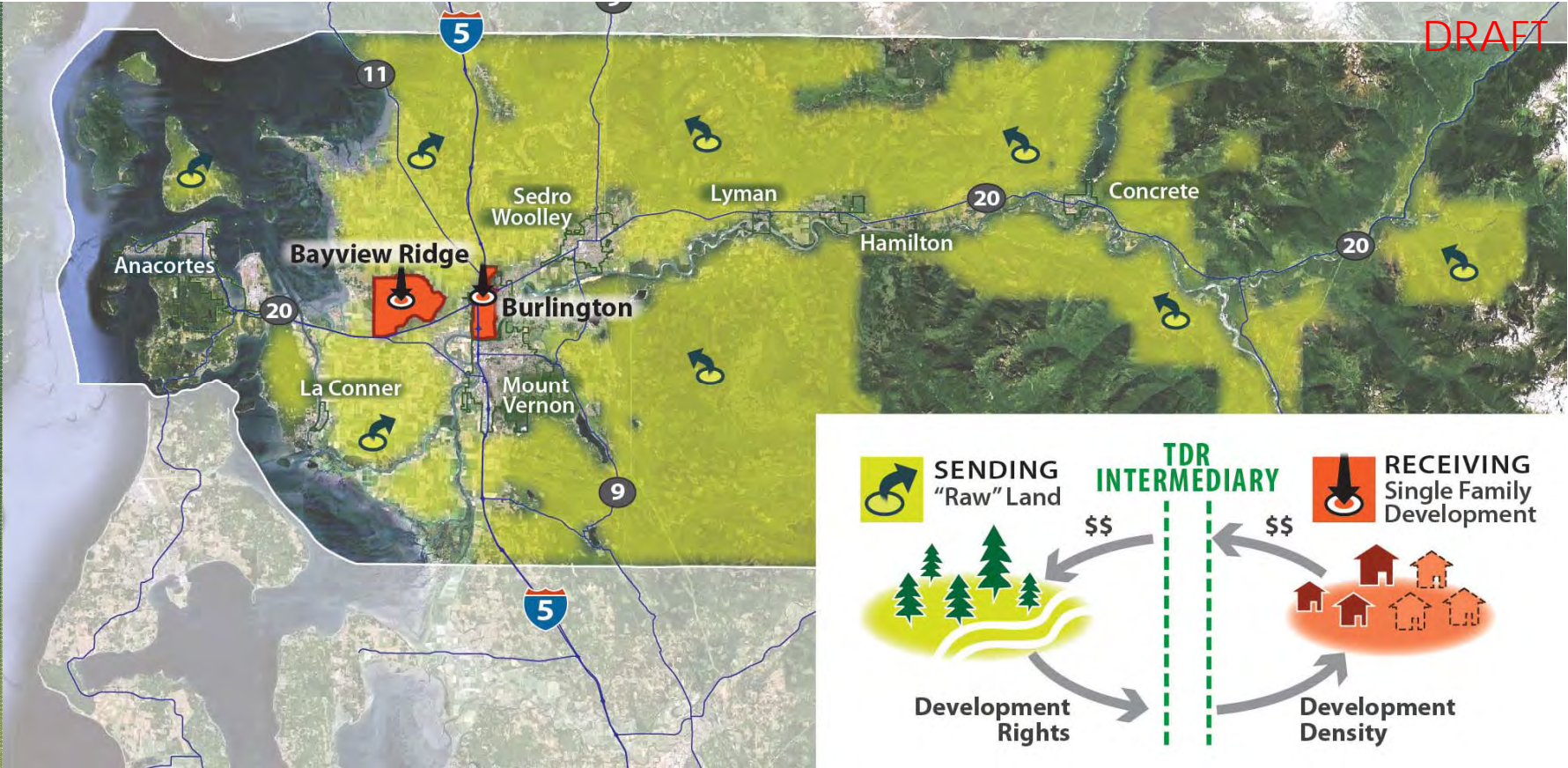


DRAFT



# Transfer of Development Rights (TDR) Market and Economic Analysis

November 14, 2013

HEARTLAND



# Table of Contents

- Introduction
- Phase II Analysis
  - Methodology
  - Findings
- Phase III Analysis
  - Bayview Ridge CRA
  - Burlington CRA
  - Rural Upzones CRA
  - Sending Zones
  - Exchange Rate Analysis
  - Existing Programs

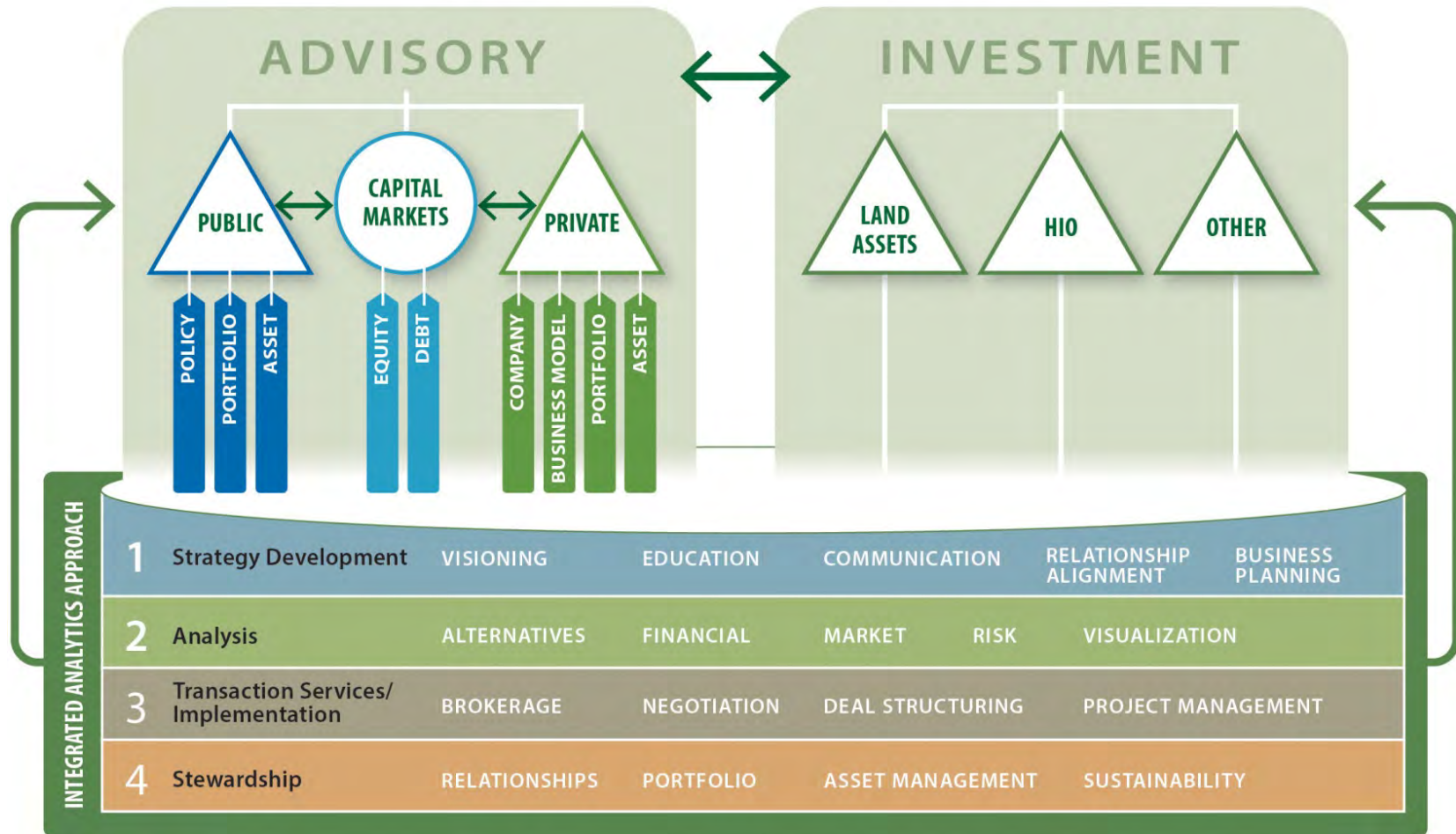


# Introduction

- Who We Are
- Criteria of Successful TDR Programs
- Process Outline
- Timeline

# Who We Are

## HEARTLAND



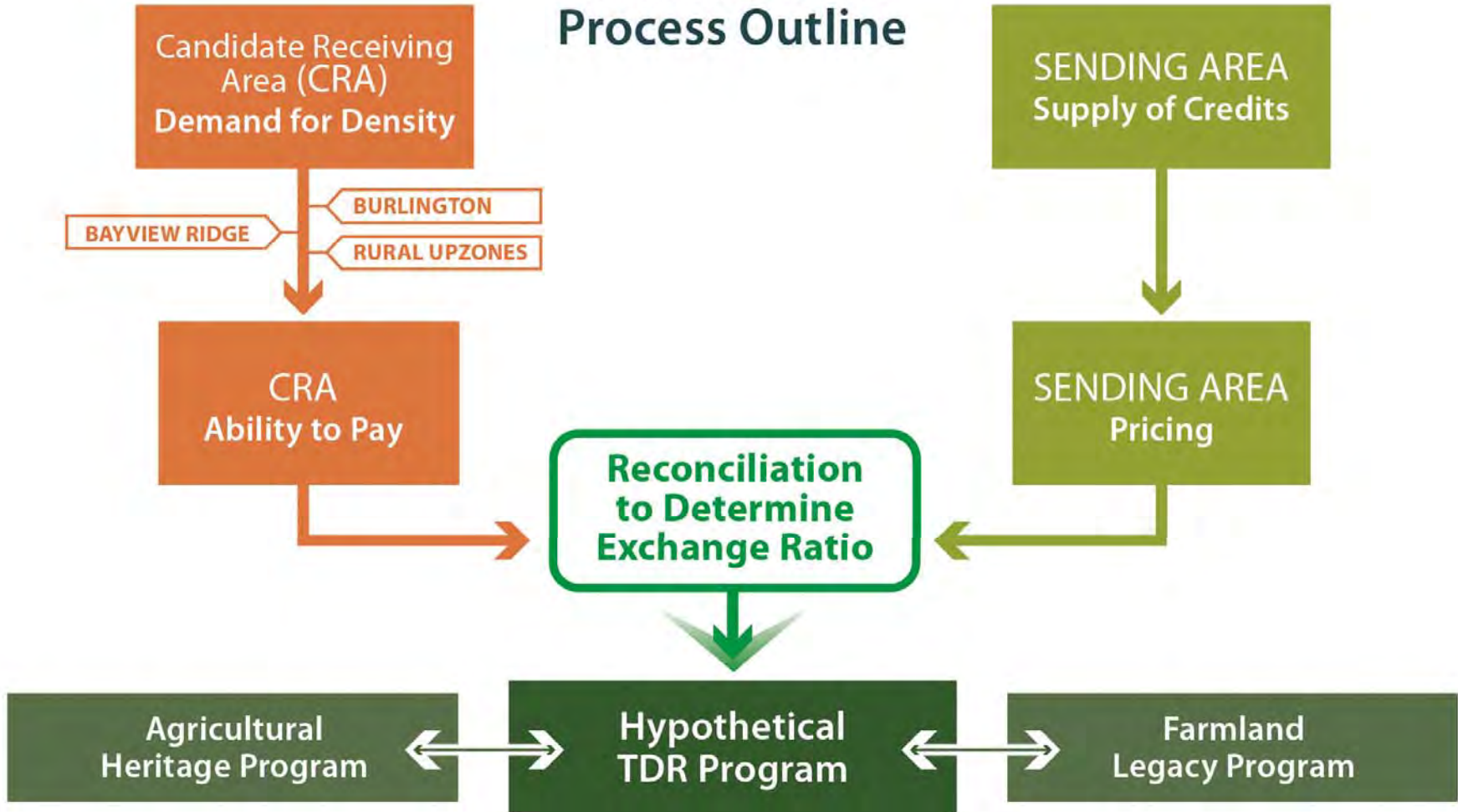


# Four Criteria of Successful TDR Programs

- Market Demand for Additional Density
- Affordability
- Priority within Incentive Stack
- Option Flexibility

