



The Oasis at Druid Lake

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Fall 2016

Proposal

- ▶ **126 Market-Rate Residential Units**
 - ▶ Offers Lakefront/Downtown Views
 - ▶ Responds to Economic Need
 - ▶ Provides High Quality Housing
 - ▶ Serves as Neighborhood Re-Investment
- ▶ **Development Costs- \$20.6M**
 - ▶ Conventional Debt- 70%
 - ▶ Developer Equity- 5%
 - ▶ Investor Equity- \$25%

Location-City Context

- ▶ 3.5 miles, 13 minute drive NW of downtown
- ▶ Located in Reservoir Hill neighborhood
- ▶ Adjacent to Druid Hill Park/Druid Lake



Location- Neighborhood

Reservoir Hill

- ▶ Physically Bordered by McCulloh St., W North Ave and I-83
- ▶ Surrounding Neighborhoods
 - ▶ Bolton Hill
 - ▶ Druid Heights
 - ▶ Penn North



Location- Site

- ▶ Two Vacant Parcels
- ▶ 735-745 & 747-757 Druid Park Lake Drive
- ▶ Block 3641, Lots 35 and 36
- ▶ Currently owned by City of Baltimore



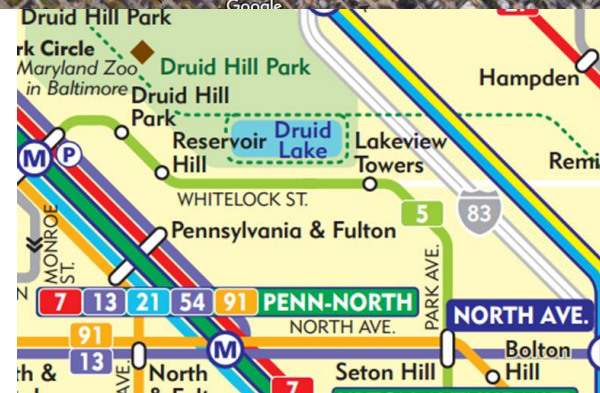
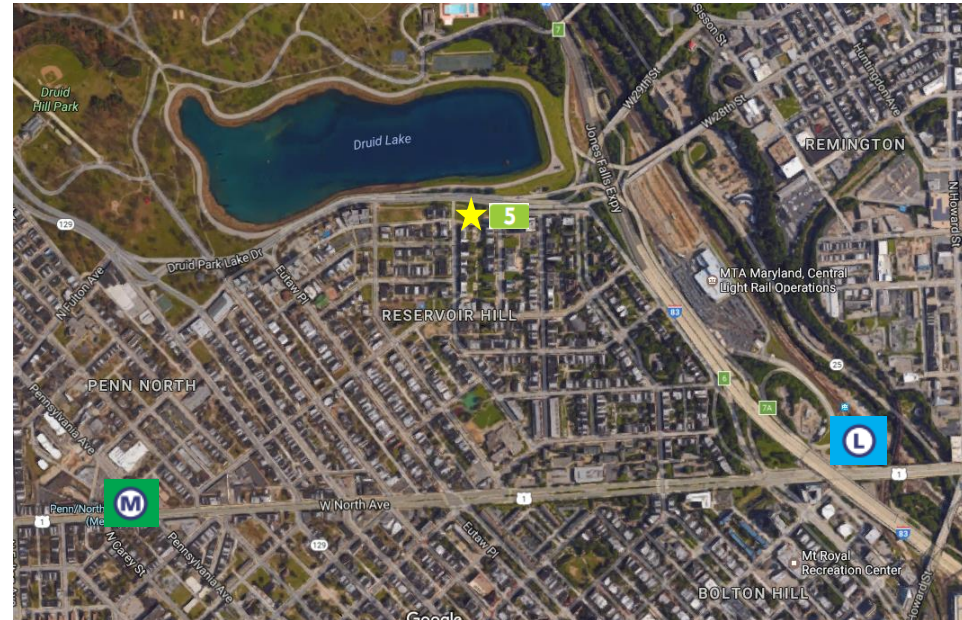
Site- Conditions

- ▶ Heavy Traffic along Druid Park Lake Drive
- ▶ Lower Grade than Lake
- ▶ Vehicular Oriented



