

MAY 18, 2016



ELKHORN CHANNELSIDE
COLUMBIA, MARYLAND
RDEV 688I CAPSTONE
A MIXED-USE SUSTAINABLE VILLAGE CENTER

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Introduction & Credits

This feasibility report is submitted for completion of the Master of Real Estate Development (MRED) degree program in the Capstone course, RDEV 688I, Spring 2016 at the Colvin Institute, School of Architecture, Planning and Preservation, University of Maryland College Park. MRED candidate Kevin A. Fitzgerald, RA authored this report under the mentorship of Tim Pula, Senior Development Director, Beatty Development of Baltimore, Maryland.

The design portion of this feasibility study was produced with graduate architecture students as part of a collaborative design studio, ARCH 407, and the University of Maryland, National Center for Smart Growth's Partnership for Action Learning in Sustainability (PALS) program with the Colvin Institute, the Howard County Government and the Columbia Association.

The author would like to thank Jana Vandergoot, AFAAR, RA, Assistant Professor, Architecture Program at the University of Maryland and Randy Clay, Community Planner, Howard County Department of Planning and Zoning for wise consultation concerning design and planning issues in this report.

The author would like to recognize the thoughtful collaboration and tireless contributions of M.Arch graduate students Joseph McKenley, Anil Moore, Peter Cunningham, and Sandra Boun for the design of the new Owen Brown Village Center plan, buildings and renderings in this report.

The author is grateful for the leadership and mentoring of Margaret McFarland, JD, Director, Colvin Institute.

Chapter 1. Project Uses and General Context

I. Owen Brown Context

This feasibility report will analyze and make a proposal for the redevelopment of the Owen Brown Village Center in Howard County, Columbia, Maryland. Both the county and the Columbia Association, Inc. have prepared significant reports on the current economic state and land use of the subject site. These studies have resulted in findings that have led to new strategic directions for the development of Columbia's job's base, new housing starts and commercial real estate investment. This feasibility report will reference available public information and current economic indicators to justify the proposed redevelopment of the Owen Brown Village Center.

II. Site Analysis

A. Site History

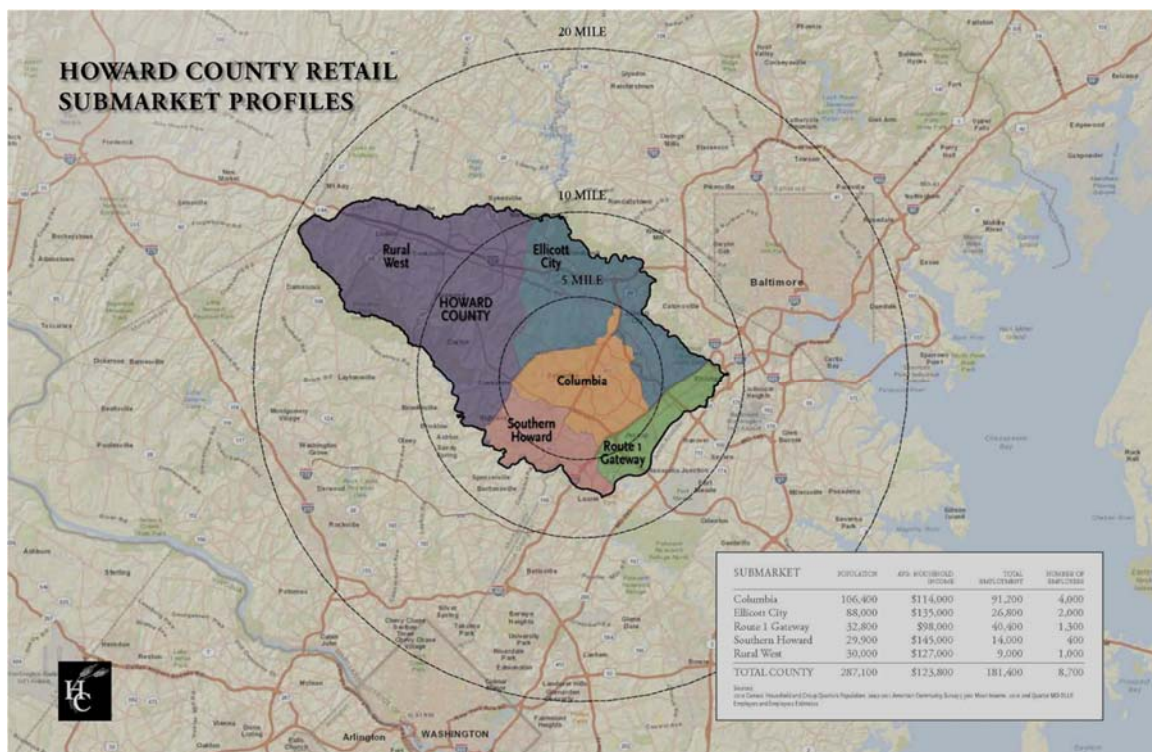
Columbia, Maryland is a planned community of approximately fifteen thousand acres, developed by the James Rouse in 1968. Formerly agricultural land, the site was assembled from existing farm land quietly purchased by the developer, with the public unaware of Rouse's development plans. Rouse envisioned an entirely new community with a mixture of residential and commercial uses, integrated across socio-economic boundaries.

The Owen Brown Village was developed in 1972, with the goal of providing local retail services to residents. To date, the original 1968 plan has been 'built out', achieving the goals of that era. Columbia has since re-envisioned a new plan that further densifies downtown, and responds to changes in the retail, office and residential markets. There are multiple owners of the Village Center, including the largest GFS Realty, Inc. for Giant Stores, Howard Research and Development, and Fleur Associates.

B. Site Location

The site is approximately 35 acres located in the planned community of Columbia in Howard County, Maryland. Columbia is thirty miles northeast of Washington, DC and twenty miles southwest of Baltimore City. The subject property is one of eight village commercial centers serving local residential neighborhoods. The site is 2.9 miles southeast of the Columbia Town Center commercial business district, and 3.7 miles from Interstate 95, Exit 38 and Route 32 (Map 1).

Map 1. Howard County Map



C. Existing Uses

The site is currently a low-rise, local commercial retail center comprised of ten parcels, with 127,000 square feet of retail and office space. The major retailer is a large supermarket, Giant, and multiple smaller tenants. There is significant surface parking at a ratio of 7.2 spaces per 1,000 square feet of gross leasable area (Table 1).

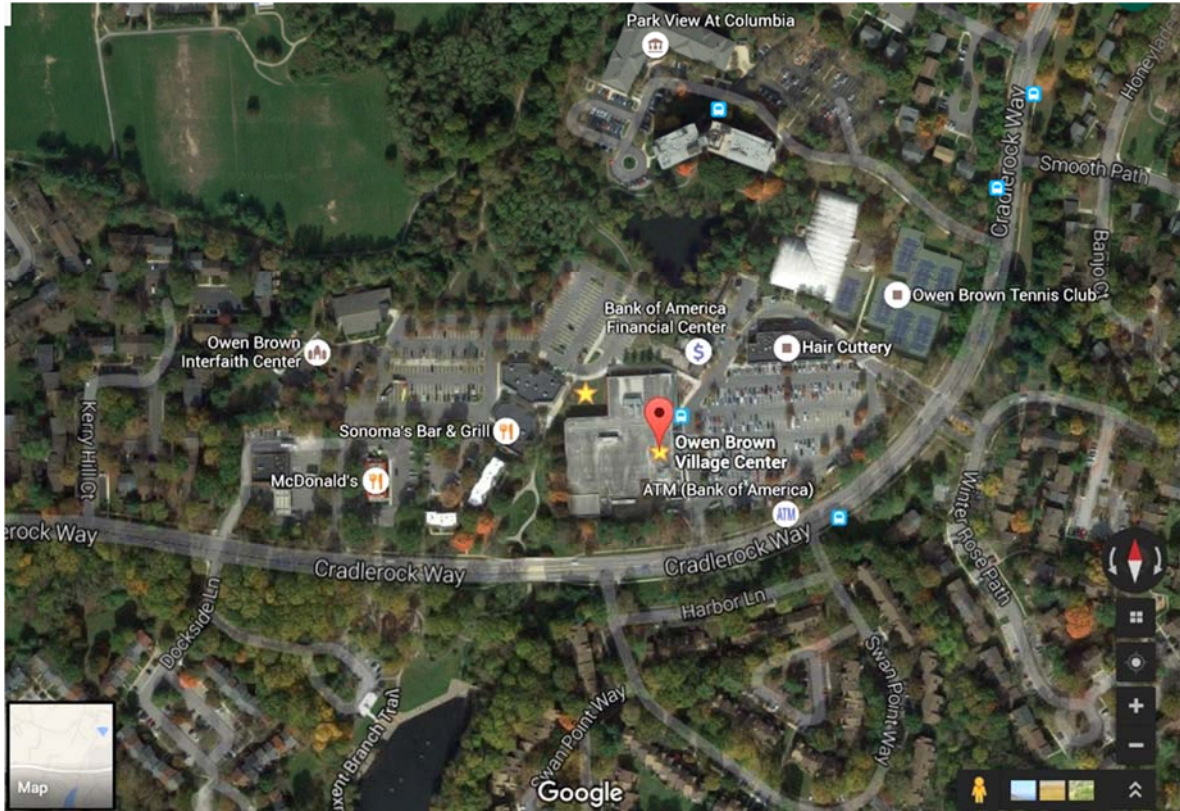
Table 1. Village Center Tenants

Food Service	General Service	Business/Office	Other	Anchors
Happy Garden/Chinese	Elegant Twist Hair Salon	Bank of America	Dollar Tree	Giant Food
Gourmet	Future Nails	Allstate Insurance	Owen Brown Wine & Spirits	Owen Brown Interfaith Center
Jerry's Subs & Pizza	Hair Cuttery	Cat & Dog Hospital of Columbia	Shell Gas/Subway	Community Action Center
McDonald's	Owen Brown Village Cleaners	Columbia Dental Excellence	Permanent Cosmetics	Howard County
Sonoma's Bar & Grill	Warren's Barbershop	Columbia Eye Associates	The Nine Oasis	Police Department
Shell Gas/Subway	Julio & Alain's Hair Studio	Dodek Dentistry		
Vocelli Pizza	Original African Hair Braiding	Dr. Bonebreak Orthodontist		
	Rochelle Le Hair Savor	Essential Family Chiropractic		
	Stillwater Massage	Anxiety Solutions		
	Rxmom			

D. Size, Shape and Topography

The 35-acre site is a wedged-shaped property, with its longest boundary along Cradlerock Way to the south. The site is accessed by three parking lots entrances along Cradlerock Way. The site is relatively flat, sloping down at the center towards a drainage channel, with an underpass park entrance to Lake Elkhorn. The northern property line is wooded, and the site has many mature street trees and planting beds.

Map 2. Owen Brown Village Center Aerial



E. Description of Land Uses Surrounding the Subject Site

The following land uses directly border the subject site, starting from the north, and proceeding in a clockwise direction, are as follows (Map 2):

- North: Multiple parcels border the subject site, including undeveloped land owned by Howard Research and Development, Owen Place, a mid-rise apartment building.
- East: Across Cradlerock Way is high density residential owner-occupied townhouses.
- South: Across Cradlerock Way is high density, owner-occupied residential townhouses to the southeast, and Lake Elkhorn Park and dock landing.
- West: High density residential townhouses border the Owen Brown Interfaith Center, Inc. and Convenience Retailing, LLC parcels.

Table 2. Existing Site Photographs

	
<p>Drainage Channel to Lake Elkhorn</p>	<p>Townhomes on Cradlerock Way</p>
	
<p>Office Buildings in Village Center</p>	<p>Anchor Grocery in Village Center</p>

III. Neighborhood Analysis

A. General Description of Neighborhood

The neighborhood is a mixture of low and high density residential uses, as well as commercial uses on the subject site. Cradlerock Way is curvilinear, two-lane boulevard that connects residential cul-de-sac streets to the village center, as well as connecting back to Route 32. Owen Brown Village includes the three residential neighborhoods of Dasher Green, Hopewell and Elkhorn. The character of the village is that of a wooded park-like setting, connected by wandering roads and bicycle paths that connect indirectly to other Columbia villages.

B. Site Visibility and Accessibility

i. Visibility

Despite the long site frontage on Cradlerock Way, the site and its uses are not highly visible, as landscaping berms block views of the parking lots and commercial signage is limited at site entrances.

ii. Vehicular Access

The subject site is not easily accessible from Interstate 95 at a distance of 3.7 miles, and low-speed connector roads such as Route 32.

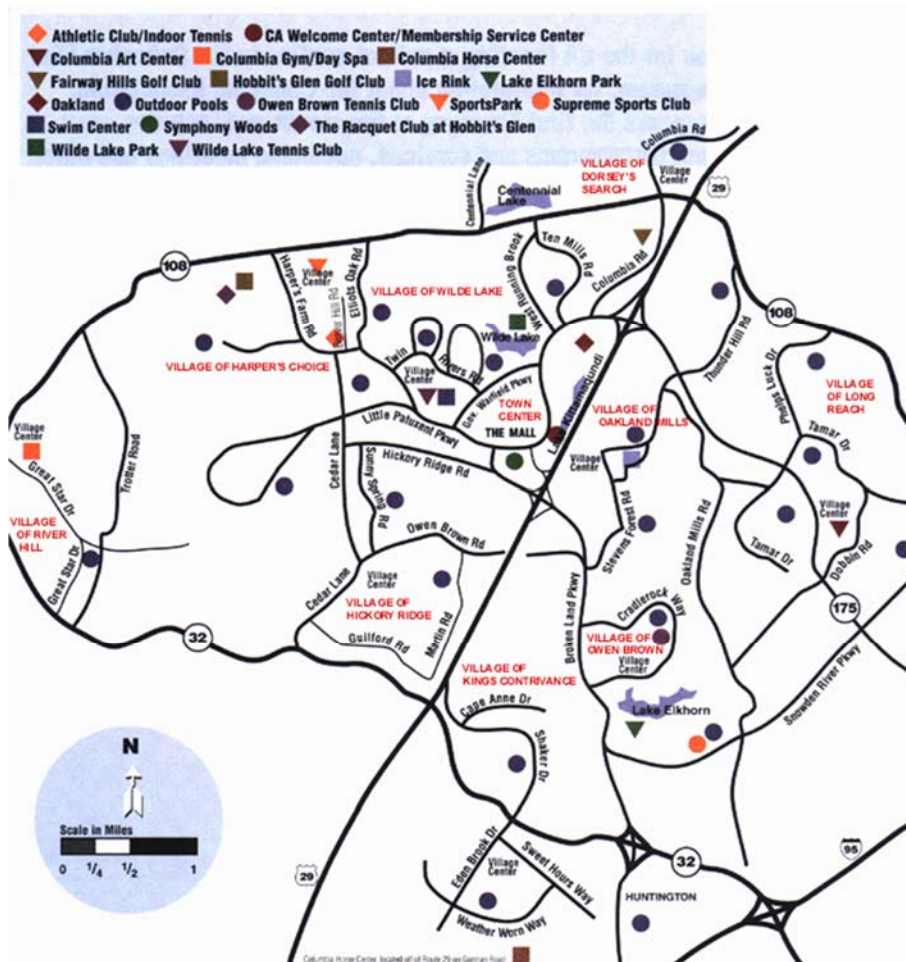
iii. Availability of Public Transit

Public transportation is limited to Howard County Transit's Brown Route bus line, which connects the subject site to Columbia Mall Transit Center, which has a MARC Train stop.

C. Local Amenities

The property has easy vehicular access to shopping, entertainment, recreation, and dining. The Columbia Town Center and the Columbia Mall are the focal point for most attractions (Map 3).

Map 3. Columbia Maryland Attractions



D. Schools

Owen Brown is served by three schools, Cradlerock Elementary, Lake Elkhorn Middle School, and Oakland Mills High School. Howard County Public schools consistently named among the best district schools systems in the nation, and number one in Maryland.

E. Crime

In recent years theft crimes has increased in Owen Brown, and policing of low visibility area has been increased (Table 2).

Table 2. Crime Statistics

Crime Statistics	Owen Brown (SRA 332)			Columbia (SRA 441)		
	Year	2012	2013	2014	2012	2013
Aggravated Assault	9	11	5	10	13	11
Burglary	21	28	25	29	16	19
Disorderly Conduct	12	25	13	23	23	29
Drug Violation	17	9	18	45	58	65
Homicide	0	0	0	0	0	2
Rape	1	1	0	2	1	2
Robbery	7	15	11	25	15	8
Theft	93	156	152	730	697	699
Vandalism	45	62	96	47	49	75
Vehicle Theft	6	11	5	10	7	5
Weapons Violation	0	3	4	7	7	9

Source: Howard County Crime Statistics

IV. Proposed Uses

The subject site has not achieved its highest and best use, and redevelopment for greater density and mixture of land uses is possible. To meet the growing demand for residential units in Columbia, we propose a new rental multi-family component to Owen Village Center. The proposed unit mix and rents will be discussed in the marketing section of this report, but we believe new product will be competitive with other properties coming online other village centers, such as Wilde Lake Apartments. Based on studies with our design professionals, this plan will require the acquisition of some parcels on the site, and re-zoning to allow for residential uses.