# Process Outline

## TDR ANALYSIS Process Outline



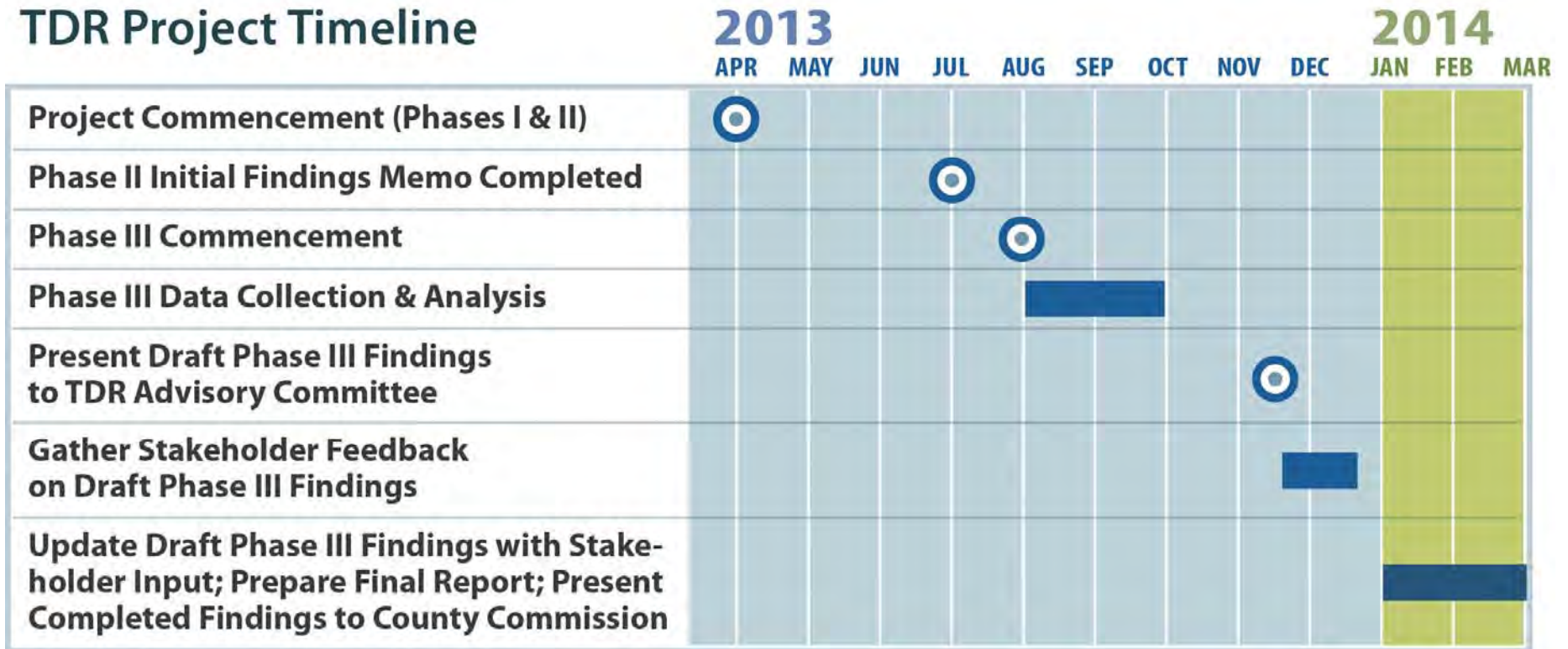
# Approach

- Phase II: Initial Rough-Order-of-Magnitude (“ROM”) findings based on review and assimilation of existing projections, studies and reports.
  - Goal: Determine study areas for further consideration in Phase III.
- Phase III: Deeper analysis of selected areas from Phase II, using primary data to inform TDR program economics
  - Goal: Determine relative value of density credits for sending and receiving sites to inform a TDR program exchange ratio



# Timeline

## TDR Project Timeline



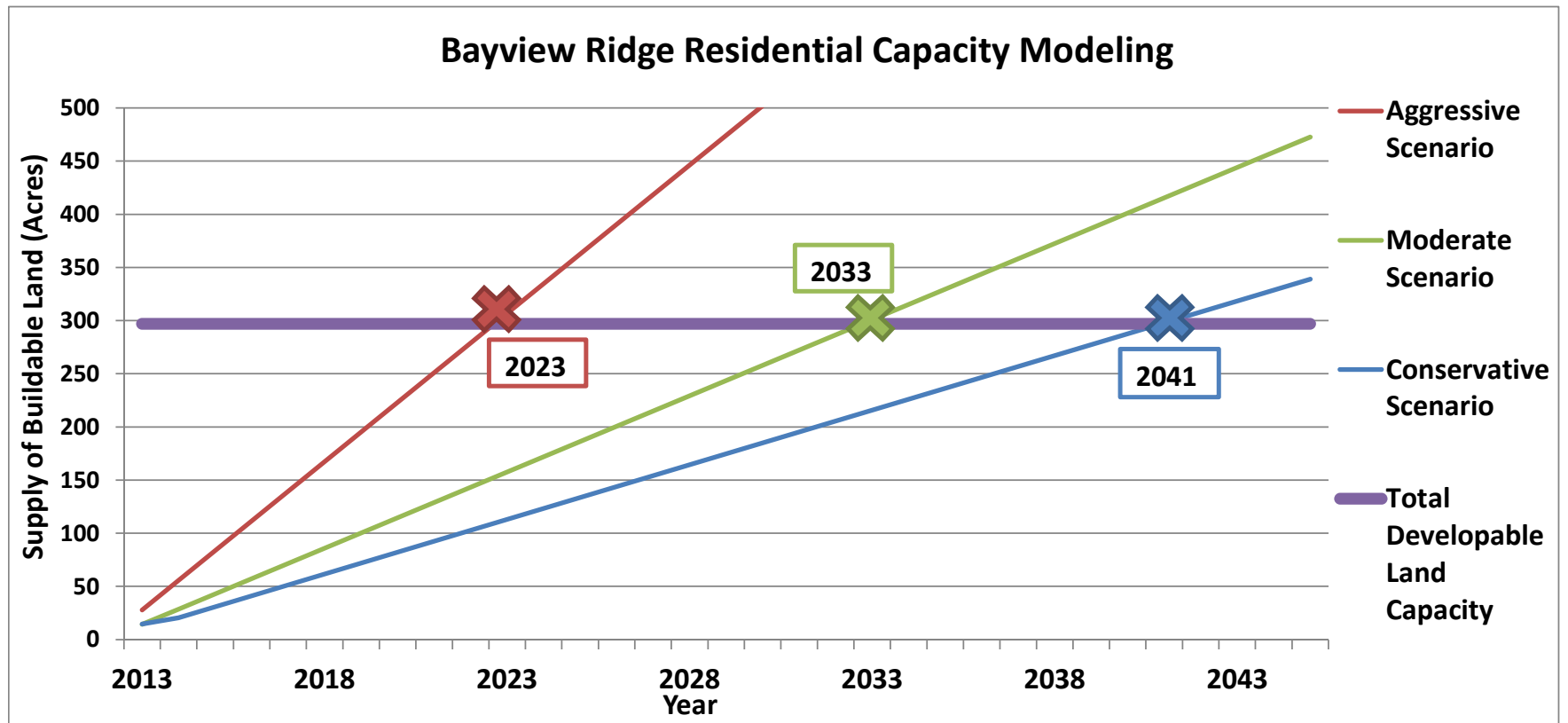


# Phase II Analysis

- Methodology
- Findings

# Supply & Demand Methodology

- Capacity modeling in each CRA to determine ROM demand for density above base zoning
- CRAs with relatively near-term supply constraint were considered best-suited for a TDR program





# Supply & Demand Findings

| Scenario  | Burlington CRA         | Bayview Ridge CRA   |                      | Rural Upzones |     |
|---|------------------------|---------------------|----------------------|---------------|-----|
|   | Commercial/Residential | Commercial<br>BR-HI | Residential<br>BR-LI | Residential   |     |
| Dev. Capacity Threshold under Moderate Growth Assumptions | 2036                   | 2046                | 2060+                | 2033          | N/A |
| Further Investigation in Phase III                        | YES                    | NO                  | NO                   | YES           | YES |

- Bayview Ridge Commercial CRA was determined to have the least viability for a TDR program and was not moved through to Phase III
- Burlington CRA and Bayview Ridge Residential CRA reach capacity limits in a 25-year planning horizon
- The Rural Upzone CRA looks at a less-defined land area and was not suitable for capacity analysis.
  - History of upzone requests is evidence demand exists

# TDR Economics Methodology

- Review existing body of research related to sending site pricing and receiving site ability to pay
- Sources reviewed:
  - Farmland Legacy Program appraisals by Bob Suttles (2012);
  - “Demand for & Value of Density Credits” report by Thomas/Lane & Associates and Bill Mundy & Associates (2009)
- Determine areas of focus for Phase III analysis



# TDR Economics Findings

| Exchange Rate Analysis with Suttles/Mundy Inputs |   |   |
|--|---|---|
| Sending Site Value                               | Receiving Site Ability to Pay by CRA @ 15% (Res) or 30% (Com) Fee as % of Value | Implied Ratio of Urban Units per Conservation Unit      |
| \$100,000  | Bayview Residential:  | \$6,736 per DU  |
|  | Burlington Commercial:  | \$10.50 per GBSF  |
|  | Burlington Residential:   | \$2,300 per DU  |
|  |   | <b>15 Units</b><br><b>9,524 GBSF</b><br><b>43 Units</b> |

- Implied exchange ratios indicate value discrepancy between sending and receiving sites
  - Projected annual demand is 37 units in Burlington; 58 units in Bayview Ridge
- Areas of focus in Phase III:
  - Sending Site Values for Non-Ag Land
  - Ag-NRL Values from Expanded Suttles Appraisal Set
  - Updated Receiving Site Ability-to-Pay
  - Rural Upzone Sending/Receiving Values

