

## Appendix 3. Catalyst Concept – Infill Redevelopment

# Boutique Hotel

### Development Program.

90 rooms; 40,500 square feet total building area; four-stories; ground floor restaurant; 90 surface parking spaces; 1.5 acre site.



# Hospital Site: Boutique Hotel

- Private sector perspective (developer)
- How much value can be accommodated on site?  
**\$12.0 million**
- What will it cost?
- Does it generate a reasonable return?
- If not, what is the “gap”, i.e., costs exceed value?
- What mechanisms are available to “fill the gap”?

Development Program	Units/Spaces	Square Feet	Assumption Factors
Retail/Restaurant		4,500	
Employment		0	
Residential (Rental)	0	0	800 SF/Unit
Residential (For-Sale)	0	0	1,800 SF/Unit
Hotel	90	36,000	400 SF/Unit
Gross Floor Area		40,500	
Project Land Area		64,000	1.5 Acres
Floor Area Ratio		63%	
Surface Parking	90	28,800	320 SF/Space
Structured Parking	0	0	320 SF/Space
Estimated Project Value (Stabilized Yr)			
Total Retail/Restaurant Rentable SF		4,500	100% Bldg. Efficiency Ratio
Rent/SF*		\$15.00	
Total Employment Rentable SF		0	95% Bldg. Efficiency Ratio
Rent/SF*		\$15.00	
Total Residential Rentable SF		0	90% Bldg. Efficiency Ratio
Rent/SF		\$15.00	\$1.25 Monthly Rent/SF
Total Parking Spaces (Structured)		0	
Rent/Space		\$0	\$0 Monthly Rent/Space
Gross Income		\$67,500	
Occupancy		100%	
Effective Gross Income		\$67,500	
Operating Costs		\$4,500	\$1.00 \$/SF (Wtd. Avg. All Uses)
Net Operating Income		\$63,000	
Capitalization Rate		8.5%	
<b>Project Value -- Retail/Employment/Rental Hsg</b>		<b>\$741,176</b>	
Total Hotel Rooms		90	
Average Daily Rate (ADR)		\$120	
Gross Income		\$3,942,000	
Occupancy Rate		70%	
Effective Gross Income		\$2,759,400	
Operating Expenses		\$1,800,000	
Net Operating Income (NOI)		\$959,400	
Capitalization Rate		8.5%	
<b>Project Value -- Hotel</b>		<b>\$11,287,059</b>	
<b>Total Project Value</b>		<b>\$12,028,235</b>	
* Rents based on triple net lease.			

# Boutique Hotel

- Private sector perspective (developer)
- How much value can be accommodated on site? **\$12.0 million**
- What will it cost? **\$12.4 million**
- Does it generate a reasonable return? **10%**
- If not, what is the “gap”, i.e., costs exceed value? **\$400k**
- What mechanisms are available to “fill the gap”? **Property Tax TIF**

<b>Development Cost Estimate</b>			
Property Purchase (Acquisition/Demolition)	\$1,408,002	\$22.00	\$/SF Land
On-Site Improvements (Surface Parking)	\$225,000	\$2,500	\$/Space
On-Site Improvements (Structured Parking)	\$0	\$15,000	\$/Space
Site Development/Infrastructure	\$320,000	\$5.00	\$/SF
Building Construction (Hard Costs)	\$7,695,000	\$190	\$/SF (Wtd. Avg. All Uses)
Construction Contingency	\$412,000	5%	% of Construction Costs
Soft Costs (% of Hard Costs)	\$1,236,000	15%	% of Hard Costs
Developer Profit	\$1,129,600	10%	% of Total Costs
<b>Total Project Cost</b>	<b>\$12,425,603</b>	<b>\$306.81</b>	<b>\$/SF</b>
<b>Development Economic Summary</b>			
Total Project Value	\$12,028,235		
Total Project Cost	\$12,425,603		
Project Margin/“Gap”	(\$397,368)		
% Project Margin/“Gap”	-3%		
<b>Potential Contributions to “Gap”:</b>			
Land Acquisition/Writedown	\$0	0%	of Land Cost
Site Improvements Contribution	\$0	0%	of Total Site Costs
Supportable Property Tax TIF (10 years)	\$700,000	0.015280	Total Property Tax Rate
Sales Tax Sharing	\$0	0%	% of Local Sales Tax
Development Fee Waivers	\$0		
Federal/State/Local Grants	\$0		
Streamlined Development Approval Process	\$0		
Tax Credit Equity (LIHTC, Historic, New Market)	\$0		
<b>Total Contributions to “Gap”</b>	<b>\$700,000</b>		

# Hospital Site: Boutique Hotel

- Private sector perspective (developer)
- How much value can be accommodated on site? **\$12.0 million**
- What will it cost? **\$12.4 million**
- Does it generate a reasonable return? **10%**
- If not, what is the “gap”, i.e., costs exceed value? **\$400k**
- What mechanisms are available to “fill the gap”? **Property Tax TIF**

Development Cost Estimate			
Property Purchase (Acquisition/Demolition)	\$1,408,000	\$22.00	\$/SF Land
On-Site Improvements (Surface Parking)	\$225,000	\$2,500	\$/Space
On-Site Improvements (Structured Parking)	\$0	\$15,000	\$/Space
Site Development/Infrastructure	\$320,000	\$5.00	\$/SF
Building Construction (Hard Costs)	\$7,695,000	\$190	\$/SF (Wtd. Avg. All Uses)
Construction Contingency	\$412,000	5%	% of Construction Costs
Soft Costs (% of Hard Costs)	\$1,236,000	15%	% of Hard Costs
Developer Profit	\$1,129,600	10%	% of Total Costs
<b>Total Project Cost</b>	<b>\$12,425,600</b>	<b>\$306.80</b>	<b>\$/SF</b>
Development Economic Summary			
<b>Total Project Value</b>	<b>\$12,028,235</b>		
<b>Total Project Cost</b>	<b>\$12,425,600</b>		
<b>Project Margin/“Gap”</b>	<b>(\$397,365)</b>		
<b>% Project Margin/“Gap”</b>	<b>-3%</b>		
Potential Contributions to “Gap”:			
Land Acquisition/Writedown	\$0	0%	of Land Cost
Site Improvements Contribution	\$0	0%	of Total Site Costs
Supportable Property Tax TIF (5 Years)	\$600,000	0.015280	Total Property Tax Rate
Sales Tax Sharing	\$0	0%	% of Local Sales Tax
Development Fee Waivers	\$0		
Federal/State/Local Grants	\$0		
Streamlined Development Approval Process	\$0		
Tax Credit Equity (LIHTC, Historic, New Market)	\$0		
<b>Total Contributions to “Gap”</b>	<b>\$600,000</b>		