As part of the redevelopment, we also propose a repositioning of the retail spaces, to be more competitive with newer retailers and food service in Columbia. As part of the phased re-development, we will consolidate the smaller retail spaces into a new, mixed-use buildings. Additionally, Owen Brown benefits from access to outdoor recreational uses that have not been maximized for full potential. Redevelopment of the site will include better site planning of exterior public spaces.

Chapter 2. Market Analysis

I. Introduction

This section of the report focuses on economic trends and conditions in Howard County, Maryland, the county in which the subject site is located. For purposes of comparison, economic trends in the State of Maryland and the nation are also discussed. Howard County is part of the Washington metropolitan census statistical area. Columbia is thirty miles northeast of Washington, DC and twenty miles southwest of Baltimore, Maryland.

In its PlanHoward 2030 report, Howard County has projected growth in jobs, population and construction, and initiated a comprehensive land development plan. Columbia is included in the plan as a growth-designated place. The Columbia Association has also planned for growth. With Columbia's large private property owner, the Howard Hughes Corporation, new mixed-use development has begun in the Columbia Town Center.

The subject property, Owen Brown Village Center, includes retail, office, and civic uses. The Columbia Association and Howard County have commissioned two studies, *Characteristics of Columbia, A Demographic and Socio-economic Profile* (December 2012) and the *Columbia Market Study...for Columbia's Village Centers* (November 2014) to analyze the existing conditions and make recommendations for future growth. Some of the following data is derived from these reports, as well as the U.S. Census Bureau and other sources.

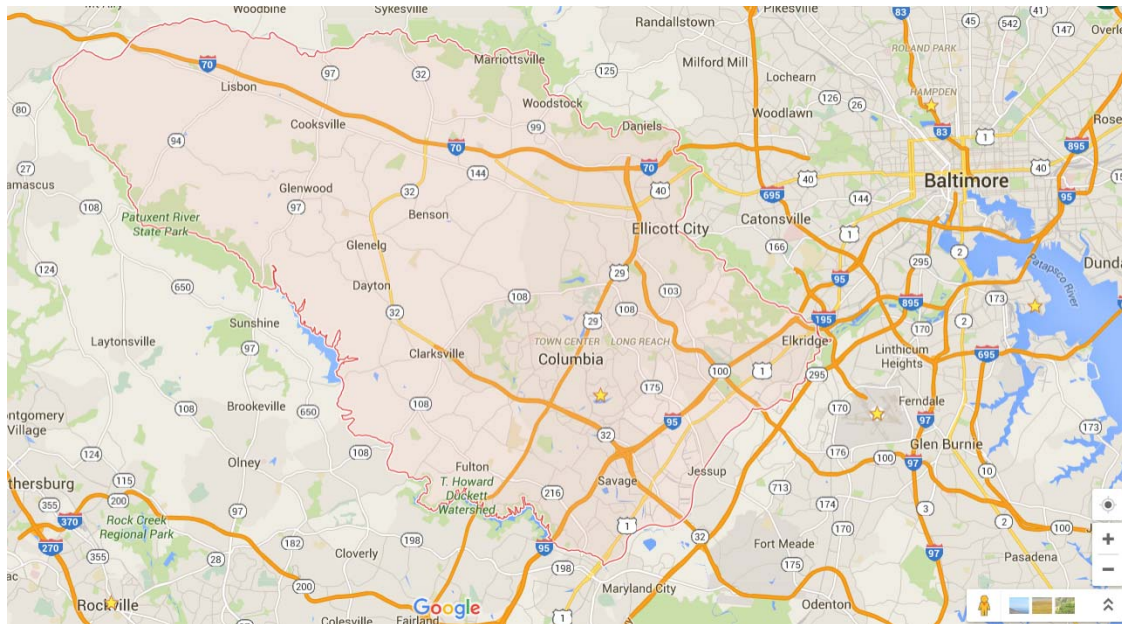
I. Market Area

The Primary Market Area (PMA) is Columbia, with the submarket of Owen Brown, and the Secondary Market Area (SMA) being eastern Howard County (Map 4). The market area includes the entire city of Columbia, Maryland and several other adjacent towns located in Howard County.

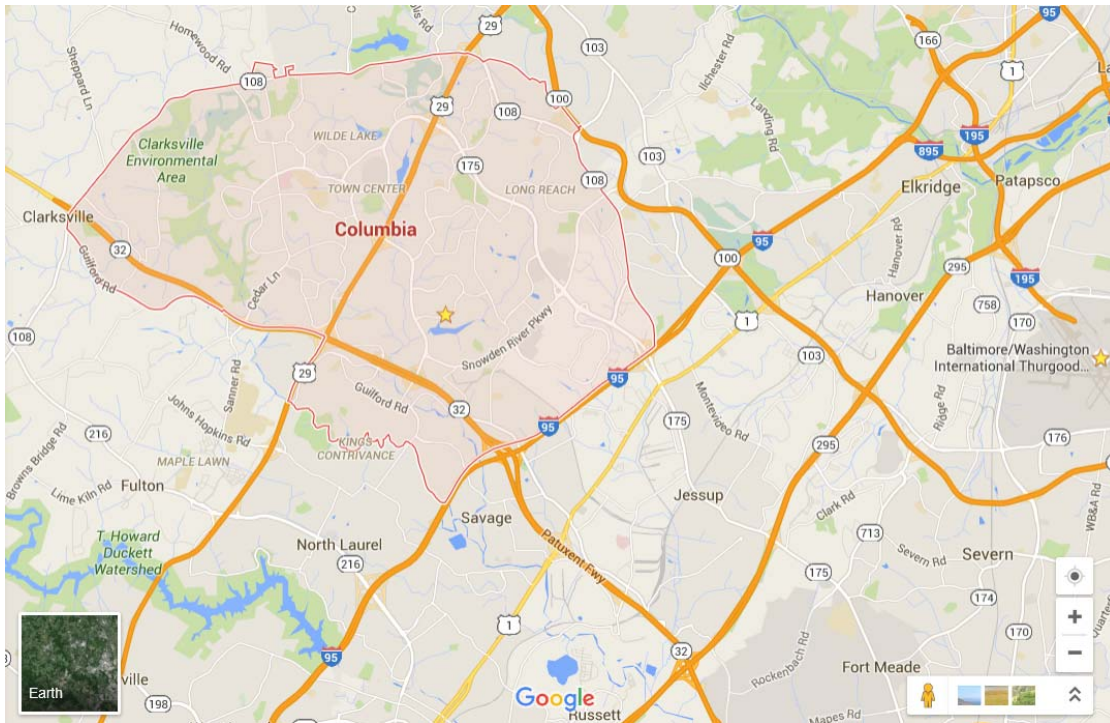
- **North:** The PMA extends up Interstate 70
- **East:** Baltimore-Washington Parkway
- **South:** Extends to county line
- **West:** Route 32

When appropriate, the market area will be compared to and contrasted with Howard County in its entirety, the secondary market area.

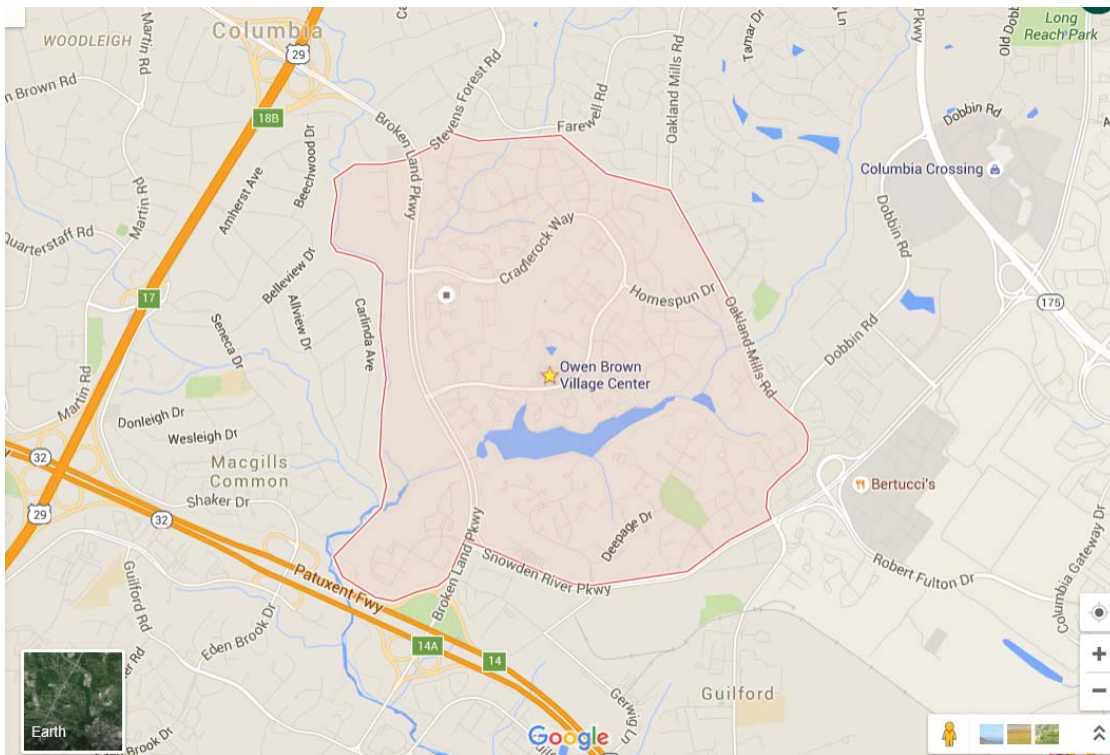
Map 4. Howard County Market Area



Map 5. Columbia, Maryland Market Area



Map 6. Owen Brown Submarket Area



II. Labor Force, Resident Employment, and Unemployment

A. Labor Force

Howard County is part of a multi-county labor market that includes Anne Arundel, Baltimore, Carroll, Montgomery and Prince George's as well as Baltimore City. The labor force includes all persons classified as employed or unemployed. The unemployment rate represents the number unemployed as a percent of the labor force.

The total labor market area is 2.3 million civilians. The total civilian labor force for Howard County (by place of residence) is 171,000, with 163,500 employed, resulting in an unemployment rate of 4.4% (7,500).

A. Commuting

Of the residents in Howard County, nearly 60% (94,900) commute outside of the county for work. 61% of residents (97,000) work in business, science and the arts. Most workers age 16 and older travel more than thirty minutes to work, slightly lower than the state average.

B. Employment Trends

The Howard County Economic Development Agency (HCEDA) projects total employment to increase 8% between 2015 and 2020, and 4.6% between 2020-25. The Columbia Association forecasts that 3,000 new full-time jobs will be added per year through 2020, with a projected share of 1,100 per year for Columbia.

C. Employment by Sector

As of 2015, the top employment sector in Howard County is professional and technical services at 38,000, followed by government and government enterprises with 19,600 jobs. The third largest sector is retail trade at 18,700. Professional and technical services grew 12.2% between 2010-15, while government jobs increased more modestly at 2%. Retail trade jobs grew 3.9% between 2010-15, and are projected to grow 4.8% over the next five years.

III. Major Employers

The major employer in Howard County is the Johns Hopkins University Applied Physics Laboratory at 5,000 employees followed by Verizon Wireless at 2,028 and Lorien Health Systems at 2,000 employees.

Table 3. Howard County Major Employers

Rank	Employer	Industry/Service	Employees
1	Johns Hopkins Applied Physics Laboratory	R&D Systems Engineering	5,000
2	Verizon Wireless	Telecommunications	2,028
3	Lorien Health Systems	Nursing Care	2,000
4	Howard County General Hospital	Medical Services	1,777
5	Howard County Community College	Higher Education	1,294
6	SAIC	Engineering Services	1,060
7	Giant Food	Groceries	1,050
8	The Columbia Association	Nonprofit Civic Organization	900
9	Wells Fargo	Securities Administration	842
10	MICROS Systems	HQ/ Software Development	815
11	Coastal Sunbelt Produce	Produce Processing	800
12	Neilson	Media Information	767
13	Dreyer's Grand Ice Cream	Frozen Desserts	735
14	Wegmans Food Markets	Groceries	700
15	Maxim Healthcare Services	Medical Staffing	675
16	Sysco Food Services	Food Products Distribution	650
17	Northrop Grumman	Engineering Services	525
18	Ascend One	HQ/Consumer Debt Management	511
19	Enterprise Community Partners	HQ/ Community Development	505
20	Target	Consumer Goods	500
21	W.R. Grace & Co.	HQ/ Chemical R& D	500
22	Walmart	Consumer Goods	500
23	Humanim	Disabled Care & Services	458
24	McDonald's	Restaurants	450
25	C.A. Lindman	Structural Restoration	400
26	Home Depot	Home Improvement Products	400
27	Merkle	Database Marketing	400
28	Quality Software Services, Inc	Solutions Provider	400
29	Turf Valley Resort & Conference Center	Golf Resort, Conference Center	380
30	Magellan Health Services	Behavioral Health Care Management	375
31	NeighborCare	Pharmacy Services, Medical Supplies	350
32	Safeway	Groceries	350
33	Carmax	Used Car Dealers	340
34	Honeywell Technology Solutions	Aerospace Technical Services	325
35	Motorola	Telecommunications	325

Source: Howard County

IV. Housing

In Howard County there are 115,311 housing units, with a 74% homeownership rate. Nearly 25% of the housing units are in multifamily structures. Median house value of an owner-occupied unit is \$428,100. In Columbia there are 41,239 total housing units, with a 67% homeownership rate. In contrast to the county, Columbia's median house value of

owner-occupied units is \$367,500. HCEDA projects there will be 130,000 households in Howard County by 2025. Owen Brown has a higher percentage of units in multi-unit structures, at 34%.

In Columbia, detached housing is 41%, attached units are 26%, and multifamily is 33% of the existing units. Although most live in owner-occupied units, the rental vacancy is low at 2.8%, indicating a need for rental units. Average rents in Columbia are \$1,350 and lower at \$1,100 in Owen Brown.

V. Construction

In Howard County, construction permits increased 20% from April 2014 to April 2015 to a total of 453. Estimated construction for this period is \$86,478,174.

VI. Commercial Real Estate

A. Retail

Owen Brown currently has a total of 106,437 square feet of existing retail, of which 5,855 (6%) is vacant. The anchor store is Giant Foods, which owns its property. The grocery store landscape is changing, and Owen Brown exists in a highly competitive market with 4 supermarkets in a five-minute drive, and 12 supermarkets within a ten-minute drive, including competing non-traditional grocer BJ's Wholesale Club.

B. Customer Categories

The Columbia Association identifies three customer types that are likely to visit Owen Brown: local residents, visitors (using lake, pathway or the library), and pass-by customers (traveling MD 32, Broken Land Parkway).

C. Office

Columbia, Maryland includes 80% of Howard County's office space. The Howard Hughes Corporation is adding additional new Class A office space in Columbia Town Center.

D. Shifting Uses

In Columbia there is a move away from industrial and warehouse uses, but the Columbia Association and Howard County Development Agency have not conclusively decided to move away from industrial uses to mixed uses by re-zoning. In the current market, rentals are competitive, and it is uncertain if former industrial sites would be desirable for residential use.

VII. Demographic Characteristics

A. Generational Definitions

The shifting age demographics of the nation include the four generations, and the unofficial, but generally accepted birth ranges for each:

- Silent Generation 1925-1945
- Baby Boomers 1946-1964
- Generation X 1965-1979
- Generation Y/Millennials 1980-1995

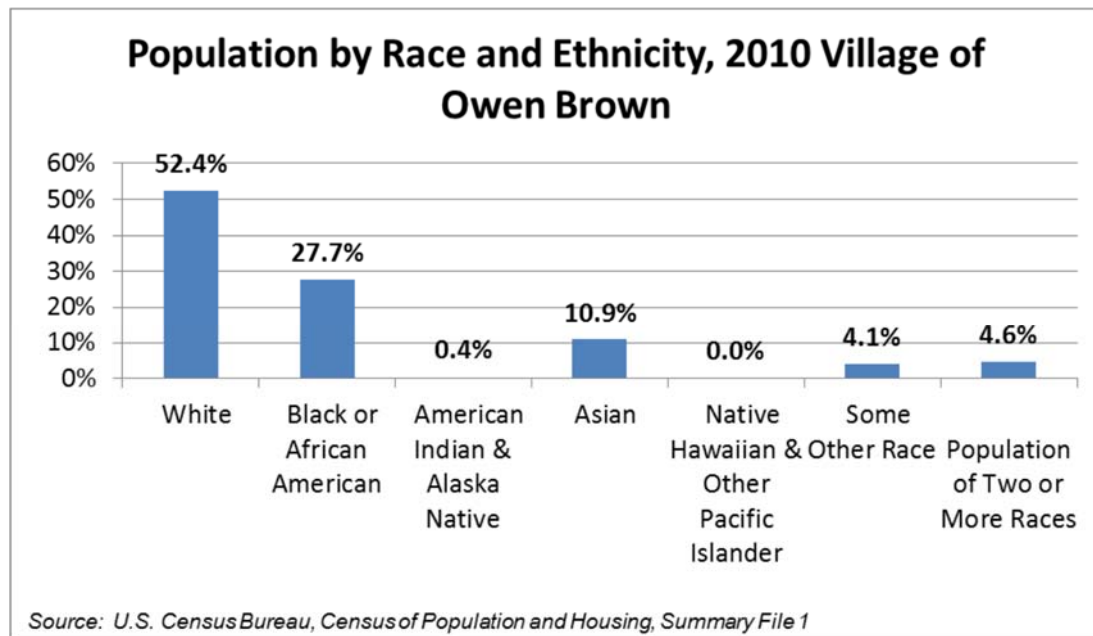
The millennials are fast becoming the largest age group. Millennials are more diverse than previous generations, and making different decisions on where they live, when they start a family, and how they spend free time and discretionary income. Baby Boomers reaching retirement are turning to smaller housing, and looking for a livelier urban lifestyle. There is great potential to meet the housing demand for Millennials and Baby Boomers through mixed-use multi-family residential.