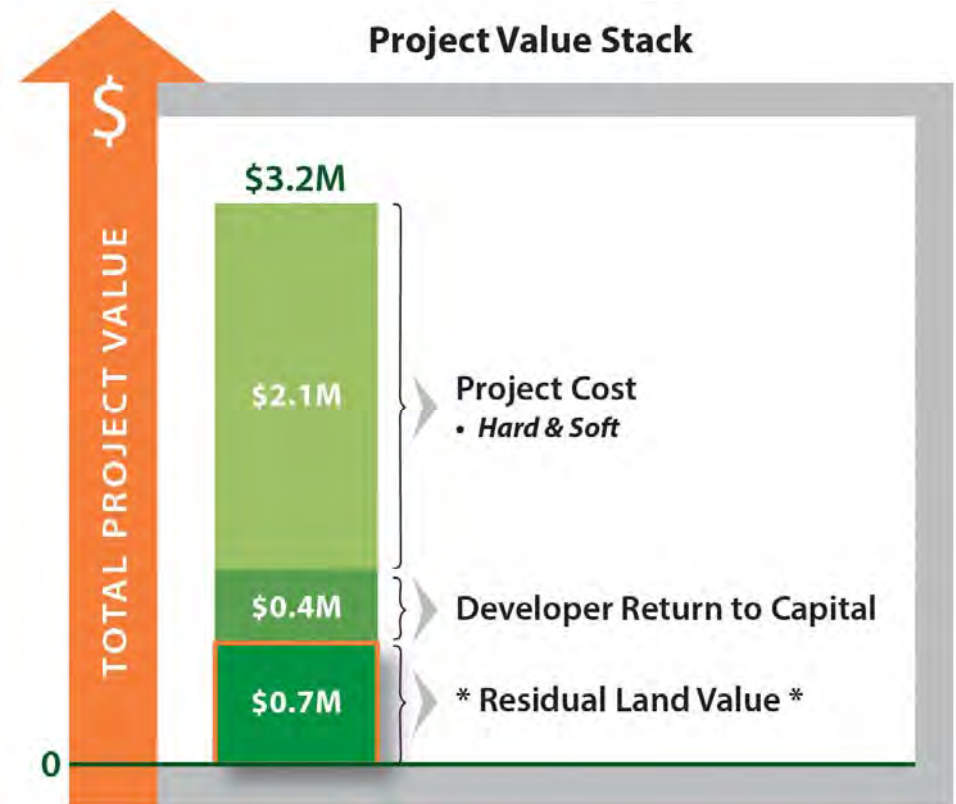
# Phase III Analysis

- Methodology
- Bayview Ridge CRA
- Burlington CRA
- Rural Upzones CRA
- Sending Zones
- Exchange Rate Analysis
- Existing Programs



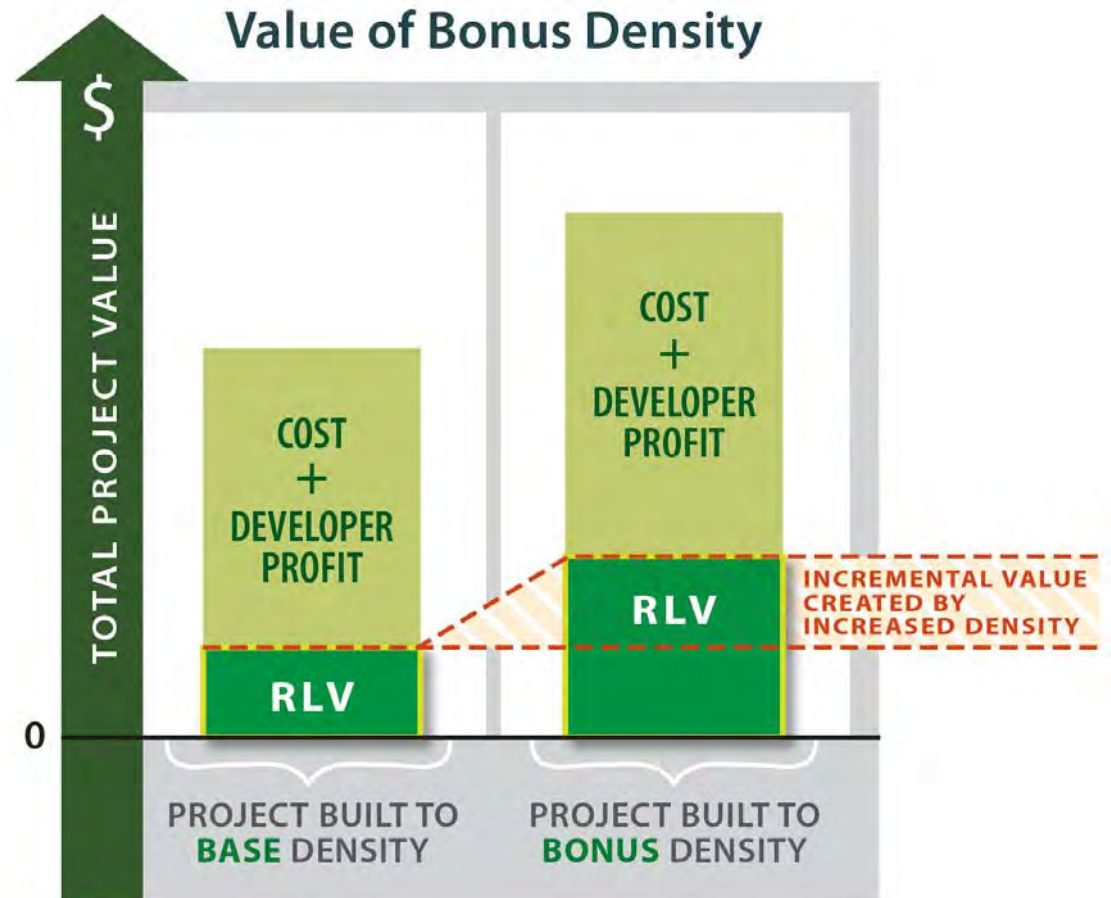
# Methodology

- Residual Land Value (RLV) = What new development can afford to pay for land given:
  - Development Value
  - Development Cost
  - Return on Capital (profit) to Equity
- Land Sales
  - Market-driven indication of land value
  - Preferable to RLV when robust set exists



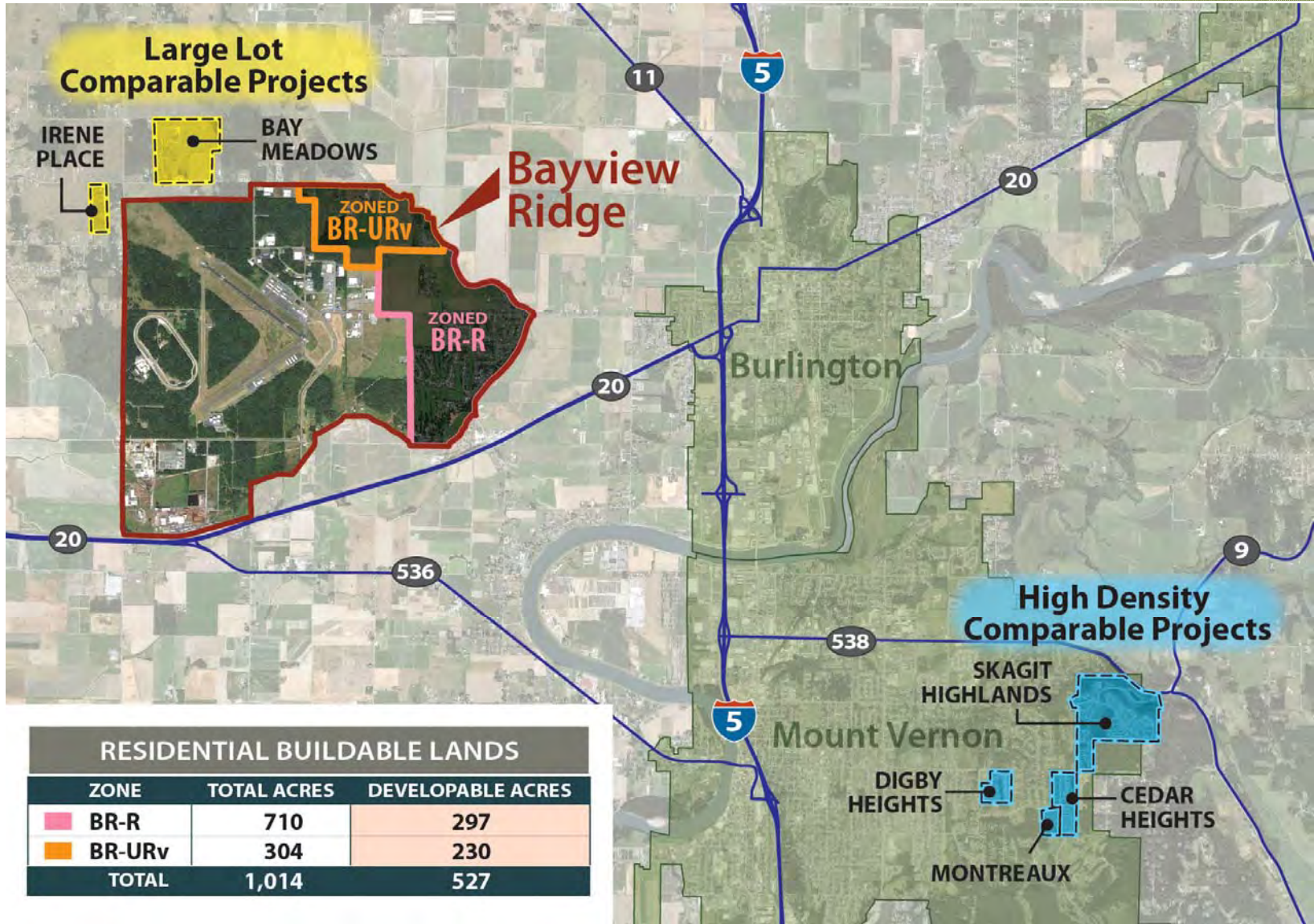
# Methodology

- Residual Land Value
  - Calculate Base Land Value
  - Calculate Bonus Increment
- Actual Fee Charged for Density
  - Lower of Incremental Value and Cost of Additional Land
  - TDR only attractive if less expensive than next available option





