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TO: Symmes Advisory Committee

CC: VHB

FROM: Gary Mongeon

SUBJECT: Recommended Revisions to Residential Unit Mix for  
Alternatives I, II and III

DATE: February 10, 2003

As we discussed Tuesday, it has become necessary to adjust the proposed residential unit mix in each of the Symmes alternatives to account for changing cost estimates and related factors. I have tested a number of scenarios and recommend the following for your consideration. The following factors apply to all scenarios:

1. All of the scenarios are calculated on the assumption that the medical/community-wellness center on the Ridge is reduced to 65,000 SF and that no structured parking is required. (If that assumption changes, all estimates would need to be revised again.) For financial analysis purposes I arbitrarily assumed a mix of 40,000 SF medical and 25,000 SF community/wellness space. Marginally changing this mix +/- 5,000 SF in either direction has a marginal impact on the pro forma.
2. All scenarios reduce the number of affordable units to 15% and require the developer to carry those costs. The working financial definition of "affordable" is that these units would be sold to end users at an average cost of \$160,000 each. The estimated difference between the cost to produce the units and the projected sale price is carried as a line item in the infrastructure cost module of the financial model. Because any land price associated with the affordable units is essentially zeroed out by the infrastructure cost adjustment, I simply eliminated the land value for the affordable units. Any external subsidies secured by the community could then be applied to increase the number of affordable units above 15%. However, financial model assumes that the developer would incur no additional costs beyond the 15% commitment. Estimated land values would also have to remain fixed.
3. All revised scenarios maintain the same total residential floor area as proposed in the initial simulations. (Total SF (all uses) actually declines due to the reduced size of the medical/community-wellness component.) I have arbitrarily reduced the number of luxury units to 10 and reduced the average size of these units in order to maintain their average retail sale price below \$1.0 million. All square footage gained by reducing the number of luxury and affordable units is transferred into the market rate categories.

4. The average size of market rate units is also adjusted to maintain their average retail sale price below \$600,000. As a result of these changes, the total number of residential units increases in each alternative. The incremental change in units, population and school enrollments compared to the original scenarios, are shown in the accompanying tables. It is assumed that the parking requirements for these additional units can be accommodated within the infrastructure cost contingencies carried in the model.
5. For remaining non-residential uses, I have adjusted land values to maintain the average projected lease rates for medical, community/wellness and general office space within a range of \$30-\$35/SF on a “triple net” basis, in order to be competitive in the marketplace. This adjustment indirectly influences the residential unit mix, because we are required to shift more land costs to the residential side. I also moved up the development date for this facility to year 4, realizing that it would have to be accelerated in order to accommodate the potential transfer of existing medical uses from the hospital complex.
6. All scenarios were adjusted in an effort to achieve a “buffer reserve” (BR) target of \$1.5 million (see attached graphs) until year 10. All succeed within a factor of \$50,000 +/- for all years.
7. Total borrowing requirements remain below \$14 million in all cases. I also phased the timing of remaining public infrastructure costs. Because most of the Town’s remaining costs are now associated with improving the open space rather than preparing the site for development, there is less of a need to “front load” these investments. This helped to achieve the BR requirement during the first three years.

The following tables & graphs illustrate the recommended changes to the three Alternatives. In summary, the adjustments made increase the total unit count by a range of 19 to 21 units, an increase of 11% to 22%. Total resident population increases by 37 to 48 (11% to 15%) and school enrollments increase by 14 to 22 (32 to 35%). School enrollment increased by a larger factor because I increased the multipliers for the (larger) affordable units. Alternative III remains the most “profitable” of the three scenarios, requiring the lowest amount of additional borrowing and the largest cumulative 10-year cash flow. This is predicated on the market viability of the senior living component.

**Symmes Campus Redevelopment: Alternative 1  
Residential Mixed Income Housing Scenario  
Program Summary**

<b>Allocation of Building SF by Use</b>	<b>Building SF</b>	<b>% Dist.</b>
<b>Residential</b>	300,000	82%
<b>Nonresidential</b>		
Medical Office	40,000	11%
Community/Wellness Center	25,000	7%
General/Other Office	-	0%
Public	-	0%
Subtotal Nonresidential:	65,000	18%
<b>Total Building SF:</b>	<b>365,000</b>	<b>100%</b>

