



REAL ESTATE GROUP, INC.
PROPERTY MANAGEMENT, DEVELOPMENT
& BROKERAGE SERVICES

February 20, 2014

Robert Phillips
City Engineer
City of Madison-Engineering Department
210 Martin Luther King Jr. Blvd
Madison, WI 53703

RE: NOTICE OF APPEAL OF IMPACT PARK FEES TO THE BOARD OF PUBLIC WORKS

Via Email at: rphillips@cityofmadison.com

Dear Mr. Phillips:

Please let this serve as notification of our appeal of the park fees being imposed on our pending apartment project at 841 Jupiter Drive (id #13168).

We are appealing the park dedication fees of \$1,799.00 per multi family unit as set forth in the Common Council approval of the project on January 21, 2014. Specifically as listed in item #35 of the January 28th, 2014 approval letter from Timothy Parks.

City Ordinance 16.23(8)(f)6 states, 'The amount of such fee shall be based on the fair market value of unimproved lands that would have been required dedication.....'. The park dedication fee is being calculated by the Parks Department based on a fair market value of \$2.57 per square foot which is \$111,949 per acre. It is our position that this value far exceeds land value for this area.

Attached please find a current listing for unimproved land located just northeast of our parcel. The asking price on the market currently is \$0.32 per square foot or \$13,939 per acre.

In addition, please also find the summary page for the appraisal of the 67.965 acre tract immediately north of the Grandview Commons Neighborhood. The indicated value is \$2,100,000 (\$0.71 per square foot). In addition, Veridian Homes has an accepted Offer to Purchase on 62.965 acres of the 67.965 acres of land for \$2,200,000 which is \$0.80/sf.

Based on these values for unimproved land in the area, we feel that the value for the Jupiter Drive parcel should be no more than \$0.56 per square foot (the average of the two comparable

properties). Calculating using the formula in the ordinance, 82 units x 700 sf/unit x \$0.56 per square foot = \$32,144.

Thank you for your attention to this matter. We look forward to an equitable resolution.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Brinkman', written in a cursive style.

Dan Brinkman
Vice President

Enclosures:

Summary chart
Appraisal Summary
7101 Forest Oak Drive Listing information
Aerial photo

Cc: Kay Rutledge, City of Madison Parks Department
Via email at krutledge@cityofmadison.com

| | City of Madison Parks | Grandview North | 7101 Forest Oak Drive | |
|----------------|--------------------------|--------------------|--------------------------|------------------|
| SF per unit | 700 | 2,960,547 | 4,526,755 | Parcel Size SF |
| Price per Unit | \$ 1,799.00 | \$ 2,100,000.00 | \$ 1,448,561.66 | Price for Parcel |
| Price per SF | \$ 2.57 | \$ 0.71 | \$ 0.32 | Price per SF |

June 19, 2012



Appraisal • Brokerage • Consulting
Development • Litigation Support

Ms. Bonnie K. Smithback
MCFARLAND STATE BANK
5990 Highway 51, P.O. Box 7
McFarland, Wisconsin 53558

2001 W. Beltline Highway
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Madison, WI 53713
608.310.7575 office
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**RE: PROPOSED PLATTING OF LOTS IN THE
GRANDVIEW COMMONS NORTH SUBDIVISION
5899 and 5901 Milwaukee Street
Madison, Wisconsin 53718**

Dear Bonnie:

As requested, the above-captioned property has been valued using generally accepted appraisal principles and practices. This is a Summary Appraisal Report that is intended to comply with the appraisal development and reporting requirements set forth under Standard 1 and Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, and the Appraisal Institute. This report has also been prepared in accordance with FIRREA (Financial Institutions Reform, Recovery and Enforcement Act of 1989). This appraisal has also been prepared in accordance with McFarland State Bank's appraisal guidelines.