# Bayview Ridge CRA





# Bayview Ridge Residential

1 DU/5 Acre  
Clustered



4 DU/Acre  
Sub-Division



6 DU/Acre Sub-  
Division



BR-UR CaRD

BR-R Base

BR-R Bonus

*Land Value Increases*

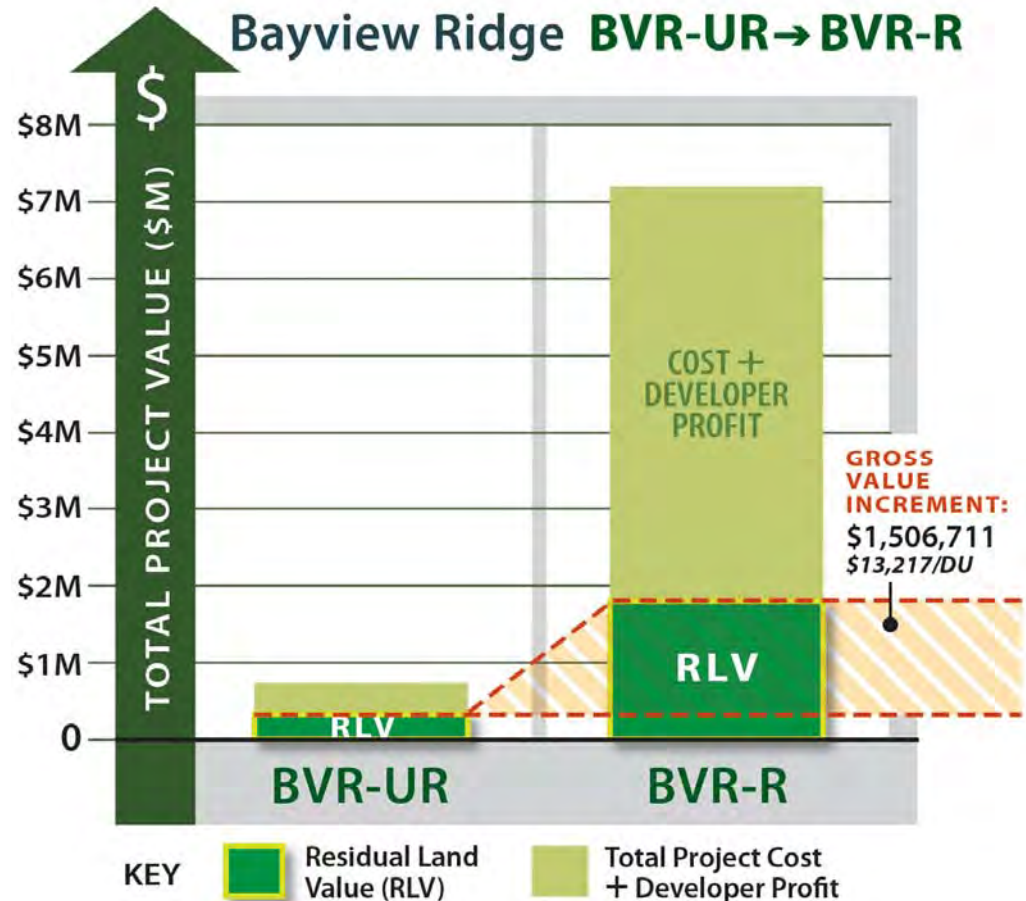




# Bayview Ridge Residential

BVR-UR -> BVR-R

- Incremental value
  - 30-Acre development
  - 6 lots under base
  - 120 lots under bonus
  - Gross value added: \$1.5M
  - \$13K/Lot
- Credit Pricing:
  - Base land value: \$42K/Lot
  - Pricing based off incremental
  - @ 50% Fee, credits at \$6,500



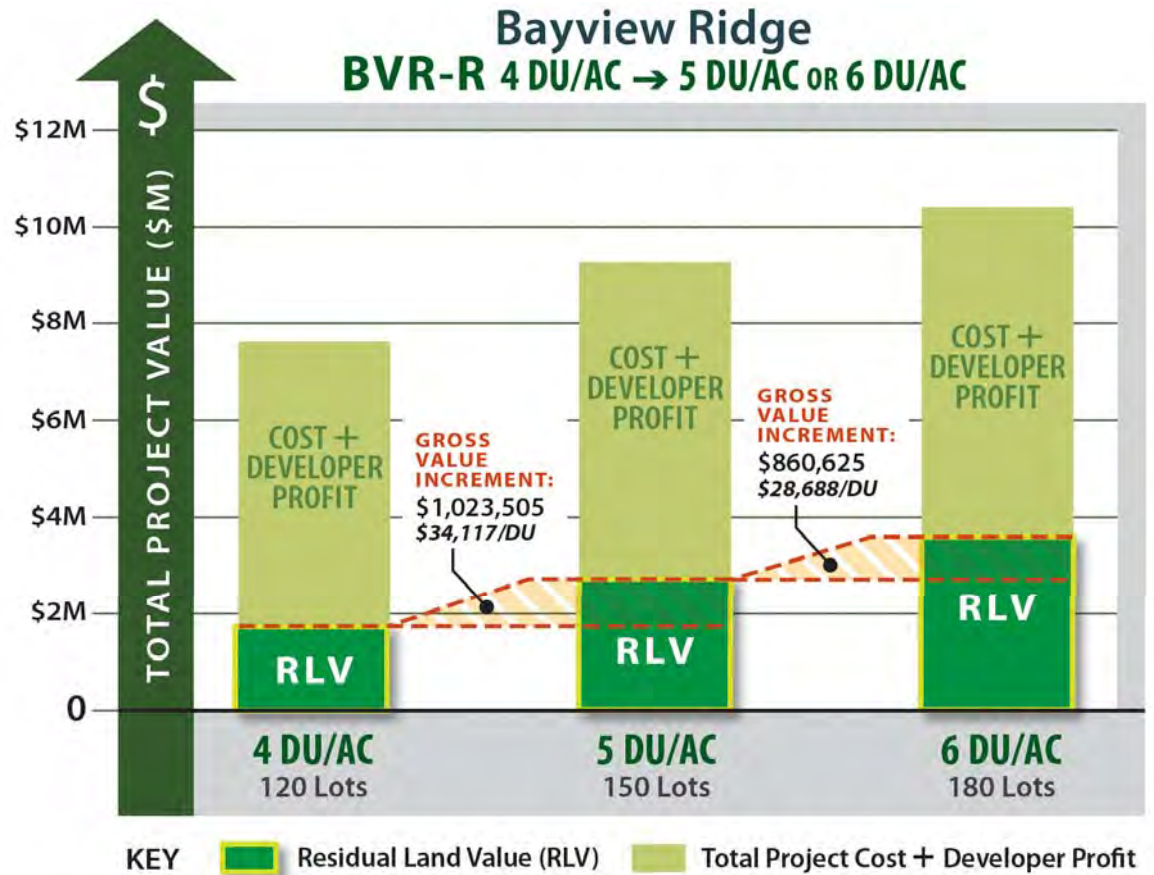
# Bayview Ridge Residential BVR-R 4 DU -> 6 DU

## • Incremental Value

- 30-acre development
- 120 lots under base
- 150/180 lots under bonus
- 4 -> 5 = \$1M, \$34K/lot
- 5 -> 6 = \$860K, \$28K/lot

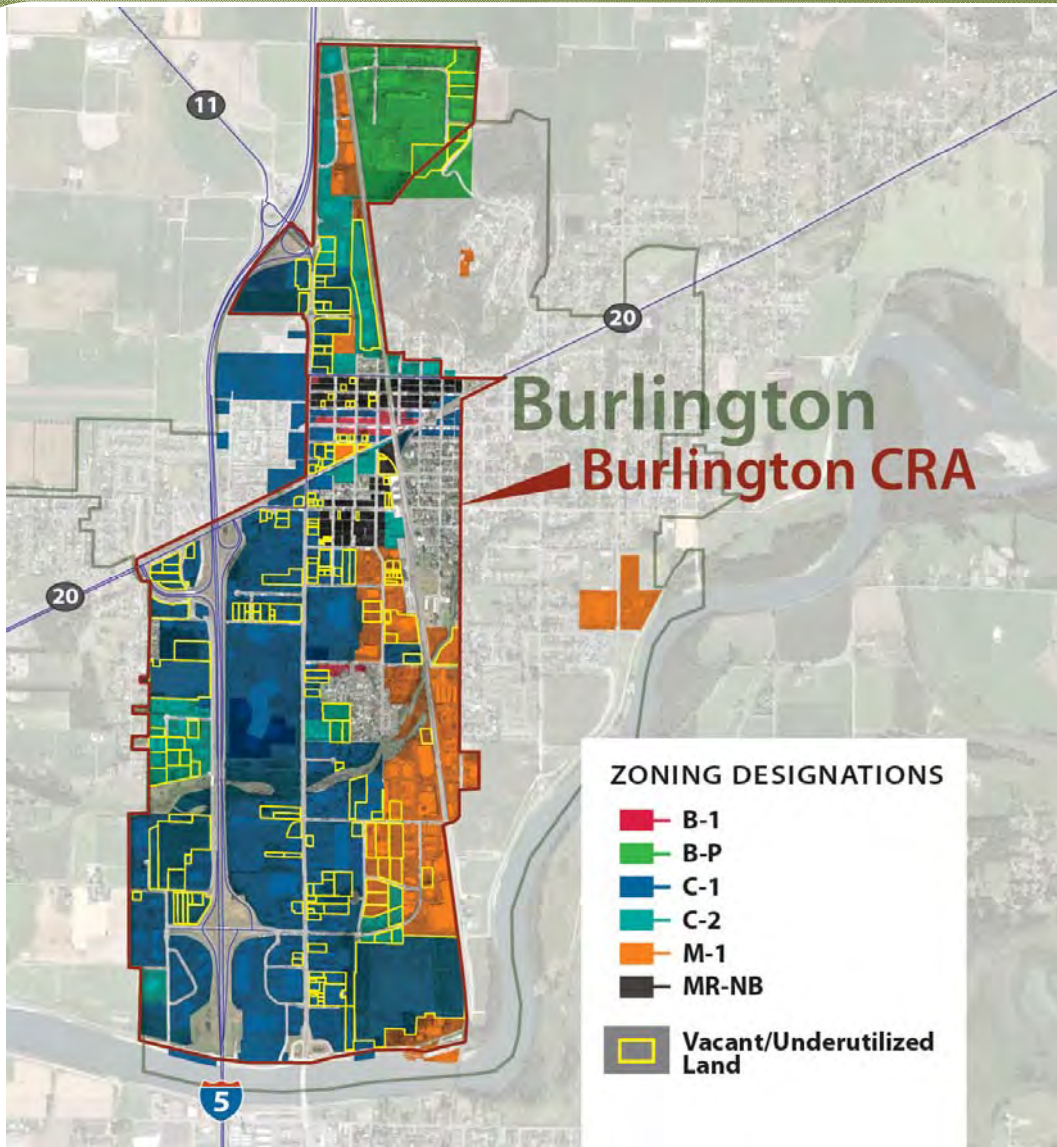
## • Credit Pricing:

- Base land value: \$15K/Lot
- Pricing based off land value
- @ 50% Fee, credits at \$7,500





# Burlington CRA



| 2012 BLA BY CITY OF BURLINGTON (ACRES) |        |               |           |
|--|--------|---------------|-----------|
| ZONE                                   | VACANT | UNDERUTILIZED | BUILDABLE |
| C-1                                    | 70     | 63            | 133       |
| C-2                                    | 103    | 1             | 104       |
| MR-NB                                  | 3      | 3             | 6         |
| B-P                                    | 15     | 2             | 17        |
| B-1                                    | 0      | 0             | 0         |
| M-1                                    | 45     | 28            | 73        |
| TOTAL                                  |        |               | 333       |

- Majority of buildable land exists in C-1, C-2 and M-1 zones
- Geographic concentrations of buildable land

# Burlington Residential Zoning Context

| <b>Burlington Residential Zoning</b>  |  |  |  |   |
|---------------------------------------|--|--|--|---|
|                                       | <b>C-1</b>   | <b>C-2</b>   | <b>MR-NB</b>   | <b>B-1</b>                                      |
| <b>District Description:</b>          | General Commercial District  | Heavy Commercial District                                    | Medium Density Res & Neighborhood Bus.                       | Business District                               |
| <b>Residential Dev Qualification:</b> | Mixed-use buildings have limited restrictions. Single-purpose have the following restrictions: | Single-purpose or mixed-use have the following restrictions: | Single-purpose or mixed-use have the following restrictions: | Only allowed with ground floor commercial uses. |
| <b>Density</b>                        |  |  |  |   |
| Max DU / Ac                           | 14   | 14   | 14   | 14  |
| Max Units                             | None   | None   | 8 units  | No Limit  |
| Max Building Size                     | 8,000  | 8,000  | 6,500  | No Limit  |
| Max Parcel Size                       | No Limit   | No Limit   | 24,000   | No Limit  |
| Max Height                            |  |  |  |   |
| Stories                               | 2  | 2  | 2  | 4   |
| Height (ft)                           | 30   | 30   | 35   | 45  |
| <b>Site Restrictions</b>              |  |  |  |   |
| Min Lot Depth                         | 0  | 80   | 0  | 0   |
| Min Lot Width                         | 0  | 60   | 0  | 0   |
| Max Lot Coverage                      |  |  |  |   |
| Impervious                            | 70%  | 70%  | 100%   | 100%  |
| Buildings                             | 30%  | 30%  | 100%   | 100%  |



