

Louis Burns
REAE 5316
Foch Street Analysis

The footprint of the building in question (Building 2) is 80,000 SF. The subject properties on Foch Street fall just outside the nearest Fort Worth TIF district. The rest of the market conditions we were to consider were included in the project description. Current market data was gathered from the Fort Worth Downtown Dashboard.

Additional considerations:

Optional tax credits:

- The New Market Tax Credit would not be available because there wouldn't be enough non-residential space to qualify.
- No historic preservation credits would apply due to the age of the building.
- The Low Income Housing Tax Credit (LIHTC) could be applied if structured properly.

To qualify for the LIHTC, "set-aside" units would have to accommodate either 50% or 60% of the HUD determined mean household income which is \$65,000 for Tarrant County. Rents would then have to be set for \$ 812.50 or \$975 respectively.

The developer would have to determine whether the reduction in income over the 15 year commitment would be justified by the tax credits. Given that downtown apartment occupancies are currently at 93.5%, it's likely the income would give a greater yield.

Another consideration is that the investors don't want to wait 3 years for the market to improve. Given that installing additional restrooms to further subdivide the existing retail is considered too expensive, it's doubtful the investors would consider it a good use of time to go through the process of applying for the LIHTC.

The only other practical tax credits would be for energy efficiency as the appliances for the appliances are installed.

My recommendation is for a 5 story mixed use development. One fourth of the ground floor would be allocated to retail (10 units of 2000 SF each). The rest of the ground floor would be parking for the residents on the floors above. There would be 60 units per floor averaging 1000 SF per unit. See the accompanying pro forma for further details.

My recommendation is based on a highest and best use analysis that doesn't take into consideration the financial condition of the parties involved.