4

Multi-Family

Review—Albuquerque & Downtown Multi-Family Market

Albuquerque Market Conditions

Occupancy
93.2%
Rents per Square Foot
$.77/sf
Rent per month
$556

After a strong growth phase in 1990-1994 where rents increased 50% and occupancy raised to an all time high of 98.5%, Albuquerque's multi-family market has witnessed a wave of decreasing occupancy and increasing rent concessions. Then as absorption picked up in the late 1990's, occupancy has reached a stabilized or equilibrium rate of just short of 94%.

Between 1940 to 1990, Albuquerque's population blossomed from 103,534 persons to 589,131, representing an annual growth rate of 9.38 this makes Albuquerque the 12th fastest growing city in the United States

Following the "turn the corner" year of 2000, 2001 finds most of the apartment communities positioned for a large rent increase in 2001 through to 2003.

The airport sub-market continues to show dramatic improvement due largely to the turn around in occupancy levels at the Spring Creek apartments. Following in a close second, the South Valley has seen vacancies decrease to 0%, making this the City's tightest sub-market. The improving Uptown market, now at 0.9% vacancy, and earns the distinction of being the city's second tightest sub-market.
Unfortunately, the South Valley's improving track record was at the expense of rent levels, which decreased 24% in 12 months time.

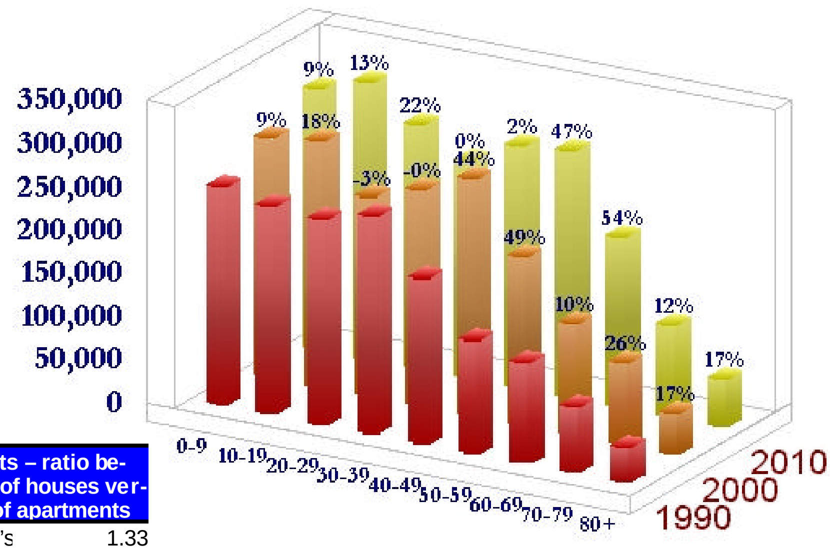
Although the Lovelace sub-market would appear to be sliding backwards, the recent addition of 40 new units, plus the renovation of an additional 200 units that have been empty for over 15 years, is a testament to this improving sub-market. As it absorbed 240 essentially new units, it did so with a minimal decrease in overall occupancy. What remains to be seen is the impact of the new K&B Multi-Family tax credit project at Louisiana and Gibson (considered part of the East Gateway, this project is directly across the street from the Lovelace Sub-market).

Lagging far behind the market, the North Valley sub-market continues to suffer with the recent foreclosure of a mid size apartment in the area. North I-25, consisting mostly of one large tax-credit property has seen a dramatic increase in net occupancy, with the fourth lowest vacancy rate of 1.9%, but at the price of a modest rent decrease. The Far NE Heights and St. Pius sub-markets are also showing dramatic improvement with vacancy rates nearing 5%, a first in almost seven years.

The University sub-market, the third largest sub-market in Albuquerque, is now at an ultra tight 1.8% vacancy. This will assist the University of New Mexico's construction of 400 new dorm units and should increase the

Downtown Multi-Family Market—Albuquerque Review

occupancy of the soon to be built studio units in the Villa de San Felipe downtown, which is on a major bus line to the UNM/TVI campus and less than 5 minutes away.



Permits – ratio between # of houses versus # of apartments	
1960's	1.33
1970's	1.01
1980's	1.24
1990's	2.31

Ernie Cohn's continued investment in the Cottonwood area, including his planned 529 units at Eagle Ranch and Irving, seems to be bearing fruit. With a vacancy rate of 2.1%, rent growth will be strong until his new units come on line early in 2002. Watch this sub-market as the last remaining multi-family parcels get snapped up.

Concessions, once a plague to the market, are now all but non-existent. They are offered only in the most extreme of circumstances, usually by properties that are in poor condition, or under-managed, or by communities to keep their leasing traffic continual. This reflects the perception by owners and the marketplace that concessions are needed until occupancy is 95%, a stigma that seems only to apply to the Albuquerque market (most markets do not offer concessions until well below 90%).

Construction

Lease-Up
388
Under Construction
160
Permit
96
Rumored
1,946

Good news for landlords, rents finally broke out of the $.73/sf rate to $.77/sf, representing a 5% increase in one year , the largest since the mini-boom in the mid-1990's.

The Citywide increasing average rent of $556 per month was carried by the FAR NE, Downtown, and University sub-markets, each of which witnessed double digit rent growth.

Although rent growth was flat, increasing absorption of units in the Airport and Lovelace sub-markets forecasts double digit growth in rents in the forthcoming year.

The highest monthly rent is still in the FAR NE, now at $760 per month, followed in a distant second place by the Cottonwood sub-market at $644. Although the University sub-market witnessed the 2nd highest rent growth of 14%, its average rent of $1.15/sf, along with the increased Uptown area average rent/sf of $1.03, bodes well for future studio development across the City.

Even downtown's increasing rents per square

Downtown Multi-Family Market—Albuquerque Review

foot to \$.98/sf and movement up the chart to the 3rd most expensive sub-market will cause some developers and their lenders a sigh of relief for projects that begin construction in 2001.

The A+ market continues to show strong growth with an average rent of \$1,142 and a net increase in occupancy of 13% down to 5%. This small handful of properties is poised for even larger rent increases in the near future.

The A market is not far behind, but notice the dramatic difference in rents that a "+" makes – a full \$.36 per square foot between A+ and A. This gap continues to grow, demonstrating that the market understands the difference between the perception of an "A" and the service and amenities one receives in an "A+".

The C+ market witnessed a 37% decrease in rents. Although this would be good news for renters, the perception is that these properties have been over-leveraged in the past, and the decrease in rents is a reflection of deteriorating condition. This again brings into focus the need for quality affordable housing.