# Burlington Residential

14 DU/Acre  
Attached Townhomes



23 DU/Acre  
Stacked Units



Base C1, C2, MR-NB  
& B1 Density

Potential Market-Driven  
Bonus Density

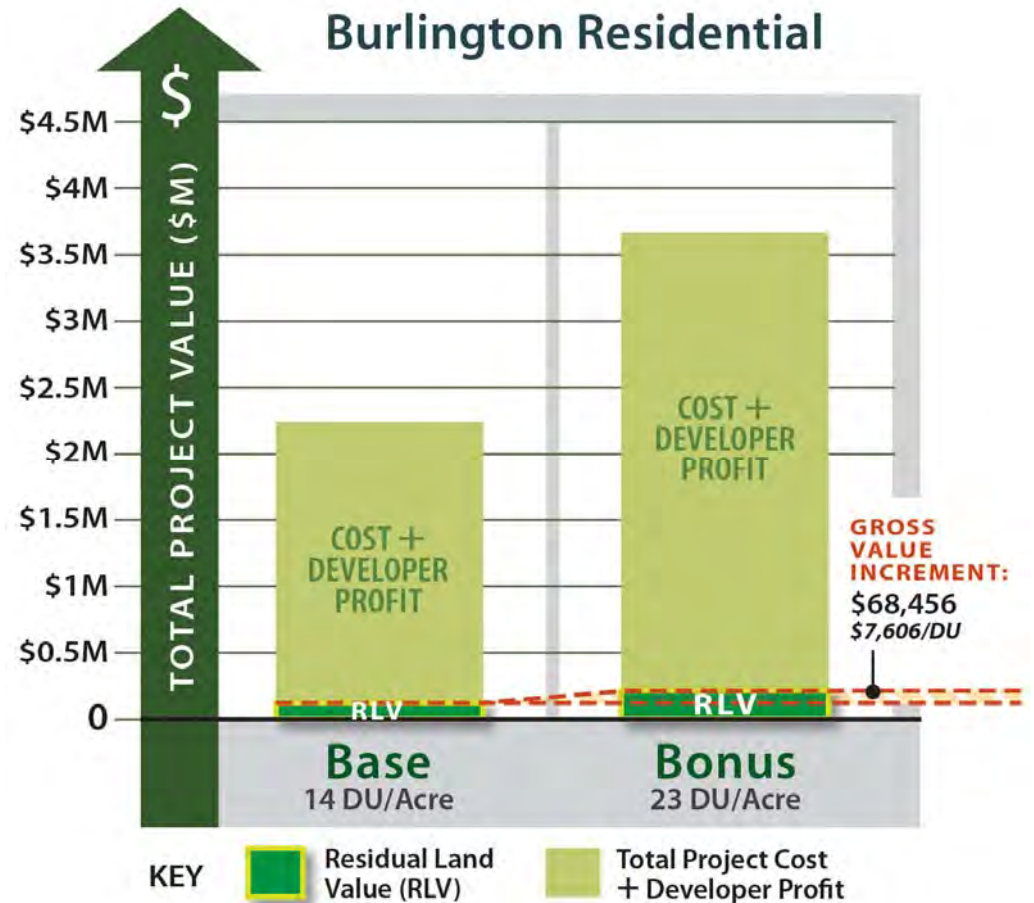
# Burlington Residential

- Incremental Value

- 1-acre development
- 14 units under base
- 23 units under bonus
- Value increment: \$68K
- \$7K/unit

- Credit Pricing:

- Base land value: \$8K/unit
- Pricing based off value increment
- @ 50% Fee, credits at \$3,500





# Burlington Commercial Zoning Context

| Burlington Commercial Zoning |                             |                           |                     |               |                   |
|------------------------------|-----------------------------|---------------------------|---------------------|---------------|-------------------|
|                              | C-1                         | C-2                       | M-1                 | B-P           | B-1               |
| <b>District Description:</b> | General Commercial District | Heavy Commercial District | Industrial District | Business Park | Business District |
| <b>Density</b>               |                             |                           |                     |               |                   |
| Min Lot Area                 | 0                           | 0                         | 0                   | 435,600       | 0                 |
| Min Lot Depth                | 0                           | 0                         | 0                   | 0             | 0                 |
| Max Lot Coverage             | 100%                        | 100%                      | 100%                | 100%          | 100%              |
| Max Height                   |                             |                           |                     |               |                   |
| Stories                      | 4                           | 4                         | No limit            | No limit      | 4                 |
| Height (ft)                  | 45                          | 45                        | 45                  | 35            | 45                |

- Few dimensional/density restrictions on commercial development
- Development density dictated by market demand for space/parking

# Burlington Commercial

- Without zoning constraints, TDR bonus increment does not exist (need a base zoning requirement to exceed)
- Heartland analyzed recent and historical development to determine a hypothetical base FAR (0.3)

0.3 FAR; 5 Stalls/KSF



Theoretical Base

0.35 FAR; 4 Stalls/KSF



Theoretical Bonus



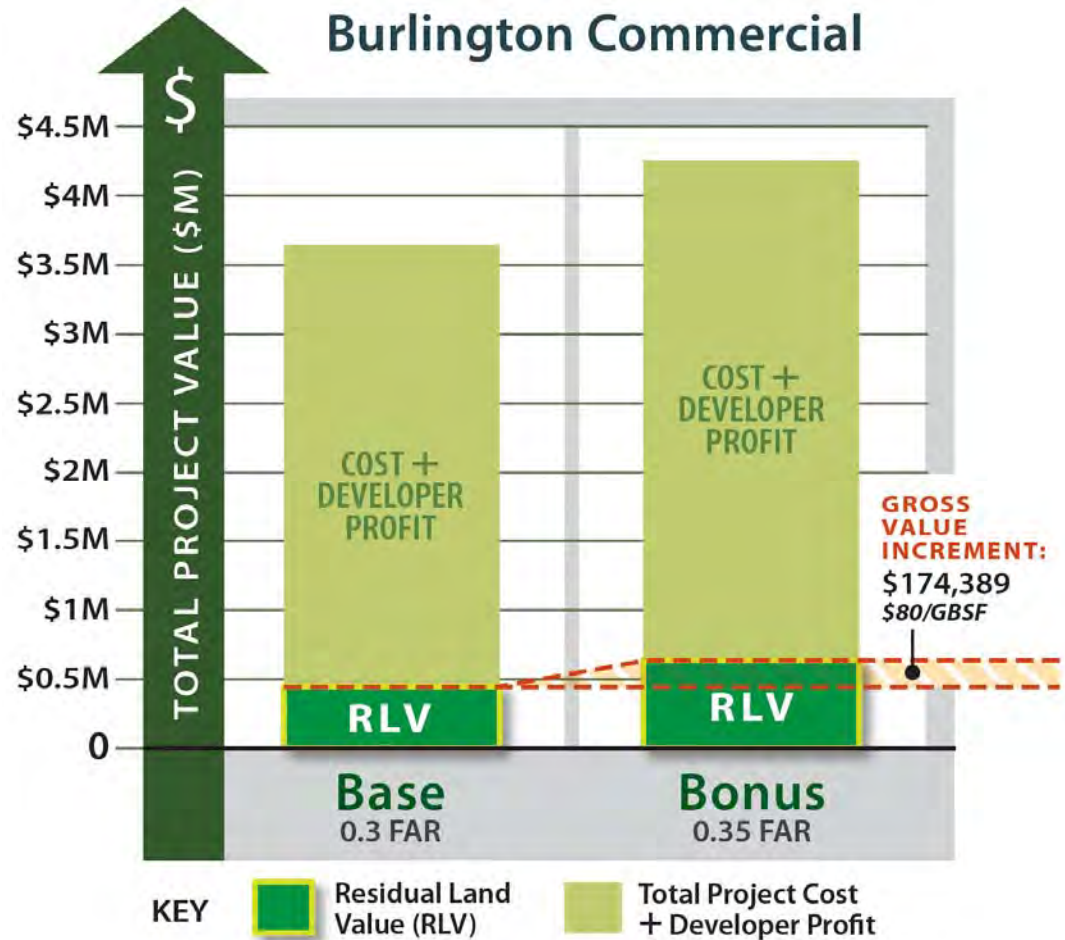
# Burlington Commercial

- Incremental Value

- 1-acre development
- 13 KSF under base
- 15 KSF under bonus
- Value increment: \$174K
- \$80/GBSF

- Credit Pricing:

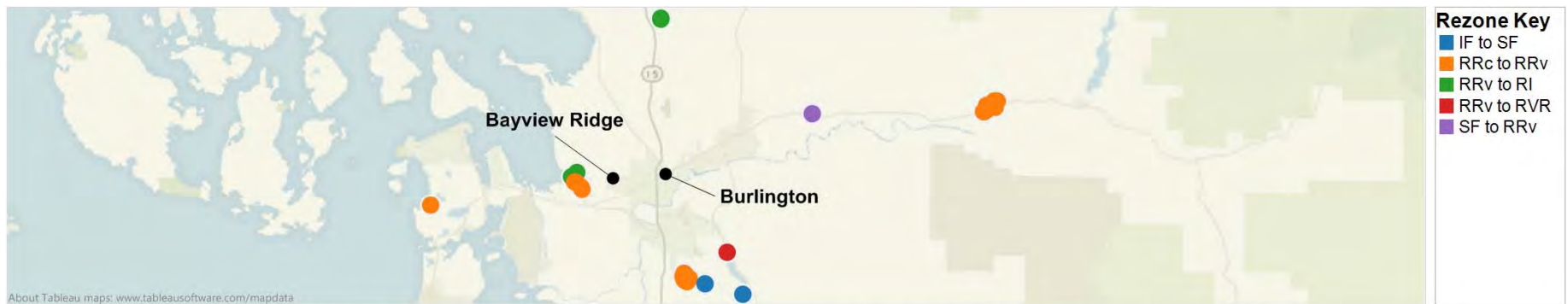
- Base land value: \$35/GBSF
- Pricing based off land value
- @ 50% Fee, credits at \$17.50/GBSF



# Rural Upzones

## Rural Residential Upzone Activity (To Date)

- 12 Permit applications involving a total of 57 unique parcels
- A total of roughly 400 acres comprise the permits relative to over 440k acres in eligible zones.
- A total of roughly 31 (w/o CaRD) and 42 (w/ CaRD) development rights added