A. Population

Howard County's population grew by 16% during the ten-year period from 2000-2010, and is expected to grow by another 16% by 2020 to 332,000. The average age of residents is 38.5 years, with 32% (88,300) of the population between 20-44 years of age. Women outnumber men at 51%. As of 2014, the population is 60% White, 19% Black, 17% Asian and 6% Hispanic or Latino.

In Columbia, the population at the 2010 census was 99,615, and 9,761 in Owen Brown Village. The number of women residents is slightly higher (52%) than the county. The White population of Owen Brown is lower than the county at 52%, Black population is higher at 28%, Asians are lower at 11% and Hispanic or Latino higher at 8%. The median age is lower than the county at 36.7 years.

Table 4. Population by Race and Ethnicity



B. Educational Attainment

Howard county residents are highly educated, with 95% of those aged 25 and over holding a high school diploma, and 60.5% have a bachelor’s degree or higher.

C. Household types

In Howard County There are 2.74 persons per household, with median household income of \$109,865. In the county 4.6% people live below the poverty level. In Columbia there are 2.53 persons per household, with a median household income lower than the county, at \$ 99,887. There is a higher poverty rate in Owen Brown at 6.6% persons. Most two or more households (73%) consist of married couples, of which under half have children under 18 years old. Most Households reside in owner-occupied units.

Table 5. Owen Brown Population

Village of Owen Brown Population by Type (2010)	
HOUSEHOLDS	NUMBER
Total Population	9,785
Households	3,815
Household Population	9,761
Persons per Household	2.56
Total Group Quarters Population	24
Institutionalized Population	8
Correctional Institutions	0
Nursing Homes	8
Other Institutions	0
Noninstitutionalized Population	16
College Dormitories	0
Military Quarters	0
Other Noninstitutional Group Quarters	16

Source: U.S. Census Bureau, Census of Population and Housing (2010), Summary File 1, Characteristics of Columbia, Columbia Association 12.2012

Table 6. Household Types

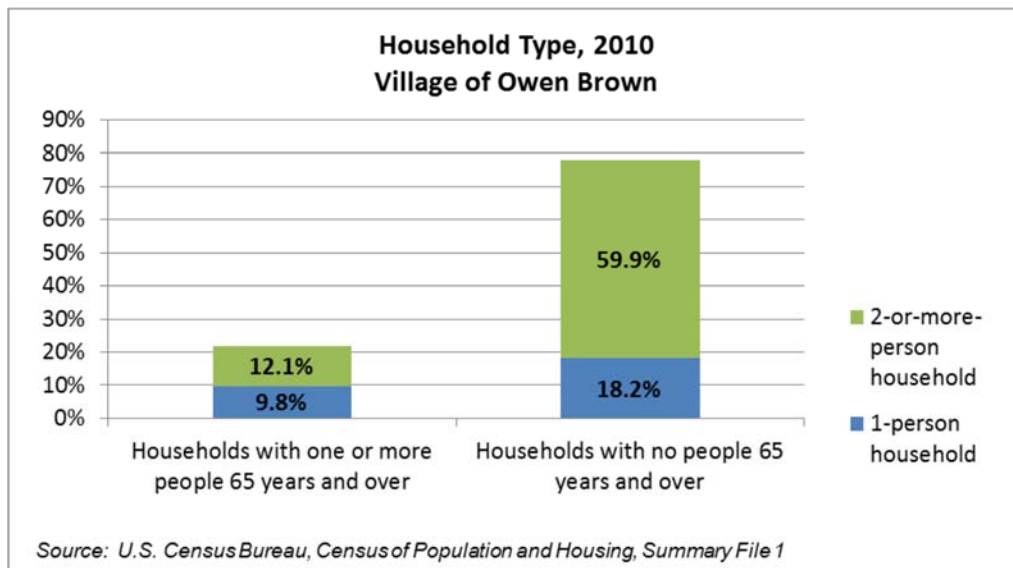
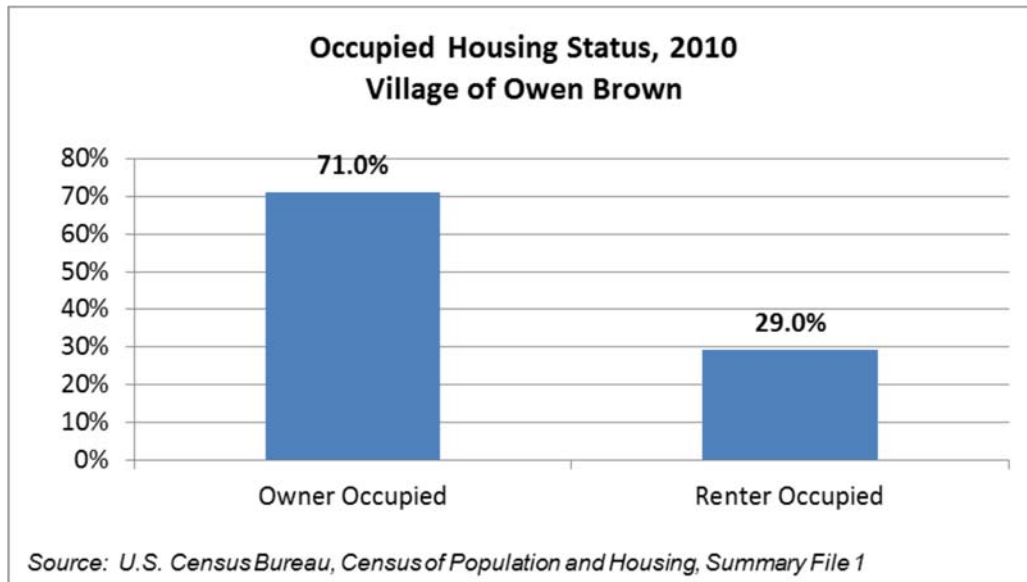


Table 7. Occupied Housing Status

VIII. Market Conclusions

The Columbia Association 2014 Economic Development Services study forecasts that number of jobs will increase along with the demand for housing will in the Columbia market through 2020. As a result, Columbia has a need for 5,500 new housing units by 2030, of which only 1,000 are currently under construction. Area median income is around \$100,000, and most households (76%) are couples. Owen Brown Village Center can be repositioned to better compete local retail and residential options that optimize the unique site characteristics, including Lake Elkhorn.

IX. Survey of General Occupancy Rental Communities

The following analysis compares nine properties in the Owen Brown primary residential market area. All properties are located in Columbia, Maryland, with four properties located in Columbia Town Center. The upper tier's average year built is 2005, and the lower tier's average year built is 1989. Most of rental communities are mid-rise apartments (Table 8).

Table 8. Multifamily Rental Summary

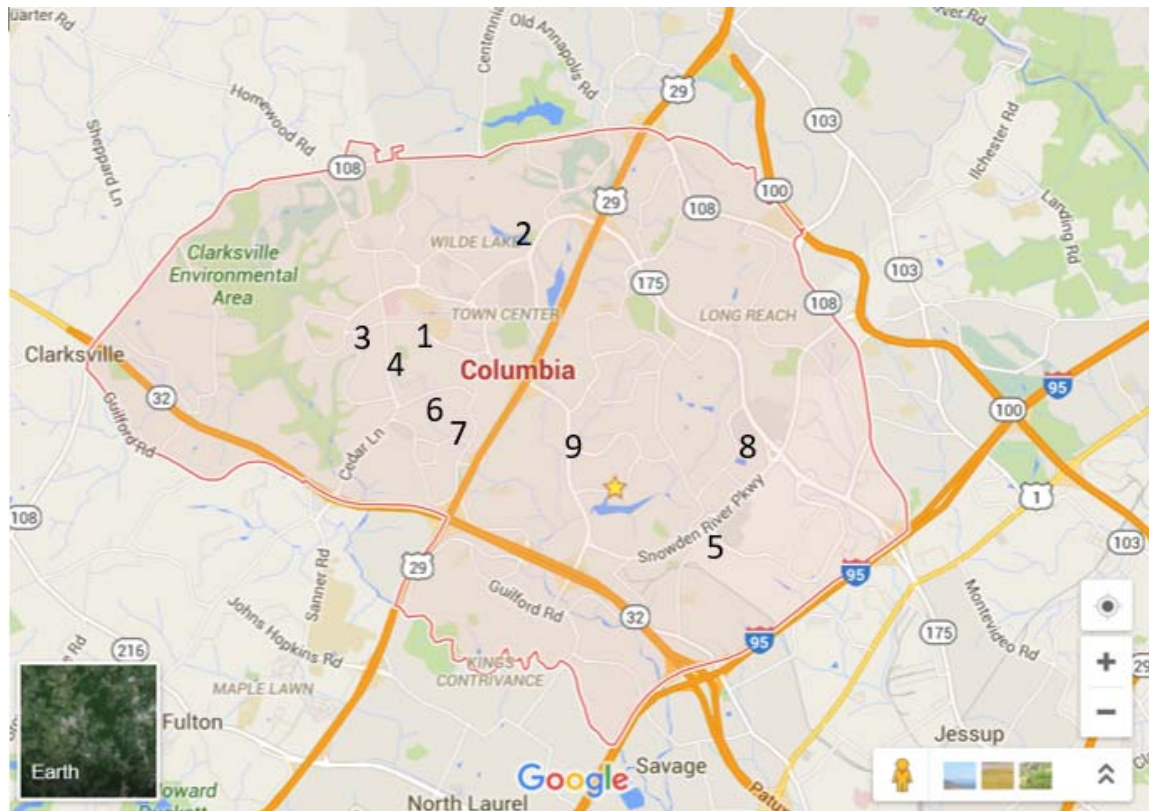
Map #	Community	Year Built	Year Rehab	Structure Type	Total Units	Vacant Units	Vacancy Rate	Avg 1BR Rent (1)	Avg 2BR Rent (1)	Incentive
Upper Tier										
1	Metropolitan Apartments	2015		Masonry	380	55	14.5%	\$1,714	\$2,273	
2	Evergreens	2005		Wood	156	1	0.6%	\$1,707	\$2,567	
3	Swift Stream Place	2001		Wood	531	34	6.4%	\$1,632	\$1,817	
4	Gramercy Place	1997		Wood	210	11	5.2%	\$1,671	\$1,957	
Upper Tier Total/Average		2005			1,277			\$1,681	\$2,154	
Total/Average with Vacancy Info					1,176	101	8.6%			
Stabilized Total/Average w/ Vacancy					796	46	5.8%			
Lower Tier										
5	Stonehaven	1999		Wood	200	10	5.0%	\$1,370	\$1,771	
6	Orchard Crossing Apartments	1996		Masonry	302	11	3.6%	\$1,267	\$1,422	
7	Ashton Green Apartments	1991		Masonry	170	10	5.9%	\$1,412	\$1,493	
8	Chimneys of Cradlerock	1979		Masonry	198	3	1.5%	\$1,139	\$1,382	
9	Owen Brown Place	1979		Masonry	188	6	3.2%	\$1,042	\$1,222	
Lower Tier Total/Average		1989			1,058			\$1,246	\$1,458	
Total/Average with Vacancy Info					1,018	39.9	3.9%			
Stabilized Total/Average w/ Vacancy					1,018	39.9	3.9%			
Total/Average		1992			2,335			\$1,111	\$1,259	
Total/Average with Vacancy Info					2,249	86	3.8%			
Stabilized Total/Average w/ Vacancy					1,814	86	4.7%			

RED = Rent Stabilized

(1) Rent is contract rent, and not adjusted for utilities or incentives

Source: CoStar Report, March 15 2016.

Map 7. Comparable Properties



The largest community by number of units is Metropolitan Apartments at 380 units. The smallest Park View, with 104 units. Most upper tier communities have more than 200 units.

Upper tier vacancy is 8.6% due to a new property, Metropolitan Apartments, which has 14.5% vacancy. When calculating stabilized properties only, the upper tier vacancy is 5.8%, and lower tier is 3.9%. The total for all stabilized properties is 4.7%. The nine properties have a total of 2,263 units (Table 9). Most properties have a unit mix that includes one and two bedrooms.

Table 9. Comparable Unit Distribution, Size and Pricing

Community	Type	Total Units	One Bedroom Units				Two Bedroom Units				Three Bedroom Units			
			Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF
Upper Tier														
Metropolitan Apartments	Mid Rise	380	188	\$1,714	819	\$2.09	132	\$2,273	1,129	\$2.01	60	\$3,293	1,383	\$2.38
Evergreens	Mid Rise	156	62	\$1,707	832	\$2.05	94	\$2,567	1,150	\$2.23				
Swift Stream Place	Mid Rise	459	203	\$1,632	809	\$2.02	256	\$1,817	1,107	\$1.64				
Gramercy Place	Mid Rise	210	72	\$1,671	808	\$2.07	114	\$1,957	1,049	\$1.87	24	\$2,326	1,401	\$1.66
Upper Tier Total/Average		1,205		\$1,681	817	\$2.06		\$2,154	1,109	\$1.94		\$2,810	1,392	\$2.02
Unit Distribution		1,205	525				596				84			
% of Total		100%	43.6%				49.5%				7.0%			
Lower Tier														
Stonehaven	Mid Rise	200	49	\$1,370	757	\$1.81	104	\$1,771	990	\$1.79	47	\$1,900	1,150	
Orchard Crossing	Mid Rise	302	117	\$1,267	856	\$1.48	185	\$1,422	1,093	\$1.30				
Ashton Green	Mid Rise	170	36	\$1,412	841	\$1.68	86	\$1,493	998	\$1.50	48	\$1,850	1,275	\$1.45
Chimneys at Cradlerock	Garden	198	66	\$1,154	820	\$1.41	66	\$1,396	1,160	\$1.20	66	\$1,815	1,279	\$1.42
Owen Brown Place	High Rise	188	150	\$1,042	606	\$1.72	38	\$1,222	900	\$1.36				
Lower Tier Total/Average		1,058		\$1,249	776	\$1.62		\$1,461	1,028	\$1.43		\$1,855	1,235	\$1.44
Unit Distribution		1,058	418				479				161			
% of Total		100.0%	39.5%				45.3%				15.2%			
Total/Average		2,263		\$1,465	797	\$1.84		\$1,807	1068	\$1.68		\$2,332	1313	\$1.73
Unit Distribution		2,263	943				1,075				245			
% of Total		100.0%	41.7%				47.5%				10.8%			

(**) Tax Credit Communities (1) Rent is adjusted to include only Water/Sewer, Trash and incentives

RED = Rent Stabilized

Source: CoStar, Field Survey March 2016.

X. Unit Mix

As seen in Table 8, most properties have more two bedrooms than one bedroom units, at 47.5% and 41.7%, respectively.

XI. Unit Size

The average upper tier one-bedroom unit is 817 square feet, while the upper tier two bedroom averages 1,109 square feet.

XII. Rents

The upper tier one bedroom rent averages \$1,681 per month, and the upper tier two bedroom is \$2,154.

XIII. Properties Under Construction

There are two properties under construction that will compete with Owen Brown for tenants. The first is Alta Wilde Lake, in the Wilde Lake Village with 230 Units, and Little Patuxent Square in Columbia Town Center, with 160 units. Both projects will be occupied prior to Owen Brown, and may reach stabilization prior to the subject property.