On average, the market reflected a turn from the renter's market to the beginning of a landlord's market.

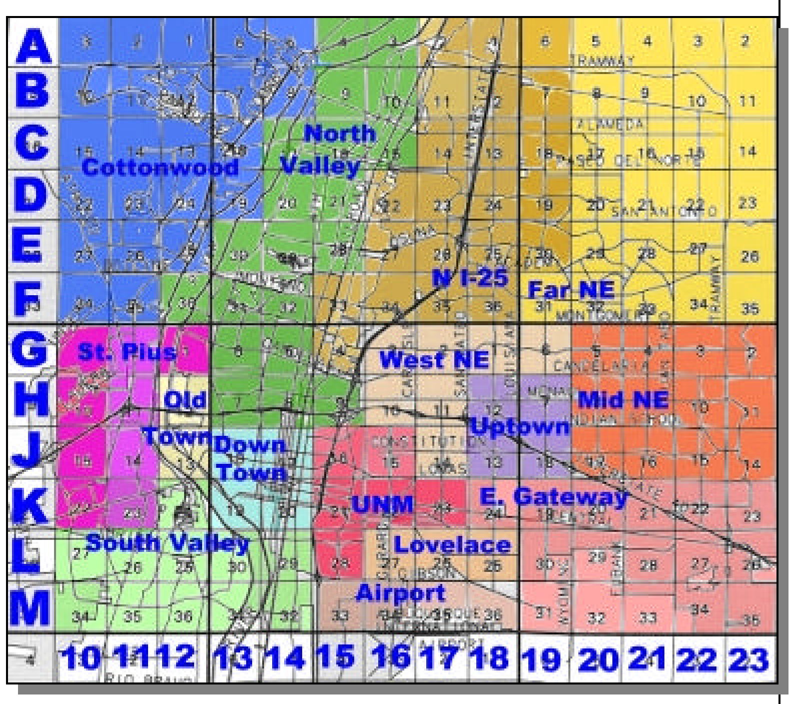
Although four bedrooms showed a dramatic increase in rent levels, the relatively small number of 4's in the marketplace are difficult to compare as those prior to 1995 were government subsidized, while those that came after 1995 were in part market driven.

Studios continue to lead the market with a 175% increase in rents since 1994, followed by three bedrooms at a 124% increase. The abundance of construction in the one bedroom and two bedroom market, and lack of construction in the studio and three bedroom market, have caused a supply/demand imbalance in favor or those units that have been long under-served.

Three and four bedrooms continue to offer the resident the best overall value, with only marginal differences between the average two bedroom rent of \$706 and the four bedroom rent of \$728. The rental income of three bedrooms in the luxury market that appeared in the 1990's have been offset by the new construction of affordable housing focused on larger units.

Garages

As part of the NM Apartment report survey, garage rents have increased from \$57 in 2000 to \$61, with some communities charging as much as \$75 per garage per month.

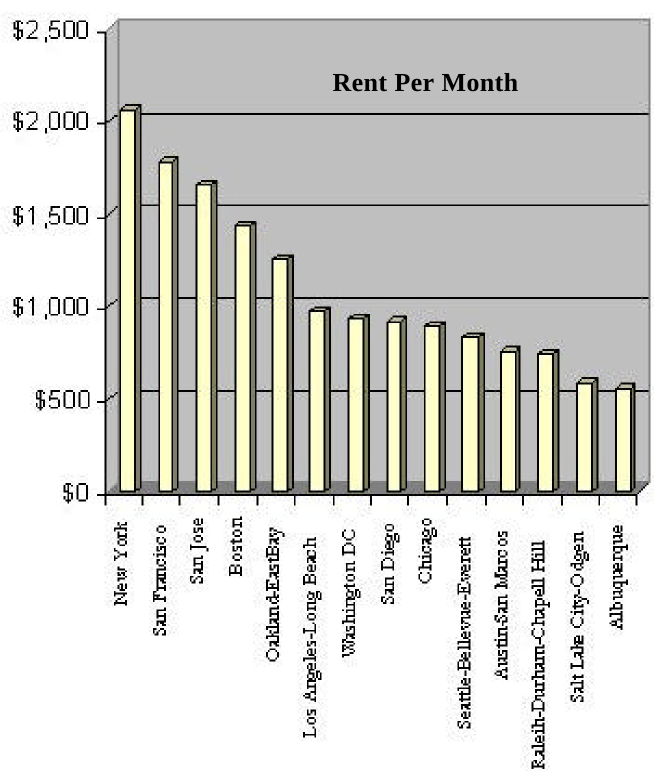


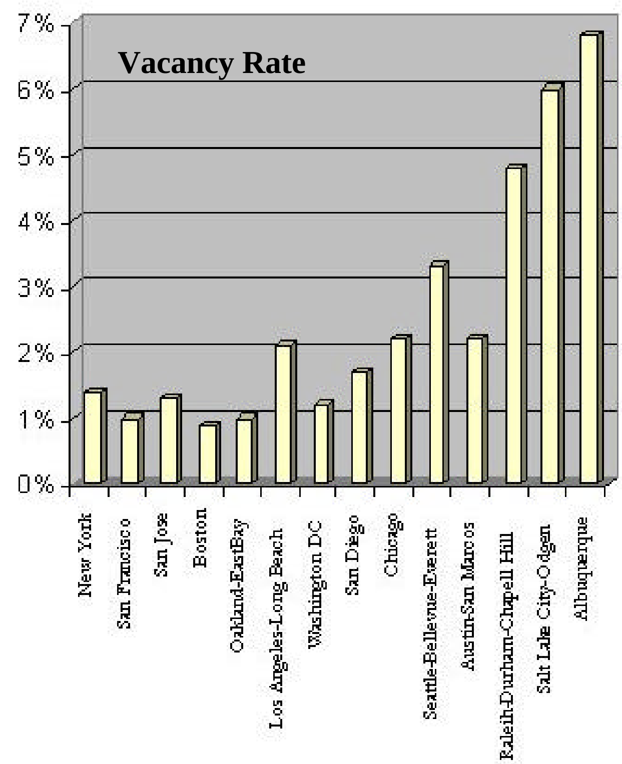
Albuquerque versus other Technology Center Cities

Wired Magazine recently rated the top 46 technology cities in the world based on education, access to venture capital funding, technology infrastructure and presence of existing companies. Out of placed in the top 25% of the world, and #6 in the United States. Most firms take into account the cost and availability of housing, particularly rental housing as a factor to be weighted in their decision to relocate. Compared to the other technology cities, Albuquerque has the lowest monthly rent and the largest number of available units for rental—both of which should be enticing for technology firms looking to relocate to Albuquerque.