Site- Transit Access

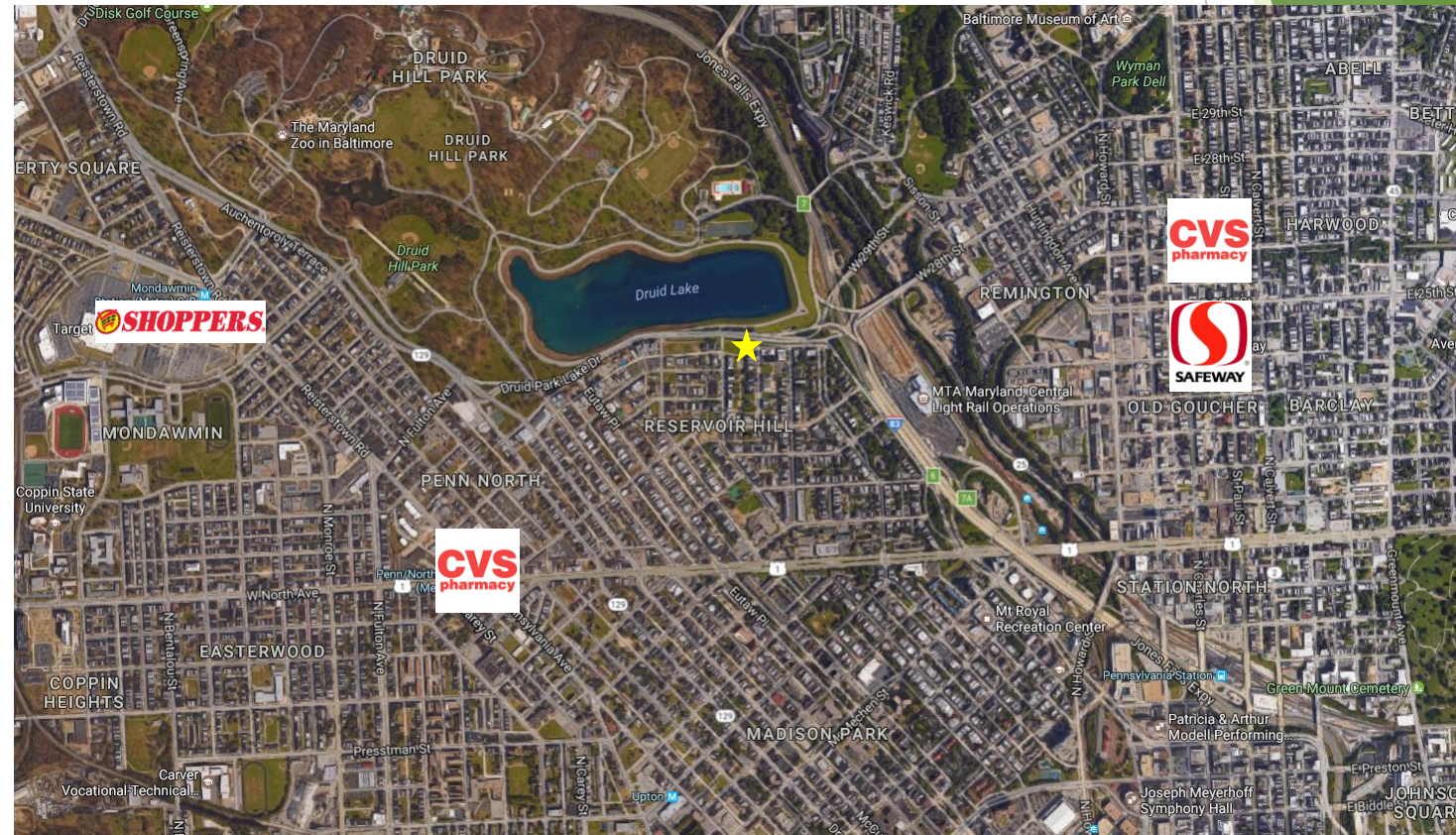
- ▶ Closest Access is 005 bus
- ▶ Penn/North Subway station 0.8 miles from site
- ▶ North Ave Light Rail Station 0.9 miles from site



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Site- Amenities/Services

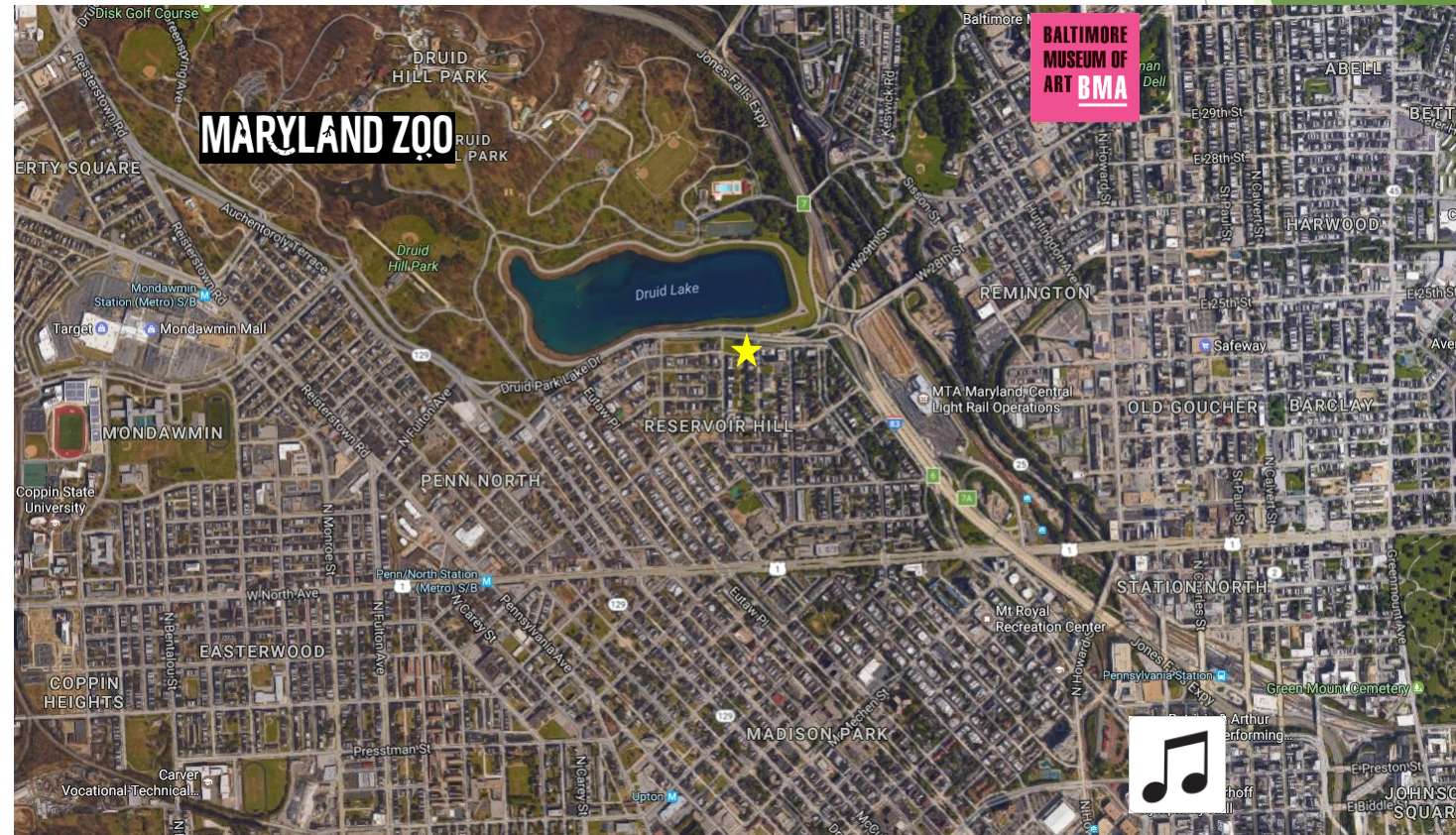
- ▶ Old Goucher Safeway/CVS 1.1 miles East of site
- ▶ Shoppers 1.1 miles West of site



