

# Gap Analysis: Appraised Value Model Owner Occupied 1000 Oaks Neighborhood

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

Developer-provided Independent variables =  
City-provided Independent variables =  
Appraiser-provided Independent variables =

Date of Form completion: **23-May-08**  
IZ Sales Price Date: **April 1, 2008-June 30, 2008**

## I. PROJECT DESCRIPTION

**Pre-Shift Plan**  
Assumptions: All multi-family units are condominiums  
Multi-family IZ assumed at 90% of market rate unit size  
Apartments included in unit count only

AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue		
Market	Single Family: Alley Accessed	45 x 80	3	0	9	\$ 270,310.00	\$ 2,432,790.00
(Value assigned by third party appraisal)		37 x 95	3	0	25	\$ 277,462.00	\$ 6,936,550.00
		51 x 95	3	0	2	\$ 285,565.00	\$ 571,130.00
		45 x 95	4	0	9	\$ 308,565.00	\$ 2,777,085.00
		51 x 95	3	0	2	\$ 291,565.00	\$ 583,130.00
		45 x 95	4	0	9	\$ 338,565.00	\$ 3,047,085.00
		51 x 100	3	0	4	\$ 288,555.00	\$ 1,154,220.00
		59 x 85	3	0	16	\$ 335,565.00	\$ 5,369,040.00
	Single Family: Street Accessed	51 x 100	3	0	0	\$ 297,565.00	\$ -
		59 x 85	4	0	1	\$ 301,330.00	\$ 301,330.00
		65 x 100	3	0	16	\$ 286,565.00	\$ 4,585,040.00
		69 x 100	4	0	59	\$ 314,565.00	\$ 18,559,335.00
		80 x 120	3	0	1	\$ 329,565.00	\$ 329,565.00
		Existing House	4	0	7	\$ 352,565.00	\$ 2,467,955.00
			3	0	12	\$ 366,565.00	\$ 4,398,780.00
			4	0	36	\$ 389,565.00	\$ 14,024,340.00
			6	0	6	\$ 404,330.00	\$ 2,425,980.00
			4	0	18	\$ 431,565.00	\$ 7,768,170.00
	Twin Home		4	0	1	\$ 453,500.00	\$ 453,500.00
			3	0	1	\$ 218,900.00	\$ 218,900.00
	Stacked Flats		4	0	2	\$ 231,000.00	\$ 462,000.00
			3	0	2	\$ 218,900.00	\$ 437,800.00
	Townhomes		4	0	10	\$ 231,000.00	\$ 2,310,000.00
			3	0	2	\$ 215,600.00	\$ 431,200.00
			4	0	8	\$ 222,200.00	\$ 1,777,600.00
Total Market Rate Units			258				
Total Market Rate Sales						\$ 324,893.51	\$ 83,822,525.00
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss	
70%	45 x 80	3	0	0	\$ 175,820.00	\$ 270,310.00	\$ -	\$ -	
(Value assigned by third party appraisal)	37 x 95	3	0	4	\$ 199,039.00	\$ 277,462.00	\$ 796,156.00	\$ (313,692.00)	