	US Ranking	International Ranking	Avg. Rent	HUD Fair Market	Vacancy	Rent Growth
New York	7	17	$ 2,062	$ 949	1.4%	10.3%
San Francisco	5	11	$ 1,777	$ 1,459	1.0%	16.2%
San Jose	1	1	$ 1,652	$ 1,399	1.3%	19.5%
Boston	2	2	$ 1,426	$ 979	0.9%	11.5%
Oakland-EastBay	N/A	N/A	$ 1,249	$ 1,090	1.0%	20.2%
Los Angeles-Long Beach	9	23	$ 964	$ 782	2.1%	8.4%
Washington DC	N/A	N/A	$ 936	$ 863	1.2%	7.7%
San Diego	N/A	N/A	$ 917	$ 856	1.7%	7.1%
Chicago	11	31	$ 893	$ 788	2.2%	4.2%
Seattle-Bellevue-Everett	N/A	N/A	$ 834	$ 809	3.3%	4.1%
Austin-San Marcos	4	8	$ 749	$ 819	2.2%	6.2%
Raleigh-Durham-Chapell Hill	3	7	$ 742	$ 755	4.8%	2.8%
Salt Lake City-Odgen	12	39	$ 588	$ 660	6.0%	N/A
Albuquerque	**6**	**13**	**$ 556**	**$ 585**	**6.8%**	**10.8%**

Source: Wired, REIS, HUD, NM APARTMENT REPORT, 1-9/2000 - based on 2 bedroom rents





Downtown Multi-Family Market—Downtown Overview

Downtown Market

Occupancy

94.9%

Rents per Square Foot

$.98/sf

Rent per month

$601

"Housing consumers usually prefer certain geographic locales but not precise locations within those broad areas. Consumers select a geographic area based on such factors as area-wide prices, short commutes to work, cultural amenities, neighborhood quality, and the reputation of schools or other services. Multi-family households in particular tend to focus on convenience and lifestyle, putting a high value on commuting patterns, nearness of shopping, low maintenance, and amenities. Renter households tend to be smaller than owner households and are less likely to include children; schools are often not a major factor. Nevertheless, the quality of a neighborhood and its demographics" - *Multifamily housing development handbook - ULI*

Community Traits/Identity
In the midst of urban renewal, Downtown Albuquerque has seen over $1 billion in new construction occur. This sub-market contains 2,910 units in 470 apartment communities with an average community size of 6 units. Typified by one bedroom and two bedroom units, this area appeals to students, graduate students, nurses, and professionals who work downtown.

Crime
According to the Albuquerque Police Department, during 1999, Part 1 (violent crime) crimes in this sub-market totaled 2,651 crimes, an average of **662** crimes per square mile. *Part 1 Crimes include Homicide, Rape, Robbery, Aggravated Assault, Burglary, Motor Vehicle Theft, Arson, and Larceny.*

Occupancy
In line with the improving Albuquerque market conditions, occupancy in this sub-market increased 3.3% from **92.5%** to **94.9%** in one year, just in time for the under construction Villa de San Felipe (160 units), soon to be permitted Lofts at Albuquerque High School (70 units), and Silver Avenue Townhouses (90 units).

Concessions
Non-existent.

Typical Ownership
One property, the 210 units Alvarado is owned by a publicly traded REIT, with the balance of ownership held by local investors.

On a whole, the downtown to UNM sub-market corridor has remained the strongest sub-market for apartment rents and occupancy for the last 12 years.

Construc-

Lease-Up

0

Under Construction

229 units

Permit

0

Rumored

76 units

Downtown Multi-Family Market—Community Comparison

Supply - Area Rent and Unit Size Comparison

Unit Mix

Competing Downtown Apartment Communities		Studio(s)	1 Bedrooms	2 Bdrm 1 Bath	2 Bdrm 2 Bath	3 Bdrm 2 Bath
Alvarado		51	82	42 (study)	35	0
The Beach		13	8	0	49	4
SunVillage		288	134	144	6	0
Washington		0	0	16	0	0
Castle		0	10	10	0	0
Lofts at Albuquerque High		2*	16*	44*	8*	1*
Catholic Social Services		0	20	0	0	0
Park Place		0	1	37	0	0
Villa de San Felipe		76	52	32		
401 Tijeras NE		0	6	2	0	0
Total Units	989	428	313	241	90	4
% of Total		40%	29%	22%	8%	0.4%

* Loft units do not have bedrooms - comparison is based on size

✍excluded from the above unit comparison some 2,910 units in 470 apartment communities with an average community size of 6 units located mostly west of the downtown core.

Downtown Multi-Family Market—Community Comparison

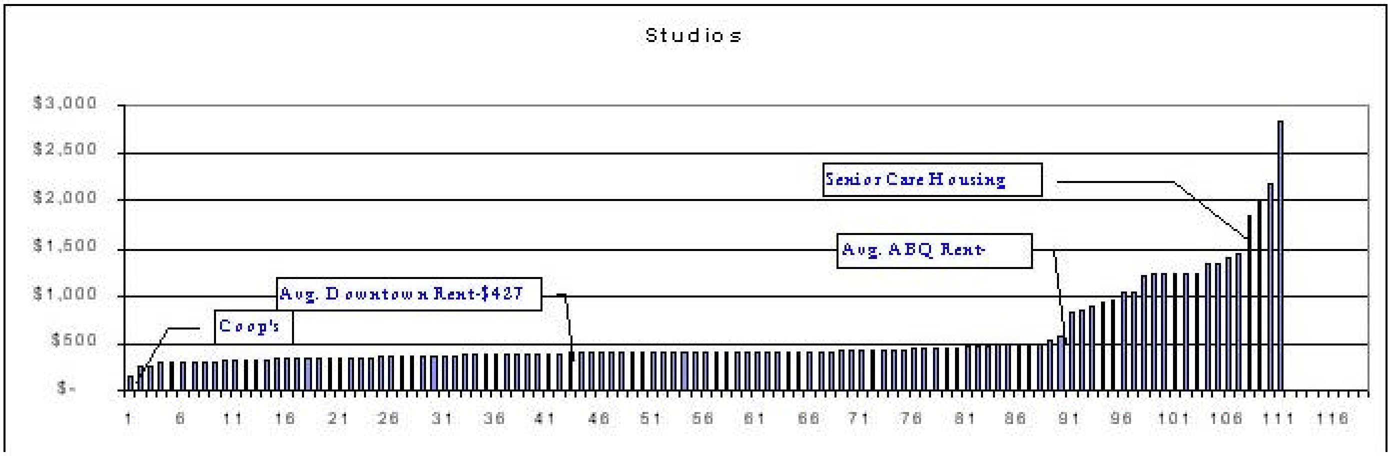
Supply - Area Rent and Unit Size Comparison