<b>Allocation of Residential Units by Type</b>	<b>Housing Units</b>	<b>% Dist.</b>
<b>Luxury/Market</b>		
Luxury	10	6%
Market Rate (Family)	128	79%
Market Rate (Retirement/Senior Living)	-	0%
<b>Affordable</b>		
Affordable for Sale (80% of Median Inc.)	24	15%
Affordable for Rent (50% - 80% of Median Inc.)	0	0%
Affordable Retirement/Senior Living	0	0%
<b>Total Residential Units:</b>	<b>162</b>	<b>100%</b>
<b>Affordable Units</b>	<b>24</b>	<b>15%</b>
<b>Average SF/Residential Unit</b>	<b>1,852</b>	

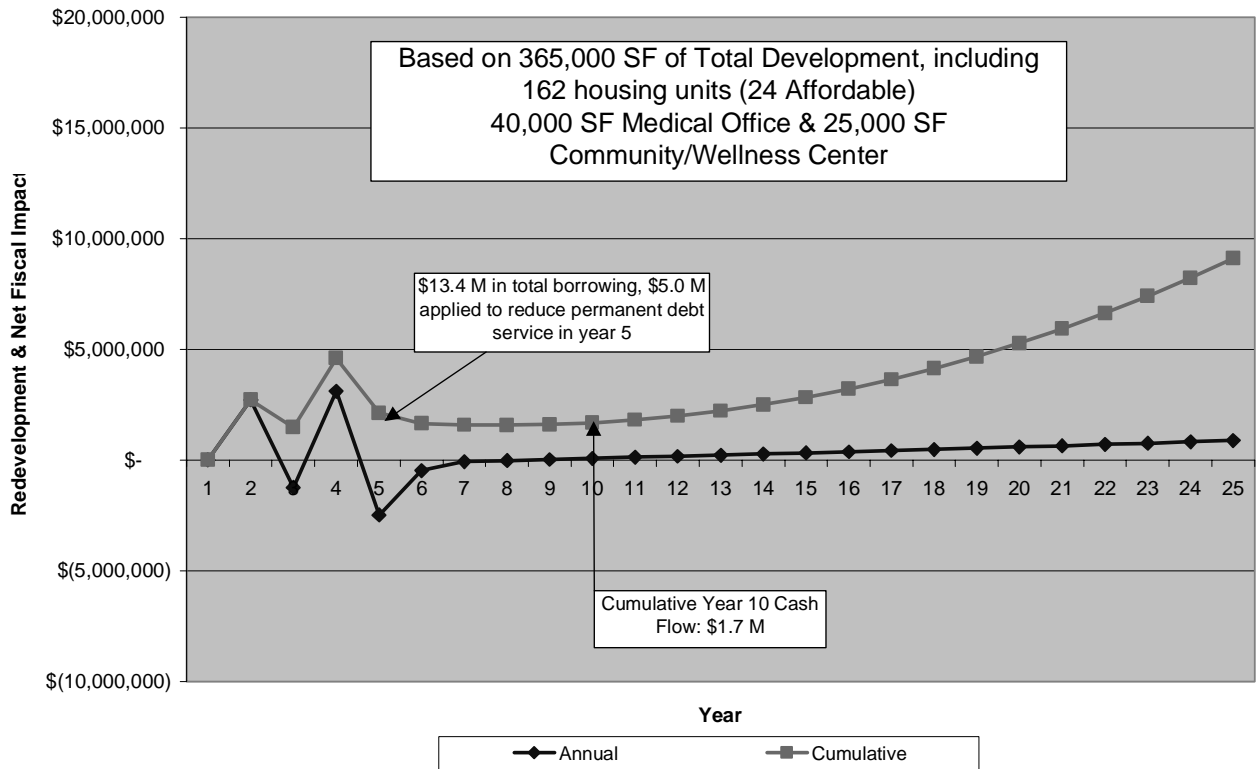
**Symmes Campus Redevelopment: Alternative 1  
Residential Mixed Income Housing Scenario  
Revised Residential Unit Mix**