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Culture/Recreation

- ▶ Maryland Zoo in Baltimore-
 - ▶ 1.5 miles from site
- ▶ Joseph Myerhoff Symphony Hall-
 - ▶ 1.7 miles from site
- ▶ Baltimore Museum of Art
 - ▶ 1.6 miles from site



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Neighborhood History

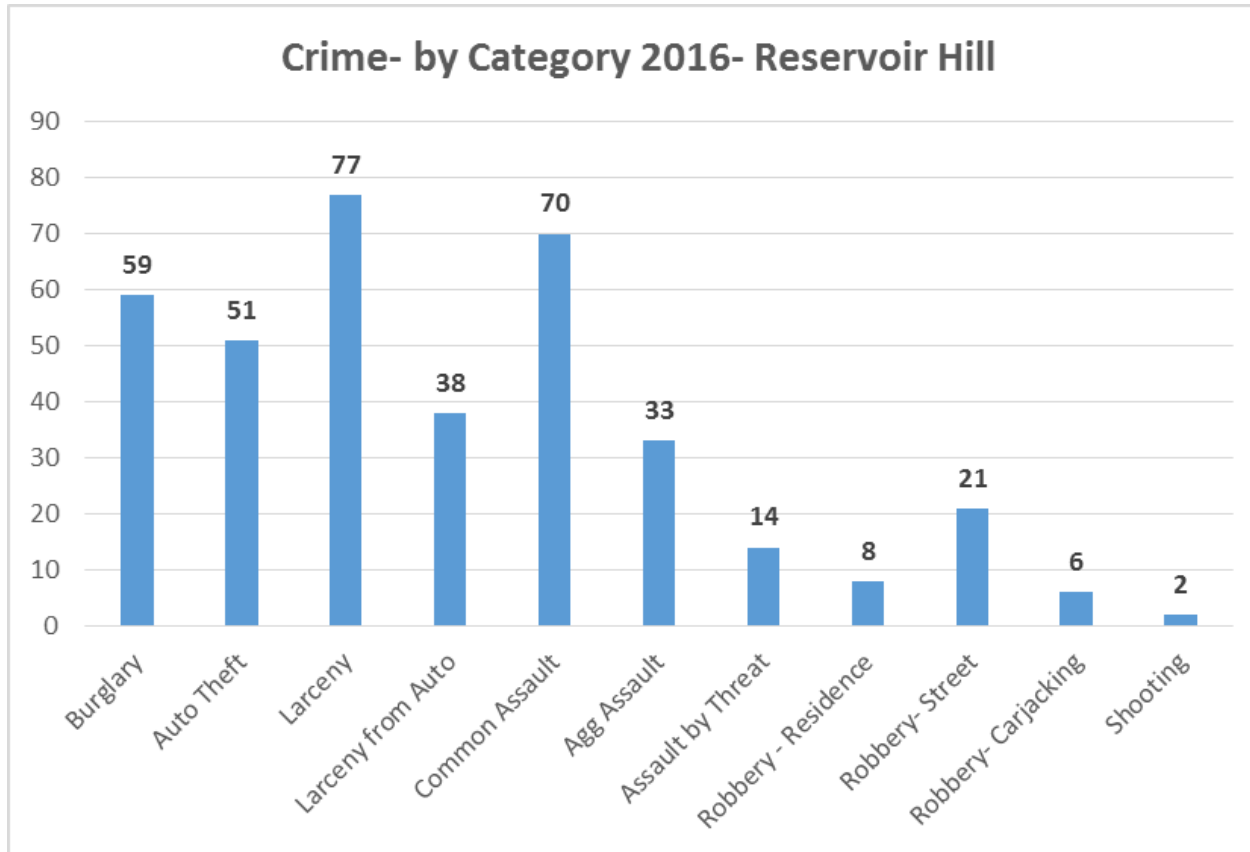
Reservoir Hill

- ▶ Once one of the city's most prominent neighborhoods
- ▶ Plagued by blight, deterioration, crime in 1960s
- ▶ Currently falls within a city-designated re-investment incentive area