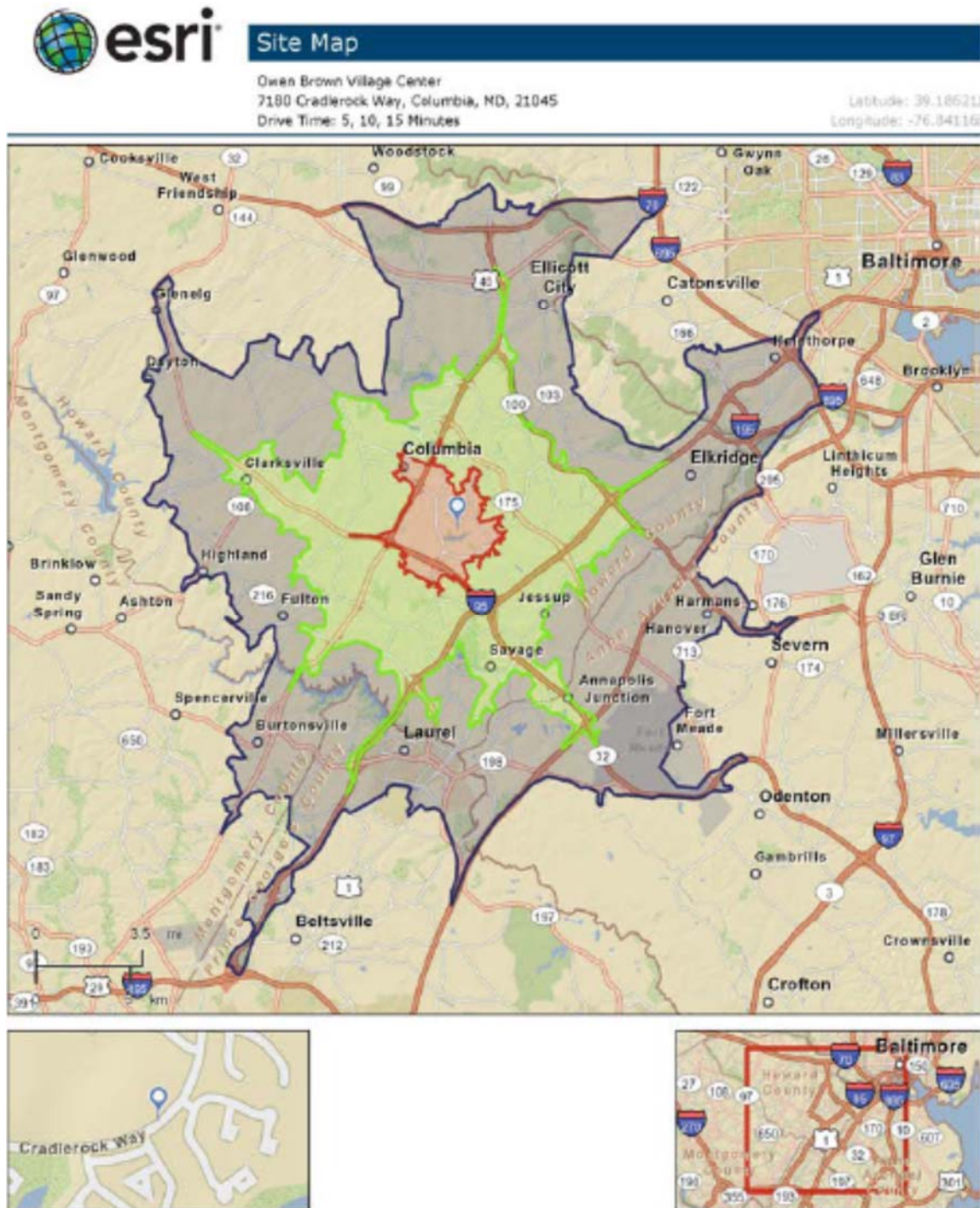
Table 10. Near Term Delivery

Project Name	Location	# of Units	Construction Start	Delivery Date
<i>Near Term delivery</i>				
Alta Wilde Lake	Wilde Lake Village	230	2015	Oct-16
Little Patuxent Square	Columbia Town Village	160	2014	Jun-16

XIV. Drive Times

Although Owen Brown Village Center location is distant from a major artery or interstate, the parkways and state routes provide longer distances covered for five, ten and fifteen-minute drive times (Map 8).

Map 8. Five, Ten and Fifteen Minute Drive Time



XV. Housing Demand

Within a five-minute drive of Owen Brown, the Columbia Association and Howard County are forecasting demand for 331 new multi-family housing units through 2017, and 1,500 multi-family units needed by 2020 (Table 11).

Table 11. Housing Demand Forecast

5-Minute Drive-time ESRI Housing Forecasts					
Owen Brown	2012	% of Total	2017	% of Total	Change
Housing Units					
Owner-Occupied	4,716	66.2%	4898	5.8%	182
Renter-Occupied	2,151	30.2%	2300	39.2%	149
Vacant Units	256	3.6%	246	3.2%	(10)
Total:	7,123	100.0%	7444	48.2%	331
5-Minute Drive-time County New Housing Estimate, 2015 & 2020					
Owen Brown	2015	% of Total	2020	% of Total	Total
Housing Unit by Product					
Single-family Detached	6	1.6%	-	0.0%	6
Single-family Attached	-	0.0%	-	0.0%	-
Multi-family	380	98.4%	1,162	100.0%	1,542
Total:	386	0.0%	1,162	0.0%	1,548

Source: ESRI Business Analyst

XVI. Existing Retail

The existing retail is a mix of food service, low-end retail, and general services (Table 12). The existing rents per square foot average \$25.00 per square foot for triple net lease (NNN).

Table 12. Existing Retail Mix

Food Service	General Service	Business/Office	Other	Anchors
Happy Garden/Chinese Gourmet	Elegant Twist Hair Salon Future Nails	Bank of America Allstate Insurance	Dollar Tree Owen Brown Wine & Spirits	Giant Food Owen Brown Interfaith Center
Jerry's Subs & Pizza McDonald's	Hair Cuttery Owen Brown Village Cleaners	Cat & Dog Hospital of Columbia Columbia Dental Excellence	Shell Gas/Subway Permanent Cosmetics	Community Action Center Howard County
Sonoma's Bar & Grill Shell Gas/Subway Vocelli Pizza	Warren's Barbershop Julio & Alain's Hair Studio Original African Hair Braiding Rochelle Le Hair Savor Stillwater Massage Rxmom	Columbia Eye Associates Dodek Dentistry Dr. Bonebreak Orthodontist Essential Family Chiropractic Anxiety Solutions	The Nine Oasis	Police Department

XVII. Repositioning Food Service**a. Demand**

Within a five-minute drive there is estimated \$1.5 million in estimated annual spending potential for food, and \$5.6 million within a ten-minute drive to a total of \$7.2 million (Table 13). Allowing for inflow from nearby employers the spending potential grows to

\$8 million annually. With an average \$450 sales per square foot, the area could support 17,788 SF in food and beverage service businesses.

Table 13. Potential Food & Beverage Capacity

Potential Food & Beverage Capacity- Owen Brown Village Center	
5 Minute Drive-time	
Total Households	7,197
Median Household Income	97,807
Gross Household Income:	703,916,979
x % Spent on Food Away from Home	4.4%
Total Spending on Food:	30,972,347
x Capture Rate	5.0%
Estimated Spending Potential (5-Minute):	\$ 1,548,617
5-10-Minute Drive Time	
Total Households	50,628
Median Household Income	101,679
Gross Household Income:	5,147,804,412
x % Spent on Food Away from Home	4.4%
Total Spending on Food:	226,503,394
x Capture Rate	2.5%
Estimated Spending Potential (5-10 Minute):	5,662,585
TOTAL- Resident Spending on Food:	7,211,202
+ Inflow (Nearby Employees) @ 11%	793,232
TOTAL -Spending Potentials:	8,004,434
/ Average Sales (Per SF)	450
TOTAL SUPPORTABLE SPACE (In SF):	17,788

Source: Columbia Association

b. New Restaurant Offerings

To stand out from the chain restaurants in the area, we propose three restaurants; a farm-to-table seated restaurant, a local microbrewery or vineyard-themed bar & grill, and a gelateria/coffee shop. These three options will be strategically positioned on the new shopping corridor, with outdoor seating between retail shopping and general service businesses.

The Owen Brown Association will coordinate its event schedule with the restaurants, including seasonal festival events and live music. The Farmer's market will be located in the Owen Brown square and cooperative agreements and food shares for local residents. We believe proximity to the new, unique restaurants and retail will allow us to seek higher residential rents than upper tier comparable properties.

XVIII. Office Demand in Owen Brown

The Columbia South office market has a vacancy rate of 7.8%. By 2020 the growth in office space demand and employees is expected to increase. Market rents \$23.45 per square foot. Owen Brown Village Center has an existing 18,898 square feet of garden style office space, primarily for professional services.

Based on employment forecasts through 2020 an additional 19,000 jobs will be added to Howard County with new 9,100 jobs for Columbia. The fair share calculation for Owen Brown is 257 jobs (Table 13). Most of the new Owen Brown Office jobs could be located in the existing Woodmere office buildings on Broken Land Parkway, but there will be demand for garden style office space in the Owen Brown Village Center, to replace the 19,000 square feet of existing space in buildings to be demolished.

We forecast net demand for general services and professional services office space as 2,550 square feet by 2020. Office space would be in-line with ground floor retail, and ready for occupancy at the same time.

Table 14. Employment Forecasts & Allocation to Columbia

Employment Forecasts & Allocation to Columbia					
	2010	2012	As % of Total	2020	2012-2020 Forecast
Howard County: All Jobs					
BMC Round 8 Jobs (1)	181,381	187,381	100.0%	211,381	24,000
Less Self-Employed (2)		38,151	20.4%	43,037	4,886
		149,230	79.6%	168,344	19,114
Howard County: Full-time Jobs Only					
			(3)		
Mining & Natural Resources		2,522	1.7%	2,845	323
Construction		11,031	7.4%	12,444	1,413
Manufacturing		10,675	7.2%	12,042	1,367
Transportation & Warehousing		3,879	2.6%	4,376	497
Communications		2,195	1.5%	2,476	281
Utilities		594	0.4%	670	76
Wholesale & Retail Trade		31,496	21.1%	35,530	4,034
Finance/Insurance/Real Estate		9,308	6.2%	10,500	1,192
Services		66,790	44.8%	75,345	8,555
Government		10,740	7.2%	12,116	1,376
Total- Full-time jobs (2012-2020):		149,230	100.0%	168,344	19,114
Columbia (CDP)					
Fair Share:			(4)		
Total Jobs (2012-2020):		71,153	38%	80,266	9,113
<p>(1) Reflects Round 8 Employment forecasts for "Retail and "Non-Retail" jobs for 2010-2020, as prepared by the Howard County Department of Planning and Zoning, and used by the Baltimore Metropolitan Council (BMC). BMC does not prepare job forecasts by industry sector.</p> <p>(2) The forecasts include both part-time and self-employment jobs. These are excluded from the analysis because it is unknown how many part-time and self-employed jobs will demand workplace real estate such as office or industrial space.</p> <p>(3) This illustrates the distribution of jobs, by industry sector, in 2012. This analysis assumes that the distribution of jobs, by industry sector, will remain the same in 2020.</p> <p>(4) Columbia's 2012 share of all jobs in Howard County was 38%. The analysis assumes that Columbia maintains its share in 2020.</p>					
<p><i>Source: Columbia Association, Baltimore Metropolitan Council (BMC) Round 8 Forecasts; ESRI Business Analyst; RDS; WTL+a, revised April 2014.</i></p>					

Table 15. Office Demand Analysis

Office Demand Analysis	
Employment Forecasts	
Total Employment- Columbia CDP	
2012	71,153
2020	80,266
New Jobs:	9,113
2012 Office Jobs-All Columbia Submarkets	
Occupied Office Inventory	12,247,951
Occupancy Ratio Per SF	257
Total:	47,657
As % of Total Jobs	67%
2020 Office Jobs-Columbia TAZ Zones	
Existing Jobs	47,657
Plus Share of New Jobs @ 67%	6,104
Total:	53,761
Office Market Potentials-Owen Brown	
Fair Share Analysis	
Occupied Office Space-Owen Brown	19,898
As % of Columbia (Fair Share)	0.16%
2020 Office Jobs to Columbia	
Fair Share	6,106
Allocation to Owen Brown:	0.16%
Existing Jobs	10
2020 Office Jobs-Owen Brown:	77
Occupancy Ratio per SF	257
Gross Demand (SF):	22,447
Occupied Office Space	19,898
Net Demand (SF):	2,549
Existing Vacant Office Space:	-
<i>Source: Columbia Association, ESRI Business Analyst, Co-Star</i>	

Chapter 3. Regulatory Context

I. Zoning

A. Introduction

The subject property is eight parcels over a total of 14.32 acres, with no known liens or encumbrances except deed covenants. The site is subject to state of Maryland environmental standards, to Howard County for Zoning and Building approvals, the Columbia Association and its related review committees, as well as the Owen Brown Village Center Board.

All parcels are zoned as New Town District (NT), found in Section 125 of the Howard County Zoning Code. NT is broadly defined as “an unincorporated city, town, or village which is designated and planned as an economically and culturally self-sufficient community with a population of at least 20,000 inhabitants.”

In spirit, NT zoning is highly flexible allowing for virtually any use except heavy manufacturing, the language is somewhat prescriptive, and the approvals process is lengthy. Below is an overview of applicable requirements.



Map 9. Zoning *The light blue area represents the NT district.*

B. Uses

As a New Town district, the development is expected to provide the following uses across the entire NT district:

Open Space Uses	Minimum of 36% of total area
Single-family – Low Density Maximum of 2 units per acre	Minimum of 10% of total area
Single-family – Medium Density Maximum of 4 units per acre	Minimum of 20% of total area
Apartments Maximum of 15 units per acre	Maximum of 13% of total area
Commercial (POR, B-1, B-2, SC uses)	Minimum of 2% of total area and maximum of 10% of total
Industrial (M-1 uses)	Minimum of 10% of total area and maximum of 20% of total area
Uses other than those permitted in R-MH and M-2 Districts	Maximum of 15% of total area

The proposed redevelopment does not include any industrial uses. To determine the allowable number of dwelling units, NT multiplies the total acreage by 2.5, which results in only 36 new residential units. However, the Columbia Association has recognized the limitations of the current NT zoning and Howard County has approved the higher density for the recently redeveloped Wilde Lake Village Center, which offers 275 new residential units on a site of similar acreage.

C. Development Levels

Zoning Section 125.0 9c. creates restrictions on the total amount of new downtown residential units, retail and office space allowed in Columbia, including Owen Brown. A total of 5,500 new residential units have been approved as well as 1.25 million square feet of retail. Current estimates of Columbia developments underway reduce the residential units by 1,000 and the retail space by 200,000 square feet. The Owen Brown Village Center redevelopment will decrease the totals, but remain well below the approved limits. The approvals process should begin expeditiously as to not lose out to any new competing developments.

D. Setbacks and Floor Area Ratio

Zoning Section 125 does not prescribe setbacks and floor-to-area ratios (FAR) for use types, but allows village center community plans to set requirements. The Owen Brown Community Plan does not make any setback or FAR requirements.

E. Parking Requirements

Section 133.0 of the Howard County Zoning Code states that off-street parking and loading must be provided on the same lot with the structure or related land use. Parking is allowed on a separate lot in nonresidential uses when major pedestrian access to parking is within 400 feet of the entrance to the building. Off-street parking and loading spaces on two or more adjoining lots may be provided in a single common facility if lots are in the same zoning district owned by the same entity. Howard County and the Columbia Association are willing to approve lower parking requirements as stated below, by building use:

Single-family detached and single-family attached

2.0 spaces per dwelling unit, plus 0.5 spaces for visitor parking

Apartments

2.0 spaces per dwelling unit plus 0.3 spaces per dwelling unit for visitors

General office

3.3 spaces per 1,000 sf

Medical clinic or office building where more than 50% of floor area is used for medical offices

5.0 spaces per 1,000 sf

Banks

3.3 spaces per 1,000 sf

Convenience stores

5.0 spaces per 1,000 sf

Personal service establishments

5.0 spaces per 1,000 sf

Restaurants, standard, and beverage establishments

14.0 spaces per 1,000 sf

Restaurants, outdoor seating area

7.0 spaces per 1,000 sf

Retail, general

5.0 spaces per 1,000 sf

Athletic centers, health clubs, or similar indoor uses

10 spaces per 1,000 sf of assembly area

Swimming pool, community

1.0 space per 7 persons permitted in pool

Religious facilities:

10.0 spaces per 1,000 sf in the assembly area

*The requirement may be reduced by up to 33% if the use is within 500 feet of a larger parking facility.

F. Shared parking

Off-street loading and unloading facilities shall be provided for retail and service business establishments, restaurants, and other places serving food and beverages. Loading facilities shall be separate from parking spaces and driveways serving parking spaces, away from pedestrians and vehicular traffic, and in compliance with setback requirements.

The existing town center includes 927 surface parking spots, a portion of which will remain during Phase I of the redevelopment plan. Howard County and the Columbia Association

are amenable to considering shared parking between uses to reduce the future total number of spaces, and the amount of impervious surface.