	51 x 100	3	0	6	\$ 175,820.00	\$ 285,565.00	\$ -	\$ -	
	59 x 85	4	0	2	\$ 199,039.00	\$ 308,565.00	\$ 1,194,234.00	\$ (657,156.00)	
	69 x 100	3	0	0	\$ 175,820.00	\$ 297,565.00	\$ -	\$ -	
		4	0	2	\$ 199,039.00	\$ 301,330.00	\$ 398,078.00	\$ (204,582.00)	
		3	0	0	\$ 175,820.00	\$ 286,565.00	\$ -	\$ -	
		4	0	2	\$ 199,039.00	\$ 314,565.00	\$ 398,078.00	\$ (231,052.00)	
		3	0	0	\$ 175,820.00	\$ 366,565.00	\$ -	\$ -	
80%	45 x 80	3	0	1	\$ 199,039.00	\$ 389,565.00	\$ 199,039.00	\$ (190,526.00)	
	37 x 95	4	0	1	\$ 196,082.00	\$ 270,310.00	\$ 196,082.00	\$ (74,228.00)	
	45 x 95	3	0	1	\$ 222,071.00	\$ 277,462.00	\$ 222,071.00	\$ (55,391.00)	
	51 x 100	3	0	3	\$ 196,082.00	\$ 285,565.00	\$ 588,246.00	\$ (268,449.00)	
	59 x 85	4	0	0	\$ 222,071.00	\$ 308,565.00	\$ -	\$ -	
	69 x 100	3	0	1	\$ 196,082.00	\$ 288,555.00	\$ 196,082.00	\$ (92,473.00)	
		4	0	0	\$ 222,071.00	\$ 335,565.00	\$ -	\$ -	
		3	0	1	\$ 196,082.00	\$ 297,565.00	\$ 196,082.00	\$ (101,483.00)	
		4	0	0	\$ 222,071.00	\$ 301,330.00	\$ -	\$ -	
		3	0	5	\$ 196,082.00	\$ 286,565.00	\$ 980,410.00	\$ (452,415.00)	
		4	0	4	\$ 222,071.00	\$ 314,565.00	\$ 888,284.00	\$ (369,976.00)	
		3	0	1	\$ 196,082.00	\$ 329,565.00	\$ 196,082.00	\$ (133,483.00)	
		4	0	0	\$ 222,071.00	\$ 352,565.00	\$ -	\$ -	
		3	0	2	\$ 196,082.00	\$ 366,565.00	\$ 392,164.00	\$ (340,966.00)	
		4	0	6	\$ 222,071.00	\$ 389,565.00	\$ 1,332,426.00	\$ (1,004,964.00)	
		3	0	0	\$ 196,082.00	\$ 404,330.00	\$ -	\$ -	
		4	0	1	\$ 222,071.00	\$ 431,565.00	\$ 222,071.00	\$ (209,494.00)	
	80%	Twin Homes	3	0	0	\$ 196,082.00	\$ 218,900.00	\$ -	\$ (8,929.00)
			4	0	1	\$ 222,071.00	\$ 231,000.00	\$ 222,071.00	\$ -
	80%	Stacked Flats	3	0	1	\$ 196,082.00	\$ 218,900.00	\$ 196,082.00	\$ (22,818.00)
			4	0	1	\$ 222,071.00	\$ 231,000.00	\$ 222,071.00	\$ (8,929.00)
	80%	Townhomes	3	0	1	\$ 196,082.00	\$ 215,600.00	\$ 196,082.00	\$ (19,518.00)
			4	0	1	\$ 222,071.00	\$ 222,200.00	\$ 222,071.00	\$ (129.00)
Total IZ Units			46						
Total IZ Sales						\$ 205,520.91	\$ 9,453,962.00	\$ (4,760,653.00)	
Average IZ Price									
Total Units			304						
Average Unit Price						\$ 306,830.55	\$ 93,276,487.00	\$ (4,760,653.00)	
Total Sales									
Total IZ Gap								\$ (4,760,653.00)	

