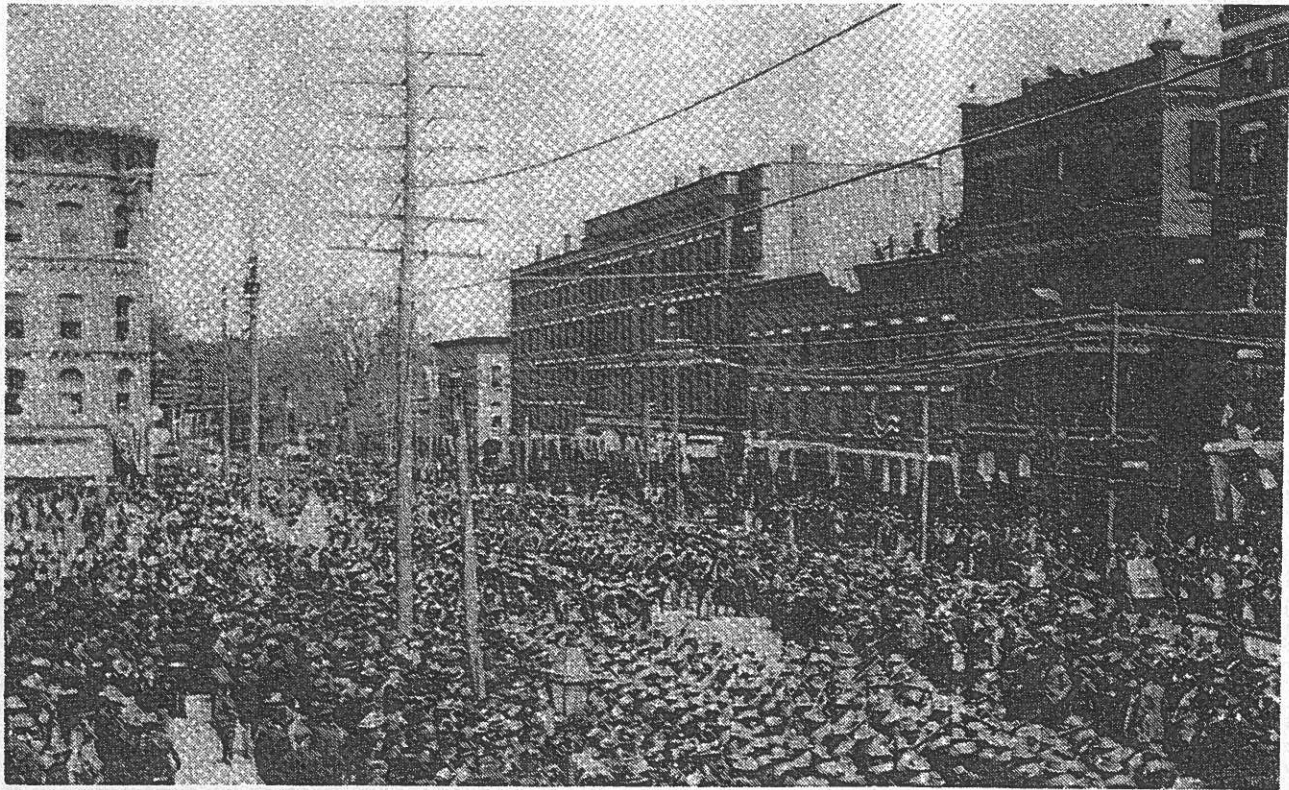

A Master Plan for the Downtown City of Concord, NH

*Task 5
Development Plan*



Submitted by
Christopher Chadbourne and Associates
Cambridge, MA

with:
C.N. Carley Associates, *Consulting Architects*
Howard-Stein/Hudson, *Transportation Planners*
Northern Economic Planners, *Market Analysis*
The Office of Robert A. White, ASLA, *Landscape Architects*

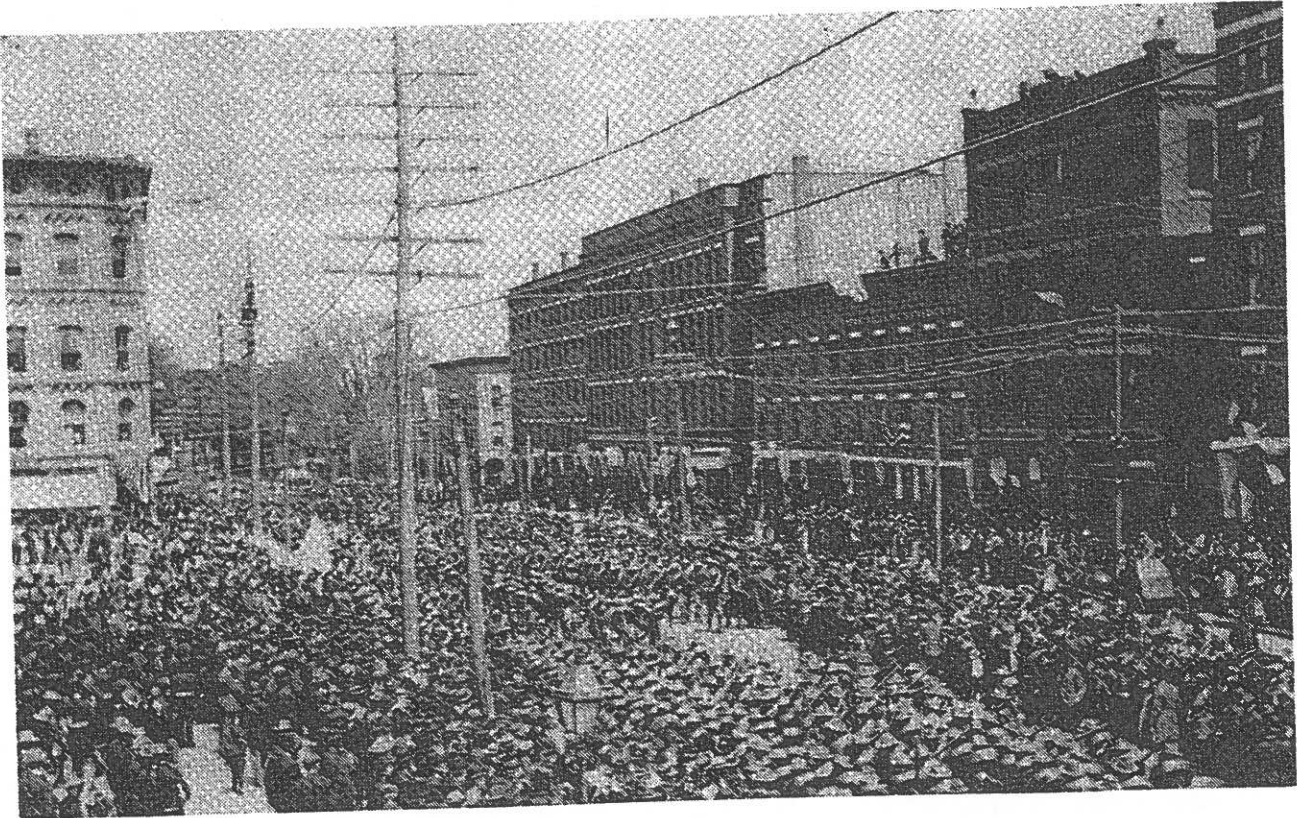
May 1997

A Master Plan for the Downtown

City of Concord, NH

Task 6

Target Projects



Submitted by
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May 1997

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I. Introduction

The two target projects selected for detailed study by the Steering Committee were the NET Property and the Phenix Theatre/CVS properties. Both projects are under single ownership. Both are held by private development / management entities.

