 days	Thu 1/18/18	Fri 4/13/18
14	Specialties	48 days	Tue 12/12/17	Thu 2/15/18
15	Appliance	50 days	Tue 12/12/17	Mon 2/19/18
16	Equipment	75 days	Fri 10/6/17	Thu 1/18/18
17	Conveying System	222 days	Thu 6/1/17	Fri 4/6/18
18	Plumbing	167 days	Thu 8/17/17	Fri 4/6/18
19	HVAC	106 days	Tue 10/24/17	Tue 3/20/18
20	Sprinkler	150 days	Mon 8/28/17	Fri 3/23/18
21	Electrical	234 days	Fri 5/12/17	Wed 4/4/18
22	Use and Occupation Inspection	7 days	Tue 4/17/18	Wed 4/25/18
23	Substantial Completion	1 day	Thu 4/26/18	Thu 4/26/18



Project: Project aw
Date: Fri 11/20/15

Task | Split | Milestone | Summary | Project Summary | Inactive Task | Inactive Milestone | Inactive Summary | Manual Task | Duration-only | Manual Summary Rollup | Manual Summary | Start-only | Finish-only | External Tasks | External Milestone | Deadline | Critical | Critical Split | Baseline | Baseline Milestone | Baseline Summary | Progress | Manual Progress

Page 1

Construction management can reduce working days through a well-planned work sequence. The listed works are projected starting from material submittal. As a result, some of them last longer than actually needed. The following table explains duration and actual working days.

duration and actual working days.

Tasks	Duration (days)	Cost Days
Notice to proceed	1	
Site Mobilization	9	
Grading	32	55
Install Sewer	30	10
Install Storm	11	11
Install water service	9	9
Paving	233	12
Concrete	120	41
Masonry	242	162
Wood	250	164
Moisture protection	131	131
Doors and windows	275	48
Finishes	98	98
Specialties	48	22
Appliance	50	21
Equipment	75	31
Conveying systems	384	131
Plumbing	232	110
HVAC	130	50
Sprinkler	150	53
Electrical	262	220
Use & Occupation inspection	17	17
Substantial Completion	1	1
Total	407	1376

Impact on Financing and Design

The special requirements for rooftop amenities and finishes add to the general construction cost. However, the operational expense would be saved.

Overall, a wood structure over pre-cast concrete podium is a popular construction type for mid-rise buildings. The major benefit of using wood is cost saving. Wood can be locally sourced and is usually less expensive than alternative building materials. Building with wood, whether custom or prefabricated, is fast and efficient, and can be undertaken year-round in almost any climate. Also, the tax and insurance costs during construction are lower. The speed and ease of building means leasing can start sooner.

In addition, wood building systems typically cost less to install than other mainstream structural materials. Experienced wood contractors are widely available, and workers of varying skill levels can quickly learn wood construction techniques.

Considering environmental impacts, wood performs better than concrete and steel in terms of embodied energy, air and water pollution, and carbon footprint.

Because the site is in an urban area and potential customers would work nearby, the site reduces parking construction costs by counting 20 off-street parking spaces. Meanwhile, the bicycle lots are provided as well as wide sidewalks. With the 58 parking spaces, the podium cost is significantly reduced for about $1.6M.

Marketing and Management

Lease-up Assumption

Because current rental properties in Hollins Market do not offer an urban environment with amenities within walking distance, the targeted customers, young professionals working in downtown and at BioPark have limited housing choices near their work places. Even with the limited choice of rental housing and few daily services, vacancy rate for multifamily buildings in Hollins Market is zero percent.

Anchor W Baltimore would be the first mixed-use multifamily development since 2005 in Hollins Market. Offering sustainable living with proximity to employers and retail stores, convenient transportation access, rooftop terrace, green open spaces and technology solutions for security, Anchor W Baltimore will lease quickly. With only 56 units in each building, the anticipated lease-up period is five months or to be more conservative, leasing speed would be six units per month. It will take nine months to occupy 95 percent of the 56 units. Once the A is leased-up, the E will be much quicker to lease. However, the E is still assumed at nine months to lease up apartments.

The A’s 7,670 square feet of retail would first be occupied by two to three tenants, aiming for a restaurant, convenience store, and cafe. The E’s 9,665 square feet of retail would be split into three to four spaces occupied by grocery store, gym, dry cleaners or home appliance store.

Due to the barely existing current retail services for the more than 1,000 employees and students in BioPark, the A’s retail space would rent out quickly. Assuming the retail spaces in the A leased out in the pre-leasing period, the stores would be open before leasing out residential apartments. Once the A is established, the retail space in the E would target noted local restaurants, national chains, or a grocery store anchor tenant.

The lease-out, tenant improvement, and opening process for retail spaces in the E would between five and eight months.

There are plenty of mixed-use multifamily buildings near the large employee bases that have leased up in a similar time frame. For example, the Landmark in College Park was totally leased out in August 2015 with monthly rents ranging from $989 to $1,790, when the project just finished.