<b>Revised Distribution of Residential Uses</b>	<b>% Distribution</b>	<b>SF</b>	<b>Average Unit</b>		<b>Average Unit Const. Cost</b>	<b>Number Units</b>
			<b>Size (SF)</b>	<b>Bedrooms</b>		
<b>Luxury/Market</b>						
Market Housing (Top)	25.9%	77,600	2,000	3	\$ 150.00	39
Market Housing (Summer St)	0.0%	-	2,000	3	\$ 150.00	-
Market Housing (Overlook)	53.3%	160,000	1,800	3	\$ 150.00	89
Luxury Housing (Overlook)	9.0%	27,000	2,700	3	\$ 170.00	10
Market Rate Senior Living (Overlook)	0.0%	-	850	1	\$ 145.00	-
SUBTOTAL:	88.2%	264,600	1,917	414	\$ 152.04	138
<b>Affordable</b>						
Affordable (Top)	7.5%	22,400	1,600	3	\$ 120.00	14
Affordable (Summer Street)	0.0%	-	1,600	3	\$ 120.00	-
Affordable (Overlook)	4.3%	13,000	1,300	2	\$ 140.00	10
Affordable Senior Living (Overlook)	0.0%	-	850	1	\$ 125.00	-
SUBTOTAL:	11.8%	35,400	1,475	62	\$ 127.34	24
<b>TOTAL RESIDENTIAL:</b>	<b>100.0%</b>	<b>300,000</b>	<b>1,852</b>	<b>476</b>	<b>\$ 149.13</b>	<b>162</b>
Original Alternative 1 Residential:		300,000	2,128	391	\$ 149.67	141
Difference		-	(276)	85	\$ (0.54)	21
Percent Change		0%	-13%	22%	0%	15%

**Symmes Campus Redevelopment: Alternative 1  
Residential Mixed Income Housing Scenario  
Demographic Multipliers**

Type	Average Bedrooms/Unit	Total Units	Population Multiplier	School Multiplier	Total Population	Total School Children
Luxury	3.0	10	3.01	0.42	30	4
Market Rate (Family)	3.0	128	2.30	0.42	294	54
Affordable for Sale (80% of Median Inc.)	2.6	24	2.30	0.42	55	10
Affordable for Rent (50% - 80% of Median Inc.)	2.0	-	1.97	0.27	-	-
Market Rate (Retirement/Senior Living)	1.0	-	1.25	-	-	-
<b>TOTAL RESIDENTIAL:</b>	<b>476</b>	<b>162</b>	<b>2.34</b>	<b>0.42</b>	<b>380</b>	<b>68</b>
Original Alternative I	391	141	2	0	331	45
Change	85	21	(0)	0	48	22
Percent Change	17.9%	13.0%	-0.3%	23.2%	12.7%	33.1%

**Annual and Cumulative Profitability to the Town of Arlington  
Alternative 1: Mixed Income Housing**



**Symmes Campus Redevelopment: Alternative 2**  
**Prioritize Medical and Office Uses**  
**Program Summary**

<b>Allocation of Building SF by Use</b>	<b>Building SF</b>	<b>% Dist.</b>
<b>Residential</b>	205,000	50%
<b>Nonresidential</b>		
Medical Office	40,000	10%
Community/Wellness Center	25,000	6%
General/Other Office	140,000	34%
Public	-	0%
Subtotal Nonresidential:	205,000	50%
<b>Total Building SF:</b>	<b>410,000</b>	<b>100%</b>

<b>Allocation of Residential Units by Type</b>	<b>Housing Units</b>	<b>% Dist.</b>
<b>Luxury/Market</b>		
Luxury	10	10%
Market Rate (Family)	79	75%
Market Rate (Retirement/Senior Living)	-	0%
<b>Affordable</b>		
Affordable for Sale (80% of Median Inc.)	16	15%
Affordable for Rent (50% - 80% of Median Inc.)	0	0%
Affordable Retirement/Senior Living	0	0%
<b>Total Residential Units:</b>	<b>105</b>	<b>100%</b>
<b>Affordable Units</b>	<b>16</b>	<b>15%</b>
<b>Average SF/Residential Unit</b>	<b>1,952</b>	