The projects were selected for quite different reasons. The NET property represents the city's best and only chance to someday make a significant connection to the Merrimack River. It also is instrumental to the redefinition of Storrs Street as a "to" rather than "through" place in the city. With enlightened leadership NET can meet the city halfway by assisting the city in achieving its urban design and economic development objectives while realizing the market benefits accruing to being a part of a downtown with a 100% retail occupancy rate and rental rates in excess of double those now being achieved in the NET Shopping Center today. Moreover, the time is ripe. NET wants to expand and to do so in a fashion that requires city approval and therefore concessions.

The Phenix Theatre Block redevelopment represents a project the City, owner, and state preservation interests have been interested in for years. A historic theatre where Abraham Lincoln once spoke, over one third of the leasable space is a historic theatre on the third and fourth floors. The remaining floors are carved into long narrow spaces by bearing walls. There is no lobby for the theatre at the theatre level. The building is not compliant with accessibility codes, and there is neither room for economic return in developing the building with elevator access for non-profit usage, in whole or part. Fortunately, Mark Ciborowski, the owner, also owns the CVS structure across Phenix Street to the immediate north and the two historic, but internally fire ravaged structures to the immediate north of that. The question then is whether planning a new core to service all structures in a new office building on the CVS property adjacent to the Phenix Theatre turns the theatre into a viable project. There are, however, three other questions it addresses: (1) is new (as opposed to renovated) mid-rise office construction in Concord viable, (2) can new office construction at this point in time be expected to contribute significantly to off-site structured parking construction and still be viable, (3) is it necessary to lease basement space in whole or part for retail or entertainment usage to make such a project viable?

The answer to the first is marginal- it requires more capital than typical local developers would like to bring to the table and therefore makes it less desirable than other development opportunities, especially given returns on the properties as they stand today. The answer to the second is, therefore, no, but at the same time access to parking may be a prerequisite to the deal (perhaps parking is available in a guaranteed lease basis as opposed to a front end

contribution). The answer to three is yes. With the ability to lease Low Avenue frontage even at a 60% discounted rental rate applied over a percentage of the basement area, the numbers begin to look promising (thus the proposal to place the Phenix Theatre Lobby off of Low Avenue to leverage retail activity to that area as Angelina's, Cheers and Eagle Square have begun to do). Another conclusion the analysis of the Phenix Theatre complex led to is that construction of the DuBois Parking Garage will likely tip the balance in favor of Low Avenue development particularly if ground floor frontage on Low Avenue is retail/entertainment.

II . The Phenix Block

The Phenix Block has been strategically selected as a Target Project because the issues involved in its redevelopment reflect both typical conditions found elsewhere on Main Street as well as special opportunities unique to this Block.

For example, the renovation and restoration of the Phenix Building will allow the addition of an important performing arts venue to the existing inventory of downtown performing arts spaces. Once restored, the Phenix Theatre will also anchor the northern end of the proposed Arts, Culture and Entertainment District. The redevelopment of the Phenix Block can also showcase how Low Avenue can be enlivened and converted to an active pedestrian/retail alley way by opening store fronts and building lobbies directly onto this alley way system from the basement level of this renovated block of buildings.

In a showcase of how to resolve more typical problems applicable to other potential renovation/restoration projects along the entire length of Main Street the revitalization of the Phenix Block illustrates how access and ADA code requirements can be resolved and how new construction can be linked with renovation projects to make them both viable.

The Proposal

The following drawings and financial analyses propose to join the renovation of the Phenix Building together with the construction of a new office building (with retail on the ground floor) on the site of the existing one-story CVS building and the further connection to two small historic, but fire damaged properties to the north of the CVS building. To meet codes, a new elevator, egress stair, and accessible bathrooms would be constructed within the core of the new office building. This core would service both the Phenix Building and the new office building. The new complex will include a lobby entrance to the Phenix Theatre from Low Avenue. Additionally, new retail shops in the basement space of this complex will open onto Low Avenue, thereby revitalizing this pedestrian alley way.

Fort Point Consulting

This case study was carried out by Richard Graf of Fort Point Consulting and former Vice President of Congress Group Properties who has executed hundreds of thousands of square feet of renovation in historic structures, including Lowell's Booth Mills and Charlestown's Navy Yards. He was joined in the analysis by the owner Mark Ciborowski, Chris Carley and Chris Chadbourne.

The Phenix project is doable with the service core placed on the CVS Block and adequate market demand to leave a percentage of the basement space at a discounted rate. It is helped enormously by construction of the DuBois Street Parking Garage.

Financial Analyses

The Phenix Block actually consists of three separate parcels under single ownership, running for over two hundred feet along North Main Street. The parcels flank an existing alley which connects Main Street to a rear alley which is currently utilized in a limited fashion for retail/restaurant purposes as well as for pedestrian and vehicular circulation.

The redevelopment of these three parcels involves new construction of the center parcel as well as extensive renovation of the existing flanking buildings. Since the center building (which currently houses the CVS drugstore) has existing foundations which once supported a three story structure, one of the scenarios investigated looks at rebuilding its upper floors above the existing foundation. The other scenario assumes that the foundation is inadequate and assumes a new five story structure at the site of the existing CVS building. Both of these scenarios are examined with and without alley level retail.

The project envisioned allows continued usage of the theater on the upper levels of the Phenix Building. Renovation and upkeep expenses associated with the theater are born by third parties (such as an operating non-profit) in this analysis. The resulting income streams relative to investment show that the income from the office and retail portion of the project would not support a budget which included substantial money spent on the theater.

Having stated this, it is important to note that all of these schemes do carry funds for new elevator access to the theater, as well as a new grade level lobby, new fire stairs, accessible rest-rooms, a large new upper level lobby, and new electric and fire protection service brought to the space of the theatre. It is beyond the scope of this analysis to estimate the cost to renovate the interior of the theater itself. A payment for use of the space of \$20,000 per year is shown coming from the theater operator to the building owner. The theater is also expected to carry its own operating expenses and any property taxes associated with its space.

Concord has a healthy office and retail rental market in the downtown area. These schemes use office rentals ranging from \$16 to \$20 per square foot, depending on the location. The highest rentals are in the new office space in the center portion. Rates for expenses and taxes are based on the current norms for comparables in the area.

Retail rents, like office rents, are based on comparables, and at \$14 per square foot, reflect the higher end of Main Street rents. Retail tenants are expected to provide their own interior fit-up, unlike the office tenants for whom a \$22 allowance is carried. Retail in the alley behind the buildings is projected at a \$5

per foot level in two of the schemes and, predictably, improves the financial return. The alley tenants are assumed to provide their own fit-up.

Project costs include construction costs and fees associated with design, legal, financing, rental brokers, project management, and lease-up reserves for the lease-up period. Construction costs are based on the economical range of current expenses for similar buildings and assume a fairly modest, but contextually sensitive, approach to areas of new construction. All space will be equipped with sprinklers, fully accessible, and air conditioned.