Vacancy Assumption

Although the new development would be fully leased, the vacancy rate and credit loss should be considered. The income stream considers the residential portion with a five percent vacancy and the retail portion with a ten percent vacancy in pro-forma calculations. A 0.35 percent credit loss would be considered.

Rent Mix and Price

It is a trend that units targeting Generation Y are compact but with various amenities. According to Southwest Partnership Vision Plan, the desired size and price of a low-rise rental building would be 550 to 1,000 square feet, renting at between $850 and $1,350 per month. Current asking rent for retail spaces in Hollins Market ranges from $16 to $18 per square foot. The proposed unit mix is listed in the following table.

Residential	Size & Style	Units	Sq.ft.	Rent per Unit/month	
The A	Studio	8	525	$ 1,108	Gross SF/ Floor
	1 B/1 B	28	684	$ 1,382	
	2 B/1 B	12	893	$ 1,717	
	2 B/2 B	8	1024	$ 2,311	
	Total	**56**	**42,260**		**12,335**
	Average		**755**	**$ 1,547**	
The E	Studio	5	525	$ 1,181	Gross SF/ Floor
	1 B/1 B	17	684	$ 1,445	
	2 B/1 B	24	893	$ 1,783	
	2 B/2 B	10	1024	$ 2,343	
	Total	**56**	**45,925**		
	Average		**820**	**$ 1,727**	**15,430**

Non-Residential		Units	Sq.ft.	Unit/year	
The A	Retail	2	7,670	$ 18.00	Gross SF/ Floor
	Parking	18	5,825		
	Lobby	1	3,040		**16,535**
The E	Retail	3	9,665	$ 20.00	Gross SF/ Floor
	Parking	48	15,140		
	Lobby	48	2,665		**22,215**

Expense Assumptions

The utility costs are 10 percent lower than a non-green building because of the building's solar panels, energy saving equipment, and the lighting and water saving features. In addition, the security system helps save money on janitorial costs.

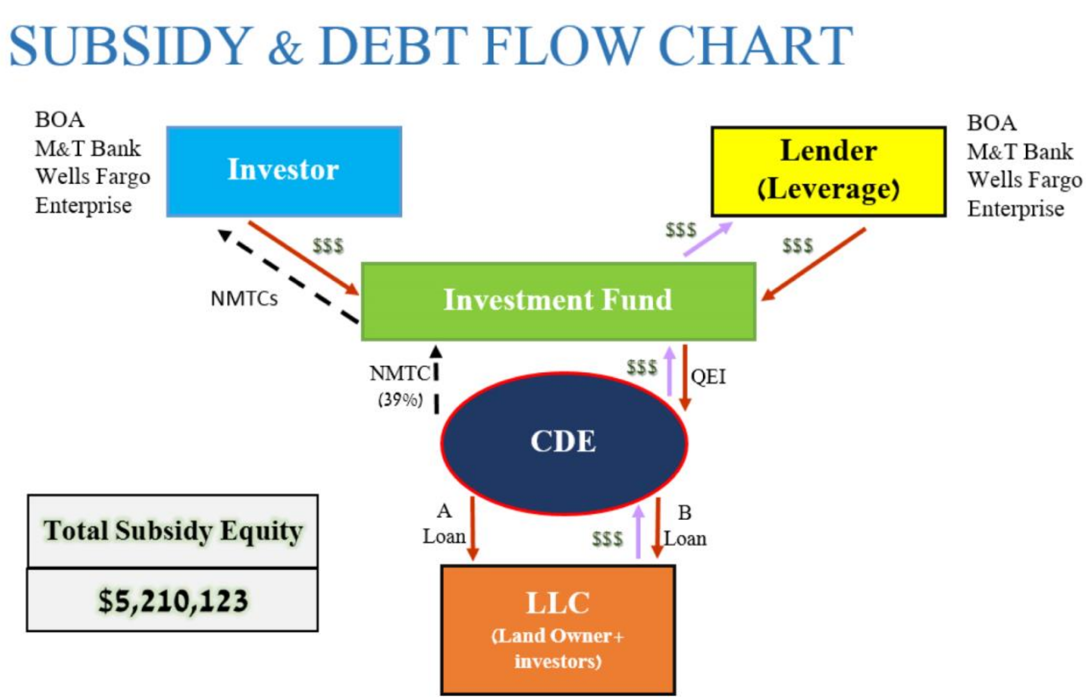
Capital Source Assumptions

Because Anchor W Baltimore is in an emerging market, conventional lenders—banks would only take 65 percent LTV and require a 1.25 DSCR.

Tax credit programs and City Grant support Anchor W Baltimore as a high-quality, viable project.

New Market Tax Credit (NMTC) offered $2,731,470 for the A and $2,478,653 for the E. Hollins Market is a post-industrial area with a growing employee base, which would be one of the target areas of NMTC. The credit equals 39 percent of the investment paid out (five percent in each of the first three years, then six percent in the final four years, for a total of 39 percent) over seven years (more accurately, six years and one day of the seventh year).

The remaining development costs would be covered by the developer and other equity partner. Partnering with a CDE, like Baltimore Community Lending, will save time in the application process. Hiring a historic tax credit consultant will ensure that subsidies are granted in a timely way.