Summary of Rezone Applications by Year (Parcel Count)

| Upzone Action | Zone Before          | Zone After       | Permit     | Year of Rezone Approval |           |           |          | Total     |
|---------------|----------------------|------------------|------------|-------------------------|-----------|-----------|----------|-----------|
|               |                      |                  |            | 2004                    | 2007      | 2008      | 2012     |           |
| IF to SF      | IF-NRL (1/80)        | SF-NRL (1/20)    | PL05-1011  |                         | 1         |           |          | 1         |
|               |                      |                  | PL05-1013  |                         | 1         |           |          | 1         |
| RRc to RRv    | RRc-NRL (1/40, 1/10) | RRv (1/10, 2/10) | PL02-0434  | 4                       |           |           |          | 4         |
|               |                      |                  | PL05-1033  |                         | 4         |           |          | 4         |
|               |                      |                  | PL05-1037  |                         | 24        |           |          | 24        |
|               |                      |                  | Bates 2007 |                         |           | 15        |          | 15        |
|               |                      |                  | PL11-0250  |                         |           |           | 1        | 1         |
| RRv to RI     | RRv (1/10, 2/10)     | RI (1/2.5)       | PL05-1051  |                         | 1         |           |          | 1         |
|               |                      |                  | Alger RI   |                         |           | 2         |          | 2         |
|               |                      |                  | PL11-0240  |                         |           |           | 2        | 2         |
| RRv to RVR    | RRv (1/10, 2/10)     | RVR (1/1)        | PL05-1054  |                         | 1         |           |          | 1         |
| SF to RRv     | SF-NRL (1/20)        | RRv (1/10, 2/10) | PL05-1064  |                         | 1         |           |          | 1         |
| <b>Total</b>  |                      |                  |            | <b>4</b>                | <b>33</b> | <b>17</b> | <b>3</b> | <b>57</b> |

Summary of Potential Density Impact from Rezone

| Upzone Action | Permit     | Density Before | Density After | Density Impact | Density Before (w CaRD) | Density After (w CaRD) | Density Impact (w CaRD) |
|---------------|------------|----------------|---------------|----------------|-------------------------|------------------------|-------------------------|
| IF to SF      | PL05-1011  | 4              | 6             | 2              | 5                       | 6                      | 1                       |
|               | PL05-1013  | 5              | 7             | 2              | 6                       | 7                      | 1                       |
| RRc to RRv    | Bates 2007 | 2              | 7             | 5              | 7                       | 14                     | 7                       |
|               | PL02-0434  | 3              | 6             | 3              | 6                       | 12                     | 6                       |
|               | PL05-1033  | 4              | 4             | 0              | 4                       | 8                      | 4                       |
|               | PL05-1037  | 2              | 8             | 6              | 8                       | 16                     | 8                       |
| RRv to RI     | PL11-0250  | 1              | 3             | 2              | 3                       | 7                      | 4                       |
|               | Alger RI   | 2              | 4             | 2              | 2                       | 4                      | 2                       |
|               | PL05-1051  | 1              | 2             | 1              | 1                       | 2                      | 1                       |
| RRv to RVR    | PL11-0240  | 2              | 4             | 2              | 2                       | 4                      | 2                       |
|               | PL05-1054  | 1              | 6             | 5              | 3                       | 8                      | 5                       |
| SF to RRv     | PL05-1064  | 1              | 2             | 1              | 1                       | 2                      | 1                       |
| <b>Total</b>  |            | <b>28</b>      | <b>59</b>     | <b>31</b>      | <b>48</b>               | <b>90</b>              | <b>42</b>               |



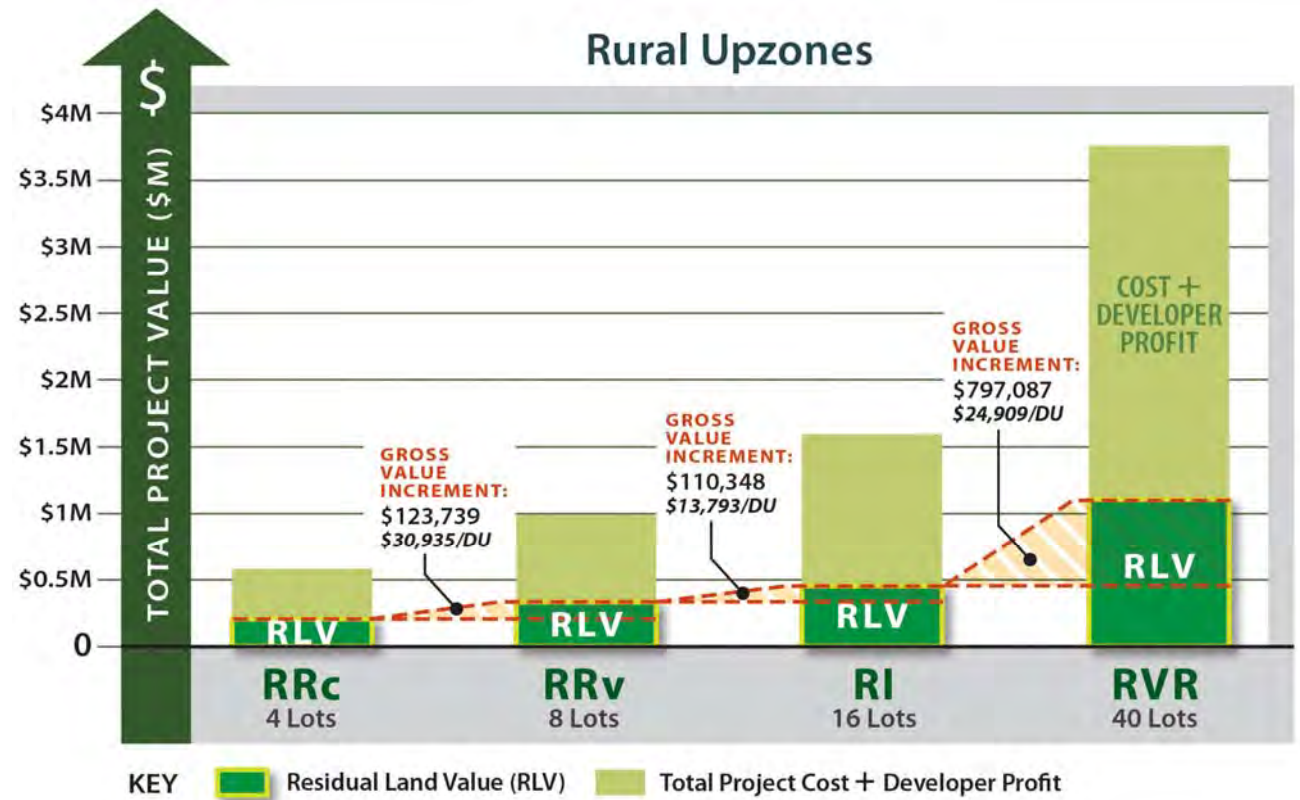
# Rural Upzones

## • Incremental Value

- 40-acre development
- 4/8 lots under base
- 8/16/40 lots under bonus
- RRc -> RRv: \$31K/Lot
- RRv -> RI: \$14K/Lot
- RRv -> RVR: \$25K/Lot

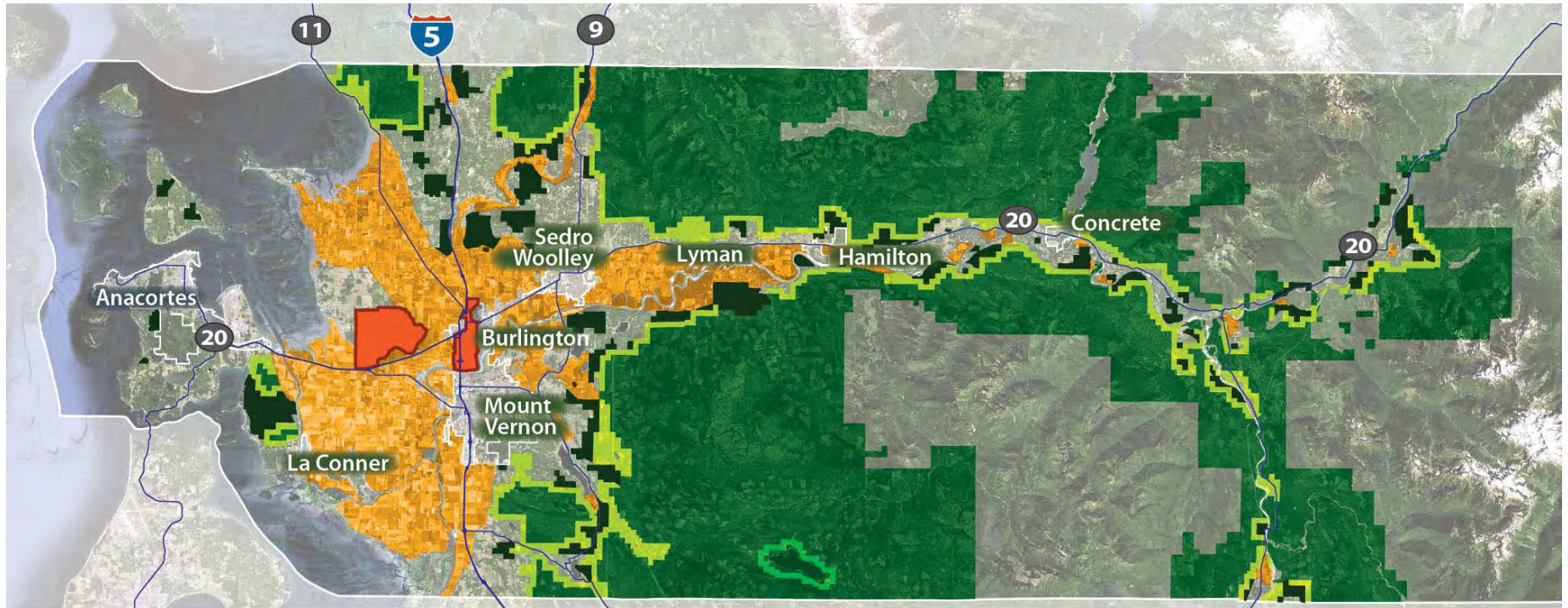
## • Credit Pricing:

- Base land value: \$27K - \$50K/lot
- Pricing based off increment value
- @ 50% Fee, credits at \$7,000 - \$15,500





# Sending Zones




 Candidate Receiving Areas (CRA)