In all of the schemes, the land and buildings are estimated to have an existing value of \$1,000,000. Bank financing at 80% coverage is utilized to fund development and is continued as permanent debt. The analyses show the varying amounts of private equity required (in addition to bank debt and donation the property) from the private developer.

In all cases investigated, the project performs in the black, but requires a large amount of debt and varying amounts of equity. The equity is calculated both with and without the utilization of Historic Tax Credits (ITC's) since it is impossible at this time to determine whether or not there is investor appetite to utilize the credits and realize their value.

The property owner would have a difficult time justifying the risks involved in the project compared to the returns derived from rental of the buildings as they stand and realizing the retail rental status-quo. Office space, while marginally profitable, is expensive to build and to maintain, and requires the assumption of a large mortgage. Retail rentals could be raised to the levels in the pro forma without the assumption of significant additional debt as they function independently of the space above.

The loss to the city if this project does not go forward is primarily the ultimate loss of the theater to some other use, as well as the continued gap above the one story CVS store. The gain to the city is in the transformation of the largely abandoned upper stories into productive space, the increase in property taxes (for very little added service) and the return of the Phenix Theatre.

Methods to increase the viability of the project to the private developer, who is unlikely to take on the projected debt levels for the projected returns, could take the following forms:

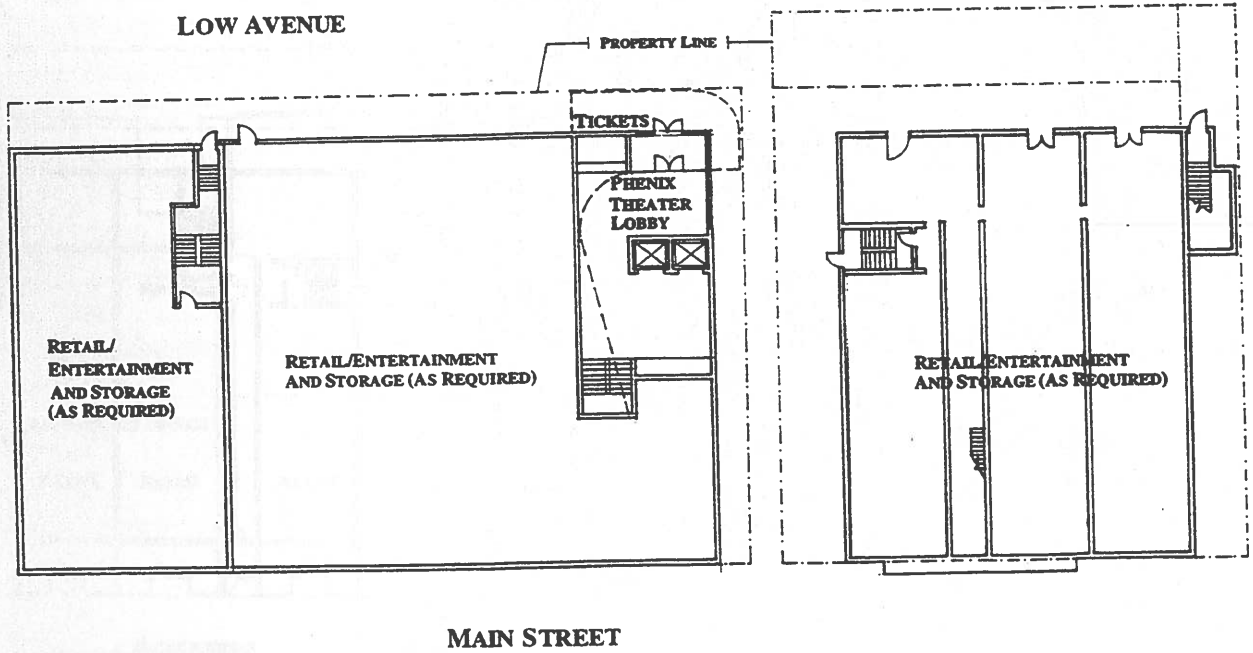
1. Provision of a low interest subordinate loan for the parts of the project associated with the restoration of the theater - such as the stairs, elevators, rest-rooms and lobbies which benefit the theatre but are located without its demised space.

2. Provision of a near -by parking facility to help ensure the lease rates for the office space and to help maintain the projected 95% occupancy level. Parking will also help in the lender's underwriting of the property and will generally make debt easier to locate.
3. Provision of improvements in the alley space to make it more attractive to restaurant, retail and entertainment tenants. Such improvements could include attractive lighting attached to the walls of the buildings, and limited street improvements. Rental of alley space makes a large difference in the economic performance of the buildings and provides a very high return on added expenses.
4. Assistance in providing higher level of rent from the theater operator to the landlord than the \$20,000 carried in the pro forma. This could conceivably come as a one time grant.

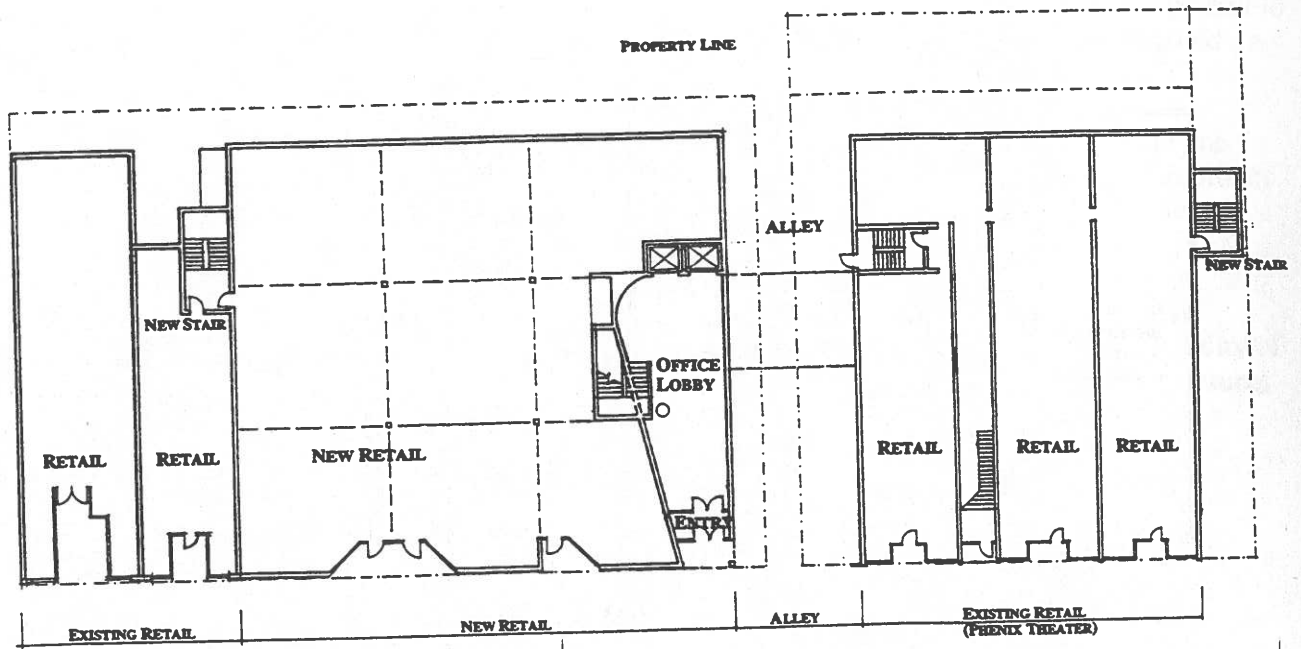
This list could be expanded, and might also include permission to add one more floor of office space in scenarios 2 and 2a. More office space improves the return, but at the cost of an ever more expensive project, more space to lease, and more parking to locate.