## Shift Plan

Assumptions: All multi-family units are condominiums  
Multi-family IZ assumed at 90% of market rate unit size  
Apartments included in unit count only

AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue		
Market	Single Family: Alley Accessed	45 x 80	3	0	9	\$ 270,310.00	\$ 2,432,790.00
(Value assigned by third party appraisal)		37 x 95	3	0	26	\$ 277,462.00	\$ 7,214,012.00
		51 x 95	3	0	2	\$ 285,565.00	\$ 571,130.00
		45 x 95	4	0	11	\$ 308,565.00	\$ 3,394,215.00
		51 x 95	3	0	2	\$ 288,555.00	\$ 577,110.00
		45 x 95	4	0	9	\$ 335,565.00	\$ 3,020,085.00
		51 x 95	3	0	4	\$ 291,565.00	\$ 1,166,260.00
		45 x 95	4	0	16	\$ 338,565.00	\$ 5,417,040.00
	Single Family: Street Accessed	51 x 100	3	0	1	\$ 297,565.00	\$ 297,565.00
		59 x 85	4	0	1	\$ 301,330.00	\$ 301,330.00
		65 x 100	3	0	17	\$ 286,565.00	\$ 4,871,605.00
		69 x 100	4	0	61	\$ 314,565.00	\$ 19,188,465.00
		80 x 120	3	0	2	\$ 329,565.00	\$ 659,130.00
		Existing House	4	0	7	\$ 352,565.00	\$ 2,467,955.00
			3	0	14	\$ 366,565.00	\$ 5,131,910.00
			4	0	40	\$ 389,565.00	\$ 15,582,600.00
			6	0	6	\$ 404,330.00	\$ 2,425,980.00
			4	0	19	\$ 431,565.00	\$ 8,199,735.00
			1	0	1	\$ 453,500.00	\$ 453,500.00
	Twin Home		3	0	0	\$ 218,900.00	\$ -
			4	0	0	\$ 231,000.00	\$ -
	Stacked Flats		3	0	0	\$ 218,900.00	\$ -
			4	0	0	\$ 231,000.00	\$ -
	Townhomes		3	0	3	\$ 215,600.00	\$ 646,800.00
			4	0	7	\$ 222,200.00	\$ 1,555,400.00
Total Market Rate Units			258				
Total Market Rate Sales						\$ 331,684.56	\$ 85,574,617.00
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
70%	45 x 80	3	0	0	\$ 175,820.00	\$ 270,310.00	\$ -	\$ -
(Value assigned by third party appraisal)	37 x 95	3	0	3	\$ 199,039.00	\$ 277,462.00	\$ 597,117.00	\$ (235,269.00)
	51 x 100	3	0	3	\$ 175,820.00	\$ 285,565.00	\$ -	\$ -
	59 x 85	4	0	2	\$ 199,039.00	\$ 308,565.00	\$ 597,117.00	\$ (328,578.00)
	69 x 100	3	0	0	\$ 175,820.00	\$ 297,565.00	\$ -	\$ -
		4	0	2	\$ 199,039.00	\$ 301,330.00	\$ 398,078.00	\$ (204,582.00)
		3	0	0	\$ 175,820.00	\$ 286,565.00	\$ -	\$ -
		4	0	1	\$ 199,039.00	\$ 314,565.00	\$ 199,039.00	\$ (115,526.00)
		3	0	0	\$ 175,820.00	\$ 366,565.00	\$ -	\$ -
		4	0	1	\$ 199,039.00	\$ 389,565.00	\$ 199,039.00	\$ (190,526.00)
		3	0	0	\$ 175,820.00	\$ 404,330.00	\$ -	\$ -
		4	0	0	\$ 199,039.00	\$ 431,565.00	\$ -	\$ -
80%	45 x 80	3	0	1	\$ 196,082.00	\$ 270,310.00	\$ 196,082.00	\$ (74,228.00)
	37 x 95	4	0	1	\$ 222,071.00	\$ 277,462.00	\$ 222,071.00	\$ (55,391.00)
	45 x 95	3	0	3	\$ 196,082.00	\$ 285,565.00	\$ 588,246.00	\$ (268,449.00)
	51 x 100	4	0	1	\$ 222,071.00	\$ 308,565.00	\$ 222,071.00	\$ (86,494.00)
	59 x 85	3	0	0	\$ 196,082.00	\$ 288,555.00	\$ -	\$ -
	69 x 100	4	0	1	\$ 222,071.00	\$ 335,565.00	\$ 222,071.00	\$ (113,494.00)
		3	0	4	\$ 196,082.00	\$ 286,565.00	\$ 784,328.00	\$ (361,932.00)
		4	0	3	\$ 222,071.00	\$ 314,565.00	\$ 666,213.00	\$ (277,482.00)
		3	0	0	\$ 196,082.00	\$ 366,565.00	\$ -	\$ -
		4	0	2	\$ 222,071.00	\$ 389,565.00	\$ 444,142.00	\$ (334,988.00)
		3	0	0	\$ 175,820.00	\$ 218,900.00	\$ -	\$ -
70%	Twin Home	3	0	2	\$ 199,039.00	\$ 231,000.00	\$ 398,078.00	\$ (63,922.00)
		4	0	0	\$ 196,082.00	\$ 218,900.00	\$ -	\$ -
80%	Twin Home	3	0	2	\$ 222,071.00	\$ 231,000.00	\$ 444,142.00	\$ (17,858.00)
		4	0	0	\$ 175,820.00	\$ 218,900.00	\$ -	\$ -
70%	Stacked Flats	3	0	0	\$ 199,039.00	\$ 231,000.00	\$ 796,156.00	\$ (127,844.00)
		4	0	7	\$ 196,082.00	\$ 218,900.00	\$ 1,372,574.00	\$ (159,726.00)
80%	Stacked Flats	3	0	3	\$ 222,071.00	\$ 231,000.00	\$ 666,213.00	\$ (26,787.00)
		4	0	0	\$ 196,082.00	\$ 215,600.00	\$ -	\$ -
80%	Townhomes	3	0	2	\$ 222,071.00	\$ 222,200.00	\$ 444,142.00	\$ (258