**ZONING DESIGNATIONS** \*Acreages are Approximate

 Agriculture (Ag-NRL) **84,000 Acres**

 Rural Resource (RRc-NRL) **25,000 Acres**

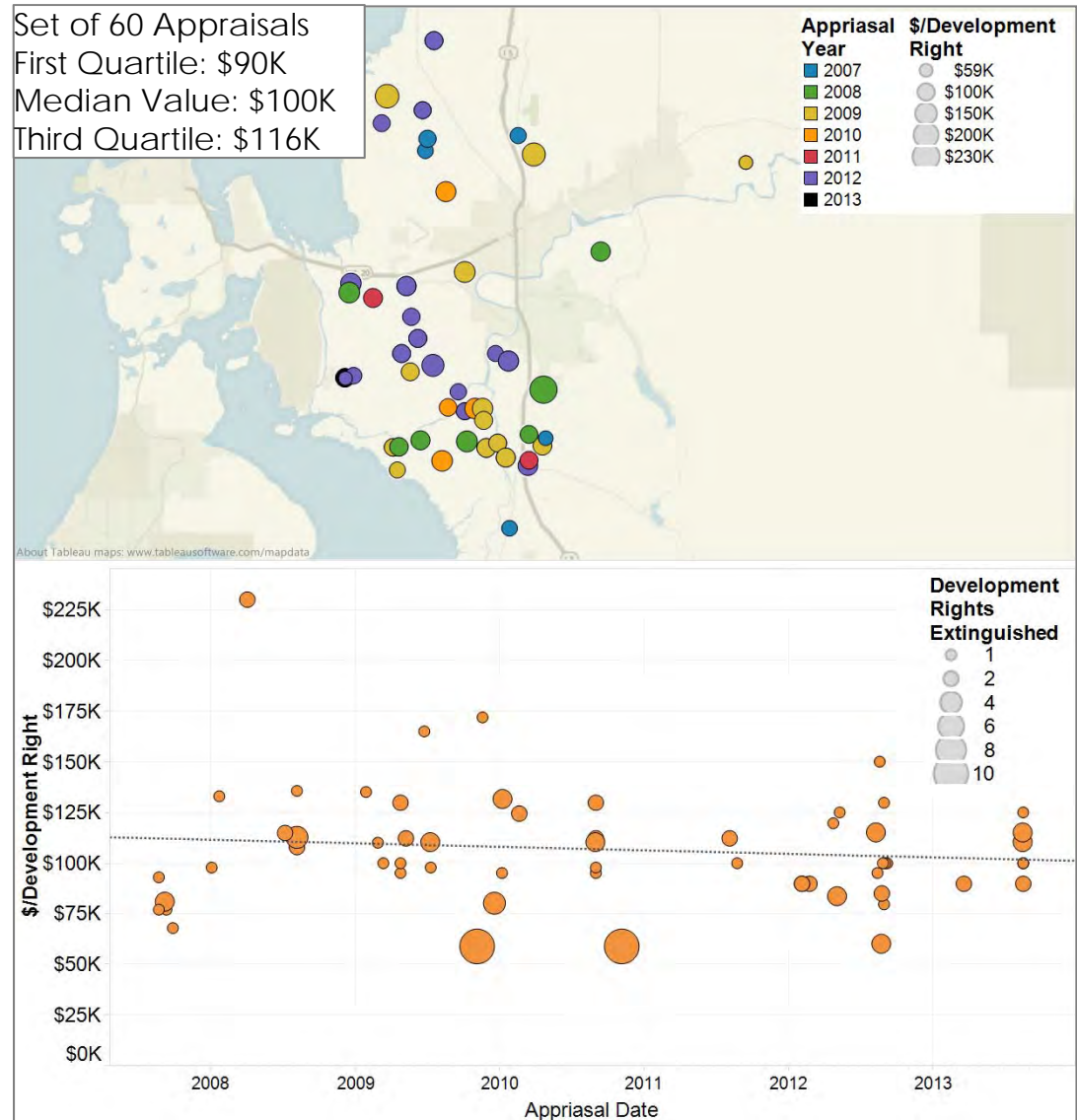
 Industrial Forest (IF-NRL) **312,000 Acres**

 Secondary Forest (SF-NRL) **36,000 Acres**



# Sending Value Methodology- AG-NRL

- Farmland Preservation appraisals provide proxy for TDR credit pricing
- Land use restrictions with TDR less than Farmland Preservations restrictions suggesting TDR would cost less.
- TDR credit pricing for Ag-NRL would range at or below the median values for Farmland Preservation credits
  - Model \$75k to \$100k per development right extinguished



# Sending Value Methodology- Non-Ag Land

- In lieu of robust set of conservation easement sales in these zones, Heartland relied two key relationships:
  - Appraised Market vs. Taxable valuation
  - Before and after values with Ag-NRL appraisals
- Significant number of properties in sending zones are designated open space for tax reasons
  - Assessor assigns value to property under its current use and under market conditions
  - Market conditions value includes development rights
  - Difference between two values is proxy for \$ value of dev right

| <b>Non-Ag Sending Zone Pricing Indications</b> |                                    |
|--|------------------------------------|
| <b>Sending Zones</b>                           | <b>Value Per Development Right</b> |
| <b>Ag-NRL</b>                                  | <b>\$75K - \$100K</b>              |
| <b>SF-NRL</b>                                  | <b>\$20K - \$30K</b>               |
| <b>RRc-NRL</b>                                 | <b>\$20K - \$30K</b>               |
| <b>IF-NRL</b>                                  | <b>\$10K - \$15K</b>               |



# Exchange Rate Analysis

- Residual land value analysis used to calculate value increment available to a developer from bonus TDR density
- Receiving ability to pay should be based of the lesser of:
  - Incremental value of bonus density to developer
  - Price of additional land (assuming land is available)
- Actual credit pricing is some % of receiving ability to pay
  - Policy concerns
  - Margin for error

# Exchange Rate Analysis

## Bayview Ridge

| Bayview Ridge Bonus Increment Values |                            |                            |                          |                   |             |
|--------------------------------------|----------------------------|----------------------------|--------------------------|-------------------|-------------|
| TDR Bonus                            | Per Lot Value of Increment | Per Lot Value of Base Land | Lesser of Increment/Land | Fee as % of Value | Per Lot Fee |
| <b>BR-UR Bonus Density</b>           |                            |                            |                          |                   |             |
| BR-UR -> BR-R                        | \$13,217                   | \$42,359                   | \$13,217                 | 50%               | \$6,608     |
| <b>BR-R Bonus Density</b>            |                            |                            |                          |                   |             |
| 4 DU/Acre -> 5 DU/Acre               | \$34,117                   | \$14,674                   | \$14,674                 | 50%               | \$7,337     |
| 5 DU/Acre -> 6 DU/Acre               | \$28,688                   | \$14,674                   | \$14,674                 | 50%               | \$7,337     |

| Exchange Rate Calculation |                             |  |              |              |
|---------------------------|-----------------------------|--|--------------|--------------|
| Sending Zones             | Value Per Development Right | Exchange Rates (Receiving DU / Sending DU) |              |              |
|                           |                             | BR-UR -> BR-R                              | 4 DU -> 5 DU | 5 DU -> 6 DU |
| Ag-NRL                    | \$87,500                    | 13   | 12           | 12           |
| SF-NRL                    | \$25,000                    | 4  | 3            | 3            |
| RRc-NRL                   | \$25,000                    | 4  | 3            | 3            |
| IF-NRL                    | \$12,500                    | 2  | 2            | 2            |



# Exchange Rate Analysis

## Burlington

| <b>Burlington Bonus Increment &amp; Land Values</b> |                             |                             |                          |                   |              |
|---|-----------------------------|-----------------------------|--------------------------|-------------------|--------------|
| TDR Bonus   | Per Unit Value of Increment | Per Unit Value of Base Land | Lesser of Increment/Land | Fee as % of Value | Per Unit Fee |
| <b>Burlington Residential (DUs)</b>                 |                             |                             |                          |                   |              |
| 14 DU/Acre -> 23 DU/Acre                            | \$7,606                     | \$7,973                     | \$7,606                  | 50%               | \$3,803      |
| <b>Burlington Commercial (GBSF)</b>                 |                             |                             |                          |                   |              |
| .3 FAR -> .35 FAR                                   | \$80                        | \$35                        | \$35                     | 50%               | \$18         |

| <b>Exchange Rate Calculation</b> |                       |   |            |
|----------------------------------|-----------------------|---|------------|
| Sending Zones                    | Value Per Development | Exchange Rates (Receiving DU/GBSF PER Sending DU) |            |
|                                  |                       | Residential                                       | Commercial |
| Ag-NRL                           | \$87,500              | 23  | 4,980      |
| SF-NRL                           | \$25,000              | 7   | 1,423      |
| RRc-NRL                          | \$25,000              | 7   | 1,423      |
| IF-NRL                           | \$12,500              | 3   | 711        |

# Exchange Rate Analysis

## Rural Upzones

| Rural Upzone Bonus Increment Values |               |                |                            |                            |                          |                   |             |
|-------------------------------------|---------------|----------------|----------------------------|----------------------------|--------------------------|-------------------|-------------|
| TDR Bonus Upzone                    | Base Density  | Upzone Density | Per Lot Value of Increment | Per Lot Value of Base Land | Lesser of Increment/Land | Fee as % of Value | Per Lot Fee |
| RRc -> RRv                          | 1 DU/10 Acres | 1 DU/5 Acres   | \$30,935                   | \$50,065                   | \$30,935                 | 50%               | \$15,467    |
| RRv -> RI                           | 1 DU/5 Acres  | 1 DU/2.5 Acres | \$13,793                   | \$40,500                   | \$13,793                 | 50%               | \$6,897     |
| RRv -> RVR                          | 1 DU/5 Acres  | 1 DU/1 Acres   | \$24,909                   | \$40,500                   | \$24,909                 | 50%               | \$12,454    |

| Exchange Rate Calculation |                             |  |           |            |
|---------------------------|-----------------------------|--|-----------|------------|
| Sending Zones             | Value Per Development Right | Exchange Rates (Receiving DU / Sending DU) |           |            |
|                           |                             | RRc -> RRv                                 | RRv -> RI | RRv -> RVR |
| Ag-NRL                    | \$87,500                    | 6  | 13        | 7          |
| SF-NRL                    | \$25,000                    | 2  | 4         | 2          |
| RRc-NRL                   | \$25,000                    | 2  | 4         | 2          |
| IF-NRL                    | \$12,500                    | 1  | 2         | 1          |



# Review of Existing Programs

## Farmland Legacy Program

- Purchase of Development Right Program that purchases land/easements in the Ag-NRL zone
- Nearly 7,000 acres protected by 2009 (est. in 1996)
- Conservation purchases funded by:
  - Conservation futures tax revenues
  - Donations
  - State/federal grant funding
  - Developer purchase of Farmland Density Credits (minimal to date)
- Conservation easement pricing based on Suttles' appraisals

# Review of Existing Programs

## Agricultural Heritage Program

- Burlington's existing Purchase Development Rights (PDR) Program
- Available in MR-NB, B-1, C-1 and R-3 zones in Burlington
- Credit pricing based on Mundy findings



### Credit Pricing

| Bonus Units | \$/DU   |
|-------------|---------|
| 1 - 5       | \$2,500 |
| 6 - 10      | \$1,500 |
| 11 or more  | \$1,000 |

- Use since implementation:
  - One Project
    - July 20, 2010
    - Purchased 2 credits



# Existing Program Synergies with Potential TDR Program

- **Depends on County-wide Objectives**
  - To conserve as much farmland as possible?
  - To balance conservation of farmland with forestland?
  - To conserve as much rural land of any kind?
  - To capture value from receiving area upzones?
- **Ability to use PDR as bank of credits?**
  - Monetizes program
  - Does not conserve more land
- **Fee in Lieu**
  - Funding source for PDR
  - Does not provide opportunity to conserve non Ag-NRL lands
  - Essentially the Ag Heritage Credit Program