Source: <http://whitelockfarm.org/about/>

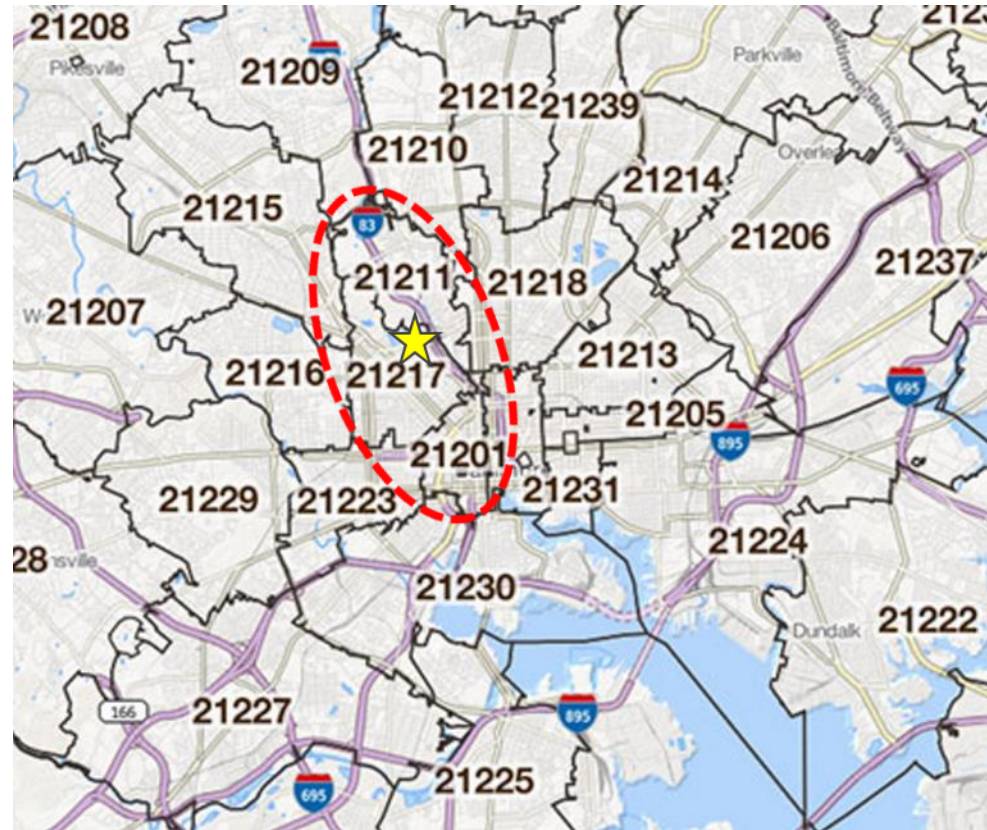
Crime



Source: Baltimore Police Department

Primary Market Area

- Zip Codes 21201, 21217 and 21211



Market- Population

Baltimore City					
Population	Count	Total Change		Annual Change	
		#	%	#	%
2012	620,644				
2014	622,271	1,627	0.3%	814	0.1%
2016 proj.	624,138	1,867	0.3%	933	0.1%
2018 proj.	625,386	1,248	0.2%	624	0.1%
Households	Count	Total Change		Annual Change	
		#	%	#	%
2012	240,630				
2014	242,212	1,582	0.7%	791	0.3%
2016 proj.	243,423	1,211	0.5%	606	0.3%
2018 proj.	244,397	974	0.4%	487	0.2%

Primary Market Area				
Count	Total Change		Annual Change	
	#	%	#	%
72,262				
73,882	1,620	2.2%	810	1.1%
75,360	1,478	2.0%	739	1.0%
76,716	1,356	1.8%	678	0.9%
Count	Total Change		Annual Change	
	#	%	#	%
31,700				
32,405	705	2.2%	353	1.1%
33,053	648	2.0%	324	1.0%
33,648	595	1.8%	297	0.9%

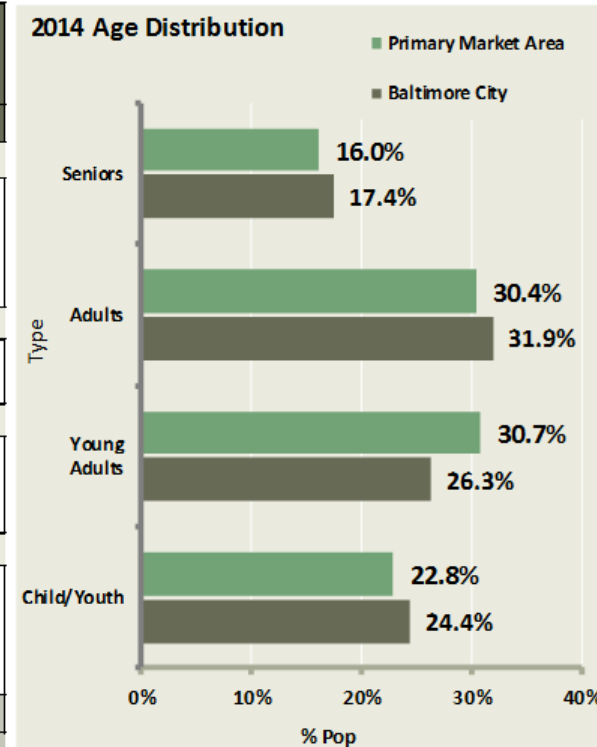
Source: 2010-2014 American Community Survey 5-Year Estimates

Market- Age Distribution

- ▶ Median Age slightly younger in PMA
- ▶ Largest Age Group within PMA are 20-34 year olds

	Baltimore City		Primary Market Area	
	#	%	#	%
Children/Youth	151,532	24.4%	16,869	22.8%
Under 5 years	41,685	5.9%	4,516	6.7%
5-9 years	36,044	6.7%	4,138	6.9%
10-14 years	34,133	7.2%	3,890	6.6%
15-19 years	39,670	6.7%	4,325	6.0%
Young Adults	163,731	26.3%	22,717	30.7%
20-24 years	53,765	6.0%	6,702	6.6%
25-34 years	109,966	12.0%	16,015	14.9%
Adults	198,629	31.9%	22,444	30.4%
35-44 years	75,159	13.4%	8,507	14.3%
45-54 years	84,557	15.8%	9,637	14.0%
55-59 years	38,913	9.2%	4,300	8.0%
Seniors	108,379	17.4%	11,852	16.0%
60-64 years	34,228	3.9%	3,299	3.4%
65-74 years	40,720	7.8%	4,620	7.1%
75-84 years	23,926	3.6%	2,541	3.5%
85 and older	9,505	1.8%	1,392	1.9%
TOTAL	622,271	100%	73,882	100%
Median Age	33		32	