PROPERTY OVERVIEW

Grandview Commons North is a proposed residential development on the east side of the city of Madison. It is located just southeast of the Interstate 90/39 and Interstate 94 interchange. The property borders Milwaukee Street to the north, Homburg's Eastlawn residential development to the east, Veridian's Grandview Commons residential development to the south and a Homburg gravel pit to the west.

According to a 2005 deed transferring the subject parcel, the property is 50% owned by East Madison Real Estate IV, LLC with 25% owned by JJB Commercial Real Estate, LLC and 25% owned R.B.S. Real Estate, LLC. However, the development of residential homes is proposed to be completed by Veridian Homes.

The subject property is currently comprised of two parcels, as summarized below. The size of the parcels is based upon the recorded legal descriptions. Veridian is pursuing approvals from the City of Madison to subdivide the property into 235± residential parcels and an 180,000± square foot multi-family parcel. The multi-family development is proposed to contain approximately 100 units, thereby rendering the total number of potential housing units in this development to be significantly greater.

| LOCATION | ADDRESS | PARCEL # | SQUARE FEET | ACRES |
|--------------|-------------------|-----------------|------------------|---------------|
| South | 5899 Milwaukee St | 0710-023-0099-6 | 1,536,135 | 35.265 |
| North | 5901 Milwaukee St | 0710-023-0097-0 | 1,424,412 | 32.700 |
| Total | | | 2,960,547 | 67.965 |

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The City of Madison lists the zoning as a mix of C, Conservancy District; PUD-GDP, Planned Unit Development - General Development Plan; R2T and R2Y, Single-family Residential Districts. While the zoning for the proposed development has not been finalized, it will likely be very similar. Please note that discussion with the City of Madison Department of Planning and Development indicated that the previously approved zoning had expired and the subject zoning had reverted back to a Temporary Agricultural District. This type of zoning is used for newly annexed land until other zoning is determined. The land's current use is for agriculture. A municipal water tower is contained within the southern parcel. The water tower is situated on a 42,433 square foot parcel delineated as Lot 1 of CSM 10460, which is recorded at the Dane County register of Deeds in Document # 3512375.

As stated above, the subject development is located directly north of Grandview Commons. In 2006 the subject land was submitted for subdivision and received approval for the development of 207 single-family lots, 11 duplex lots, 9 multi-family lots and 15 park and open space lots. Final approval of the development was contingent upon 70± conditions. This development was proposed to be a continuation of Grandview Commons with development starting from the south and heading north, towards Milwaukee Street, over numerous phases.

However, the developer's current proposal has development beginning off Milwaukee Street and continuing to the south to include 235± residential parcels and an 180,000± square foot multi-family parcel. The development is planned to include eight different phases with lot counts in each phase ranging from 12 to 43 lots. Lot phasing could certainly change over time. However, a recent trend with regard to Veridian Homes' developments is that their phasing plans have been pulled back to lower numbers of housing units as a cautionary measure due to the lagging housing market in recent years. The intent is to continue introducing new housing product to the market in smaller increments to minimize the impact of holding costs and an imbalance between available supply and demand constraints.

SUPPLY AND DEMAND CONSIDERATIONS

Please note that according to the latest Veridian marketing materials approximately 75 home-sites are currently available within the existing Grandview Commons. In addition, the City of Madison assessor lists over 200 parcels as being own by Premium Real Estate, LLC, the ownership entity holding parcels for Veridian Homes within Grandview Commons. Since the beginning of 2010 approximately 55 homes (22 per year) have been sold by Veridian in Grandview Commons. Over the same time period 39 (15.6 per year) existing homes were sold between owner-occupants. Given the lack of immediate demand for additional parcels at Grandview Commons, moving the start of development to Milwaukee Street may accelerate absorption of lots at the subject property. At the same time, demand for houses in the existing Grandview Commons may be impacted by the new Grandview Commons North parcels off Milwaukee Street.