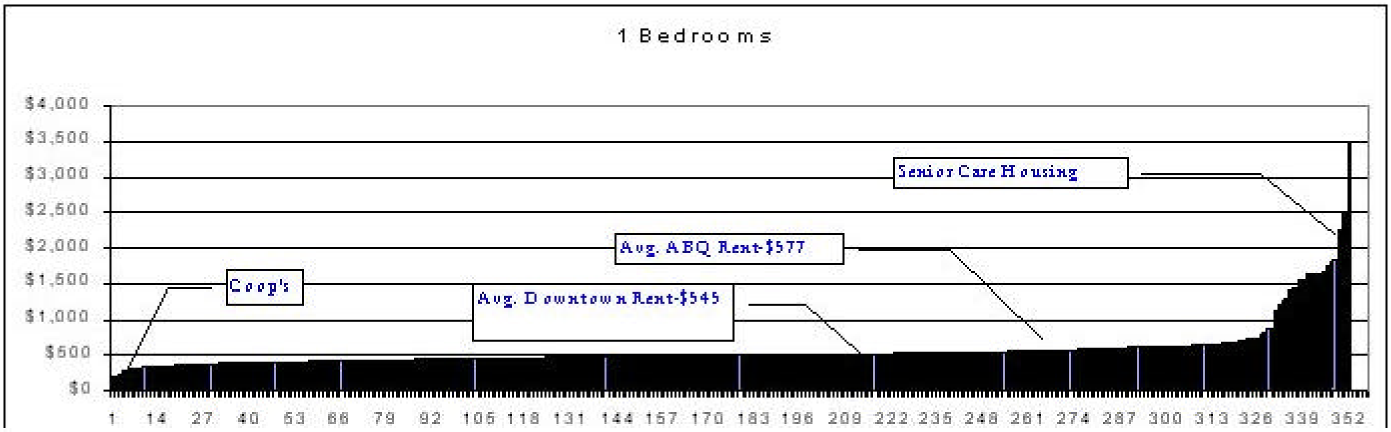
Unit Mix

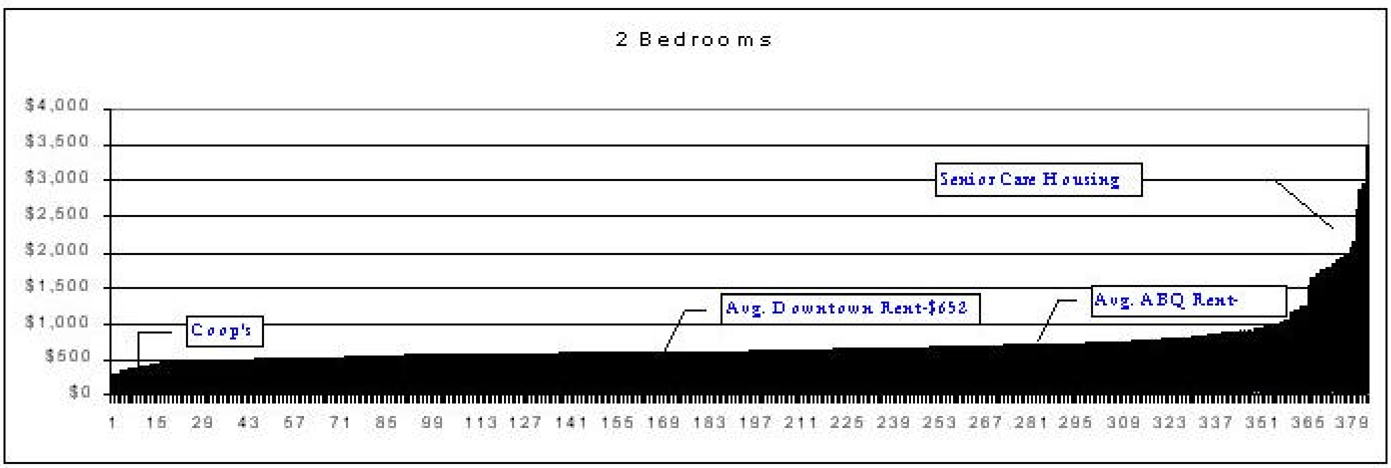
- Loft units do not have bedrooms - based on size

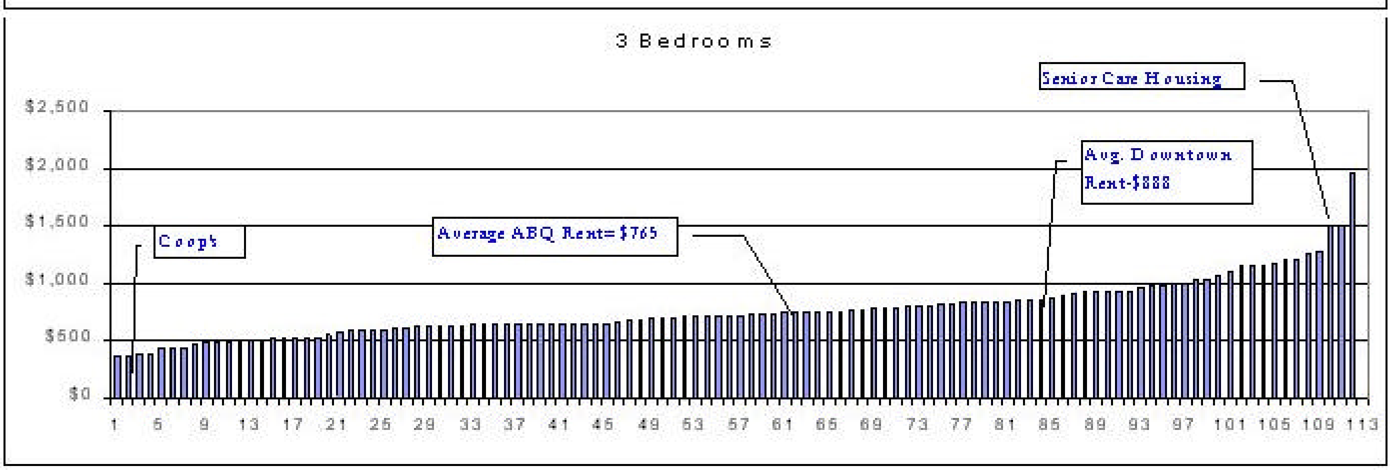
Competing Downtown Apartment Communities	Average Studio(s)	Small 1 Bedrooms	Large 1 Bedrooms	Average 2 Bdrm 1 Bath	Average 2 Bdrm 2 Bath	Average 3 Bdrm 2 Bath
Alvarado	432 sf $435 $1.01/sf	563 sf $525 $.93/sf	728 sf $553 $.76/sf	880 sf $630 $.72		
The Beach	438 sf $388 $.88/sf	567 sf $495 $.87/sf	709 sf $505 $.71		963 sf $635 $.66	1,553 $888 $.57
SunVillage	413 sf $452 $1.09/sf	424 sf $495 $1.17/sf		614 sf $555 $.90/sf	848 sf $670 $.79/sf	
Washington				800 sf $665 $.83/sf	1000 sf $813 $.81/sf	
Castle			600 sf $600 $1.00/sf	825 sf $625 $.76/sf		
Lofts at Albuquerque High School	459 sf $519 $1.13	590 sf $653 $1.11		644 $684 $1.06	1,020 $818 $.80	
Catholic Social Services		HUD Income Based				
Park Place		Managers Unit			1,050 $780 $.74	
Villa De San Felipe (non income restricted units)	371 $525 $1.42		543 $613 $1.13	715 $713 $.99		
401 Tijeras NE			1,092 sf $607 $.56/sf	600 sf $510 $.84/sf		
Average Rent	$463	$542	$575	$730	$743	$888
Average Size	422 sf	536 sf	734 sf	846 sf	976 sf	1,553 sf
Average $/sf	$1.10/sf	$1.12/sf	$.78/sf	$.86/sf	$.76/sf	$.57