G. Building Height Limits

The Owen Brown Village Center Community Plan sets a height limit of seven stories for buildings in Owen Brown:

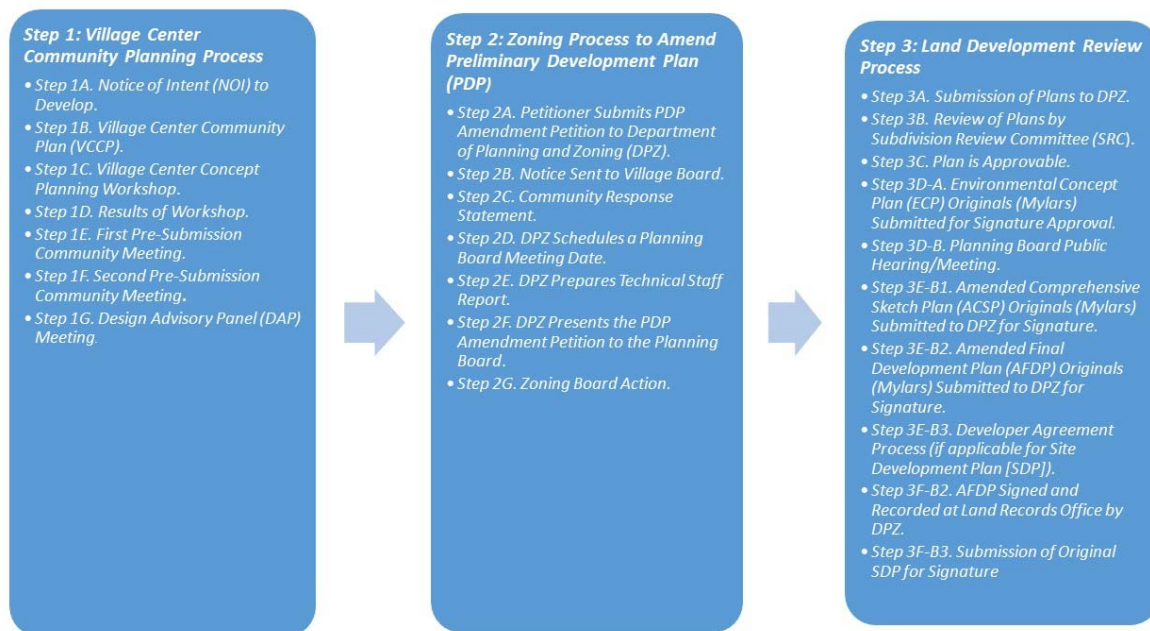
“Future residential units could be constructed, perhaps in multiuse buildings. In all cases, no building should be higher than the seven story Owen Brown Place building. Building heights must be stepped in such a way that buildings close to / across the street from multifamily residential areas should be no more than two stories tall. Three or four story buildings would be appropriate closer to Owen Brown Place.”

The seven story limit has some flexibility. There is no mention of a specific dimension (feet and inches) for a building story, nor is there a reference as to where the first floor is measured in relation to the site grading.

II. Major Village Center Redevelopment Process

Howard County Department of Planning and Zoning (DPZ) has established the following process with the Columbia Association, regulatory agencies and community stakeholders for large-scale redevelopment (Table 15).

Table 16. Approvals Process



Step 1: Village Center Community Planning Process

Step 1A. Notice of Intent (NOI) to Develop.

The Petitioner delivers the NOI to the applicable Village Board and the Department of Planning and Zoning (DPZ) at least 60 days prior to the first pre-submission community meeting.

Step 1B. Village Center Community Plan (VCCP).

The Village Board may create or update the VCCP within 60 days of receiving the NOI.

Step 1C. Village Center Concept Planning Workshop.

The Petitioner shall initiate and participate in a Village Center Concept Planning Workshop with the community. This shall be done at least 1 week from the NOI and at least 30 days before the first pre-submission community meeting.

Step 1D. Results of Workshop.

The Petitioner creates a concept Plan and the Village Board creates or updates the Village Center Community Plan based on the results of the workshop.

Step 1E. First Pre-Submission Community Meeting.

Step 1F. Second Pre-Submission Community Meeting.

To be held at least 30 days after the first pre-submission community meeting.

Step 1G. Design Advisory Panel (DAP) Meeting.

At this meeting, the Petitioner presents a concept plan and design guidelines to DAP. This meeting is to be held prior to PDP amendment submission to DPZ. Members of the community are able to submit written comments.

Step 2: Zoning Process to Amend Preliminary Development Plan (PDP)

Step 2A. Petitioner Submits PDP Amendment Petition to Department of Planning and Zoning (DPZ).

Step 2B. Notice Sent to Village Board.

Within two days of acceptance of a Major Village Center redevelopment petition, DPZ sends a notice to the Village Board requesting a Community Response Statement.

Step 2C. Community Response Statement.

Within 45 days from the notice sent to the Village Board, the Village Board sends Community Response Statement to DPZ.

Step 2D. DPZ Schedules a Planning Board Meeting Date.

Step 2E. DPZ Prepares Technical Staff Report.

DPZ prepares a technical staff report to be issued to the Planning Board two weeks prior to the Planning Board meeting date, approximately three weeks in advance. Community input can be provided at a meeting.

Step 2F. DPZ Presents the PDP Amendment Petition to the Planning Board.

The Planning Board reviews the DAP recommendations, Community Response Statement from the Village Board, and the DPZ Staff Report Recommendation. Then the Planning Board issues their recommendation in approximately two to three weeks. Community members are invited to the Planning Board review to provide feedback.

Step 2G. Zoning Board Action.

The Zoning Board evaluates the Major Village Center redevelopment plan based on the DPZ Staff Report, Planning Board recommendations, and compliance with Section 125.0.J.5 of the Zoning Regulations. Community input is welcomed at the Zoning Board meeting. Following its evaluation, the Zoning Board issues a decision and an order. If approved, the Petitioner proceeds to Step 3 – Land Development Review Process.

*Step 3: Land Development Review Process**Step 3A. Submission of Plans to DPZ.*

The following are four separate plans which are required submissions:

- Amended Comprehensive Sketch Plan (ACSP);
- Amended Final Development Plan (AFDP);
- Environmental Concept Plan (ECP);
- And Site Development Plan (SDP). The Petitioner presents the SDP to the Design Advisory Panel prior to the SDP submission to DPZ.

Step 3B. Review of Plans by Subdivision Review Committee (SRC).

The SRC meeting is held three to four weeks after the initial application date. The community is allowed to provide input via letters, emails, or phone calls. If required, plans are to be revised in this step. There is a 45-day re-submittal deadline. The re-submitted plans must be submitted to DPZ, repeating Step 3A.

Step 3C. Plan is Approvable.

This may require revised plan submission to specific SRC Agencies. The four plans each have separate deadlines. The ECP Plan process will be described in the steps ending with the suffix “-A”, while the ACSP, AFDP, and SDP Plan processes will be described in the steps ending with the suffix “-B” and will be numbered in alphabetical order if warranted.

Step 3D-A. Environmental Concept Plan (ECP) Originals (Mylars) Submitted for Signature Approval.

This occurs 45 days or less from the Technically Complete Letter. After this, the review process for the ECP Stage is complete.

Step 3D-B. Planning Board Public Hearing/Meeting.

The community is allowed to attend the meeting and provide feedback. While a hearing is required for the ACSP, meetings are required for the AFDP and the SDP. The Planning Board will make its decision at each hearing and meeting.

Step 3E-B1. Amended Comprehensive Sketch Plan (ACSP) Originals (Mylars) Submitted to DPZ for Signature.

There is a 45-day deadline from the Planning Board's Decision and Order. Once submitted, the entire process must be repeated from Step 3A for AFDP and SDP. The submission of ACSP Mylars to DPZ for signature signifies the end of the review process for the ACSP Stage.

Step 3E-B2. Amended Final Development Plan (AFDP) Originals (Mylars) Submitted to DPZ for Signature.

There is a 180-day deadline from the Planning Board approval.

Step 3E-B3. Developer Agreement Process (if applicable for Site Development Plan [SDP]).

This process executes the Developer's Agreement and payment of fees, and has a 180-day deadline from Planning Board approval.

Step 3F-B2. AFDP Signed and Recorded at Land Records Office by DPZ.

Following the signing and recording of the AFDP, the review process is complete for the AFDP Stage.

Step 3F-B3. Submission of Original SDP for Signature.

There is a 180-day deadline from the Planning Board approval. Following the submission of the original SDP, the review process is complete for the SDP Stage.

III. Covenants and Community Associations

The Owen Brown Community Association oversees various aspects of village's management and quality of life. The village also includes fourteen homeowner associations for residents of townhomes or condominium buildings. As part of a property's deed, Owen Brown has covenants to assure residents of certain standards for land use, architectural design, and property maintenance throughout the village. The deed covenants also provide property owner membership in the Owen Brown Community Association and establishes the mechanism for the operation of that association.

The covenants for Owen Brown are primarily concerned with maintaining the existing architectural character and appearance of the neighborhoods. The guidelines related to the covenants are geared towards the individual homeowner who may want to make exterior alterations, and the standards are not rigorous. The covenant restrictions will have to be considered as part of the Major Village Center Redevelopment Process (MVCRP).

IV. Stormwater Management & Erosion

The stormwater regulations for the subject property come from the state as specified in Maryland Department of the Environment's Stormwater Design Manual. As part of the initial design, an Environmental Concept Plan (ECP) has to be approved by the county on behalf of the state as part of the MVCRP. Design manual chapters 3 and 5 discuss design performance criteria and system best practices.

The Stormwater Management Act of 2007 requirements are now fully implemented for the subject property with more restrictive requirements for treatment and storage of stormwater and prevention of soil erosion. Additionally, the site must maintain 100% of the annual pre-development groundwater recharge volume.

The existing site has two detention ponds, exposed and enclosed stormwater culverts that drain into Lake Elkhorn, which is a large retention pond that requires maintenance to operate properly and avoid flooding. The new development will have to assess the impact of additional structures and impervious surface on the existing stormwater system.

V. Future Land Use and Zoning Changes On the Horizon

The Columbia Association recognizes the need to revisit the New Town district requirements and has begun a process to review the current zoning and make recommendations to Howard County. It is unclear whether changes to NT zoning will happen in the near term, but any zoning changes will likely result in further restrictions on building uses, area and height.

VI. Proposed Program and Current Zoning

The proposed redeveloped village center site includes three new mixed-use new buildings with 156 residential rental units and 30,000 square feet of retail space. Phase 1 of the redevelopment will retain the existing Giant supermarket and parking lot. The site will also include a new public plaza space integrating site stormwater management into a landscape feature.

The scope of the proposed new residential and retail development requires utilizing the Major Village Center Redevelopment Process. Significant meeting time and community input is required to complete this process, but there is no need to seek re-zoning for the site. Rezoning or utilization of a Planned Unit Development may reduce the ability to maximize site potential for leasable area.

Based on the proposed new site uses and configuration, a report should be commissioned with real estate attorney to study the advantages of consolidating the existing parcels. Parking requirements by use can be reduced by shared parking plans between residential and retail tenants.

Chapter 4. Design

I. Sustainability

Although the act of building can be seen as inherently unsustainable by its consumption of materials and energy, any new development can choose to mitigate excessive use of limited natural resources. Owen Brown Village will aspire to meet the sustainable goals found in the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED).

In 2008 Howard county enacted legislation that required all non-publicly funded new construction of buildings over 50,000 square feet, will be required to reach a LEED certified rating. This includes businesses, institutional uses, apartments 5 stories or higher, and mixed use projects.

Two USGBC certification program guidelines will be used from the beginning of the design phase, and certification will be sought upon completion of the project. The two LEED certifications and key criteria include:

- | | |
|---|--|
| <p>LEED for Neighborhoods Version 4.0</p> <ul style="list-style-type: none"> • Compact Development • Walkable Streets • Housing and Jobs Proximity | <p>LEED BD+C for New Construction Version 4.0</p> <ul style="list-style-type: none"> • Building Life Cycle Impact Reduction • Environmental Product Declarations • Water Efficiency |
|---|--|

See the Appendix for complete checklists. It is important to note that USGBC programs incur additional costs that may increase construction budget from an unrated building. Each has significant guidelines to consider in the design phase. The design team will utilize a checklist that attributes points to each sustainable design concept or system utilized. The design team will then calculate points towards certification. For both neighborhood plan and buildings, we will pursue LEED Gold, but will except LEED Silver if costs are determined to be beyond acceptable budget parameters.

I. Stormwater Management and Erosion Control

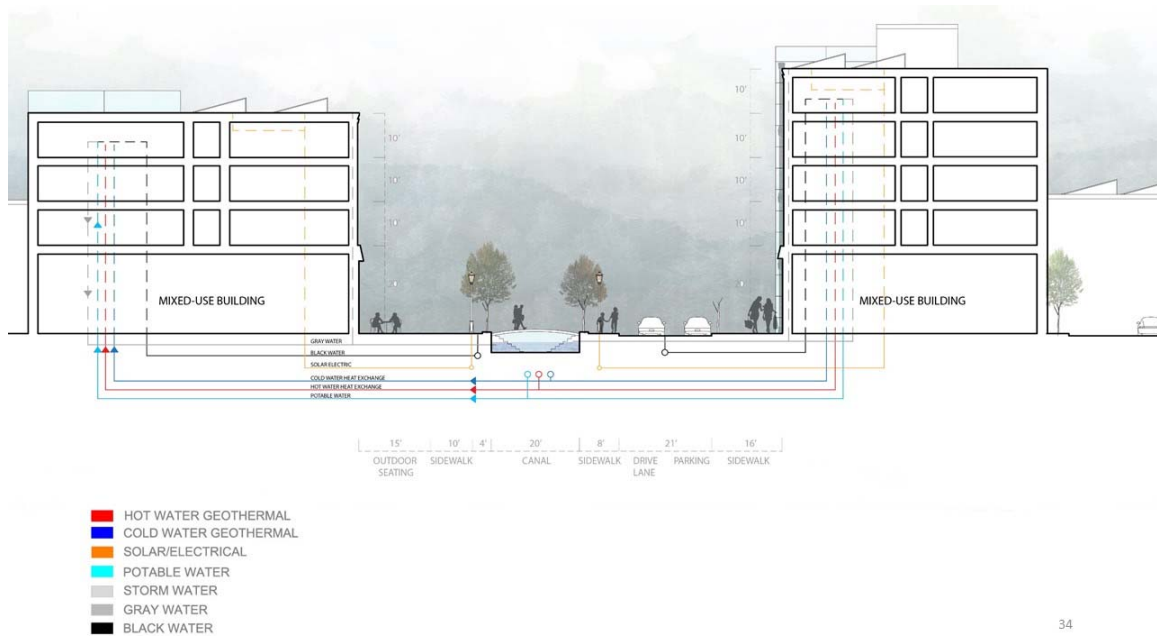
The stormwater regulations for the subject property come from the state as specified in Maryland Department of the Environment's Stormwater Design Manual. As part of the initial design, an Environmental Concept Plan (ECP) has to be approved by the county as part of the MVCRP. Design manual chapters 3 and 5 discuss design performance criteria and system best practices.

The Stormwater Management Act of 2007 requirements are now fully implemented for the subject property with more restrictive requirements for treatment and storage of stormwater and prevention of soil erosion. Additionally, the site must maintain 100% of the annual pre-development groundwater recharge volume. This amount is calculated utilizing annual rainfall.

The existing site has two detention pond for run-off, exposed and enclosed stormwater culverts that drain into Lake Elkhorn, which is a large retention pond that requires maintenance to operate properly and avoid flooding. The new development will have to assess the impact of additional structures and impervious surface on the existing stormwater system.

The new street and block plan for Owen Brown will include less impervious surface per acre than the existing development. The new design will include rain gardens as well as roof gardens to collect and filter rainwater (Table 16).

Table 17. Diagram of Sustainable Water Recycling



II. Building Program and Sustainability

The proposed new mixed-use residential buildings will meet sustainability goals of compact, dense development with common areas that promote health and wellbeing as well as the natural surroundings (Table 18). The building will also utilize a geothermal system for heating and cooling, as well as energy efficiency systems for mechanical and electrical uses.

Table 18. Building Program

Location	Lower Level		Ground Floor		Second		Third		Fourth		Fifth		Roof		Total Res Unit	SF	% of Total
	Quantity	SF	Quantity	SF	Quantity	SF	Quantity	SF	Quantity	SF	Quantity	SF	Quantity	SF			
Building 1																	
Studio			-	-	4	2,700	4	2,700	4	2,700	4	2,700	-	-	16	10,800	
1 BR			-	-	9	7,200	9	7,200	9	7,200	9	7,200	-	-	36	28,800	
2 BR			-	-	8	8,400	8	8,400	8	8,400	8	8,400	-	-	32	33,600	
Storage	2	2,700														2,700	
Retail			9	12,150												12,150	
Restaurant			-	-												-	
Office			2	2,700												2,700	
Common Area*	2	2,700	4	5,400		1,365		1,365		1,365		1,365	2	1,200		14,760	
Utility & Service*	0.50	675	0.50	675												1,350	
Total GLA	2,700	14,850	21	18,300	21	18,300	21	18,300	21	18,300	21	18,300	-	-	84	90,750	84.92%
Total SF	6,075	20,925		19,665		19,665		19,665		19,665		19,665		1,200		106,860	
Building 2																	
Studio			-	-	2	1,350	2	1,512	2	1,512	2	1,512			8	5,886	
1 BR			-	-	9	7,200	9	8,460	9	8,460	9	8,460			36	32,580	
2 BR			-	-												-	
Storage	1.5	1,575	1	1,050												2,625	
Retail			9	9,450												9,450	
Restaurant			5.0	5,250												5,250	
Office			2	2,100												2,100	
Common Area*	2	2,100	2	2,100		1,365		1,365		1,365		1,365				9,660	
Utility & Service*	0.50	525	0.25	338												863	
Total GLA	1,575	17,850	11	8,550	11	9,972	11	9,972	11	9,972	11	9,972	-	-	44	57,891	84.62%
Total SF	4,200	20,288		9,915		11,337		11,337		11,337		11,337		-		68,414	
Building 3																	
Studio			-	-												-	
1 BR			-	-	11	8,800	11	8,800								22	17,600
2 BR			6	6,000											6	6,000	
Storage	2	1,575														1,575	
Retail			4	4,200												4,200	
Restaurant			-	-												-	
Office			-	-												-	
Common Area*	2	2,100	4	4,200		1,365		1,365		1,365		1,365				11,760	
Utility & Service*	0.50	525	0.25	338												863	
Total GLA	1,575	6	10,200	11	8,800	11	8,800	-	-	-	-	-	-	-	28	29,375	69.94%
Total SF	4,200	14,738		10,165		10,165		1,365		1,365		1,365		-		41,998	
Total All Buildings GLA Area																178,016	81.93%
Total All Buildings Area																217,271	

Notes:
*Area not in GLA total

Bldg	Bay
1	15' x 90'
2	15' x 70'
3	15' x 70'

Bldg	Storage	Total
1	108	2,700
2	63	1,575
3	63	1,575
	234	5,850

Unit	Quantity	Area (SF)	%
Studio	24	675	15%
1 BR	94	800	60%
2 BR	38	1050	24%
Total	156		100%

III. Site Plan

Channelside’s three new mixed-use buildings will be arranged on six acres, along new pedestrian-friendly streets. Resident and retail parking will include 342 spaces on surface lots and street parking. Retail, restaurant and office uses will be highly visible on the ground level. (Map 10). Park and trail connections will be made across the property.