Some combination of the methods on this list as well as others not now apparent will be required to reduce cost, add value, and help ensure stability of income and occupancy. Only then will the private owner begin to see returns and security of investment come into balance.

FIGURE 1

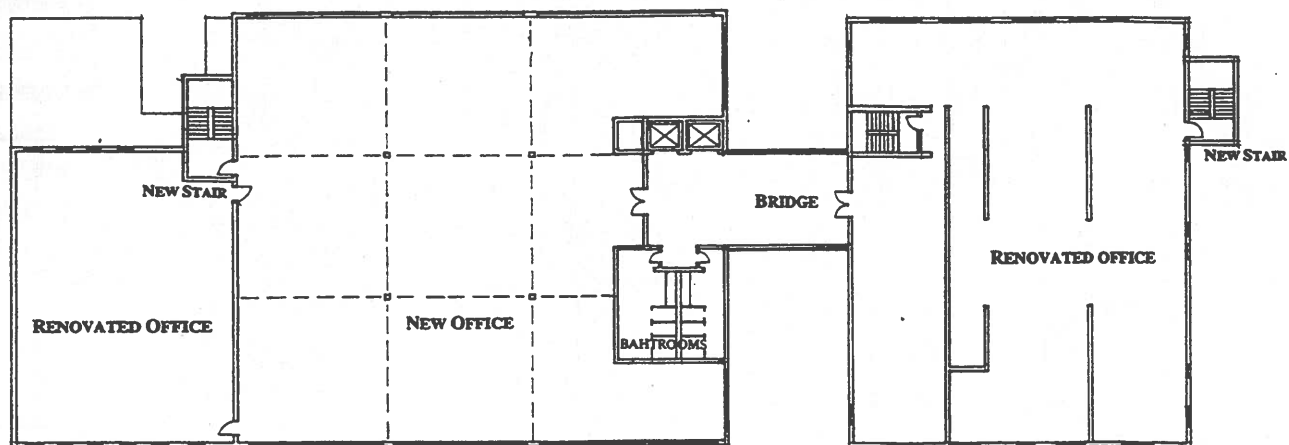


**PHENIX BUILDING
DEVELOPMENT PROJECT
BASEMENT**

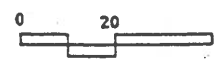
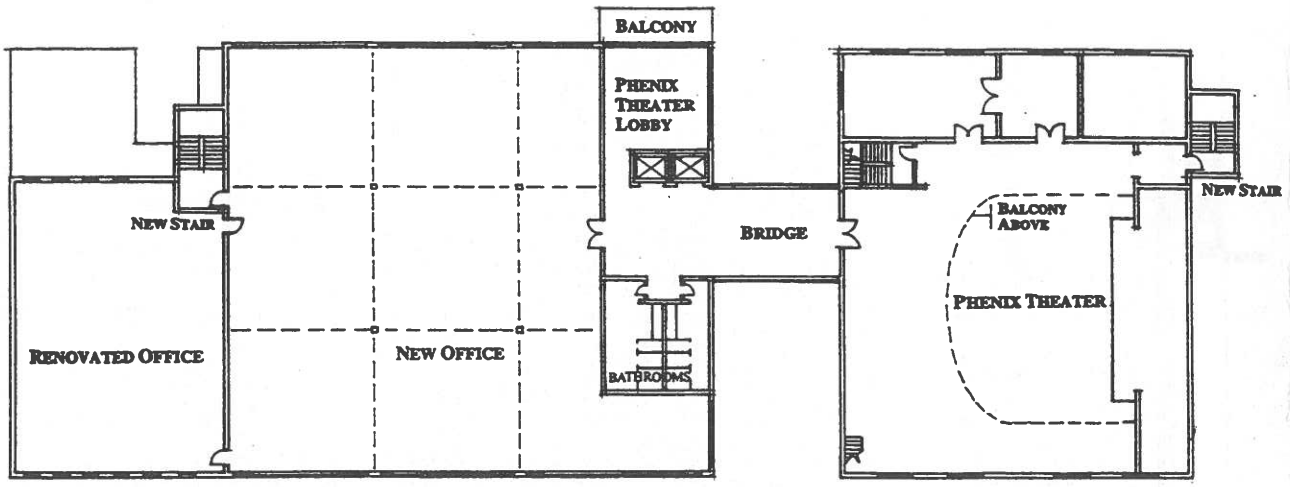


**PHENIX BUILDING
DEVELOPMENT PROJECT
1ST. FLOOR**

FIGURE 3



**PHENIX BUILDING
DEVELOPMENT PROJECT
2ND. FLOOR**



**PHENIX BUILDING
DEVELOPMENT PROJECT
3RD FLOOR**

The PhenixBlock

Comparison of Potential Development Scenarios

Fort Point Consulting, Inc
5/21/97

	1	1a	2	2a
	Scheme 1 (utilization of foundations, no rental of alley space)	Scheme 1a (utilization of foundations, with alley retail)	Sheme 2 (new foundations, no rental of alley space)	2a (new foundations with alley retail)
Total Project Cost	\$3,992,763	\$3,998,499	\$6,562,048	\$6,567,784
Assumed Value of Existing Land and Buildings	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Total Investment Including Land	\$4,992,763	\$4,998,499	\$7,562,048	\$7,567,784
Adjusted Gross Income (after vacancy)	\$667,109	\$709,859	\$997,804	\$1,048,154
Net Operating Income (before financing costs)	\$380,671	\$411,949	\$602,370	\$641,248
Mortgage Amount (80% Coverage)	\$3,272,809	\$3,541,721	\$5,178,861	\$5,513,114
Cash Flow After Financing - Stabilized Year	\$76,134	\$82,390	\$120,474	\$128,250
Equity Required if using Historic ITC's	\$440,817	\$177,068	\$1,013,722	\$684,632
Equity Required if no ITC's used	\$719,953	\$456,778	\$1,383,187	\$1,054,670
IRR w/o ITC's	6%	11%	8%	12%
IRR using ITC's	8%	13%	11%	15%
Return on Total Asset (NOI/Total Asset)	7.62%	8.24%	7.97%	8.47%

PhenixBlock
Scheme 1 (utilization of foundations, no rental of alley space)
Income and Expense Proforma