Source: US Census American Fact Finder 2010-2014 estimates



Market- Housing Types

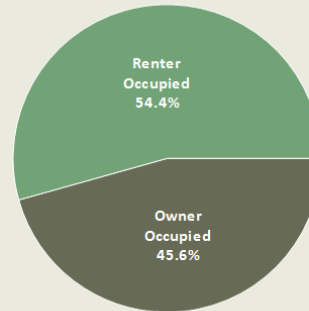
- ▶ 70.4% Renter Occupied in PMA as of 2014
- ▶ Projected at 71.4% for 2016

Baltimore City	2012		2014		2016 proj.		2018 proj.	
Housing Units	#	%	#	%	#	%	#	%
Owner Occupied	117,500	48.8%	114,407	47.2%	111,314	45.6%	108,221	44.0%
Renter Occupied	123,130	51.2%	127,805	52.8%	132,480	54.3%	137,155	55.9%
Total Occupied	240,630	100%	242,212	100%	243,794	100%	245,376	100%
Vacancy	55,807	18.8%	54,419	18.3%	53,031	17.9%	51,643	17.4%
TOTAL UNITS	296,437		296,631		296,825		297,019	

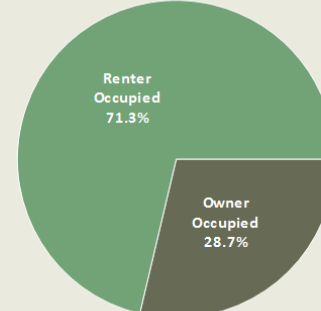
Primary Market Area	2012		2014		2016 proj.		2018 proj.	
Housing Units	#	%	#	%	#	%	#	%
Owner Occupied	9,688	30.6%	9,594	29.6%	9,500	28.7%	9,406	27.8%
Renter Occupied	22,012	69.4%	22,811	70.4%	23,610	71.3%	24,409	72.2%
Total Occupied	31,700	100%	32,405	100%	33,110	100%	33,815	100%
Total Vacant	9,756	23.5%	9,400	22.5%	9,044	21.5%	8,688	20.4%
TOTAL UNITS	41,456		41,805		42,154		42,503	

Source: 2010-2014 American Community Survey 5-Year Estimates

2016 proj. Occupied Units by Tenure
Baltimore City



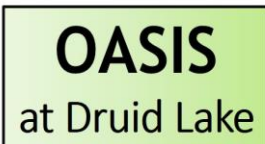
2016 proj. Occupied Units by Tenure
Primary Market Area



PMA- Economic Drivers

All within 2 miles of site:

- ▶ Johns Hopkins University & Hospital
- ▶ Coppin State University
- ▶ University of Baltimore
- ▶ Maryland Institute College of Art
- ▶ Total of 34,400 students and over 46,340 full time employees