Also note that this analysis may use interchangeable terms related to lot sales and absorption patterns versus turn-key housing development on improved lots. The rationale is that a newly-constructed home is essentially a vacant lot sale to a builder or an individual with a building contract. These types of scenarios are common in Veridian Homes' developments. In this scenario there is an implied allocation of the turn-key housing contract to the underlying lot. Assuming that hard and soft construction costs can be isolated, the difference between costs and selling price are the remaining two components of production, being land cost/value and profit margin. These factors will be analyzed in greater depth in this Summary Report.

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VALUATION SCENARIOS DEVELOPED AND CONCLUDED OPINIONS OF VALUE

This appraisal provides an opinion of value of the Fee Simple Interest in the aggregate subject property (67.965 acres) on an "As-Is" basis as of June 6, 2012.

In addition, this appraisal provides a prospective opinion of value upon completion of the proposed infrastructure improvements and subdivision attributed to the approximate 8.00± acres of Phase 1 as of May 1, 2013, with an allocation attributed to the net remaining 59.965± acres as bulk land for future development.

This appraisal is also subject to numerous **Extraordinary Assumptions and Limiting Conditions**, including the assumption that the proposed subdivision will be approved and the site improvements/infrastructure will be completed on or around May 1, 2013, with finished lots being available for residential home construction. In addition, it is assumed that any work done shall be completed in a workmanlike manner and within the time constraints and costs/budgets provided.

Therefore, based upon the investigation and analysis of available information, my opinions of value are summarized as follows:

| VALUATION SCENARIO – FEE SIMPLE INTEREST | DATE OF VALUE | VALUE |
|--|---------------|-------------|
| "As-Is" Market Value of 67.965± acres contained within two parcels | June 6, 2012 | \$2,100,000 |
| "As-Is" Market Value of 8.00± acres delineated as Phase 1* | June 6, 2012 | \$560,000 |
| UPON COMPLETION OF INFRASTRUCTURE IMPROVEMENTS | DATE OF VALUE | VALUE |
| Market Value of 8.00± acres delineated as Phase 1* | May 1, 2013 | \$1,260,000 |
| Market Value of the net remaining 59.965± acres with initial hard & soft costs | May 1, 2013 | \$3,000,000 |

* - Subject to the Extraordinary Assumption that Phase 1 can be legally separated, entitled and marketed as a single entity

This appraisal is subject to the Assumptions and Limiting Conditions presented in the attached report, including Extraordinary Assumptions and Limiting Conditions and Hypothetical Conditions. If any questions arise concerning this report, please do not hesitate to contact the undersigned.

Sincerely,

BUSSEN COMPANY



Andrew G. Bussen, MAI, GAA
Certified General Appraiser
State of Wisconsin License #657



Michael S. Pudewitts
Research Assistant

Property Detail

Search Results

Land for Sale:

7101 Forest Oak Dr Dane Cty East
Madison WI 53718 Property ID: 25344
Dane County Date Printed: 2/20/2014

Size and Financial Information

Parcel Size: **103.92**
acres
Price PSF **\$0.32**
(?):
Price per **\$14,146**
acre (?):
Land Use
Valuation:



Comments

104 acres of Bank Owned vacant land ready for development. The property is located on the far east side of the City of Madison in a recently approved planned area called the Northeast Neighborhood. Land is currently zoned Agricultural. 80% of the land was added to the urban service area. Property has access to natural gas, electricity, and municipal sewer and water.

General Information

Date Available: **Now** Hwy Exposure: Municipal Water: **Yes**
Zoning: **Ag** Wetlands: Municipal Sewer: **Yes**
Potential Zoning: Parcel Front Dim: Urban Svc. Area: **Yes**
Land Status: **Raw** Parcel Side Dim:

Contact Information

David Baehr
Prudential Community Realty
Phone: 608-834-2613
Mobile Phone: 608-213-6686
Email: david@baehrinc.com
Website: <http://www.baehrinc.com>