Map 10. Village Center Site Plan

IV. Building Layout

The building's layout was designed to maximize views to nature, and not overwhelm the current residents in its massing and height. Building fronts and rear service access was carefully planned to avoid idling delivery trucks and reduce backing up noise (Maps 11 & 12).

Map 11. Ground Floor Plan



Map 12. Floor Plan, Floors 2-5



V. Design Character

In keeping with the spirit of the Columbia Association and Owen Brown guidelines and covenants, the design will be traditional American vernacular architecture. The covenants do not include strict guidelines on building proportions or materials. The design team will balance traditional architecture with the prevailing design layouts and requirements attractive to most retailers and the residential leasing market.

The small town feel and connection to outdoor recreation will be carefully balanced with the increased proposed residential density. The design team researched historic Maryland town centers as precedents, as well as recent developments such as Kentlands in Gathersburg. The goal is to create a walkable, charming place where millennials will want to live, dine and play.

VI. Building Structure and Appearance

The buildings will be what is commonly referred to as platform building. The first floor structure will be Type IA construction of concrete, with the upper residential floors built as Type IIA wood framing with sprinkler system. The exterior will be a mixture of traditional American building materials, including hand-molded brick, granite accents and wood clapboards. Windows will be detailed to look traditional in proportions and materials. Visible roof materials shall be in keeping with character of the architecture. Buildings two and three will step down to meet the heights of the adjacent townhomes. Utility services will be buried underground. (Map 13).

Map 13. Aerial View of Buildings 2 and 3



VII. Building Amenities

The residential buildings will include similar amenities to comparable new rental properties in Columbia. The building will include common areas for informal gatherings, as well as function spaces for events or private parties. A gym with sauna and steam room will be available to all residents, as well as bicycle storage (Table 19).

Table 19. Building Amenities

Building Amenities	
Lobby Reception area	
Gym with sauna and steam room	
Function Room with kitchenette	
Rooftop terrace	
Bike Storage	
General Storage	
Trash Rooms on each floor	

Rental units will be considered luxury finishes at market rate. As there is no single definition for luxury, we will define it as materials, layouts and amenities found in most upper tier residential leasing properties in the Columbia market (Table 20).

Table 20. Apartment Features

Apartment Features	
Air Conditioning	Granite countertops
Operable windows	Ext. kitchen venting
Dishwasher	Gas Range
Disposal	Large refrigerator
Pantry	Sprinkler system
Instant hot water	Unit washer/dryers
Linen closet	ADA/accessible
Window coverings	Cable Ready/Wifi

Extra soundproofing will be included in the design to minimize sound transmission of mechanical equipment and resident noise between units and floors. Trash rooms will be provided on each floor. Plumbing to include a graywater system.

VIII. Retail

For Phase I, Giant supermarket will remain on the eastern parcel. The pad retail and office buildings to the west of Giant will be razed for the new buildings. The character of the architecture will be traditional, but allow for large storefronts and signage for retailers.

Outdoor seating areas will be provided for restaurants, as well as benches and ledges/walls for informal gathering. Outdoor spaces will include landscape features, lots of street trees, native plant species in planting beds and parking lots. Impervious surfaces will mixture of paver types and materials, and systems such as Grasspave will be used in some instances to reduce impervious area while maintain emergency vehicle access. Street lampposts will provide nighttime atmosphere and security.

IX. Operations

All retail and residential units will have adequate back of house storage and loading. Dumpsters and Loading docks will be located separately from the active pedestrian spaces and storefronts. Service spaces will be screened from public view when possible.

Chapter 5. Financial Analysis

I. Introduction

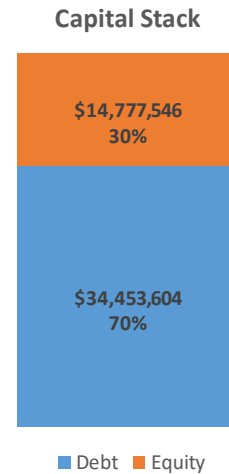
Elkhorn Channelside is to be developed by Elkhorn Channelside, LLC. As new construction the project will require construction funding and then a permanent loan.

II. Sources of funds

The project will utilize conventional bank financing for the construction loan and the permanent financing. The sponsor will provide \$14.7 million in equity, and seek a lender for a loan in the amount of \$34.4 million, a 70-30 split (Table 21).

Table 21. Sources Summary & Capital Stack

SOURCES SUMMARY			
Lender	\$	34,453,604	70%
Partner Equity	\$	14,777,546	30%
			100%
Total Sources	\$	49,231,150	



III. Uses of funds

The land and existing one-story buildings will be purchased from current owners. To encourage redevelopment, the Columbia Association which owns the parcels has agreed to sell the properties at its 2015 tax assessment value. The nine acres of land with four buildings will be acquired for \$3.9 million. The new construction loan for the three new

buildings and surface parking lots will total \$38 million. Soft costs, including design will total \$4.2 million (Table 22).

Table 22. Uses Summary

USES SUMMARY	
Acquisition Costs	
Land Acquisition	\$ 3,969,405
Building Acquisition	\$ -
Total Acquisition Costs	\$ 4,018,410
Hard Costs	
Construction	\$ 34,453,604
Other	\$ 4,149,228
Total Hard Costs	\$ 38,602,832
Soft Costs	
Total Soft Costs	\$ 4,157,340
Loan Costs	
Construction	\$ 177,388
Permanent Loan	\$ 315,975
Total Loan Costs	\$ 493,363
Contingency (Hard & Soft Costs)	\$ 1,959,205
Developer Fee	
General & Admin	\$ -
Development Fee	\$ -
Total Developer Fee	\$ -
Total Development Costs	\$ 49,231,150

IV. Construction and Permanent Loan Financing

Interest rates on the construction loan of 34.4 million will be based on the 30 day LIBOR rate, plus a 2-point spread, at an interest rate of 2.94%. The loan term will be seven years, with interest only paid for 30 months. A permanent loan in will be secured in the same amount as the construction loan, for a thirty-year term at an interest rate of 3.75% and loan to value ratio of 56% (Table 23).

Table 23. Construction and Permanent Loan Financing

Construction Loan	
Interest Rate	2.94%
Loan Amount	\$ 34,453,604
Construction Period (months)	18
Interest Only Period	30
Loan to Cost	70%
Origination Fee	0.50%
Term	7 Years

Permanent Loan	
Interest Rate	3.75%
Cap Rate	6.00%
Loan Amount	\$ 34,453,604
Loan To Value Ratio	56%
Amortization Period (yrs)	30
Term	10
Loan Origination Fee	0.50%
Transaction Costs	0.50%
Stabilized Debt Service Coverage Ratio	1.91

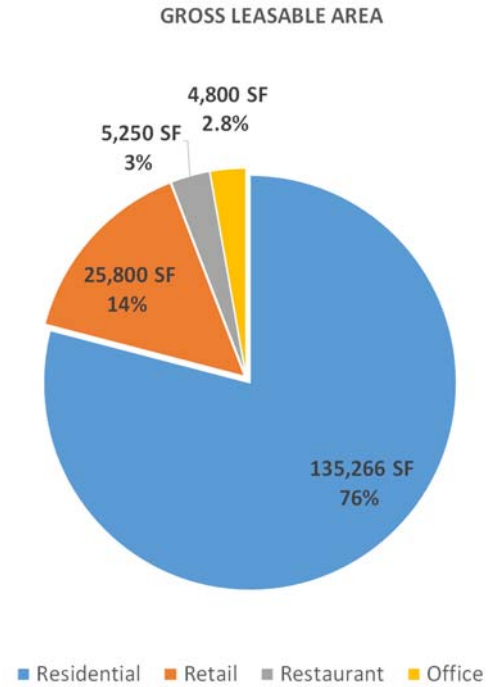
Construction Cost Per Unit/SF	
Residential	\$ 108,386
Retail	\$ 225
Restaurant	\$ 225
Office	\$ 175
Parking/space	\$4,900

V. Rental Income

When stabilized at 5% vacancy in Year 2 of the operation of Channelside, the residential component will provide 76% of the income, from 156 units, the retail will provide 14% of the income at 26,000 square feet, the office at 4,800 square feet will result in 2.8% and the restaurants at 5,200 square feet will provide 3% (Table 24).

Table 24. Rental Income After Stabilization (Y2)

Use	Area (SF)	YR 2 Total Rent
Residential	135,266	\$ 3,744,480
Retail	25,800	\$ 722,400
Restaurant	5,250	\$ 152,250
Office	4,800	\$ 124,800
Storage	6,900	\$ 48,000
Common Areas	36,180	\$ -
Service	3,075	\$ -
Parking (Resid)	234	\$ 28,080
Total GLA	178,016	\$ 4,552,334
Total Building	217,271	\$ 20.95
Efficiency	81.93%	



VI. Rents

The rents for retail, office and residential will reflect the Class A building rents for Columbia. A one bedroom will rent for \$1,950 a month, retail space will lease for \$28.000 NNN, restaurants at \$29.00 NNN, and Office at \$29.00 NNN (Table 25).

Table 25. Residential, Retail, Restaurant & Office Rents

Residential	Units	Size	Rent/SF	Total SF
Studio	24	675	\$ 1,625	16,200
1 BR	94	800	\$ 1,950	75,200
2BR	38	1,050	\$ 2,300	39,900

Use	Units	Size	Rent	Rent/SF*	Total SF
Retail	12	1,350	28.00	28.00	25,800
Restaurant	2	1,050	29.00	29.00	5,250
Office	4	1,050	26.00	26.00	4,800

*NNN

VII. Calculation of Returns

We created a ten-year cash flow with estimated rents and budget amounts. Starting in Year 1 (2019) the Effective Gross Income steadily increases, from \$3.27 million to \$5.2 million in Year 10. The operating expenses are roughly \$1 million per year, resulting in a Year 2 NOI of \$2.26 million (Table 26).

Table 26. Financial Indicators

	Lease Up	Year 2	Year 5	Year 10/Sale
EGI	\$3.27M	\$4.65M	\$4.85M	\$5.20M
OPEX	\$ 969K	\$991K	\$1.06M	\$1.06M
NOI	\$2.30M	\$3.66M	\$3.79M	\$4.15M
DS	\$1.01M	\$2.26M	\$1.92M	\$1.97M
Cash Flow	\$1.29M	\$1.40M	\$1.87M	\$2.18M

The cash on cash in year 1 is 8.73 % in the lease up year, increasing to 9.49% at year 2, and 206.26% at disposition Year 10 (Table 27). The debt service coverage ratio is 1.91 in Year 2, and the return on costs at 7.44%. The Year 10 IRR is 30.30%.

Table 27. Investment Results

	Lease Up	Year 2	Year 5	Year 10
Cash on Cash	8.73%	9.49%	12.68%	206.26%
Return on Costs (NOI/Gross Costs)	4.68%	7.44%	7.70%	8.42%
IRR - 10 Year				30.30%
Equity Multiplier				3.18

Year 10 Sale Based on Year 11 NOI	
NOI	\$ 4,194,784
CAP Rate	7.0%
Value	\$ 59,925,486
YR Loan Balance	\$ 31,034,882

VIII. Calculation of Property Tax Credits

The Howard County Tax Credit for LEED Gold buildings is available for this property. Based on a five-year term, starting in leasing year 1 (2019) we anticipate 632,000 in total property tax credits (Table 28).

Table 28. Howard County Tax Credit for LEED Gold Building

Property Taxes	Rate	Lease Up	Year 2
County Tax Rate	1.044%	41,952	126,316
State Tax Rate	0.132%	5,304	31,942
Totals	1.176%	47,257	158,258

Howard County Property Tax Credit- LEED Gold Certification					
Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$ 126,316	\$ 126,316	\$ 126,316	\$ 126,316	\$ 126,316	\$ 631,578

IX. Exit strategy

We propose holding the property for ten years after stabilization. For the exit cap rate, we chose 7.0%, resulting in disposition value of \$59.9 Million in Year 10. Net proceeds after debt will total \$30 million.

Chapter 6. Construction Management

I. Introduction

The design and construction phases will be carefully planned, executed and controlled to meet budget targets and to avoid delays to building occupancy. The organization of the project stakeholders and the project manual will utilize the Construction Specification Institute's Omniclass numbering system. The key project stakeholders will be the developer/owner, the architect/design team, the general contractor and authorities having jurisdiction. The following section will outline roles and responsibilities, as well as budget and schedule.

II. Project Delivery Method

In analyzing this for-profit project in terms of cost, quality and time, the most advantageous project delivery method is a contractor at risk with the General Contractor (GC) involved in preconstruction. By including the GC in the design phases with the architect and designer consultants, cost and time efficiencies can be achieved without sacrificing the level of the final product's quality.

The developer will select a GC as sole source negotiated. The developer has successful experiences with several GC's on similar projects, and will select through an interview process. If the GC performs well in preconstruction and submits a competitive contract price, the developer will retain the GC for the construction phase. The GC will also provide to the developer open book procurement with the subcontractors and suppliers and allow the developer to seek competitive proposals if dissatisfied with GC's performance.

III. Contracts and Payments

For the design phase the owner will contract with the architect utilizing AIA Document B101-2007 with full design services from concept design through construction administration at a fixed fee. This will include processing owner payments to GC. The

Architect hold contracts for Mechanical, Electrical and Plumbing engineers, Landscape, and other design consultants, passing through the expenses to the developer. The owner will utilize AIA Document 201-2007, *General Conditions of the Contract for Construction* and amend as needed. After construction documents design phase, the contractor will propose to the developer a guaranteed maximum price (GMP) to build the project. The owner will carry builder's risk insurance.

IV. General Contractor Requirements

For insurance the GC will carry builder's risk, general liability and require its subcontractors to carry worker's compensation insurance. The GC will also have a performance bond as a percentage of the contract amount from a surety with a minimum of A rating from AM Best.

V. Construction Schedule

The total project duration will be three years, from June 2016 until June 2019. The entitlements and acquisition phase will last 30 weeks. The project is expected to take 7 months for design and 17 months for construction. Site civil engineering for the new street and drainage systems must be substantially complete prior to beginning of construction for the new building (Table 29).

Table 29. Construction Schedule

PROJECT SCHEDULE	Start	Finish	Duration	2016												2017			2018																				
				Q1			Q2			Q3			Q4			Q1			Q2			Q3																	
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			
Elkhorn Channelside	June 1 2016	June 1 2019	156																																				
Entitlements and Acquisitions	June 1 2016	July 16 2016	32																																				
Entitlement	Jan 1 2016	June 1 2016	30																																				
Site Acquisition	June 1 2016	July 1 2016	4																																				
Construction Procurement	June 1 2016	June 15 2016	3																																				
Civil work by Columbia Assoc.	April 1 2016	June 30 2016	12																																				
Soil Testing	July 1 2016	July 16 2016	2																																				
Design	June 1 2016	Dec 15 2016	35																																				
Concept Design	June 1 2016	Jul 1 2016	3																																				
Schematic Design	July 1 2016	Aug 1 2016	4																																				
Design Development	Aug 1 2016	Sept 15 2016	8																																				
Foundation Design Package	July 15 2016	Sept 1 2016	6																																				
Construction Documents	Sept 15 2016	Dec 15 2016	20																																				
Construction			68																																				
Sitework and Foundation	Oct 15 2016	Dec 15 2016	10																																				
Building	Jan 1 2017	May 1 2018	58																																				
Substantial Completion		Mar 1 2018	0																																				
Certificate of Occupancy		April 1 2018	0																																				
Leasing Residential & Retail	May 1 2017	May 1 2018	52																																				
Retail Tenant Fit-out	Jan 1 2018	May 1 2018	16																																				
Festival Grand Opening		May 1 2018	0																																				

The Columbia Association has agreed to convey the property as a prepared site, and has engaged a separate civil engineer and landscape architect that designed a site plan approved by Howard County. The Columbia Association has hired a contractor to demolish the existing buildings and infrastructure and construct the new road way, sidewalks and drainage system. The developer’s design team will coordinate its design with the Columbia Association’s design and construction teams.