Income Summary

	Gross Area	Rentable Area	Rent/SF	INCOME/MONTH	INCOME/ANNUAL
54-56 North Main					
Basement	3,650	3,000			
First Floor	3,650	3,200	\$14.00	\$3,733	\$44,800
Second Floor	2,400	2,400	\$18.00	\$3,600	\$43,200
Third Floor	2,400	2,400	\$18.00	\$3,600	\$43,200
44-52 North Main					
Basement	9,000	6,000			
First Floor	9,000	7,400	\$14.00	\$8,633	\$103,600
Second Floor	9,000	8,200	\$18.00	\$12,300	\$147,600
Third Floor	9,000	6,650	\$18.00	\$9,975	\$119,700
Phenix					
Basement	7,440	6,004			
First Floor	7,440	6,004	\$14.00	\$7,005	\$84,056
Second Floor	7,440	6,004	\$16.00	\$8,005	\$96,064
Third Floor-theatre	7,440			\$0	\$20,000
Fourth Floor-theatre	7,440				
Total Areas	85,300	42,258			
Gross Potential Income				\$56,852	\$702,220
Less vacancy/collection loss		5.00%		(\$2,843)	(\$35,111)
Adjusted Gross Income				\$54,009	\$667,109

Operating Expense Summary

			EXPENSE/ANNUAL
Building Maintenance	\$0.50	85,300	\$42,650
Water	\$0.15		\$6,000
Reserve Fund	\$0.20	85,300	\$17,060
Common Area Electric	\$1.00	28,038	\$28,038
Heat/AC for occupied area except theater, and basements	\$1.00	50,330	\$50,330
Insurance			\$25,000
Taxes	per \$1000	\$38.24	3,000
Elevator	per month	\$220.00	12
			\$114,720
			\$2,640
Total Operating Expense			\$286,438
		per rentable SF	\$6.78
Net Operating Income Available for Debt Service			\$380,671

**PhenixBlock
Development Budget**

HARD COSTS			Unit price	Area	Total
Purchase					\$0
Site Work					\$20,000
Const Costs - Interior	54-56 Main	office	\$30	4,800	\$144,000
Const Costs - Interior	54-56 Main	retail	\$10	3,200	\$32,000
Const Costs - Ext					\$50,000
Const Costs - Interior	44-52 Main	basement	\$30	9,000	\$270,000
Const Costs - Interior	44-52 Main	retail	\$75	9,000	\$675,000
Const Costs - Interior	44-52 Main	office	\$75	9,000	\$675,000
Const Costs - Interior	Phenix	office	\$30	7,440	\$223,200
Const Costs - Interior	Phenix	retail	\$10	7,440	\$74,400
Const Costs - Ext	Phenix				\$100,000
Bridges			\$125	1,000	\$125,000
Fit out for tenants			\$22	25,654	\$564,388
Total Hard Cost (including land)			\$35 per gross SF		\$2,952,988

SOFT COSTS

Arch Eng	9.00%			\$265,769
Legal Acct				\$45,000
Marketing				\$63,387
Predevelopment reimbursables				\$25,000
Taxes	12mo			\$10,000
Insurance during const	12mo			\$12,000
Utilities during const	12mo			\$6,000
Project Adm	3.00%			\$105,000
Soft Cost Contingency				\$20,000
Subtotal before Finance/Lease-up			\$6	\$552,156
Financing Fees	2.00%			\$60,000
Const Interest	10.00%			\$134,400
Start-Up Interest Reserve		(one year to fill)		\$150,000
Start-Up Op Costs		(one year to fill)		\$143,219
Total Soft Costs				\$1,039,775
Total Project Costs			\$47 per gross SF	\$3,992,763

PhenixBlock

Project Financing

Net Operating Income - 1999		\$380,671	
Interest Rate/Constant	8.50%	9.31%	30
Coverage		80.00%	
Allowable borrowing amount		\$3,272,809	
Debt Service		\$304,537	
Cash Flow -1999		\$76,134	
Historic Tax Credits, potential amt of credit		\$279,136	
Total Project Cost		\$3,982,763	
Equity Required (assumes tax credits fully utilized)		\$440,817	

PhenixBlock

Year	3.00%	3.00%	9.31%	Before Tax		Residual Value
	Income	Expense	Debt Service	Cash Flow	Depreciation	
1999	\$667,109	(\$286,438)	(\$304,537)	\$76,134	\$111,721	
2000	\$687,122	(\$300,760)	(\$304,537)	\$81,826	\$111,721	
2001	\$707,736	(\$315,798)	(\$304,537)	\$87,401	\$111,721	
2002	\$728,968	(\$331,588)	(\$304,537)	\$92,843	\$111,721	
2003	\$750,837	(\$348,167)	(\$304,537)	\$98,133	\$111,721	
2004	\$773,362	(\$365,576)	(\$304,537)	\$103,250	\$111,721	
2005	\$796,563	(\$383,854)	(\$304,537)	\$108,172	\$111,721	
2006	\$820,460	(\$403,047)	(\$304,537)	\$112,876	\$111,721	
2007	\$845,074	(\$423,199)	(\$304,537)	\$117,338	\$111,721	
2008	\$870,426	(\$444,359)	(\$304,537)	\$121,530	\$111,721	\$1,255,085
Totals	\$7,647,657	(\$3,602,786)	(\$3,045,368)	\$999,503	\$1,117,215	\$1,255,085
Residual Value in 2009		\$1,255,085	(cap value of 2009 net income minus outstanding mortgage principal)			
Equity Required using ITC's		\$440,817				
Equity Required if no ITC's		\$719,953				
IRR w/o ITC's			6%			
IRR using ITC's			8%			

PhenixBlock
Scheme 1a (utilization of foundations, with alley retail)
Income and Expense Proforma

Income Summary

	Gross Area	Rentable Area	Rent/SF	INCOME/MONTH	INCOME/ANNUAL
54-56 North Main		3,000	\$5.00	\$1,250	\$15,000
Basement	3,650	3,200	\$14.00	\$3,733	\$44,800
First Floor	3,650	2,400	\$18.00	\$3,600	\$43,200
Second Floor	2,400	2,400	\$18.00	\$3,600	\$43,200
Third Floor	2,400				
44-52 North Main		6,000	\$5.00	\$2,500	\$30,000
Basement	9,000	7,400	\$14.00	\$8,633	\$103,600
First Floor	9,000	8,200	\$18.00	\$12,300	\$147,600
Second Floor	9,000	6,650	\$18.00	\$9,975	\$119,700
Third Floor	9,000				
Phenix		6,004		\$0	\$0
Basement	7,440	6,004	\$14.00	\$7,005	\$84,056
First Floor	7,440	6,004	\$16.00	\$8,005	\$96,064
Second Floor	7,440			\$0	\$20,000
Third Floor-theatre	7,440				
Fourth Floor-theatre	7,440				
Total Areas	85,300	42,258		\$60,602	\$747,220
Gross Potential Income				(\$3,030)	(\$37,361)
Less vacancy/collection loss		5.00%		\$57,572	\$709,859
Adjusted Gross Income					

			EXPENSE/ANNUAL
Operating Expense Summary			
Building Maintenance		\$0.50	85,300
Water		\$0.15	85,300
Reserve Fund		\$0.20	85,300
Common Area Electric		\$1.00	28,038
Heat/AC for occupied area except theater, and basements		\$1.00	50,330
Insurance	per \$1000	\$38.24	3,300
Taxes	per month	\$220.00	12
Elevator			
Total Operating Expense			\$297,910
		per rentable SF	\$7.05
Net Operating Income Available for Debt Service			\$411,949