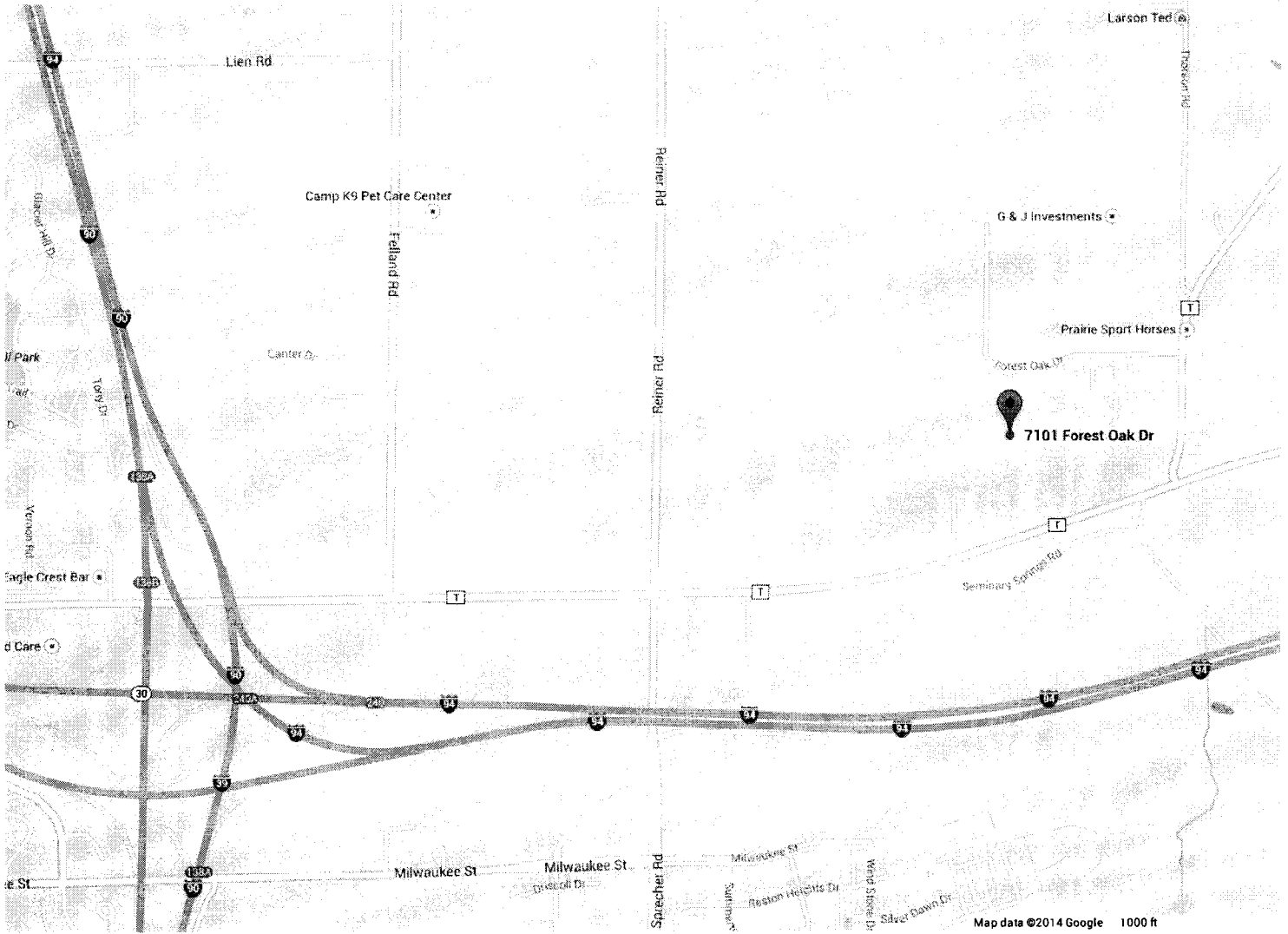


2/20/2014



7101 Forest Oak Dr

Street View





Grandview Commons North

Grandview Commons - Madison, WI