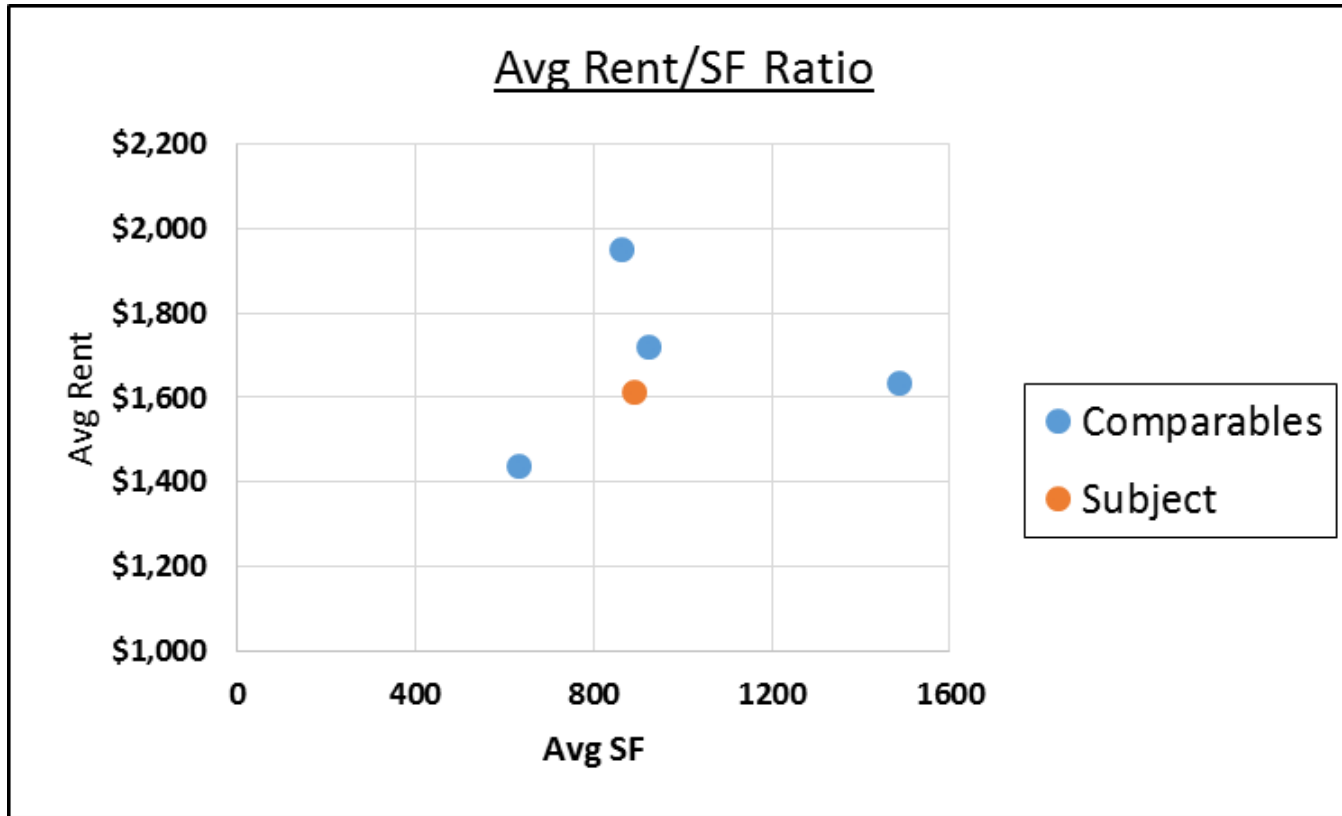


Comparable Properties

Community	Year Built	Vacancy	Type	Total Units	Studio Units				One Bedroom Units				Two Bedroom Units							
					Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF	Avg SF	Avg Rent	Avg Rent/SF	
Subject																				
Oasis at Druid Lake (Proposed)		N/A	N/A	Mid Rise	126	14	\$1,350	600	\$2.25	76	\$1,575	825	\$1.91	36	\$1,800	1,150	\$1.57	892	\$1,614	\$1.81
			Unit distribution	126	11%				60%				29%							
Comparables																				
Remington Row	2016	0.00%	Mid Rise	108	0	\$0	0	N/A	70	\$1,610	821	\$1.96	38	\$1,919	1,111	\$1.73	923	\$1,719	\$1.86	
520 Park Avenue	2014	4.10%	Mid Rise	171	12	\$1,163	410	\$2.84	136	\$1,384	610	\$2.27	23	\$1,883	881	\$2.14	632	\$1,436	\$2.27	
Landbank Lofts	2010	6.20%	Mid Rise	63	0	\$0	0	N/A	49	\$1,592	1,383	\$1.15	14	\$1,789	1,857	\$0.96	1488	\$1,636	\$1.10	
ICON Residences at the Rotunda	2016	75.70%	Mid Rise	379	64	\$1,413	583	\$2.42	191	\$1,680	753	\$2.23	124	\$2,643	1,178	\$2.24	863	\$1,950	\$2.26	
Total/Average within Comps		21.50%		721	76	\$644	248	\$2.59	446	\$1,567	892	\$1.76	199	\$2,059	1,257	\$1.64	925	\$1,605	\$1.74	
Unit distribution				721	11%				62%				28%							
% of Total				100%																

- Subject Unit Mix Ratio in Line with Market
- Avg. Rent/SF slightly higher in base case

Avg. Rent / Avg. SF Ratio



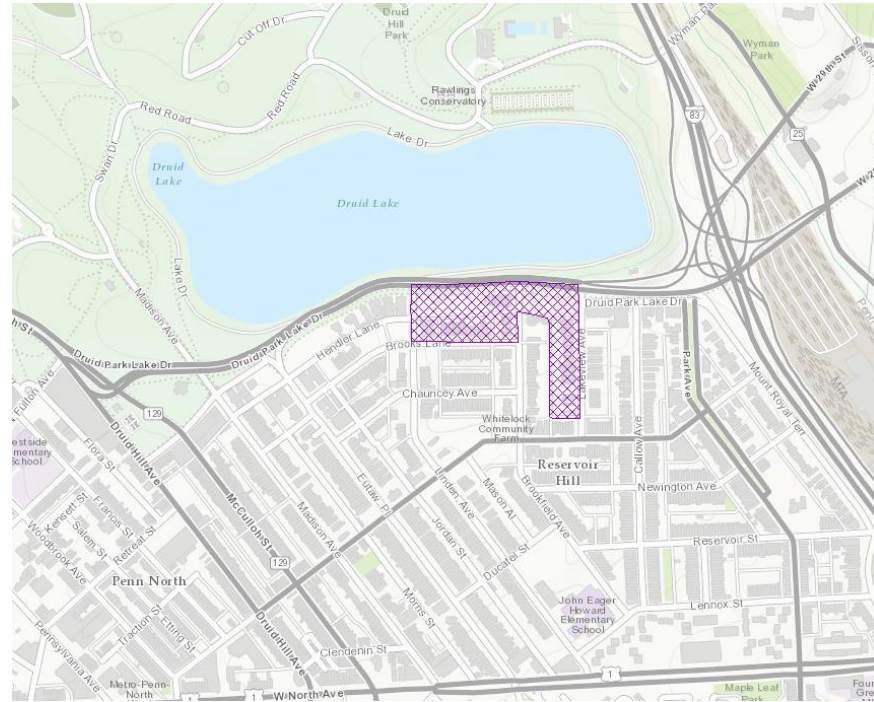
Regulatory Context

- ▶ Current Zoning- R9
 - ▶ Proposed Zoning- R10 for increased density
- ▶ Combination of Two Parcels also Required



