



810 Plum Street
EK Brown Properties, LLC
Net 52%, 12-year CRA

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Address

810 Plum Street

Developer

EK Brown Properties, LLC

Neighborhood

Central Business District

Existing Condition

The property is currently 40% occupied with a dental office on the first floor and office space on the upper floor. There are two additional vacant office spaces, one on the first floor and one on the second floor. EK Brown Properties LLC purchased the property in September 2019 for \$399,000.

Planned Investment

Total project cost is projected to be approximately \$1MM, including acquisition cost, with construction cost at \$522,898.

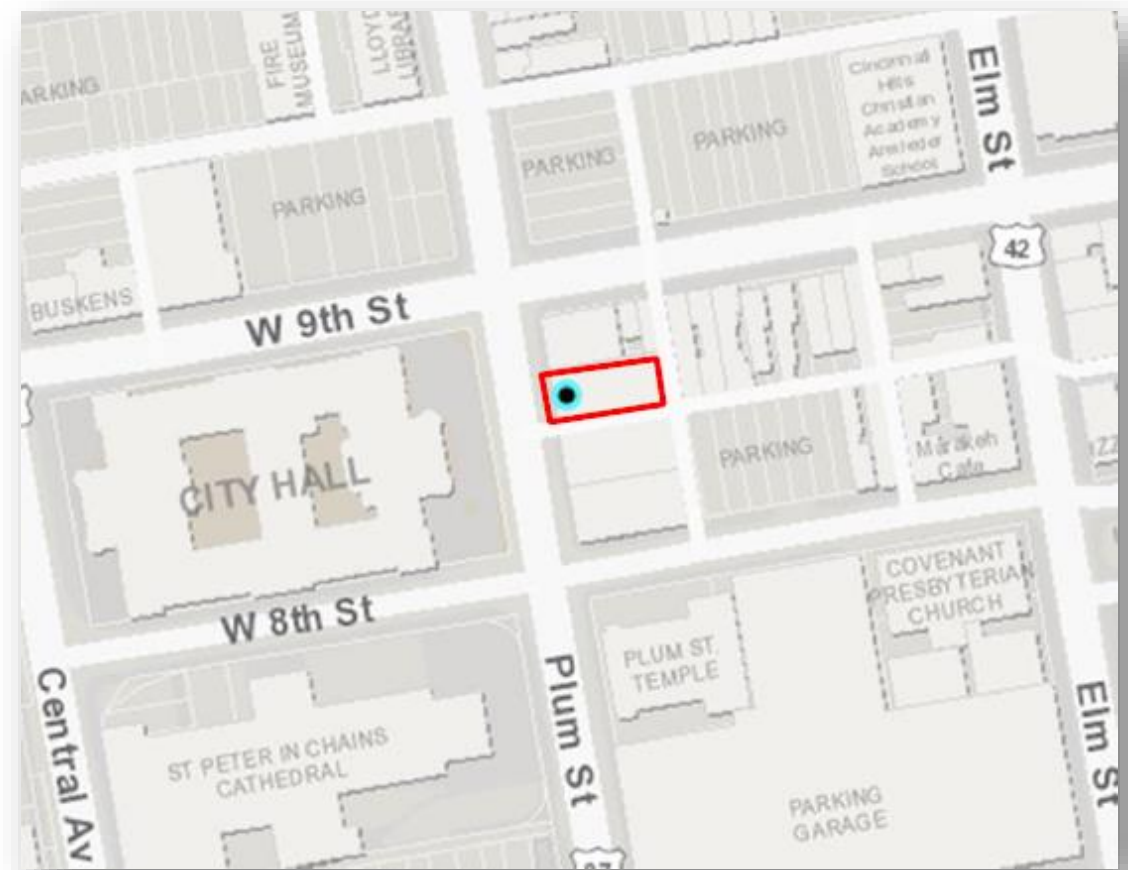


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Project Summary

- The proposed project will retain an existing business and bring residential units onto the market within the Downtown neighborhood center, an existing center of economic activity.
- Project consists of the conversion of the larger, vacant second-floor office space to bring 5 market-rate rental units on to the market. Rents are naturally affordable to households making 80% of the Area Median Income based on HUD rent limits.
- A total annual payroll of \$210,000. The project is projected to retain four (4) full-time jobs with a total annual payroll of \$250,000. The developer intends to begin construction summer of 2022.



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Project Need

Based on the analysis, completed with assistance from a third-party consultant, it was determined that **there is a gap in the market rate of return that is expected for this type of project in the CBD.** While the incentive does slightly increase the rate of return, the rate of return is still lower than similar projects within the market area.

Project Proforma

PROFORMA WITHOUT ABATEMENT (Market Rent)	
Revenue	\$105,825
Operating Expenses	\$36,789
Net Operating Income	\$69,036
Debt Service	\$61,200
Cash Flow	\$7,836
Cash on Cash Return	3.24%

PROFORMA WITH ABATEMENT (Below Market Rent)	
Revenue	\$105,825
Operating Expenses	\$31,938
Net Operating Income	\$73,887
Debt Service	\$61,200
Cash Flow	\$12,867
Cash on Cash Return	5.25%

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Proposed Incentive

DCED is recommending a 12-year, net 52% CRA tax exemption. The exemption only applies to the increase in improvement value attributed to the construction.

SUMMARY	
Incentive Value	
Annual Net Incentive to Developer	\$4,663
Total Term Incentive to Developer	\$55,958
City's Portion of Property Taxes Forgone	\$6,438
Potential TIF District (#3) Revenues Forgone	\$50,678
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$2,959
Total Term CPS PILOT	\$35,512
VTICA	
Annual VTICA	\$1,345
Total Term VTICA	\$16,142
Income Tax (Max)	\$56,205
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$107,859
Total Public Benefit ROI*	\$1.93
City's ROI*	\$1.27

*If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential future dollars are forgone. Note that the property is located in the Downtown OTR West TIF District which impacts the standard City property tax calculation.

Thank you!

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