Downtown Multi-Family Market—Citywide Rents









Downtown Multi-Family Market—Community Comparison

Impact of the Big "I"

Although the major renovation of the Big "I" (intersection of Interstate 25 and Interstate 40) will have a minor impact on Downtown, and a major impact on the Sun-Village Apartments (its connection street/bridge to the NE Heights – Indian School was pulled down June of 2000), the short-term impact could be an increase in housing demand by those residents who were unable to find Downtown housing (due to high occupancy). After the renovation is complete (estimated June of 2002), the renovated Big "I" will facilitate a higher volume of traffic, again having a positive impact on the Downtown sub-market.

Apartment	Location	Type	Units	Opening	Months to Stabilized-95%	Absorption (Units /
Enclave	NE Heights	Market	200	11/94	15	13
La Palomas	NE Heights	Market	424	10/94	20	20
La Ventana	NE Heights	Market	192	10/95	9	20
Pinnacle High Desert	NE Heights	Market	430	4/95	9	45
Arroyo Villas	NW	LIHTC	200	9/95	6	32
Rio Volcan Phase I	NW	LIHTC	116	3/96	6	19
Arrowhead Ridge	RR	LIHTC	178		6	30
Canon de Arrowhead	NW	LIHTC	264		6	40
Bluewater	NW	Affordable	200	9/97	10	20
				Average=	11 months	27 units

Household Income by Tenure - 1990 - Bernalillo County

0-30%	Households	Renters	%
0-30%	21,371	14,292	67%
31%-50%	21,034	12,436	59%
51%-60%	10,490	5,293	50%
61%-80%	21,298	10,745	50%
81%-95%	15,233	6,385	42%
95%+	96,001	22,221	23%
Total	185,427	71,372	38%
Total under 60%			

Source: HUD CHAS BOOK

Turnover Rates

Alvarado	17.1%
Park Place	47.4%
90 Tijeras	31.2%
Castle Apts	60.0%
Casa Del Sol	42.9%
13th & Coal	60.0%
The Beach	32.4%
Sun Village	14.7%
Netherwood	16.4%
Summit	19.0%

Survey by Prior & Assoc - April 2000 & Todd Clarke

Downtown Multi-Family Market—Amenities

Amenities – National Trends

A recent tenant survey by Multi-Housing News asked tenants to rank amenities by preference and indicate their willingness to pay additional rent for certain amenities. This table provides a brief summary of their findings:

Amenity	Want	Would pay extra for
Interior Amenities		
Microwave	65%	~30%
Upgraded Appliances	52%	~30%
In Unit Washer/Dryer	55%	~20%
Ceramic Tile Floors/walls (bath)	33%	Less than 10%
Double Basin Vanity	41%	
Dishwasher	40%	~10%
Separate Shower Stall	50%	
Whirlpool Bath	33%	
Roman Tub	15%	
Linen Closet	38%	
Skylights	30%	
Garbage Disposal	26%	Less than 10%
Wood Cabinets	21%	Less than 10%
Central Air Conditioning	33%	16%
Security Alarm in the Unit	61%	9%
High-End Window & Door Locks	55%	10%
Balcony or Patio	55%	5%
Walk-in Closet	41%	5%
Fireplace	40%	6%
Bay Window	42%	3%
Wood Floors	33%	2%
High Ceilings	28%	1%
Formal Entry Hall	22%	0%
Exterior Amenities		
Individual Attached Garage	33%	4%
24 Hour Site Security	59%	~25%
Fencing with Access Gate	43%	7%
On-site ATM Machine	48%	6%
Bicycle/Jogging Trail	37%	10%
Fitness Center	33%	
Convenience Store	36%	
Elevator	30%	~10%
Clubhouse	22%	0%
Pool, Hot Tub, Sauna	21%	
Doorman	20%	20% of high income bracket
Tennis Court	18%	
Kid Amenities (Play area)	17%	
On-site Day Care	16%	
Business Center	15%	~10%
On-site Car Wash	19%	

The same survey asked prospective tenants to rank how they select a new community:

Location	86%
Price	1%
Unit Size	33%
Safety/ Security Reasons	32%

Downtown Multi-Family Market—Amenity Comparison

Community Amenities

	Pool	Clubhouse	Gated	Garages	Covered Parking	Storage	Gymnasium	Theatre	Business Center	Concierge	Tot Lot
Competing Downtown											
Alvarado	✍✍	✍✍	✍✍								
The Beach	✍✍	✍✍		✍✍	✍✍	✍✍					
SunVillage	✍✍	✍✍	✍✍		✍✍	✍✍	✍✍		✍✍		✍✍
Washington											
Castle						✍✍					
Lofts at Albuquerque High	✍✍	✍✍	✍✍	S	S	✍✍			✍✍	✍✍	
Catholic Social Services		✍✍									
Villa de San Felipe	✍✍	✍✍			✍✍	✍✍	✍✍		✍✍		
401 Tijeras NE											