The developer wants coordinate site designs while minimizing overall project schedule, the project will utilize a fast track process. The design team will issue its foundation design package prior to the completion of the building interior design, thereby reducing the overall schedule by two months.

The project schedule sets the goal of substantial completion in December 2018, and a certificate of occupancy by early January 2019. The leasing for residential units and retail will begin during construction, and retail tenant fit out will be complete in time for the Owen Brown May Day festival in 2019.

VI. Construction Materials & Budget

The project will utilize a popular construction system for mixed-use buildings known as a platform building. The first floor will be Type IA construction, with a concrete three-hour fire separation between the retail and residential portions of the building. The upper four stories will be Type IIA wood framed construction, with one-hour fire separation between residential units. All floors will be sprinklered. Concrete block will be utilized for the fire stairs and assist the stability of the upper wood-framed floors to resist wind shear.

The developer wants emphasize the high quality appearance of the exterior of the building, and has budgeted slightly higher amounts for finishes than most comparable in the market (Exhibit B Budget Summary). The exterior will be a combination of precast concrete panels to simulate stone and a traditional red brick in a Flemish bond with grapevine mortar bed. Brick will be chosen in design development. GC to include mock ups for architect's review in construction GMP contract. Each apartment will have operable windows.

During construction the GC will make efforts to minimize disturbance of existing natural habitats, and protect existing trees when possible. The GC will also employ noise reduction measures to minimize the impact on the adjacent residential properties.

VII. Value Engineering

An independent cost estimator will perform estimates based on the schematic design, design development drawings and 50% construction documents. The design team, owner and GC will perform two value engineering exercises on the design development and construction documents estimates. After the second value engineering session, the owner will decide whether to pursue LEED Gold or Silver rating for the project.

Chapter 7. Marketing and Management

I. Marketing Plan

The slogan for the property will be *Elkhorn Channelside: Live, Dine & Play*. The target market is millennial professionals looking for an active lifestyle location with dining and shopping in walking distance from their home. The secondary target renter is the empty-nester couples who are looking to downsize from a house and to enjoy a livelier, engaging neighborhood.

All marketing materials will communicate the property's compliance with fair housing laws, and display the equal opportunity housing logo. Additionally, the LEED Gold accreditation symbol, and Energy Star rating will be utilized in the marketing materials and displayed in building lobbies.

II. Marketing Goals & Schedule

The marketing plan will establish goals for occupancy rates of 95% for the residential units and retail space by the second year of operation. At least one of the restaurants, the farm-to-table restaurant and farmer's market storefront will be operational by the Owen Brown May Day Festival in 2019.

The Channelside will also seek to draw tenants away from existing Columbia rental properties, which on average were built in 1985. For residential units Channelside's projected absorption rate is 6.5 units per month.

III. Marketing Strategy and Tactics

The marketing plan will include an online website presence and social media campaign to target potential existing renters in Columbia, as well as a broader campaign to those looking to move to Columbia from Washington metro area or Baltimore. Paid advertisements on Apartments.com and similar popular websites will be utilized, as well as Google Ads, Facebook, Twitter and Instagram. An online opt-in mailing list will be promoted to

prospective tenants. Analytics from these websites will be used to monitor market interest, and throughout the leasing period adjustments will be made according to analytic data results compared with leasing goals.

The retail and restaurants will be marketed together on a website similar to other mixed-use properties like Pike and Rose or Rockville Town Center. Online marketing materials will include downloadable maps with retailer information, a mobile app that allows to make reservations, check store specials, and view special events. The data from app users is then utilized by retailers and Channelside, LLC to better understand and target customers.

IV. Renaming Cradlerock Way & Village Center Buildings

To differentiate the repositioned Owen Brown Village Center from other Columbia Village Centers, the loop road now called Cradlerock Way will be renamed Elkhorn Way to recognize its proximity and connection to Lake Elkhorn. The current name Cradlerock has connotations of a sleepy bedroom community, not an active lifestyle village center.

The new connector north-south street adjacent to the reconfigured channel will be known as Channel Street, due to its adjacency to the drainage channel. This street will also channel traffic from the library on the northern part of Cradlerock (Elkhorn) Way directly down to the new retail street. The new pedestrian and bike paths adjacent to the channel will be known as the channel path. Signage will be updated throughout Columbia to reflect these changes.

The new mixed-use buildings will be known as Elkhorn Channelside, or Channelside for short. The new residential town center is striving for an authentic sense of place balanced with the natural features of Owen Brown. The channel water system is a key design component, harmonizing with the natural flow of water through the site and integrated with sustainable heating, cooling and filtration systems of the building.

V. Property Management

Channelside, LLC will seek a property management company through a RFP and bidding process for a four-year, renewable contract. If possible, the developer would like to hire a single company for residential, retail and office leasing, as well as property management. Desired companies include those who have a proven record of excellent service, quick response time to tenants, and innovative technology such as Buzzoto's tenant service mobile app. The hired company must offer a dedicated superintendent or full-time property manager for Channelside.

a. Commercial Uses

As part of Common Area Maintenance (CAM) charges, each tenant will pay towards the exterior sidewalk cleaning, seasonal landscaping, decorations and streetlamp banners.

b. Residential Uses

The building will be controlled by an electronic security system and a security guard service that patrols the entire facility. All residents will use electronic cards or key fobs to enter the building, package delivery room or to use tenant amenity spaces. Building lobbies will have modern callbox system for residents to buzz in guests to lobby. All residents will be issued parking permit stickers and a guest parking tag so that security can monitor the vehicles in the parking lots. Residents will be charged a minimal fee for parking, while visitors can park for free in some locations, but not overnight.

c. Residential Incentives

During the lease-up year, several incentives will be offered to highlight Channelside's distinctive amenities, and to be more competitive with other new housing product. Incentives for signing a new, one-year lease include:

- Free bike storage: First bike is free, but must be registered for safety and management of unwanted bikes, and to monitor overall use.
- Columbia Bike share, first year of bike share membership free. Owen Brown will have two twelve bike racks, one of eight village locations in Columbia.
- Free internet in shared amenity spaces

Depending on the actual absorption rate, Elkhorn Channelside LLC may consider adjustments to rent rate schedule in comparison to comparables in Columbia.

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[Howard County Economic Development Authority EDA](#)

Wild Lake Village Center Apartments

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Appendix

Exhibit 1. LEED Gold Checklist


 LEED v4 for BD+C: New Construction and Major Renovation Project Checklist				Project Name:	Owen Brown Village
				Date:	30-Mar-16
Y	?	N			
X			Credit Integrative Process	1	
19 0 0 Location and Transportation				16	
16			Credit LEED for Neighborhood Development Location	16	
1			Credit Sensitive Land Protection	1	
			Credit High Priority Site	2	
			Credit Surrounding Density and Diverse Uses	5	
			Credit Access to Quality Transit	5	
1			Credit Bicycle Facilities	1	
1			Credit Reduced Parking Footprint	1	
			Credit Green Vehicles	1	
10 0 0 Sustainable Sites				10	
Y			Prereq Construction Activity Pollution Prevention	Required	
1			Credit Site Assessment	1	
2			Credit Site Development - Protect or Restore Habitat	2	
1			Credit Open Space	1	
3			Credit Rainwater Management	3	
2			Credit Heat Island Reduction	2	
1			Credit Light Pollution Reduction	1	
11 0 0 Water Efficiency				11	
Y			Prereq Outdoor Water Use Reduction	Required	
Y			Prereq Indoor Water Use Reduction	Required	
Y			Prereq Building-Level Water Metering	Required	
2			Credit Outdoor Water Use Reduction	2	
6			Credit Indoor Water Use Reduction	6	
2			Credit Cooling Tower Water Use	2	
1			Credit Water Metering	1	
7 0 0 Energy and Atmosphere				33	
Y			Prereq Fundamental Commissioning and Verification	Required	
Y			Prereq Minimum Energy Performance	Required	
Y			Prereq Building-Level Energy Metering	Required	
Y			Prereq Fundamental Refrigerant Management	Required	
6			Credit Enhanced Commissioning	6	
			Credit Optimize Energy Performance	18	
			Credit Advanced Energy Metering	1	
			Credit Demand Response	2	
			Credit Renewable Energy Production	3	
1			Credit Enhanced Refrigerant Management	1	
			Credit Green Power and Carbon Offsets	2	
11 0 0 Materials and Resources				13	
Y			Prereq Storage and Collection of Recyclables	Required	
Y			Prereq Construction and Demolition Waste Management Planning	Required	
5			Credit Building Life-Cycle Impact Reduction	5	
2			Credit Building Product Disclosure and Optimization - Environmental Product Declarations	2	
			Credit Building Product Disclosure and Optimization - Sourcing of Raw Materials	2	
2			Credit Building Product Disclosure and Optimization - Material Ingredients	2	
2			Credit Construction and Demolition Waste Management	2	
11 0 0 Indoor Environmental Quality				16	
Y			Prereq Minimum Indoor Air Quality Performance	Required	
Y			Prereq Environmental Tobacco Smoke Control	Required	
2			Credit Enhanced Indoor Air Quality Strategies	2	
3			Credit Low-Emitting Materials	3	
1			Credit Construction Indoor Air Quality Management Plan	1	
			Credit Indoor Air Quality Assessment	2	
1			Credit Thermal Comfort	1	
2			Credit Interior Lighting	2	
			Credit Daylight	3	
1			Credit Quality Views	1	
1			Credit Acoustic Performance	1	
5 0 0 Innovation				6	
5			Credit Innovation	5	
			Credit LEED Accredited Professional	1	
0 0 0 Regional Priority				4	
			Credit Regional Priority: Specific Credit	1	
			Credit Regional Priority: Specific Credit	1	
			Credit Regional Priority: Specific Credit	1	
			Credit Regional Priority: Specific Credit	1	
74 0 0 TOTALS				Possible Points: 110	
Certified: 40 to 49 points, Silver: 50 to 59 points, Gold: 60 to 79 points, Platinum: 80 to 110					

Exhibit 2. Project Budget Page 1

ELKHORN CHANNELSIDE
Detailed Project Budget

Sources of Funds	Notes	Quantity of Units	Type of Unit	Cost Per Unit	Budget
Equity					
Equity - Developer		\$ 14,777,546.33		100.00%	\$ 14,777,546
Equity - Tax Credits					
Debt					
Construction Loan		70%	% of Ttl Cost		\$ 34,453,604
Deferred Development Fee		-			\$ -
Subtotal: TOTAL - SOURCES OF FUNDS:					\$ 49,231,150

Total Sources \$ 49,231,150
 Total Uses \$ 49,231,150
 Sources - Uses = Surplus/(Deficit) \$ -

Uses of Funds	Notes	Quantity of Units	Type of Unit	Cost Per Unit	Budget
ACQUISITION					
Acquisition/Purchase- with improvements		261,360.00	SF	\$ 15.0	\$ 3,920,400
Off Site Improvements		-		\$ -	\$ -
Acquisition - Title, Settlement (Miscellaneous)					
Transfer Taxes - Howard County - 1.0%		\$ 3,920,400		1.00%	\$ 39,204
Transfer Taxes - Maryland - 0.5%		\$ 3,920,400		0.50%	\$ 19,602
Recordation Fees - \$500/\$500 of Value		\$ 3,920,400		1.00%	\$ 39,204
Relocation of Existing Tenants/Owners		-		\$ -	\$ -
Land/Ground Lease		-		\$ -	\$ -
Subtotal: Acquisition					\$ 4,018,410

CONSTRUCTION					
Preconstruction Services					
XYZ Construction	Work with architect and OB's contractor	1.00	LS	\$ 25,000	\$ 25,000
Site Work (Outside of GMP)					
Surface Parking	Covered in XYZ's estimate.		Space	\$ -	\$ -
Right of Way Work	Allowance for sidewalk improvements	1	Allowance	\$ 100,000	\$ 100,000
Tree Trimming				\$ -	\$ -
					\$ 100,000
Base Building					
Sitework	Contribution to Civilian Brown	1	LS	\$ 400,000	\$ 400,000
Additional Demo	Contribution to Civilian Brown	1	LS	\$ 100,000	\$ 100,000
Structured Parking	Based on XYZ estimate.	-	psf		\$ -
Residential	Based on XYZ estimate.	237,984	psf	\$ 125.00	\$ 29,748,000
Inflation		\$ 30,248,000	%	0.0%	\$ -
					\$ 30,248,000
Tenant Improvements					
Office		4,800.00		\$ 50	\$ 240,000
Retail		25,800		\$ 100	\$ 2,580,000
Restaurant		5,250.00		\$ 100	\$ 525,000
					\$ 3,345,000
FF&E (For Common Areas and Site)	Allowance. FF&E scope to be defined.	1.00	Allowance	\$ 100,000	\$ 100,000
LEED Premium - Core & Shell- GMP					
LEED Premium - Gold	Assume 4.0% of GMP.	\$ 30,248,000	% of GMP	4.00%	\$ 1,209,920
					\$ 1,209,920
LEED Premium - TI					
LEED Premium - Silver	Assume 2.0% of GMP. N/A for this job	-	% of GMP	0.50%	\$ -
LEED Premium - Gold	Assume 4.0% of GMP. N/A for this job	\$ -	% of GMP	0.50%	\$ -
LEED Premium - Platinum	Assume 6.0% of GMP. N/A for this job	\$ -	% of GMP	6.00%	\$ -
					\$ -
Subtotal: Construction					\$ 35,027,920

ENVIRONMENTAL					
Environmental Assessment					
Phase 1 ESA		1.00	Allowance	\$ 5,000	\$ 5,000
Phase 2 ESA		1.00	Allowance	\$ 5,000	\$ 5,000
Hazardous Materials Report		1.00	Allowance	\$ 6,000	\$ 6,000
Specific Investigation of Material Coming from Floor		1.00	Allowance	\$ 4,000	\$ 4,000
Remediation Plan - IRM, RAP etc.					
Environmental Mitigation					
Environmental Mitigation - Wetlands		1.00		\$ 8,000	\$ 8,000
Environmental Mitigation - Miscellaneous		1.00		\$ 2,000	\$ 2,000
Environmental Remediation:					
Exterior Remediation (IRM, RAP etc.)		-		\$ -	\$ -
Interior Remediation (Lead, Asbestos etc.)		-		\$ -	\$ -
UST/AST Remediation		-		\$ -	\$ -
Industrial Hygienist		-		\$ -	\$ -
LBP Certification for Rental Units		-		\$ -	\$ -
VCP Application Fee		-		\$ -	\$ -
Subtotal: Environmental					\$ 30,000

Exhibit 2. Project Budget Page 2

Uses of Funds	Notes	Quantity of Units	Type of Unit	Cost Per Unit	Budget
ARCHITECTURE & ENGINEERING					
Pre-Development Design Work					
Concept Design & Demolition Plan		1.00	Allowance	\$ 50,000	\$ 50,000
Design Contract - Base Building					
A&E		\$ 35,027,920	% of Hard Cost	5.50%	1,926,536
A&E - Outside of Contract					
Engineering - Civil		1.00		37,000	37,000
Engineering - Geotechnical					-
Telecom Consultant					-
Commissioning	In A&E contract.		Allowance		-
Architectural Models		1.00	Allowance	10,000	10,000
Photography and Slides		1.00	Allowance	5,000	5,000
Surveys					
ALTA	In A&E contract.	-		-	-
Condo Plat	Not needed.	-		-	-
Existing Conditions	In A&E contract.	-		-	-
Topographic	In A&E contract.	-		-	-
Subtotal: A&E					\$ 1,978,536
HISTORIC CONSULTING					
Part 1 Application	Not needed.				\$ -
Part 2 Application - Federal					\$ -
Part 2 Application - State					\$ -
Part 3 Application					\$ -
Reimbursable Expenses	Allowance				\$ -
Subtotal: For Sale					\$ -
LEASING & MARKETING COSTS					
Advertising					
Advertising - Design/Production/Agency Fee		1.00	LS Allowance	\$ 10,000	\$ 10,000
Advertising - Print (Magazines, Newspaper)	Not needed.	-	Allowance	\$ -	\$ -
Advertising - Public Notice	Assume 2 public notice adds.	2.00	Each	\$ 750	\$ 1,500
Advertising - Radio & TV	Not needed	-		\$ -	\$ -
Advertising - Web	Not needed	-		\$ -	\$ -
Apartments.com	Initial lease up	9.00		\$ 999	\$ 8,991
Apartments.com	Transition to stabilized	9.00		\$ 769	\$ 6,921
Apartmentguide.com	Initial lease up	9.00		\$ 1,999	\$ 17,991
Apartmentguide.com	Transition to stabilized	9.00		\$ 1,199	\$ 10,791
Brochures					
Brochure - Residential Marketing/Leasing/Sales		1.00	Allowance	\$ 2,500	\$ 2,500
Brochure - Retail Leasing	NA	-		\$ -	\$ -
Brochure - Commercial Leasing	NA	1.00	Allowance	\$ -	\$ -
Design					
Design - Display Boards		1.00	Allowance	\$ 500	\$ 500
Design - Identity Package/Logo		1.00	Allowance	\$ 5,000	\$ 5,000
Design - Maps		1.00	Allowance	\$ 1,000	\$ 1,000
Events					
Events - Realtor/Broker	NA	-		\$ -	\$ -
Events - Groundbreaking		1.00	Allowance	\$ 15,000	\$ 15,000
Events - Leasing Kickoff/Sales Preview	NA	1.00	Allowance	\$ -	\$ -
Events - Grand Opening	Allowance	1.00	Allowance	\$ 15,000	\$ 15,000
Leasing Costs					
Retail Leasing Commissions					
Owner Broker				\$ 14,448	\$ 14,448
Tenant Broker				\$ 14,881	\$ 14,881
Office				\$ 4,992	\$ 4,992
Restaurant				\$ 6,090	\$ 6,090
Residential Commission					
Studios	1 months rent during lease up.	\$ 468,000	1 months rent	8.33%	\$ 39,000
1 Bedroom	1 months rent during lease up.	\$ 2,199,600	1 months rent	8.33%	\$ 183,300
2 Bedroom	1 months rent during lease up.	\$ 1,048,800	1months rent	8.33%	\$ 87,400
Leasing Office	Supplies. Furniture in FFE budget	1.00	Allowance	\$ 10,000	\$ 10,000
Market Data					
Focus Groups	Assume not needed.	-		\$ -	\$ -
Market Study	Quote from Real Property Research Group.	1.00	LS	\$ 4,500	\$ 4,500
Signage					
Signage - Temporary - Construction	Temp signage during Construction.	1.00	LS Allowance	\$ 2,500	\$ 2,500
Signage - Site Presence	Permanent Signage in Const. Budget	-		\$ -	\$ -
Website					
Website - Design		1.00	Allowance	\$ 8,000	\$ 8,000
Website - Hosting/Maintenance		18.00	Per Month	\$ 125	\$ 2,250
Website - Interactive Media/Virtual Tour	Included in Apts.com etc.	-		\$ -	\$ -
Website - Optimization	Not needed.	-		\$ -	\$ -
Subtotal: Leasing & Marketing					\$ 472,555