PhenixBlock Development Budget

HARD COSTS

			Unit price	Area	Total
Purchase					\$0
Site Work					\$20,000
Const Costs - Interior	54-56 Main	office	\$30	4,800	\$144,000
Const Costs - Interior	54-56 Main	retail	\$10	3,200	\$32,000
Const Costs - Ext					\$50,000
Const Costs - Interior	44-52 Main	basement	\$30	9,000	\$270,000
Const Costs - Interior	44-52 Main	retail	\$75	9,000	\$675,000
Const Costs - Interior	44-52 Main	office	\$75	9,000	\$675,000
Const Costs - Interior	Phenix	office	\$30	7,440	\$223,200
Const Costs - Interior	Phenix	retail	\$10	7,440	\$74,400
Const Costs - Ext	Phenix				\$100,000
Bridges			\$125	\$1,000	\$125,000
Fit out for tenants			\$22	25,654	\$564,388
Total Hard Cost (including land)			\$295 per gross SF		\$2,952,988

SOFT COSTS

Arch Eng	9.00%				\$265,769
Legal Acct					\$45,000
Marketing					\$63,387
Predevelopment reimbursables					\$25,000
Taxes	12mo				\$10,000
Insurance during const	12mo				\$12,000
Utilities during const	12mo				\$6,000
Project Adm	3.00%				\$105,000
Soft Cost Contingency					\$20,000
Subtotal before Finance/Lease-up			\$6		\$552,156
Financing Fees	2.00%				\$60,000
Const Interest	10.00%				\$134,400
Start-Up Interest Reserve		(one year to fill)			\$150,000
Start-Up Op Costs		(one year to fill)			\$148,955
Total Soft Costs					\$1,045,511
Total Project Costs			\$47 per gross SF		\$3,998,499

PhenixBlock

Project Financing

Net Operating Income - 1999		\$411,949	
Interest Rate/Constant	8.50%	9.31%	30
Coverage		80.00%	
Allowable borrowing amount		\$3,541,721	
Debt Service		\$329,559	
Cash Flow -1999		\$82,390	
Historic Tax Credits, potential amt of credit		\$279,710	
Total Project Cost		\$3,998,499	
Equity Required (assumes tax credits fully utilized)		\$177,068	

PhenixBlock

Year	3.00%	3.00%	9.31%	Before Tax		Residual Value
	Income	Expense	Debt Service	Cash Flow	Depreciation	
1999	\$709,859	(\$297,910)	(\$329,559)	\$82,390	\$111,885	
2000	\$731,155	(\$312,806)	(\$329,559)	\$88,790	\$111,885	
2001	\$753,089	(\$328,446)	(\$329,559)	\$95,084	\$111,885	
2002	\$775,682	(\$344,868)	(\$329,559)	\$101,255	\$111,885	
2003	\$798,953	(\$362,111)	(\$329,559)	\$107,282	\$111,885	
2004	\$822,921	(\$380,217)	(\$329,559)	\$113,145	\$111,885	
2005	\$847,609	(\$399,228)	(\$329,559)	\$118,822	\$111,885	
2006	\$873,037	(\$419,189)	(\$329,559)	\$124,289	\$111,885	
2007	\$899,228	(\$440,149)	(\$329,559)	\$129,520	\$111,885	
2008	\$926,205	(\$462,156)	(\$329,559)	\$134,490	\$111,885	\$1,385,248
Totals	\$8,137,738	(\$3,747,080)	(\$3,295,592)	\$1,095,066	\$1,118,854	\$1,385,248

Residual Value in 2009 \$1,385,248 (cap value of 2009 net income minus outstanding mortgage principal)

Equity Required using ITC's \$177,068

Equity Required if no ITC's \$456,778

IRR w/o ITC's 11%

IRR using ITC's 13%

PhenixBlock
Sheme 2 (new foundations, no rental of alley space)
Income and Expense Proforma

Income Summary

	Gross Area	Rentable Area	Rent/SF	INCOME/MONTH	INCOME/ANNUAL
54-56 North Main					
Basement	3,650	3,200	\$14.00	\$3,733	\$44,800
First Floor	3,650	3,200	\$16.00	\$3,200	\$38,400
Second Floor	2,400	2,400	\$16.00	\$3,200	\$38,400
Third Floor	2,400	2,400			
44-52 North Main					
Basement	9,000	7,400	\$0.00	\$8,633	\$103,600
First Floor	9,000	7,400	\$14.00	\$13,667	\$164,000
Second Floor	9,000	8,200	\$20.00	\$11,083	\$133,000
Third Floor	9,000	6,650	\$20.00	\$13,667	\$164,000
Fourth Floor	9,000	8,200	\$20.00	\$13,667	\$164,000
Fifth Floor	9,000	8,200	\$20.00		
Phenix					
Basement	7,440	6,004		\$7,005	\$84,056
First Floor	7,440	6,004	\$14.00	\$8,005	\$96,064
Second Floor	7,440	6,004	\$16.00	\$0	\$20,000
Third Floor-theatre	7,440				
Fourth Floor-theatre	7,440				
Total Areas	103,300	58,658		\$85,860	\$1,050,320
Gross Potential Income					
Less vacancy/collection loss		5.00%		(\$4,293)	(\$52,516)
Adjusted Gross Income				\$81,567	\$997,804

Operating Expense Summary

			EXPENSE/ANNUAL	
Building Maintenance		\$0.50	103,300	\$51,650
Water		\$0.15	103,300	\$7,000
Reserve Fund		\$0.20	103,300	\$20,660
Common Area Electric		\$1.00	28,038	\$28,038
Heat/AC for occupied area except theater, and basements		\$1.00	66,730	\$66,730
Insurance				\$25,000
Taxes	per \$1000	\$38.24	5,500	\$210,320
Elevator	per month	\$220.00	12	\$2,640
Total Operating Expense				\$412,038
			per rentable SF	\$7.02
Net Operating Income Available for Debt Service				\$585,766

**PhenixBlock
Development Budget**

HARD COSTS			Unit price	Area	Total
Purchase					\$0
Site Work					\$20,000
Const Costs - Interior	54-56 Main	office	\$30	4,800	\$144,000
Const Costs - Interior	54-56 Main	retail	\$10	3,200	\$32,000
Const Costs - Ext					\$50,000
Const Costs - Interior	44-52 Main	basement/demo	\$60	9,000	\$540,000
Const Costs - Interior	44-52 Main	retail	\$75	9,000	\$675,000
Const Costs - Interior	44-52 Main	office	\$75	27,000	\$2,025,000
Const Costs - Interior	Phenix	office	\$30	7,440	\$223,200
Const Costs - Interior	Phenix	retail	\$10	7,440	\$74,400
Const Costs - Ext	Phenix				\$100,000
Bridges			\$125	\$1,000	\$125,000
Fit out for tenants			\$22	43,604	\$959,288
Total Hard Cost (including land)			\$48 per gross SF		\$4,967,888