Interior Amenities

	Fan	W/D	W/D Hook-ups	Refrig. Air	Fireplace	9' Ceilings	Walk-in Closets	Upgraded Carpet	Tile	Add'l Phone	Extra TV's
Competing Downtown											
Alvarado	✍✍	✍✍									
The Beach	✍✍	✍✍		✍✍	✍✍	✍✍	✍✍	✍✍	✍✍		
SunVillage	✍✍			✍✍		✍✍	✍✍				
Washington	✍✍						✍✍	HD			
Castle	✍✍										
Lofts at Albuquerque High				✍✍		✍✍		S	S	✍✍	
Catholic Social Services											
Villa de San Felipe	✍✍		✍✍	✍✍		✍✍	✍✍	✍✍	✍✍		
401 Tijeras NE											

Pictures of Downtown Communities –*clockwise: Alvarado, Beach, SunVillage, Washington, Castle, 401 Tijeras*

Downtown Multi-Family Market—Development Opportunities

gap (gap) ***n.***

1. An opening in a solid structure or surface; a cleft or breach: *wriggled through a gap in the fence; a large gap in the wall where the artillery shell had exploded.*
2. A break in a line of defense.
3. An opening through mountains; a pass.
4. A space between objects or points; an aperture: *a gap between his front teeth.*
5. An interruption of continuity: *a nine-minute gap in the recorded conversation; needed to fill in the gaps in her knowledge.*
6. A conspicuous difference or imbalance; a disparity: *a gap between revenue and spending; the widening gap between rich and poor.*
7. A problematic situation resulting from such a disparity: *the budget gap; the technology gap.*

de·vel·op·ment (di-vel'op-ment ***n.***

1. The act of developing.
2. The state of being developed.
3. A significant event, occurrence, or change.
4. A group of dwellings built by the same contractor.
5. Determination of the best techniques for applying a new device or process to production of goods or services.

A simplistic overview of the development of apartments today would take into account two major components: land cost and construction costs for a total development cost. If the valuation of the property is more than the total development is considered to have a positive financial GAP, whereas if the valuation of the property is less then a negative financial GAP exists. When a positive GAP exists, the developer can make a profit, when a negative GAP exists, more than likely the developer cannot obtain financing.

A preliminary survey of available parcels of land for multifamily development discovered the following properties

—**Townes Family Trust - 4th/Mountain - 80,000 - $1.25M ($15.63/sf)** Tim Townes - Grubb & Ellis 883-7676

—**Coca-Cola Development - South of Lomas/Broadway - 4.25 acres - $2.314M ($12.50/sf)** Bill Robertson - First Commercial RE - 881-9810

—**Former Parks College - 35,000 sf bldg. - 70 parking spaces - $1.2M** Kevin Bobb - Grubb & Ellis 883-7676

—**Coal/Acalde - 21,170 square feet (R-3)- $125,000 - $5.90/sf** Douglas Clifton 450-6900

Demand/Supply analysis only takes into account the potential GAP for a product, not the feasibility of building it.

The following pages provide a density analysis of several different property types, and the potential rents required to justify new construction, followed by a financial GAP recap using two different Highest and Best Use Analysis techniques.

Downtown Multi-Family Market—Density Study

The following pages is a density comparison amongst the different possible housing types that could be built downtown. Using the Downtown 2010 “type” housings as a model, the same price per land was plugged into each scenario, then a probably development type was compiled to assisted a potential developer in determining how much land is worth for each development type.

Downtown Multi-Family Market—Density Study—Type A

DOWNTOWN 2010

Type 'A'
Single Unit

URBAN REGULATIONS

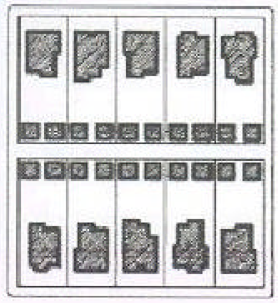
PLACEMENT:
1. Lot Width: 50' minimum

PARKING:
1. Rear yard garages
2. Access: through alley

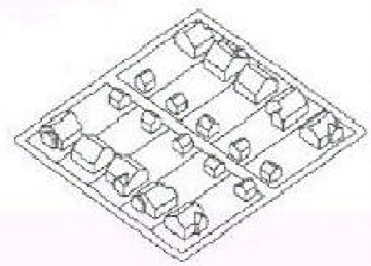
HEIGHT AND PROFILE:
1. Height: 2 stories maximum

EXAMPLES:
1. Residential and Professional Office; Studio Apartments; Guest Cottages

Sample Block Plan



Bird's Eye View



A - SINGLE UNIT

TYPE DESCRIPTION

Free Standing, single unit housing with rear yard garages and studio apartment.

Housing Type A

Assumed parcel size =	43,5601 acre
Assumed average unit size=	1,000
# of stories	2
Imputed # of Units per Acre	8density
Total # of Units	8
Total SF	8,000

	Low	High		Total Cost Low	Total Cost High
Land Costs per unit	$ 7,500	$ 15,000		$ 60,000	$ 120,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 440,000	$ 560,000
Design & Engineering			4%	$ 17,600	$ 22,400
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 88,000	$ 112,000
Total Development Costs				$ 605,600	$ 814,400
Cost Per Unit=				$ 75,700	$ 101,800
Imputed Rent Range *				$ 1,032.46	$ 1,388.43

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type B

DOWNTOWN 2010

Type 'B' Duplex

URBAN REGULATIONS

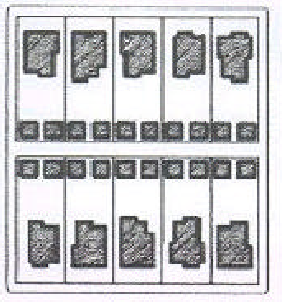
PLACEMENT:
1. Lot Width: 50' minimum

PARKING:
1. Rear yard garages
2. Access: through alley

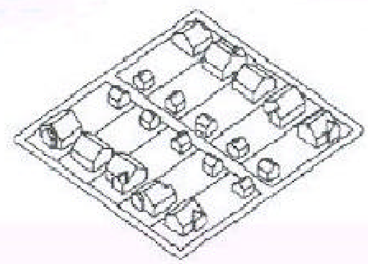
HEIGHT AND PROFILE:
1. Height: 2 stories maximum

EXAMPLES:
1. Residential and Professional Office; Studio Apartments; Guest Cottages; Worshops above Garages

Sample Block Plan



Bird's Eye View



B - DUPLEX

TYPE DESCRIPTION

Free Standing, duplex unit housing with rear yard garages and studio apartments.