Exhibit 2. Project Budget Page 3

Uses of Funds	Notes	Quantity of Units	Type of Unit	Cost Per Unit	Budget
ORGANIZATIONAL/PROFESSIONAL COSTS					
Accounting					
Projections	Assume Reznick	1.00	Allowance	\$ 20,000	\$ 20,000
Audits/Tax Returns/Costs Certs	Assume Reznick	1.00	Allowance	\$ 10,000	\$ 10,000
Legal					
Acquisition		1.00	Allowance	\$ 25,000	\$ 25,000
Condo	NA	-		\$ -	\$ -
Debt (Bank Counsel)		1.00	Allowance	\$ 50,000	\$ 50,000
Debt (Borrower Counsel)		1.00	Allowance	\$ 50,000	\$ 50,000
Equity (Investor Counsel)		1.00		\$ 30,000	\$ 30,000
Equity (Sponsor Counsel)				\$ -	\$ -
Environmental	Not needed.			\$ -	\$ -
Ground Lease - Owner's Attorney	NA	-		\$ -	\$ -
Leasing		1.00	Allowance	\$ -	\$ -
Org Documents	Not needed.	-	Allowance	\$ -	\$ -
Partnership/JV	NA	1.00	Allowance	\$ -	\$ -
TIF	NA	\$ -		\$ -	\$ -
Reimbursable Costs - Development Entity	Prints, Couriers, Fed Ex etc.	1.00	Allowance	\$ 10,000	\$ 10,000
Subtotal: Organization/Professional					\$ 195,000
FINANCING & SETTLEMENT COSTS					
Appraisals					
Initial Appraisal	Bank will need appraisal for construction/mini-perm loan.	1.00	LS Allowance	\$ 15,000	\$ 15,000
Update	Not expected to be needed.	1.00	LS Allowance	\$ 5,000	
Construction Loan					
Origination Fee		\$ 34,453,604	% of Loan	0.50%	\$ 172,268
Preconstruction Review	Fee for bank to review construction docs for constructability.	1.00	Allowance	\$ 5,000	\$ 5,000
Draw Inspections	Monthly draw inspections.	18.00	Per Inspection	\$ 800	\$ 14,400
Letters of Credit					
Letter of Credit Fee - SWM	Not likely to be needed. SWM for the entire site was handled through two separate SWM cisterns. New regs could make us have to do something different here. Assume none.	-	EA	\$ -	\$ -
Letter of Credit Fee - Site Stabilization (MDE)	Not likely to be needed. Assume none.	-	EA	\$ -	\$ -
Tax Credit Bridge Loan					
Origination Fee - Bridge Loan	Bridge the HTC payin schedule. Acts like construction loan. Assume 100% ORE.	\$ -	% of Loan	0.50%	\$ -
Permanent Loan					
Origination Fee - Permanent Loan	Not in development capital budget. See proforma.	34,453,604.00		0.50%	\$ 172,268
Transaction Costs		34,453,604.00		0.50%	\$ 172,268
New Market Tax Credit Financing					
NMTC - Deposits to Bank & CDC	NA.	-	EA	\$ -	\$ -
Origination Fee - NMTC Loan		\$ -		0.00%	\$ -
Fee NMTC (8% of total)		\$ -		8.00%	\$ -
Title Charges					\$ -
Recordation Tax - Local					\$ -
Syndication					
Syndication - Tax Accounting	NA	-		\$ -	\$ -
Syndication - Fee	NA	-		\$ -	\$ -
Syndication - Bridge Loan Fee	NA	-		\$ -	\$ -
Syndication - Bridge Loan Fee Interest	NA	-		\$ -	\$ -
Syndication - Partnership Management Fee	NA	-		\$ -	\$ -
Subtotal: Financing					\$ 561,204
CARRYING COSTS					
Insurance					
Builders Risk	18 month policy.	1.00	Allowance	\$ 70,000	\$ 70,000
Environmental/Pollution Liability	Not needed.	1.00	Month	\$ -	\$ -
General Liability		1.00	Allowance	\$ 10,000	\$ 10,000
Umbrella Policy		1.00	Allowance	\$ 2,000	\$ 2,000
Interest					
Bridge Loan	NA	-		\$ -	\$ -
Bridge Loan - Historic Tax Credits	NA		Dev/Const. Period	3.19%	\$ -
Construction Loan (Traditional)	Interest calculation is - 65% of total loan amnt. times interest rate.	\$ 34,453,604	Dev/Const. Period	2.94%	\$ 658,408
Construction Loan - NMTC A Piece		\$ -			\$ -
Construction Loan - NMTC B Piece		\$ -			\$ -
Predevelopment Loan	None anticipated.	\$ -			\$ -
Taxes					
Minor Privilege	None anticipated.	\$ -			\$ -
Real Estate - County (Dev/Const. Period)	Current value of \$3,600,000 at 1.183% per yr for 1 yr.	2.00	Years	\$ 41,952	\$ 83,904
Real Estate - State (Dev/Const. Period)	Current value of \$3,600,000 at 1.183% per yr for 1 yr.	2.00	Years	\$ 5,304	\$ 10,609
Special Benefits District	No benefits district.	\$ -		\$ -	\$ -
TIF District	Assume no special tax.	\$ -		\$ -	\$ -
Utility Usage					
Development/Construction Period					
Electric					\$ -
Gas	In Construction Gen Cond.	\$ -		\$ -	\$ -
Security Alarm/Monitoring	In Construction Gen Cond.	\$ -		\$ -	\$ -
Telephone	In Construction Gen Cond.	\$ -		\$ -	\$ -
Water & Sewer	In Construction Gen Cond.	\$ -		\$ -	\$ -
Lease Up Period					
Subtotal: Carry Costs					\$ 834,921

Exhibit 2. Project Budget Page 4

Uses of Funds	Notes	Quantity of Units	Type of Unit	Cost Per Unit	Budget
FEES & PERMITS (GOVERNMENT/UTILITY)					
Bonds					
P&P Bond - Public Works Developers Agreement	No PWDA anticipated b/c utilities were extended to the bldg. in phase 1.	1.00%		\$ -	\$ -
Performance Bond - SWM Completion & Maintenance	Assume \$50,000 of XYZ Construction.	1.00%		\$ 50,000	\$ 500
Fees					
Critical Area Review (DPW)	Not applicable	-		\$ -	\$ -
Franchise Fee	Not applicable.	-		\$ -	\$ -
Historic - NPS Application Fee (\$250)	Not applicable.	1.00	LS		\$ -
Historic - NPS Certification Fee	Not applicable.	1.00	LS		\$ -
Historic - SHPO Fee (Maryland 1.0% of State Credits)	NA if no State credits.	-		1.00%	\$ -
MDE Joint Permit Application	NA	\$ -			\$ -
Fees - MDE NPDES Permit					\$ -
Lot Consolidation	Not applicable	-		\$ -	\$ -
Minor Privilege	NA	-		\$ -	\$ -
DPW - Dev. Agreement - Inspection Fee		\$ -	% of Cost	7.00%	\$ -
DPW - Dev. Agreement - Administrative Fee		\$ -	% of Cost	2.00%	\$ -
Rezoning	Not applicable	-		\$ -	\$ -
Right of Entry	Not anticipated.	-	LS	\$ 750	\$ -
Site Plan Review		-	LS	\$ -	\$ -
SW/Sediment Erosion Control - City Review Fee	County review fee per FT	1.00	LS	\$ 750	\$ 750
SWM - Expedited Review - Expeditor Fee		1.00	LS	\$ 3,500	\$ 3,500
Subdivision	Not applicable			\$ -	\$ -
Traffic Impact Survey (County Fee)		1.00	Allowance	\$ -	\$ -
Traffic Mitigation Fee		1.00	Allowance	\$ -	\$ -
Water Meter		-		\$ -	\$ -
Permits					
Demolition	In building permit.			\$ -	\$ -
Building - Base Building	\$22/SF	217,271.00	Allowance	\$ 0.22	\$ 47,800
Building - Tenant Improvements	Assume 0.50% of Const Cost.	\$ 3,345,000	% of Cost	0.50%	\$ 16,725
Permit - Health Dept.	Not anticipated for this job.			\$ 150	\$ -
Certificate of Occupancy	Each residential unit.	156.00	LS	\$ 119	\$ 18,564
Liquor License	NA	-			\$ -
Utility Connection Fee					
Cable Television	Not applicable	1.00		\$ 2,000	\$ 2,000
Electric	Fee for transformer. Gas line already brought to property.	1.00	Allowance	\$ 10,000	\$ 10,000
Gas		1.00		\$ 1,000	\$ 1,000
Telephone	Not applicable				\$ -
Water & Sewer	Not applicable				\$ -
Subtotal: Fees & Permits					\$ 100,839
Subtotal: Subtotal - Soft Costs					\$ 4,163,055
DEVELOPMENT FEE					
Development Fee - Cash	% of Project Costs prior to fee.	43,209,385	% of Costs	0.00%	\$ -
Development Fee - Deferred	Not applicable	1.00		\$ -	\$ -
Subtotal: Development Fee					\$ -
CONTINGENCY					
Hard Cost Contingency		\$ 35,027,920	% of Costs	5.00%	\$ 1,751,396
Soft Cost Contingency		\$ 4,163,055	% of Costs	5.00%	\$ 208,153
Subtotal: Phase 1 Contingency					\$ 1,959,549
Operating Reserve					
Operating Reserve Account	General Allowance	1.00	Allowance	\$ -	\$ -
Subtotal: Operating Reserve Account					\$ -
PROJECT TOTAL					\$ 49,231,150

Exhibit 3. Operating Expenses

Residential	
Operating Expenses	Per Unit
Marketing	\$450
Payroll	\$1,850
Admin	\$580
Management Fee (Based on Revenue)	972
Asset Management Fee (Based on Revenue)	
Repairs and Maint	\$1,100
Utilities	\$900
Insurance	\$285
Taxes	\$1,014
Total Operating Expenses / unit	7,152

Retail		
Operating Expenses	PSF	
CAM Utilities	\$1.93	49,794
Waste Removal	\$0.05	1,290
HVAC	\$0.26	6,708
Elevator	\$0.27	6,966
R&M	\$0.30	7,740
Parking	\$0.10	2,580
Grounds	\$0.04	1,032
Security & Communications	\$0.72	18,576
Housekeeping	\$1.52	39,216
Extermination	\$0.01	258
Payroll	\$0.73	18,834
G&A	\$0.65	16,770
Management Fees	\$1.12	28,896
Insurance	\$0.17	4,386
Direct Billed Utilities	\$1.80	46,440
Taxes	\$5.48	141,384
Enterprise Zone Credit		-
Total Operating Expenses / sqft	\$10.76	277,608
Total Reimbursed Operating Expenses / sqft	\$10.44	97% 269,352

Restaurant		
Operating Expenses	PSF	
CAM Utilities	\$1.93	\$10,133
Waste Removal	\$0.05	\$263
HVAC	\$0.26	\$1,365
Elevator	\$0.27	\$1,418
R&M	\$0.30	\$1,575
Parking	\$0.10	\$525
Grounds	\$0.04	\$210
Security & Communications	\$0.72	\$3,780
Housekeeping	\$1.52	\$7,980
Extermination	\$0.01	\$53
Payroll	\$0.73	\$3,833
G&A	\$0.65	\$3,413
Management Fees	\$1.12	\$5,880
Insurance	\$0.17	\$893
Direct Billed Utilities	\$1.80	\$9,450
Taxes	\$5.48	\$28,770
Enterprise Zone Credit		\$0
Total Operating Expenses / sqft	\$10.76	\$56,490
Total Reimbursed Operating Expenses / sqft	\$10.44	97% \$54,810

Office		
Operating Expenses	PSF	
CAM Utilities	\$1.93	\$9,264
Waste Removal	\$0.05	\$240
HVAC	\$0.26	\$1,248
Elevator	\$0.27	\$1,296
R&M	\$0.30	\$1,440
Parking	\$0.10	\$480
Grounds	\$0.04	\$192
Security & Communications	\$0.72	\$3,456
Housekeeping	\$1.52	\$7,296
Extermination	\$0.01	\$48
Payroll	\$0.73	\$3,504
G&A	\$0.65	\$3,120
Management Fees	\$1.12	\$5,376
Insurance	\$0.17	\$816
Direct Billed Utilities	\$1.80	\$8,640
Taxes	\$5.48	\$26,304
Enterprise Zone Credit		\$0
Total Operating Expenses / sqft	\$10.76	\$51,648
Total Reimbursed Operating Expenses / sqft	\$10.44	97% \$50,112

Exhibit 4. Assumptions

ELKHORN CHANNELSIDE Revenue & OpEx Assumptions

Operating Expenses (per unit or psf)			
OpEx - Annual Escalator			2.50%
Property Taxes - Howard County - \$1,044 per \$100 of value			1.044%
Property Taxes - Maryland - \$0.132 per \$100 of value			0.132%
Residential/Parking			
Op Ex Allowance per Unit (excluding RE Tax)		\$	7,152
# of Units			156
Annual Op Ex (Stabilized Year)		\$	1,115,697
Annual Property Tax Bill			
Annual Property Tax Bill		\$	158,258
# of Units			156
Property Taxes per Unit		\$	1,014
Total Op Ex + RE Taxes Per Unit			
Total Op Ex + RE Taxes Per Unit		\$	8,166
Escalation - Expenses			
Retail			2.00%
Parking			2.00%
Storage			1.00%
Residential & Parking			2.00%
Real Estate Taxes			1.00%

Replacement Reserve			
Residential (per unit)		\$	250.00
Commercial (psf)		\$	0.25

Revenue Assumptions			
Escalation - Revenue			
Residential			2.00%
Retail			2.00%
Restaurant			2.00%
Storage			2.00%
Bike Storage			2.00%
Office			2.00%
Parking			2.00%
Vacancy Rate - (Retail & Residential)			
Residential (Stabilized)			-5.00%
Residential Lease up year			-25.00%
Retail			-5.00%
Restaurant			-5.00%
Office			-5.00%

Finance Assumptions

Debt				
Construction Loan Terms				
	<u>Notes</u>	<u>30 Day LIBOR</u>	<u>Spread</u>	<u>Total</u>
Interest Rate		0.44%	2.50%	2.94%
Construction Period (months)				18
Interest Only Period				30
Loan to Cost				70%
Origination Fee				0.50%
Term				7 Years
Permanent Loan Terms				
		<u>10 Year Swap Rate</u>	<u>Spread</u>	<u>Total</u>
Interest Rate		1.75%	2.00%	3.75%
Cap Rate				6.00%
Loan Amount				\$ 34,453,604
Loan To Value Ratio				56%
Amortization Period (yrs)				30
Term				10
Loan Origination Fee				0.50%
Transaction Costs				0.50%
Stabilized Debt Service Coverage Ratio				1.91
Tax Credit Bridge Loan				
		<u>30 Day LIBOR</u>	<u>Spread</u>	<u>Total</u>
Interest Rate		0.44%	2.75%	3.19%
Construction Period (months)				18
Interest Only Period				24
Loan to Cost				0%
Origination Fee				0.50%
Term				
Refinance in Year 7				
Principal Amount			\$	-
Cap Rate				7.0%
Interest Rate				6.00%
LTV				80%
Origination Fee				0.50%
Closing Costs				0.50%
Sale Assumptions				
Cap Rate				7.0%

END OF REPORT