# Discussion



# Reference Slides

# BVR-UR RLV Model Inputs

DRAFT

| BVR-UR RLV Model Inputs      |                  |                  |
|------------------------------|------------------|------------------|
|                              | Value/Input      | Unit             |
| Acres Per Unit               | 5                |                  |
| Lot Size                     | 43,560           | SF               |
| <b>Space Program</b>         |                  |                  |
| Site Area                    | 30               | Acres            |
| Total Lots                   | 6                | Lots             |
| Circulation                  | 20%              | % over lot size  |
| Total Residual Land Area     | 993,168          | SF               |
| Residual Land Area Value     | \$4,500          | \$/Acre          |
| <b>Finished Lot Revenue</b>  |                  |                  |
| Finished Home Size           | 3,250            | SF               |
| \$/SF                        | \$180            |                  |
| Avg Finished Home Value      | \$585,000        |                  |
| Finished Lot-to-Home Ratio   | 20%              |                  |
| Finished Lot Value           | \$117,000        |                  |
| Gross Finished Lot Value     | \$702,000        |                  |
| Gross Open Space Value       | \$102,600        |                  |
| <b>Gross Project Revenue</b> | <b>\$804,600</b> |                  |
| <b>Costs</b>                 |                  |                  |
| Soft Costs                   | \$19,250         | \$/Lot           |
| Hard Costs                   | \$55,000         | \$/Lot           |
| Developer Profit             | 15%              | % of Total Value |
| <b>Total Project Cost</b>    | <b>\$445,500</b> |                  |
| <b>Developer Profit</b>      | <b>\$104,948</b> |                  |
| <b>Residual Land Value</b>   | <b>\$254,152</b> |                  |
|                              | <b>\$8,472</b>   | \$/Acre          |
|                              | <b>\$42,359</b>  | \$/Lot           |



# BVR-R RLV Model Inputs

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| <b>BVR-R RLV Model Inputs</b>  |                    |                    |                     |                  |
|--------------------------------|--------------------|--------------------|---------------------|------------------|
|                                | <b>Scenario 1</b>  | <b>Scenario 2</b>  | <b>Scenario 3</b>   | <b>Unit</b>      |
| Units/Acre                     | 4                  | 5                  | 6                   |                  |
| <b>Space Program</b>           |                    |                    |                     |                  |
| Site Area                      | 30                 | 30                 | 30                  | Acres            |
| Total Lots                     | 120                | 150                | 180                 | Lots             |
| Circulation                    | 25%                | 25%                | 25%                 | % Loss           |
| Lot Size                       | 8,100              | 6,500              | 5,400               | SF               |
| <b>Finished Lot Revenue</b>    |                    |                    |                     |                  |
| Finished Home Area             | 2,350              | 2,300              | 2,250               | SF               |
| \$/SF                          | \$120              | \$120              | \$115               |                  |
| Avg Finished Home Value        | \$282,000          | \$276,000          | \$258,750           |                  |
| Finished Lot-to-Home Ratio     | 22.5%              | 22.5%              | 22.5%               |                  |
| Finished Lot Value             | \$63,450           | \$62,100           | \$58,219            |                  |
| <b>Gross Project Revenue</b>   | <b>\$7,614,000</b> | <b>\$9,315,000</b> | <b>\$10,479,375</b> |                  |
| <b>Costs</b>                   |                    |                    |                     |                  |
| Soft Costs                     | \$10,500           | \$9,188            | \$7,875             | \$/Lot           |
| Hard Costs                     | \$30,000           | \$26,250           | \$22,500            | \$/Lot           |
| Developer Profit               | 15%                | 15%                | 15%                 | % of Total Value |
| <b>Total Project Cost</b>      | <b>\$4,860,000</b> | <b>\$5,315,625</b> | <b>\$5,467,500</b>  |                  |
| <b>Developer Profit</b>        | <b>\$993,130</b>   | <b>\$1,215,000</b> | <b>\$1,366,875</b>  |                  |
| <b>Residual Land Value</b>     | <b>\$1,760,870</b> | <b>\$2,784,375</b> | <b>\$3,645,000</b>  |                  |
| Per SF                         | \$1.35             | \$2.13             | \$2.79              | \$/SF            |
| <b>Incremental Value Added</b> |                    | <b>\$1,023,505</b> | <b>\$860,625</b>    |                  |
| Per Unit                       |                    | \$34,117           | \$28,688            | \$/Unit          |
| Per Unit from 4 -> 6           |                    |                    | \$31,402            |                  |

# Rural Upzones RLV Model Inputs

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| Rural Upzones Model Inputs   |                  |                  |                    |                    |                                |
|------------------------------|------------------|------------------|--------------------|--------------------|--------------------------------|
|                              | Value/Input      | Value/Input      | Value/Input        | Value/Input        | Unit                           |
| Zone                         | <b>RRc</b>       | <b>RRv</b>       | <b>RI</b>          | <b>RVR</b>         |                                |
| Acres Per Unit               | 10               | 5                | 2.5                | 1                  |                                |
| Lot Size                     | 43,560           | 43,560           | 21,780             | 21,780             | SF                             |
| <b>Space Program</b>         |                  |                  |                    |                    |                                |
| Site Area                    | 40               | 40               | 40                 | 40                 | Acres                          |
| Total Lots                   | 4                | 8                | 16                 | 40                 | Lots                           |
| Total Lot Area               | 174,240          | 348,480          | 348,480            | 871,200            | SF                             |
| Circulation                  | 15%              | 15%              | 20%                | 20%                | % over lot size                |
| Total Lot Area + Circ        | 200,376          | 400,752          | 418,176            | 1,045,440          | SF                             |
| Total Residual Land Area     | 1,542,024        | 1,341,648        | 1,324,224          | 696,960            | SF                             |
| <b>Finished Lot Revenue</b>  |                  |                  |                    |                    |                                |
| Finished Home Area           | 2,500            | 2,500            | 2,350              | 2,350              | SF                             |
| \$/SF                        | \$190            | \$190            | \$175              | \$175              |                                |
| Avg Finished Home Value      | \$475,000        | \$475,000        | \$411,250          | \$411,250          |                                |
| Finished Lot-to-Home Ratio   | 22.5%            | 22.5%            | 22.5%              | 22.5%              |                                |
| Finished Lot Value           | \$106,875        | \$106,875        | \$92,531           | \$92,531           |                                |
| Gross Finished Lot Value     | \$427,500        | \$855,000        | \$1,480,500        | \$3,701,250        | # of lots x finished lot value |
| Open Space Value             | \$4,500          | \$4,500          | \$4,500            | \$4,500            | \$/Acre                        |
| Gross Open Space Value       | \$159,300        | \$138,600        | \$136,800          | \$72,000           |                                |
| <b>Gross Project Revenue</b> | <b>\$586,800</b> | <b>\$993,600</b> | <b>\$1,617,300</b> | <b>\$3,773,250</b> |                                |
| <b>Costs</b>                 |                  |                  |                    |                    |                                |
| Soft Costs                   | \$17,500         | \$17,500         | \$15,750           | \$14,000           | \$/Lot                         |
| Hard Costs                   | \$60,000         | \$50,000         | \$45,000           | \$40,000           | \$/Lot                         |
| Developer Profit             | 15%              | 15%              | 15%                | 15%                | % of Total Value               |
| <b>Total Project Cost</b>    | <b>\$310,000</b> | <b>\$540,000</b> | <b>\$972,000</b>   | <b>\$2,160,000</b> |                                |
| <b>Developer Profit</b>      | <b>\$76,539</b>  | <b>\$129,600</b> | <b>\$210,952</b>   | <b>\$492,163</b>   |                                |
| <b>Static RLV</b>            | <b>\$200,261</b> | <b>\$324,000</b> | <b>\$434,348</b>   | <b>\$1,121,087</b> |                                |
|                              | \$5,007          | \$8,100          | \$10,859           | \$28,027           | \$/Acre                        |
|                              | \$50,065         | \$40,500         | \$27,147           | \$28,027           | \$/Lot                         |



# Burlington Residential RLV Model Inputs DRAFT

| Burlington Residential RLV Model Inputs |                    |                    |                 |
|---|--------------------|--------------------|-----------------|
|   | Value/Input        | Value/Input        | Unit            |
| Lot Size                                | 43,560             | 43,560             | SF              |
| Density                                 | 14                 | 23                 | DU/Acre         |
| <b>Space Program</b>                    |                    |                    |                 |
| Units                                   | 14                 | 23                 |                 |
| Unit Size                               | 1,000              | 1,000              | GSF             |
| Community Space                         | 10%                | 10%                | Of Bldg         |
| Total GSF                               | 15,400             | 25,300             | GSF             |
| Parking                                 | 1.5                | 1.5                | Stalls/Unit     |
| <b>Value Inputs</b>                     |                    |                    |                 |
| Base Leasing Income                     | \$1.20             | \$1.20             | \$/NRSF         |
| Vacancy                                 | 5%                 | 5%                 | of gross income |
| Operating Expenses                      | \$5,015            | \$5,015            | \$/Unit/Yr      |
| NOI                                     | \$134,637          | \$221,189          |                 |
| Cap Rate                                | 6.0%               | 6.0%               |                 |
| <b>Gross Project Value</b>              | <b>\$2,243,943</b> | <b>\$3,686,478</b> |                 |
| <b>Cost Inputs</b>                      |                    |                    |                 |
| All-In Hard Costs                       | \$87               | \$87               | \$/GBSF         |
| Soft Costs                              | 35%                | 35%                | % of hard       |
| <b>Project Cost</b>                     | <b>\$1,811,762</b> | <b>\$2,979,764</b> |                 |
| <b>Developer Profit</b>                 | <b>\$320,563</b>   | <b>\$526,640</b>   |                 |
| <b>Residual Land Value</b>              | <b>\$111,618</b>   | <b>\$180,075</b>   |                 |
| <b>Per Unit Incremental Value</b>       |                    | <b>\$7,606</b>     |                 |

# Burlington Commercial RLV Model Inputs

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| <b>Burlington Commercial RLV Model Inputs</b> |                    |                    |                                |
|---|--------------------|--------------------|--------------------------------|
|   | Value/Input        | Value/Input        | Unit                           |
| Lot Size                                      | 43,560             | 43,560             | SF                             |
| Density                                       | 0.30               | 0.35               | FAR                            |
| <b>Space Program</b>                          |                    |                    |                                |
| Building Size                                 | 13,068             | 15,246             | GBSF                           |
| Parking                                       | 5.0                | 4.0                | Stalls/KSF                     |
| <b>Value Inputs</b>                           |                    |                    |                                |
| Base Leasing Income                           | \$1.83             | \$1.83             | \$/RSF, NNN<br>of gross income |
| Vacancy                                       | 8%                 | 8%                 |                                |
| NOI   | \$264,015          | \$308,018          |                                |
| Cap Rate                                      | 7.25%              | 7.25%              |                                |
| <b>Gross Project Value</b>                    | <b>\$3,641,592</b> | <b>\$4,248,524</b> |                                |
| <b>Cost Inputs</b>                            |                    |                    |                                |
| All-In Hard Costs                             | \$87               | \$87               | \$/GBSF                        |
| Soft Costs                                    | 35%                | 35%                | % of hard                      |
| Tenant Improvements                           | \$45               | \$45               | \$/GBSF                        |
| <b>Project Cost</b>                           | <b>\$2,740,956</b> | <b>\$3,099,931</b> |                                |
| <b>Developer Profit</b>                       | <b>\$441,405</b>   | <b>\$514,973</b>   |                                |
| <b>Residual Land Value</b>                    | <b>\$459,231</b>   | <b>\$633,620</b>   |                                |
| <b>Per SF Incremental Value</b>               |                    | <b>\$80</b>        |                                |