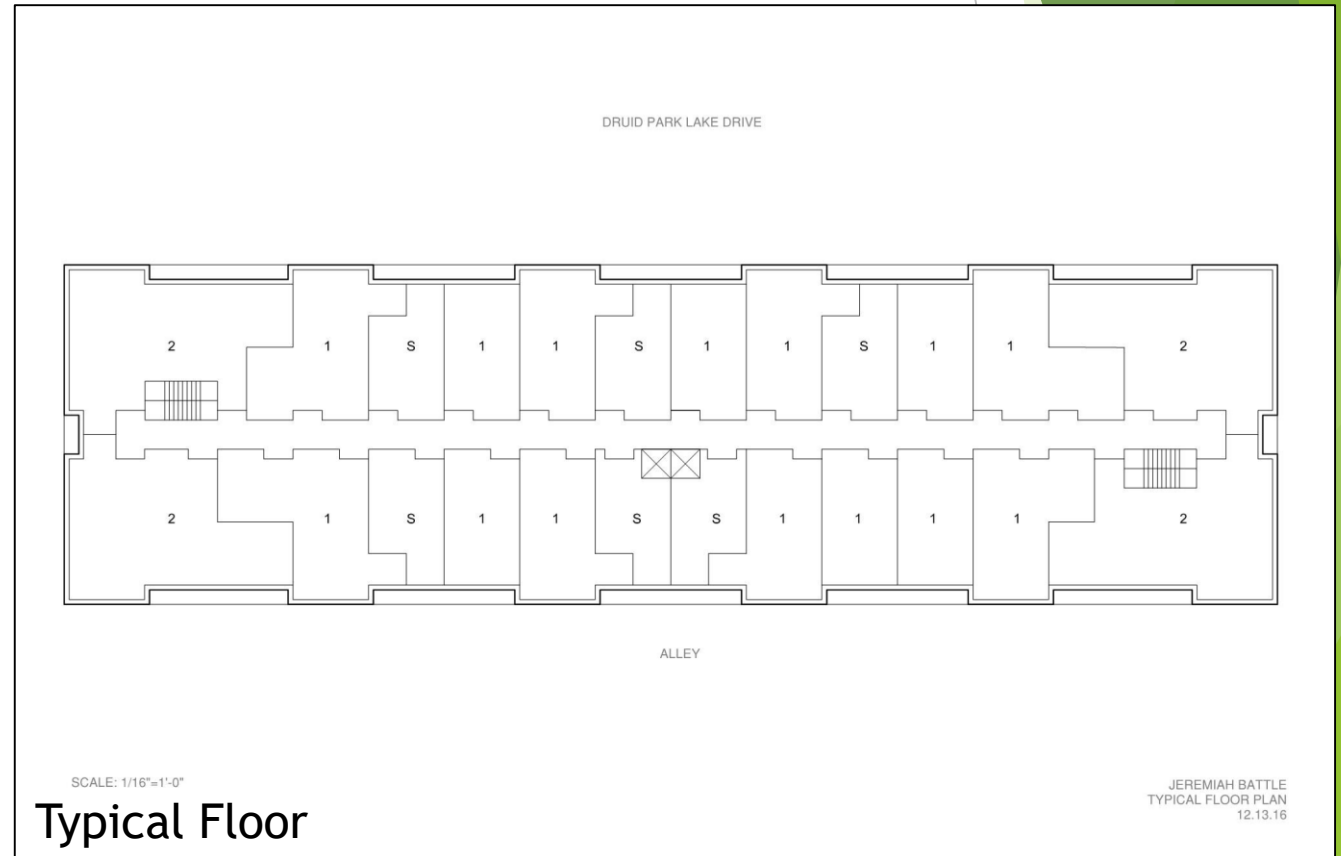
Reg. Context- Incentives

- ▶ “Vacants to Value”
 - ▶ Blight Elimination Initiative
 - ▶ RFP
 - ▶ Application
 - ▶ Community Meetings
- ▶ High Performance Market Rate Tax Credit



Unit Mix/Layout

- ▶ 14 Studio Units (11%)
 - ▶ 600 SF average
- ▶ 76 One Bedroom Units (60%)
 - ▶ 825 SF Average
- ▶ 36 Two Bedroom Units (29%)
 - ▶ 1150 SF Average



Amenities

- ▶ Controlled Access
- ▶ Fitness Center
- ▶ Business Center
- ▶ Rooftop Lounge



Construction Assumptions

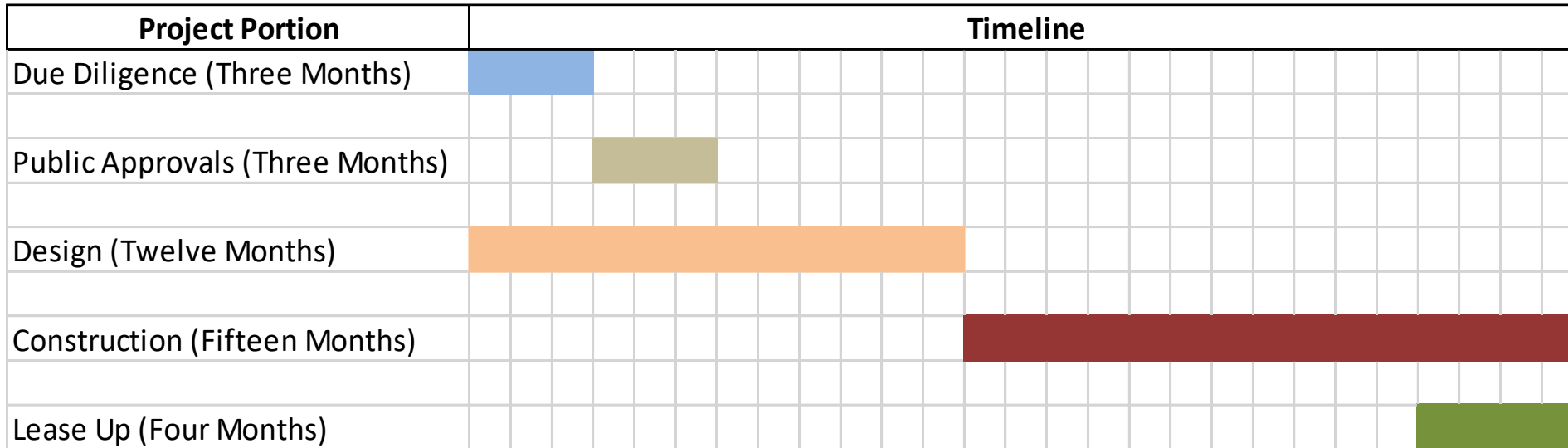
- ▶ Construction Type IIIA
 - ▶ Max building height 85 ft, five stories, with automatic sprinkler system
- ▶ 5 Levels of Stick Frame above concrete podium
- ▶ Total Building Size- 135,935 sf
- ▶ Estimated Construction Period- 15 Months