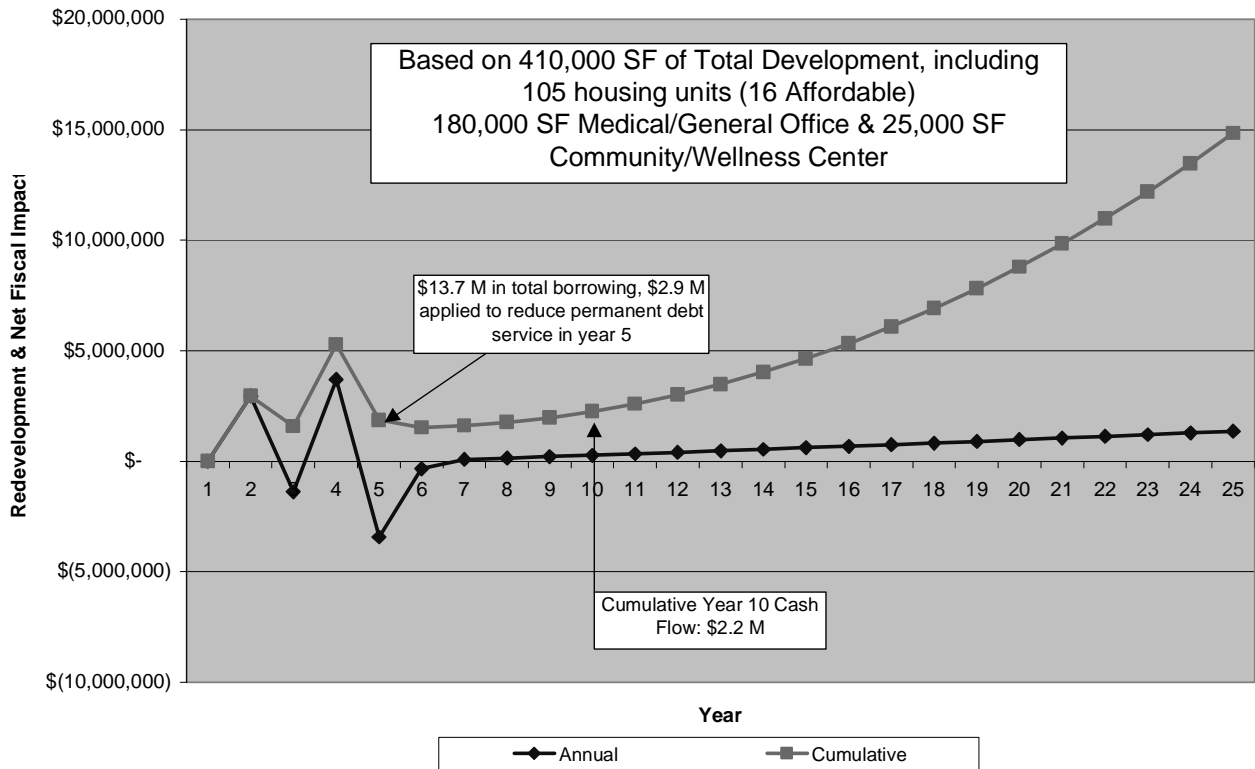
**Symmes Campus Redevelopment: Alternative 2**  
**Prioritize Medical and Office Uses**  
**Revised Residential Unit Mix**

<b>Revised Distribution of Residential Uses</b>	<b>% Distribution</b>	<b>SF</b>	<b>Average Unit Size (SF)</b>		<b>Average Unit Const. Cost</b>	<b>Number Units</b>
				<b>Bedrooms</b>		
<b>Luxury/Market</b>						
Market Housing (Top)	35.1%	72,000	2,000	3	\$ 150.00	36
Market Housing (Summer St)	0.0%	-	2,000	3	\$ 150.00	-
Market Housing (Overlook)	38.0%	78,000	1,800	3	\$ 150.00	43
Luxury Housing (Overlook)	13.2%	27,000	2,700	3	\$ 170.00	10
Market Rate Senior Living (Overlook)	0.0%	-	850	1	\$ 145.00	-
Subtotal:	86.3%	177,000	1,989	267	\$ 153.05	89
<b>Affordable</b>						
Affordable (Top)	13.7%	28,000	1,800	3	\$ 120.00	16
Affordable (Summer Street)	0.0%	-	1,600	3	\$ 120.00	-
Affordable (Overlook)	0.0%	-	1,300	2	\$ 140.00	-
Affordable Senior Living (Overlook)	0.0%	-	850	1	\$ 125.00	-
Subtotal:	13.7%	28,000	1,750	48	\$ 120.00	16
<b>TOTAL RESIDENTIAL:</b>	<b>100.0%</b>	<b>205,000</b>	<b>1,952</b>	<b>315</b>	<b>\$ 148.54</b>	<b>105</b>
Original Alternative 2 Residential:		205,000	2,384	236	\$ 152.44	86
Difference		-	(432)	79	\$ (3.90)	19
Percent Change		0%	-18%	33%	-3%	22%

**Symmes Campus Redevelopment: Alternative 2**  
**Prioritize Medical and Office Uses**  
**Demographic Multipliers**

Type	Average Bedrooms/Unit	Total Units	Population Multiplier	School Multiplier	Total Population	Total School Children
Luxury	3.0	10	3.01	0.42	30	4
Market Rate (Family)	3.0	79	2.30	0.42	182	33
Affordable for Sale (80% of Median Inc.)	3.0	16	2.30	0.42	37	7
Affordable for Rent (50% - 80% of Median Inc.)	2.0	-	1.97	0.27	-	-
Market Rate (Retirement/Senior Living)	1.0	-	1.25	-	-	-
<b>TOTAL RESIDENTIAL:</b>	<b>315</b>	<b>105</b>	<b>2.37</b>	<b>0.42</b>	<b>249</b>	<b>44</b>
Original Alternative 2	391	86	2	0	212	30
Change	(76)	19	(0.1)	0.1	37	14
Percent Change	-24.1%	18.1%	-4.0%	17.4%	14.8%	32.4%