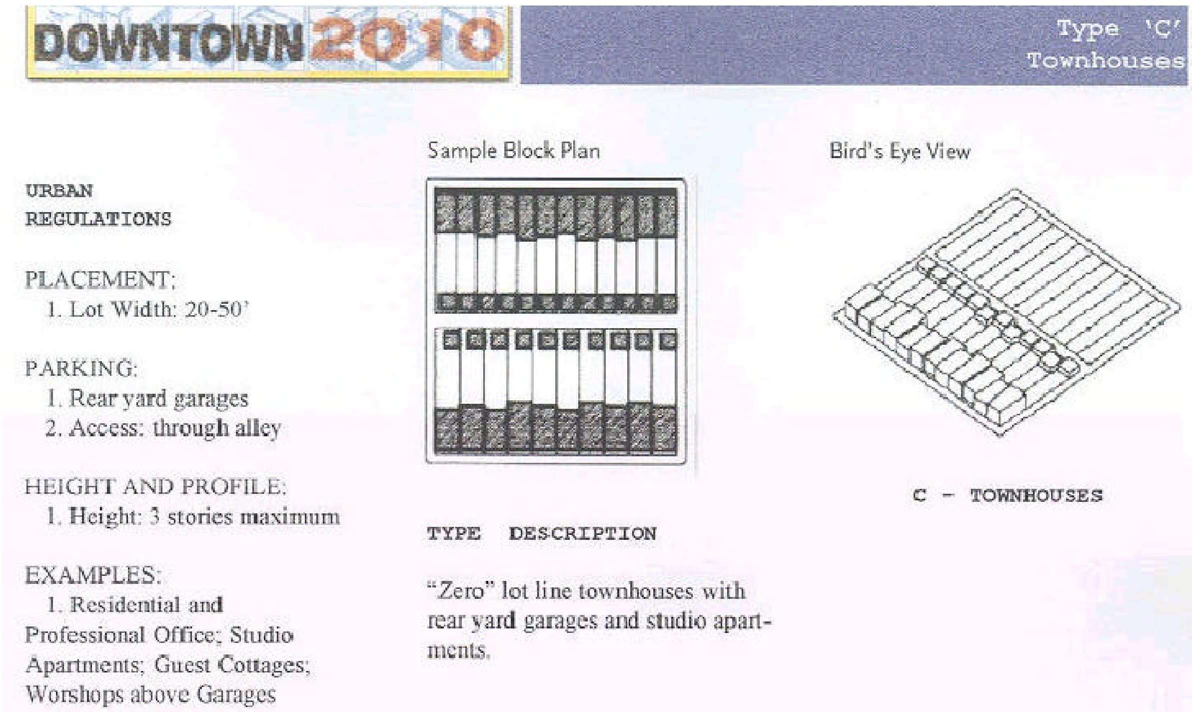
Housing Type B

Assumed parcel size =	43,5601 acre
Assumed average unit size=	1,000
# of stories	2
Imputed # of Units per Acre	16density
Total # of Units	16
Total SF	16,000

	Low	High		Total Cost Low	Total Cost High
Land Costs per unit	$ 7,500	$ 15,000		$ 120,000	$ 240,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 880,000	$ 1,120,000
Design & Engineering			4%	$ 35,200	$ 44,800
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 176,000	$ 224,000
Total Development Costs				$ 1,211,200	$ 1,628,800
Cost Per Unit=				$ 75,700	$ 101,800
Imputed Rent Range *				$ 1,032.46	$ 1,388.43

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type C



Housing Type C

Assumed parcel size =	43,5601 acre
Assumed average unit size=	1,000
# of stories	3
Imputed # of Units per Acre	24density
Total # of Units	24
Total SF	24,000

	Low	High		Total Cost Low	Total Cost High
Land Costs per unit	$ 7,500	$ 15,000		$ 180,000	$ 360,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 1,320,000	$ 1,680,000
Design & Engineering			4%	$ 52,800	$ 67,200
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 264,000	$ 336,000
Total Development Costs				$ 1,816,800	$ 2,443,200
Cost Per Unit=				$ 75,700	$ 101,800
Imputed Rent Range *				$ 1,032.46	$ 1,388.43

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type D

DOWNTOWN 2010

Type 'D'
Sideyard

URBAN REGULATIONS

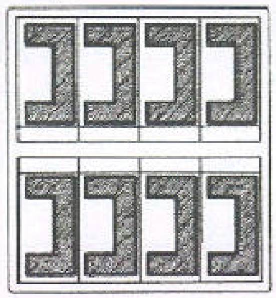
PLACEMENT:
1. Lot Width: 65'-75'

PARKING:
1. Half-level underground and surface
2. Access: through alley

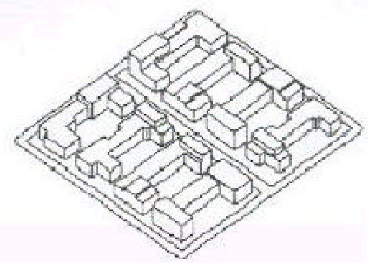
HEIGHT AND PROFILE:
1. Height: 3 stories maximum with setback beginning at second story

EXAMPLES:
1. Residential flats over two-story Townhouses

Sample Block Plan



Bird's Eye View



D - SIDEYARD

TYPE DESCRIPTION

Flats above two-story townhouses facing sideyard courts.

Housing Type D

Assumed parcel size =	43,5601 acre
Assumed average unit size=	1,000
# of stories	3
Imputed # of Units per Acre	30density
Total # of Units	30
Total SF	30,000

	Low	High		Total Cost Low	High
Land Costs per unit	$ 7,500	$ 15,000		$ 225,000	$ 450,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 1,650,000	$ 2,100,000
Design & Engineering			4%	$ 66,000	$ 84,000
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 330,000	$ 420,000
Total Development Costs				$ 2,271,000	$ 3,054,000
Cost Per Unit=				$ 75,700	$ 101,800
Imputed Rent Range *				$ 1,032.46	$ 1,388.43

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type E

DOWNTOWN 2010

Type 'E' Courtyard

URBAN REGULATIONS

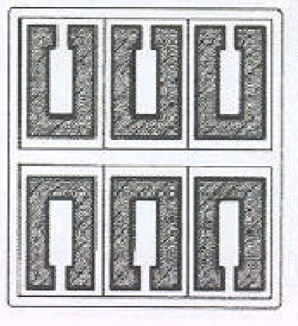
PLACEMENT:
1. Lot Width: 100' minimum

PARKING:
1. Half-level underground
2. Access: through alley

HEIGHT AND PROFILE:
1. Height: 2 stories maximum with setback beginning at second story

EXAMPLES:
1. Residential flats over two-story townhouses

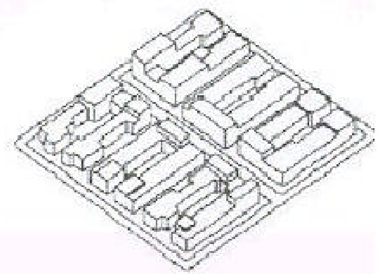
Sample Block Plan



TYPE DESCRIPTION

Flats above two-story townhouses facing interior courts.