SOFT COSTS

Arch Eng	9.00%			\$447,110
Legal Acct				\$45,000
Marketing				\$87,987
Predevelopment reimbursables				\$30,000
Taxes	12mo			\$10,000
Insurance during const	12mo			\$12,000
Utilities during const	12mo			\$6,000
Project Adm	3.00%			\$105,000
Soft Cost Contingency				\$20,000
Subtotal before Finance/Lease-up			\$7	\$763,097
Financing Fees	2.00%			\$106,000
Const Interest	10.00%			\$237,440
Start-Up Interest Reserve		(one year to fill)		\$265,000
Start-Up Op Costs		(one year to fill)		\$206,019
Total Soft Costs				\$1,577,556
Total Project Costs			\$63 per gross SF	\$6,545,444

PhenixBlock

Project Financing

Net Operating Income - 1999		\$585,766	
Interest Rate/Constant	8.50%	9.31%	30
Coverage		80.00%	
Allowable borrowing amount		\$5,036,109	
Debt Service		\$468,613	
Cash Flow -1999		\$117,153	
Historic Tax Credits, potential amt of credit		\$367,804	
Total Project Cost		\$6,545,444	
Equity Required (assumes tax credits fully utilized) as a percentage of total project cost		\$1,141,531	17%

PhenixBlock

Year	3.00%	3.00%	9.31%	Before Tax		Depreciation	Residual Value
	Income	Expense	Debt Service	Cash Flow			
1999	\$997,804	(\$412,038)	(\$468,613)	\$117,153		\$185,213	
2000	\$1,027,738	(\$432,640)	(\$468,613)	\$126,485		\$185,213	
2001	\$1,058,570	(\$454,272)	(\$468,613)	\$135,686		\$185,213	
2002	\$1,090,327	(\$476,985)	(\$468,613)	\$144,729		\$185,213	
2003	\$1,123,037	(\$500,835)	(\$468,613)	\$153,590		\$185,213	
2004	\$1,156,728	(\$525,877)	(\$468,613)	\$162,239		\$185,213	
2005	\$1,191,430	(\$552,170)	(\$468,613)	\$170,647		\$185,213	
2006	\$1,227,173	(\$579,779)	(\$468,613)	\$178,781		\$185,213	
2007	\$1,263,988	(\$608,768)	(\$468,613)	\$186,608		\$185,213	
2008	\$1,301,908	(\$639,206)	(\$468,613)	\$194,089		\$185,213	\$1,995,674
Totals	\$11,438,705	(\$5,182,570)	(\$4,686,128)	\$1,570,007		\$1,852,127	\$1,995,674

Residual Value in 2009	\$1,995,674 (cap value of 2009 net income minus outstanding mortgage principal)
Equity Required using ITC's	\$1,141,531
Equity Required if no ITC's	\$1,509,335
IRR w/o ITC's	7%
IRR using ITC's	9%

PhenixBlock
2a (new foundations with alley retail)
Income and Expense Proforma

Income Summary

	Gross Area	Rentable Area	Rent/SF	INCOME/MONTH	INCOME/ANNUAL
54-56 North Main					
Basement	3,650	3,200	\$5.00	\$1,333	\$16,000
First Floor	3,650	3,200	\$14.00	\$3,733	\$44,800
Second Floor	2,400	2,400	\$16.00	\$3,200	\$38,400
Third Floor	2,400	2,400	\$16.00	\$3,200	\$38,400
44-52 North Main					
Basement	9,000	7,400	\$5.00	\$3,083	\$37,000
First Floor	9,000	7,400	\$14.00	\$8,633	\$103,600
Second Floor	9,000	8,200	\$20.00	\$13,667	\$164,000
Third Floor	9,000	6,650	\$20.00	\$11,083	\$133,000
Fourth Floor	9,000	8,200	\$20.00	\$13,667	\$164,000
Fifth Floor	9,000	8,200	\$20.00	\$13,667	\$164,000
Phenix					
Basement	7,440	6,004		\$0	
First Floor	7,440	6,004	\$14.00	\$7,005	\$84,056
Second Floor	7,440	6,004	\$16.00	\$8,005	\$96,064
Third Floor-theatre	7,440			\$0	\$20,000
Fourth Floor-theatre	7,440				
Total Areas	103,300	75,262			
Gross Potential Income				\$90,277	\$1,103,320
Less vacancy/collection loss		5.00%		(\$4,514)	(\$55,166)
Adjusted Gross Income				\$85,763	\$1,048,154

Operating Expense Summary

			EXPENSE/ANNUAL	
Building Maintenance		\$0.50	103,300	\$51,650
Water		\$0.15	103,300	\$7,000
Reserve Fund		\$0.20	103,300	\$20,660
Common Area Electric		\$1.00	11,434	\$11,434
Heat/AC for occupied area except theater, and basements		\$1.00	66,730	\$66,730
Insurance				\$25,000
Taxes	per \$1000	\$38.24	5,800	\$221,792
Elevator	per month	\$220.00	12	\$2,640
Total Operating Expense				\$406,906
			per rentable SF	\$5.41

Net Operating Income Available for Debt Service **\$641,248**

**PhenixBlock
Development Budget**

HARD COSTS			Unit price	Area	Total
Purchase					\$0
Site Work					\$20,000
Const Costs - Interior	54-56 Main	office	\$30	4,800	\$144,000
Const Costs - Interior	54-56 Main	retail	\$10	3,200	\$32,000
Const Costs - Ext					\$50,000
Const Costs - Interior	44-52 Main	basement/demo	\$60	9,000	\$540,000
Const Costs - Interior	44-52 Main	retail	\$75	9,000	\$675,000
Const Costs - Interior	44-52 Main	office	\$75	27,000	\$2,025,000
Const Costs - Interior	Phenix	office	\$30	7,440	\$223,200
Const Costs - Interior	Phenix	retail	\$10	7,440	\$74,400
Const Costs - Ext	Phenix				\$100,000
Bridges			\$125	\$1,000	\$125,000
Fit out for tenants			\$22	43,604	\$959,288
Total Hard Cost (including land)				\$497 per gross SF	\$4,967,888

SOFT COSTS

Arch Eng	9.00%			\$447,110
Legal Acct				\$45,000
Marketing				\$112,893
Predevelopment reimbursables				\$30,000
Taxes	12mo			\$10,000
Insurance during const	12mo			\$12,000
Utilities during const	12mo			\$6,000
Project Adm	3.00%			\$105,000
Soft Cost Contingency			\$8	\$20,000
Subtotal before Finance/Lease-up				\$788,003
Financing Fees	2.00%			\$106,000
Const Interest	10.00%			\$237,440
Start-Up Interest Reserve		(one year to fill)		\$265,000
Start-Up Op Costs		(one year to fill)		\$203,453
Total Soft Costs				\$1,599,896
Total Project Costs			\$64 per gross SF	\$6,567,784

PhenixBlock

Project Financing

Net Operating Income - 1999		\$641,248	
Interest Rate/Constant	8.50%	9.31%	30
Coverage		80.00%	
Allowable borrowing amount		\$5,513,114	
Debt Service		\$512,998	
Cash Flow -1999		\$128,250	
Historic Tax Credits, potential amt of credit		\$370,038	
Total Project Cost		\$6,567,784	
Equity Required		\$684,632	
(assumes tax credits fully utilized) as a percentage of total project cost			10%