Optional information related to specific incentives, if requested:					
<b>Parcel Information</b>					
Parcel Acreage					123.7
Net Developed Acres	Owner Occupied		304		42.47
	Rental		390		16.99
Net Dwelling Units Per Acre (Owner Occupied Only)					7.2
Monthly Holding Cost of Land					0
<b>Density Bonus Information</b>					
Neighborhood Plan Unit Projection	Density Range	Du/acre	Net Acres		Units
	1-8	6	50.99		306
	8-15	12.5	5.28		66
Total Neighborhood Plan Units					372
Total Development Plan Units					304
IZ Units Required					46
Bonus units above base density (provided by Planning Unit)					0
Bonus units that are IZ units		15% of bonus units			0
Net market rate bonus units					0
<b>Park Fee Information</b>					
Park Fee Credit					\$ -
Park Maintenance Cost per Year					\$ -
Park Maintenance Length	Years				0
<b>Park Dedication Information</b>					
Park Dedication Reduction		Square Feet			0
Fee In Lieu of Valuation		\$/sq.ft			\$ -
<b>Reduction in Parking Construction</b>					
Average cost of parking stalls					\$ -
Parking Stall Reduction					0
<b>Extra Floor Information</b>					
Number of bonus Units					0
Average Value of Bonus Units					\$ -
<b>IZ Free Zone</b>					
IZ Free Zone Number of Units (Plat)		Maximum 20%			23
IZ Free Zone Number of Units (Building)					0
<b>IZ Shift</b>					
Number of s-f IZ units switch to attached units		Maximum 75%			15
<b>Residential Parking Permits</b>					
Parking Stall Market Value					\$ -
Parking Permits Granted					0
<b>Advanced Neighborhood Plan/Expedited Review</b>					
Number of months saved in entitlement versus "normal process"					0
Neighborhood Planning Cost					\$ -
<b>Modified Neighborhood Plan</b>					
Bonus units in Modified Neighborhood Plan					0
Average Value of Bonus Units					\$ -
<b>Reduced Street Width</b>					
Length of Reduced Street Width		Linear Feet			8,417
Cost per linear foot "standard street"					\$ 107.00
Cost per linear foot "narrow street"					\$ 101.00
<b>Other</b>					

## II. CALCULATION OF 'GAP'

1. Sum of sales differential between Market Rate and IZ units.					\$ (4,760,653.00)
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## III. INCENTIVES CALCULATION:

	Assumed Margin	City Share	Cost Portion	Incentive value	Comments
<b>A. Density Bonus (excludes bonus floor or modified plan)</b>					
1.) Land cost coverage for units		50%	21%	\$ -	NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		\$ -	NA
<b>B. Park Fee Reduction</b>					
<b>C. Parkland Dedication Reduction</b>					
<b>D. Reduction in Parking Requirement (Cost to Build)</b>					
<b>E. Cash subsidy to lower income IZ units</b>					
<b>F. Cash subsidy to Projects &lt;49 s-f or &gt;4 stories w/ underground parking</b>					
<b>G. Extra floor in downtown design zone</b>					
1.) Land cost coverage for bonus market rate units on bonus floor only		50%	21%	\$ -	
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		\$ -	NA
<b>H. 20% IZ Free Zone: Building</b>					
<b>I. 20% IZ Free Zone: Plat</b>					
City share of assumed margin of 15% of 20	11.50%			\$ 2,290.51	
<b>J. 75% SF to MF IZ Unit Shift</b>					
<b>K. Residential Parking Permits (revenue gained by lease)</b>					
<b>L. Advance neighborhood plan</b>					
<b>M. Expedited Review</b>					
<b>N. Modification of Neighborhood Plan</b>					
1.) Land cost coverage for modified neighborhood units		50%	21%	\$ -	NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		\$ -	NA
<b>O. Reduced Street Widths</b>					
<b>P. Other:</b>					
<b>SUM TOTAL OF VALUE OF INCENTIVES</b>				\$	1,807,841.51

## IV. IZ EVALUATION SUMMARY

'Gap'	\$	(4,760,653.00)
Incentives	\$	1,807,841.51
Difference	\$	(2,952,811.49)
<b>(Note: Positive number indicates value of incentives outweighs calculated costs.)</b>		
Minimum Threshold	\$	238,032.65
Over/Under adjustment	\$	(2,714,778.84)

Average price per unit:	\$	306,830.55
Expected IZ units	\$	-
Payment in lieu at 10% of value	\$	122,732.22