

DOUGLASS HILL: IMPACT OF CHANGING DENSITY/HEIGHT

Development Strategies concluded that “land cost” (property acquisition + site development costs = land cost) should be between \$19,000 and \$25,000 per unit. A per unit cost greater than \$25,000 reduces marketability due to higher rents. Project feasibility depends upon a per unit cost not greater than \$25,000. (By way of example, the Elle Apartments paid \$24,000 per unit. At that number, the Elle provides no workforce housing, no amenities and no contribution to the community, other than improving the apartment availability.)

SG currently estimates land costs of \$54 million (including \$20 million for property acquisition). The other significant “land costs” are demolition, site grading (including rock removal), utilities and other infrastructure. “Land costs” and costs per unit are a constant factor in this analysis.

- If office building land can be sold for \$4.2 million and TIF/CID revenues are \$31 million, the “net land cost” will be approximately \$18.8 million. In order to get to a per unit cost of approximately \$25,000 the project requires 748 units ($748 \times \$25K = \$18.8 \text{ M} + \$31\text{M} + \$4.2\text{M} = \$54\text{M}$).
- The proposed footprint is about 27% of the project area. This is within the accepted 30% limit.

Result of Removing 1 Floor

- Units are reduced from 748 to 624 (17%).
- Land cost does not change – still \$54 million.
- The cost per unit is increased in 2 ways:
 - Average land cost per unit before TIF = \$30,128.
 - Less buildings means less TIF, so TIF value lost per unit = \$6,589.
 - Result: Net land cost per unit = \$36,717 – NOT FINANCIALLY FEASIBLE.

Result of Removing 2 Floors

- Units are reduced from 748 to 500 (33%).
- Land cost does not change – still \$54 million.
- The cost per unit is increased in 2 ways:
 - Average land cost per unit before TIF = \$37,600.
 - Less buildings means less TIF, so TIF value lost per unit = \$16,445.
 - Result: Net land cost per unit = \$54,045 – NOT FINANCIALLY FEASIBLE.

Result of Removing 1 Floor and Keep 748 Units

- Would need to add 368 lineal feet of building length
- There would need to be 1.5 or more average size new apartment buildings at the lower height
 - Would require continuous buildings on both sides of Main Street and elimination of seating overlooking gathering area, without any breaks.
 - Alternative: add buildings by crossing Main Street (eliminating thru street)
 - Result: More apartment buildings, less pedestrian landscape

Result of Removing 2 Floors and Keep 748 Units

- Would need to add 736 lineal feet of building length
- There would need to be 3 or more average size new apartment buildings at the lower height
 - Would require abandoning Main Street to make room for additional buildings
 - Eliminates room for pedestrian space and gathering areas
 - Result: Entire site would be monolithic apartment complex