The calculations are shown below:

FTC price/ dollar TC		$ 0.85
NMTC %		39%
Appicable Basis-NMTC (estimate of TDC)		66%
TDC		$ 26,430,420
Applicable Basis		$ 17,318,799
NMTC		$ 6,754,332
QEI of NMTC		**$ 5,741,182**
Sub-allocation Fees	7.25%	$ 416,236
CDE Committee Fee	2.00%	$ 114,824
Net of NMTC		**$ 5,210,123**

Tax Assumptions

Because the site is in an Enterprise zone, the project can use a ten-year credit against local real property taxes for business improvements or new construction. The credit is based on new property taxes generated as a result of expansion or new construction. In years 1-5, Baltimore City will waive 80 percent of the new property taxes generated. In years 6-10 the credit decreases by 10 percent annually (70, 60, 50, 40, and 30 percent).

In addition, the site is also located in the Baltimore City Enterprise Zone Focus Area, where the real property tax credit remains at the 80 percent level for the full ten years of the certification; the employment tax credit is increased to $1,500 per new employee and $9,000 per disadvantaged employee. Unlike Enterprise Zones, Focus Areas also include an 80 percent abatement of the Personal Property Tax for the full ten years of the certification.

The calculations are shown below:

Property Tax Benefit/ year 1-5		
Current Assessment		$ 1,319,366
Hard Costs		$ 18,424,740
Assessment Factor		80%
Incremental Assessment		$ 15,795,285
Property Tax Rate (BC)		2.268%
Property Tax Benefit		**$ 358,237**
New Job Tax Benefits		
Retail Jobs Temp		40
Residential Job Temp		30
Retail Jobs FT		40
Residential Job FT		20
Average Taxable Salary (Temp)		$ 15,000
Average Taxable Salary (FT)		$ 25,000
75% City Residents		$ 1,912,500
City Payroll Tax Rate		3.05%
New Job Tax Benefits		**$ 58,331**

Return Assumptions

The buyers of tax credit syndicates LLC with the developer and the other equity investors.

The bank would have first priority to be paid back. The investor would have a 9 percent preferred return and with pari-passu ratio at 20/80.

The developer, who owns the land, would have the last priority to get payment, but would have 10 percent development fee plus 30 percent promotion fee with pari-passu ratio at 80/20.

Financial Summary

The Total Development Cost (TDC) for the project is $26 million, with 65 percent conventional loan and 35 percent equity. The Federal Historic Tax Credit, New Market Tax Credit, and City inclusionary grant offers about $6 million. The investor provides $2.6 million. The developer offers the land.

Uses	The A	The E	Total
Acquisition	$ 79,589	$ 774,861	$ 854,450
Land Improvement	$ 5,000	$ 45,000	$ 50,000
Construction	$ 8,132,739	$11,924,156	$ 20,056,895
Con. Fin.	$ 493,047	$ 722,902	$ 1,215,949
Soft Costs	$ 1,031,853	$ 230,527	$ 1,262,380
Permanent Fin.	$ 54,409	$ 71,959	$ 126,369
Reserves	$ 110,667	$ 110,667	$ 221,335
Development Fees	$ 1,100,812	$ 1,542,230	$ 2,643,042
TDC (160.23/SF)	**$11,008,117**	**$15,422,302**	**$ 26,430,420**

Sources	The A	The E	Total
Sponsor	$ 79,589	$ 774,861	$ 854,450
Investors	$ 696,782	$ 1,899,491	$ 2,596,273
NMTC	$ 2,731,370	$ 2,478,653	$ 3,382,531
City Grants	$ 345,000	$ 414,000	$ 759,000
1st Mortgage	$ 7,155,276	$ 9,855,298	$ 17,010,574
Total	**$ 11,008,117**	**$ 15,422,302**	**$ 26,430,420**

In year 9, the property is expected to sell for $24 million. The IRR for the investor would be 18.52 percent, and the IRR for the sponsor is 23 percent.

Conclusion

Anchor W Baltimore, is a premier mixed-use development in the Hollins Market neighborhood, featuring 17,335 square feet of restaurant and retail space, apartments with green and technology amenities, adjacent to world-class institutions and a multitude of public and private transit options. Anchor W Baltimore is the epitome of ideal urban living with convenience and affordability.

The project comprises two buildings: The A and The E. In addition to the retail spaces, the A building is 49,430 square feet with 56 apartments in four stories. The E building is 90,720 square feet with 56 apartments in three stories. With sleek modern and preserved historical elements, Anchor W Baltimore will be a premier place to live, work, dine, and play.

In addition to the return for investors, Anchor W Baltimore improves local quality of life by meeting the retail demand in the neighborhood, anticipating the live-work-balance of an emerging demographic, improving the area's public safety, and preserving the rich history of Hollins Market.

In turn, the improved area brings economic opportunities to help revitalize a major commercial corridor in Southwest Baltimore.

Acknowledgments

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Thank you, Shuchun Wang