**Annual and Cumulative Profitability to the Town of Arlington**  
**Alternative 2: Prioritize Medical & Office Uses**



**Symmes Campus Redevelopment: Alternative 3  
Minimize Infrastructure Cost Scenario  
Program Summary**

Allocation of Building SF by Use	Building SF	% Dist.
<b>Residential</b>	312,900	83%
<b>Nonresidential</b>		
Medical Office	40,000	11%
Community/Wellness Center	25,000	7%
General/Other Office	-	0%
Public	-	0%
Subtotal Nonresidential:	65,000	17%
<b>Total Building SF:</b>	<b>377,900</b>	<b>100%</b>

Allocation of Residential Units by Type	Housing Units	% Dist.
<b>Luxury/Market</b>		
Luxury	10	5%
Market Rate (Family)	103	50%
Market Rate (Retirement/Senior Living)	61	29%
<b>Affordable</b>		
Affordable for Sale (80% of Median Inc.)	18	9%
Affordable for Rent (50% - 80% of Median Inc.)	0	0%
Affordable Retirement/Senior Living	15	7%
<b>Total Residential Units:</b>	<b>207</b>	<b>100%</b>
<b>Affordable Units</b>	<b>33</b>	<b>16%</b>
<b>Average SF/Residential Unit</b>	<b>1,512</b>	

**Symmes Campus Redevelopment: Alternative 3  
Minimize Infrastructure Cost Scenario  
Revised Residential Unit Mix**

Revised Distribution of Residential Uses	% Distribution	SF	Average Unit Size (SF)	Bedrooms	Average Unit Const. Cost	Number Units
<b>Luxury/Market</b>						
Market Housing (Top)	8.6%	26,800	2,000	3	\$ 150.00	13
Market Housing (Summer St)	9.2%	28,800	2,000	3	\$ 150.00	14
Market Housing (Overlook)	43.6%	136,500	1,800	3	\$ 150.00	76
Luxury Housing (Overlook)	8.6%	27,000	2,700	3	\$ 170.00	10
Market Rate Senior Living (Overlook)	16.6%	51,850	850	1	\$ 145.00	61
SUBTOTAL:	86.6%	270,950	1,557	400	\$ 151.04	174
<b>Affordable</b>						
Affordable (Top)	1.0%	3,200	1,600	3	\$ 120.00	2
Affordable (Summer Street)	8.2%	25,600	1,600	3	\$ 120.00	16
Affordable (Overlook)	0.0%	-	1,300	2	\$ 140.00	-
Affordable Senior Living (Overlook)	4.2%	13,150	850	1	\$ 125.00	15
SUBTOTAL:	13.4%	41,950	1,271	69	\$ 121.57	33
<b>TOTAL RESIDENTIAL:</b>	<b>100.0%</b>	<b>312,900</b>	<b>1,512</b>	<b>469</b>	<b>\$ 147.09</b>	<b>207</b>
Original Alternative 3 Residential:		312,900	1,682	386	\$ 151.92	186
Difference		-	(170)	83	\$ (4.83)	21
Percent Change		0%	-10%	22%	-3%	11%

**Symmes Campus Redevelopment: Alternative 3**  
**Minimize Infrastructure Cost Scenario**  
**Demographic Multipliers**

Type	Average Bedrooms/Unit	Total Units	Population Multiplier	School Multiplier	Total Population	Total School Children
Luxury	3.0	10	3.01	0.42	30	4
Market Rate (Family)	3.0	103	2.30	0.42	237	43
Affordable for Sale (80% of Median Inc.)	2.6	18	2.30	0.42	41	7
Affordable for Rent (50% - 80% of Median Inc.)	2.0	-	1.97	0.27	-	-
Market Rate (Retirement/Senior Living)	1.0	76	1.25	-	96	-
<b>TOTAL RESIDENTIAL:</b>	<b>462</b>	<b>207</b>	<b>1.95</b>	<b>0.26</b>	<b>404</b>	<b>55</b>
Original Alternative 3	391	186	1.93	0.19	359	36
Change	71	21	0	0	45	19
Percent Change	15.3%	10.3%	0.9%	27.6%	11.1%	35.1%

**Annual and Cumulative Profitability to the Town of Arlington**  
**Alternative 3: Minimize Infrastructure Costs**