Environmental Benefits

- ▶ LEED silver per High Performance Tax Credit Requirements
 - ▶ Energy Efficient Lighting
 - ▶ Low-Flow appliances
 - ▶ Green Roof
 - ▶ Stormwater runoff reduction
 - ▶ Energy Use Reduction

Development Timeline



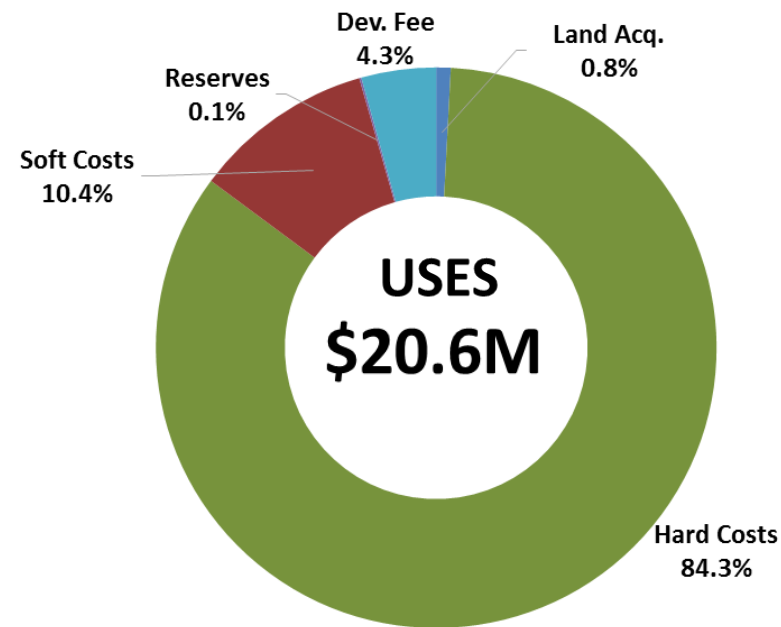
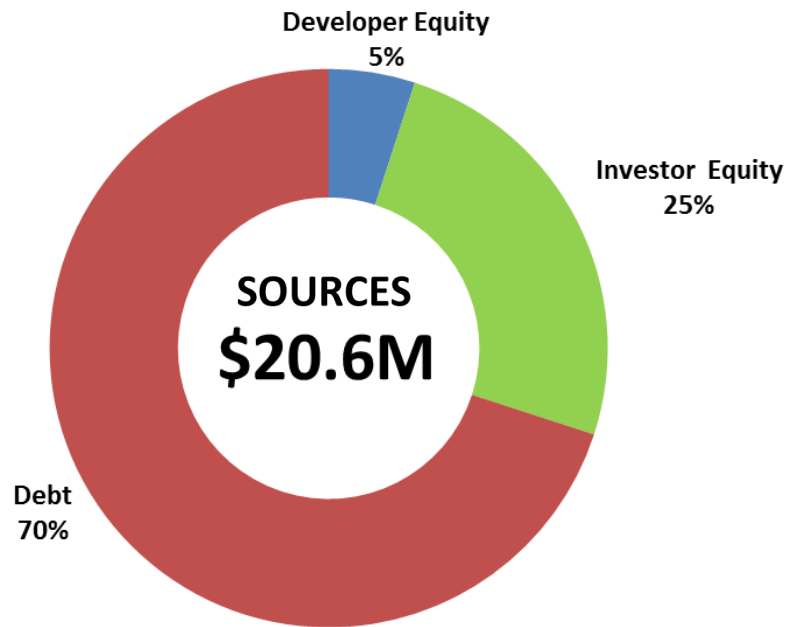
Financing- Assumptions

- ▶ Development Costs- \$20.6M (\$163.7K/unit)
 - ▶ \$170.8K land acquisition
 - ▶ \$17.4M Hard Costs
 - ▶ \$2.1M Soft Costs
 - ▶ \$25K Year 1 Replacement Reserves
 - ▶ \$888K Development Fee

Financing- Assumptions

- ▶ Escalations
 - ▶ GPR- 2%
 - ▶ Opex- 3%
- ▶ Debt Calculation
 - ▶ Lesser of 1.20x DSCR and 75% LTV based on Year 1 NOI
 - ▶ 4.50% Interest Rate, 30 Year Amortization
 - ▶ 4.75% Interest only during construction

Financing- Sources & Uses



Operating Budget

Base Case

- ▶ Year 1 GPR- \$2,440,255
- ▶ Year 1 Vacancy- 10%
- ▶ Opex- \$6,240/unit
- ▶ NOI Before Reserves/DS- \$1,371,322

Stress Case

- ▶ Year 1 GPR- \$2,199,128
- ▶ Year 1 Vacancy- 15%
- ▶ Opex- \$6,240/unit
- ▶ NOI Before Reserves/DS- \$1,060,083

Cash Flow / DSCR

Base Case

- ▶ Year 1 Net Cash Flow- \$462K
- ▶ Year 1 DSCR- 1.55x
- ▶ Average DSCR- 1.81x

Stress Case

- ▶ Year 1 Net Cash Flow- \$151K
- ▶ Year 1 DSCR- 1.20x
- ▶ Average DSCR- 1.53x

Financial Returns

Base Case

- ▶ LIRR- 14.63%
- ▶ Proceeds from Sale- \$14.73M

Stress Case

(Lower Rents, Cap Rate up 50bps)

- ▶ LIRR- 10.01%
- ▶ Proceeds from Sale- \$10.07M

Overall Challenges

- ▶ Economic/Social Conditions
 - ▶ Crime
 - ▶ Neighborhood Disinvestment
 - ▶ Walkability
- ▶ Lack of Commercial Options/nearby amenities

Opportunities

- ▶ Regulatory Incentives
 - ▶ Vacants to Value
 - ▶ High Performance Tax Credit
- ▶ Demand
 - ▶ Close to Economic Drivers
- ▶ Catalytic Neighborhood Reinvestment