PhenixBlock

Year	3.00%	3.00%	9.31%	Before Tax		Residual Value
	Income	Expense	Debt Service	Cash Flow	Depreciation	
1999	\$1,048,154	(\$406,906)	(\$512,998)	\$128,250	\$185,851	
2000	\$1,079,599	(\$427,251)	(\$512,998)	\$139,349	\$185,851	
2001	\$1,111,987	(\$448,614)	(\$512,998)	\$150,374	\$185,851	
2002	\$1,145,346	(\$471,045)	(\$512,998)	\$161,303	\$185,851	
2003	\$1,179,707	(\$494,597)	(\$512,998)	\$172,111	\$185,851	
2004	\$1,215,098	(\$519,327)	(\$512,998)	\$182,773	\$185,851	
2005	\$1,251,551	(\$545,293)	(\$512,998)	\$193,259	\$185,851	
2006	\$1,289,097	(\$572,558)	(\$512,998)	\$203,541	\$185,851	
2007	\$1,327,770	(\$601,185)	(\$512,998)	\$213,586	\$185,851	
2008	\$1,367,603	(\$631,245)	(\$512,998)	\$223,360	\$185,851	\$2,283,677
Totals	\$12,015,911	(\$5,118,020)	(\$5,129,984)	\$1,767,907	\$1,858,510	\$2,283,677

Residual Value in 2009

\$2,283,677 (cap value of 2009 net income minus outstanding mortgage principal)

Equity Required using ITC's

\$684,632

Equity Required if no ITC's

\$1,054,670

IRR w/o ITC's

12%

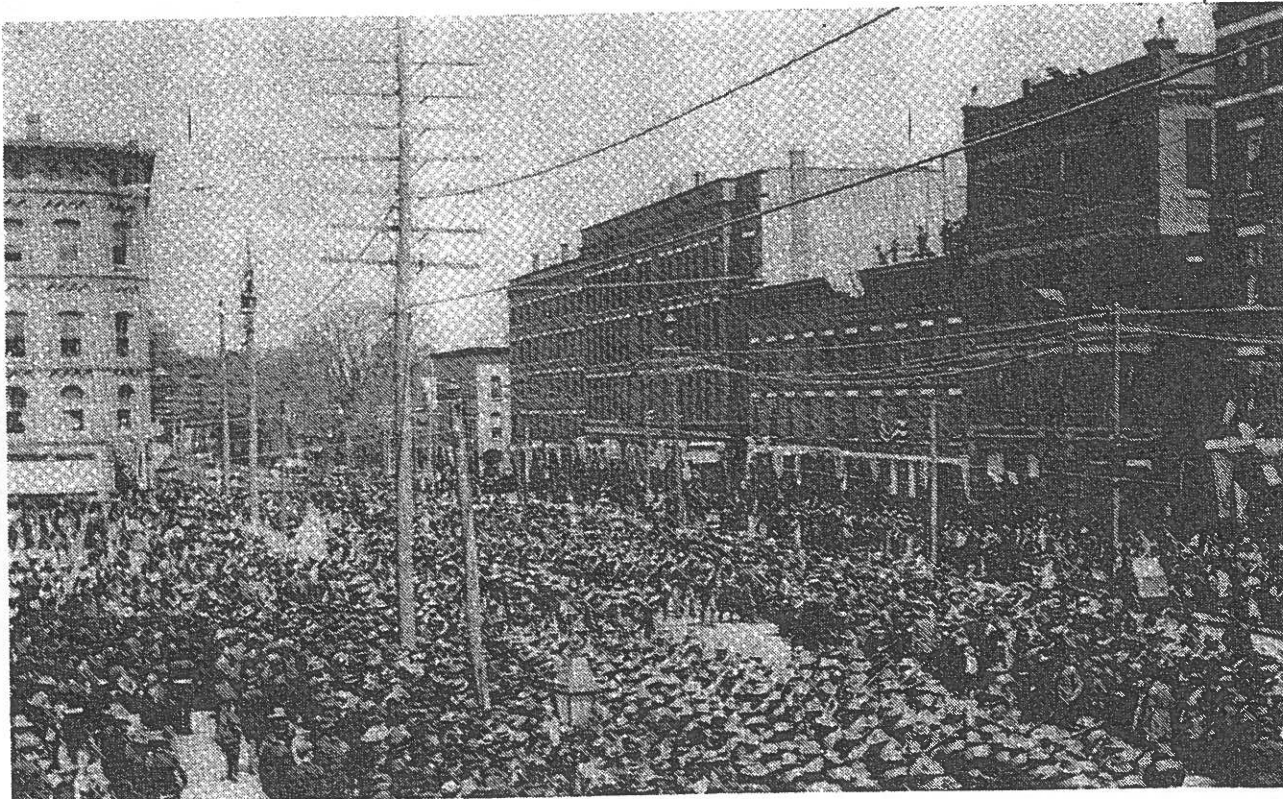
IRR using ITC's

15%

A Master Plan for the Downtown City of Concord, NH

Task 7

Implementation Strategies



Submitted by
Christopher Chadbourne and Associates
Cambridge, MA

with:
C.N. Carley Associates, Consulting Architects
Howard-Stein/Hudson, Transportation Planners
Northern Economic Planners, Market Analysis
The Office of Robert A. White, ASLA, Landscape Architects

May 1997

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IV. Zoning Policies (Z)

Some of the recommendations in this Master Plan are precluded by existing zoning. In other cases current zoning endangers the historic character of the city. The following recommendations are made to resolve and/or alleviate these issues:

1.0: Policies to Preserve Historic Character

The following set of policies is intended to protect Historic Districts from the threat of demolition as a result of excess unbuilt floor area as might occur when an area is built to 3 or 4 stories and the zoning permits 10 stories, and/or from the threat of intrusion into the character of an area that is incompatible with its historic character.

Z1.1: Prevent Excess Height in the BA Zone

Change the height limit in the BA Zone to 65 feet or 5 stories whichever is less. The BA Zone is limited to the CBD between State and Storrs, Hills and Bridge streets, and includes primarily, the Red City that visitors identify as historic Concord. The buildings in this area currently vary between one and five stories in height, with most three or four stories tall. The current zoning permits 100 foot buildings. In a demand market this height someday could put pressure for demolition on historic structures. Today, it could produce buildings on "soft" parcels that are incompatible with the historic character of this part of the city, much as the Kennedy Apartments are out-of-scale with their surroundings. At present, the combination of land values and rent levels preclude major new construction, but the tipping point is close. This could become a problem in the not-too-distant future. It is recommended that the 65' limit be taken from the mean elevation of the frontage of the building on the primary street that the building faces (e.g., a building on the east side of Main Street could be 65 feet tall, or five stories, while on the Low Avenue side of that same building, it could be roughly 75 feet (i.e., the elevation drops approximately ten feet), and five stories plus a habitable basement. It is recommended in these cases that any extra story so gained be set back a minimum of 12 feet on the downhill side so as not to overwhelm narrow alleys (e.g., much as the Phenix Theater does today).

Z1.2: Encourage Retention of Historic Residential Scale on South State Street.

Change the IN zone on South State Street

The IN, Institutional District, zone on South State Street should be altered to assure preservation of the architectural fabric of the surrounding neighborhoods. The IN District permits both 10-foot back yards and five-