Bird's Eye View



E - COURTYARD

Housing Type E

Assumed parcel size =	43,560	1 acre
Assumed average unit size=	1,000	
# of stories	2	
Imputed # of Units per Acre	24	density
Total # of Units	24	
Total SF	24,000	

	Low	High		Total Cost Low	Total Cost High
Land Costs per unit	$ 7,500	$ 15,000		$ 180,000	$ 360,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 1,320,000	$ 1,680,000
Design & Engineering			4%	$ 52,800	$ 67,200
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 264,000	$ 336,000
Total Development Costs				$ 1,816,800	$ 2,443,200
Cost Per Unit=				$ 75,700	$ 101,800
Imputed Rent Range *				$ 1,032.46	$ 1,388.43

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type F

DOWNTOWN 2010

Type 'F' Terrace

URBAN REGULATIONS

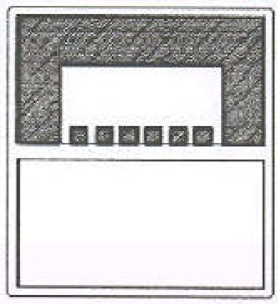
PLACEMENT:
1. Lot Width: 300'

PARKING:
1. Half-level underground for residential flats and garages on grade for townhouses
2. Access: through alley

HEIGHT AND PROFILE:
1. Height: 4 stories maximum with setback beginning at third story

EXAMPLES:
1. Two-story residential flats over two-story townhouses

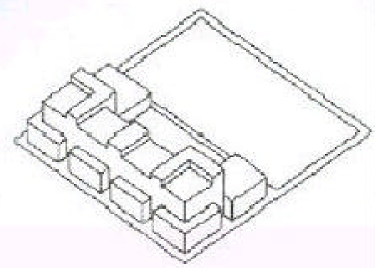
Sample Block Plan



TYPE DESCRIPTION

Two-story flats over two-story townhouses over partially sub-merged parking garages.

Bird's Eye View



F - TERRACE

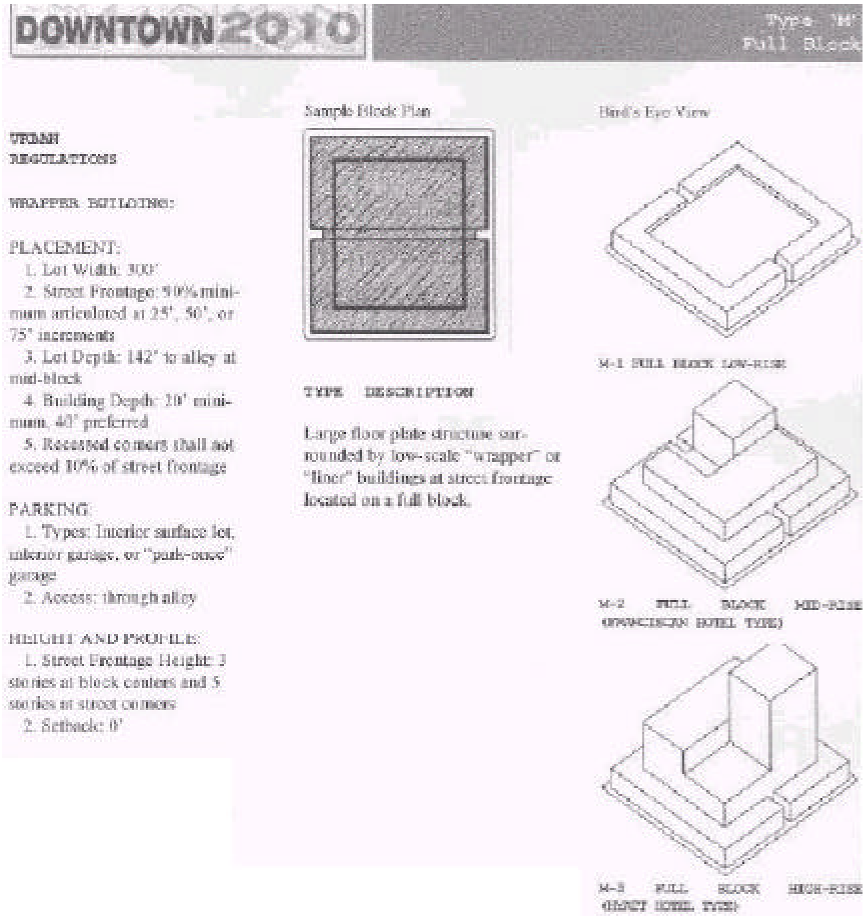
Housing Type F

Assumed parcel size =	43,560	1 acre
Assumed average unit size=	1,000	
# of stories	3	
Imputed # of Units per Acre	36	density
Total # of Units	36	
Total SF	36,000	

	Low	High		Total Cost Low	High
Land Costs per unit	$ 7,500	$ 15,000		$ 270,000	$ 540,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 1,980,000	$ 2,520,000
Design & Engineering			4%	$ 79,200	$ 100,800
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 396,000	$ 504,000
Total Development Costs				$ 2,725,200	$ 3,664,800
Cost Per Unit=				$ 75,700	$ 101,800
Imputed Rent Range *				$ 1,032.46	$ 1,388.43

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type M


DOWNTOWN 2010

Type "M"
Full Block

URBAN
REGULATIONS

WRAPPER BUILDING:

PLACEMENT:
1. Lot Width: 300'
2. Street Frontage: 90% minimum articulated at 25', 50', or 75' increments
3. Lot Depth: 142' to alley at mid-block
4. Building Depth: 20' minimum, 40' preferred
5. Recessed corners shall not exceed 10% of street frontage

PARKING:
1. Types: Interior surface lot, interior garage, or "park-once" garage
2. Access: through alley

HEIGHT AND PROFILE:
1. Street Frontage Height: 3 stories at block centers and 5 stories at street corners
2. Setback: 0'

Sample Block Plan

TYPE DESCRIPTION

Large floor plate structure surrounded by low-scale "wrapper" or "liner" buildings at street frontage located on a full block.

Bird's Eye View

M-1 FULL BLOCK LOW-RISE

M-2 FULL BLOCK MID-RISE (FRANCISCAN HOTEL TYPE)

M-3 FULL BLOCK HIGH-RISE (HYATT HOTEL TYPE)

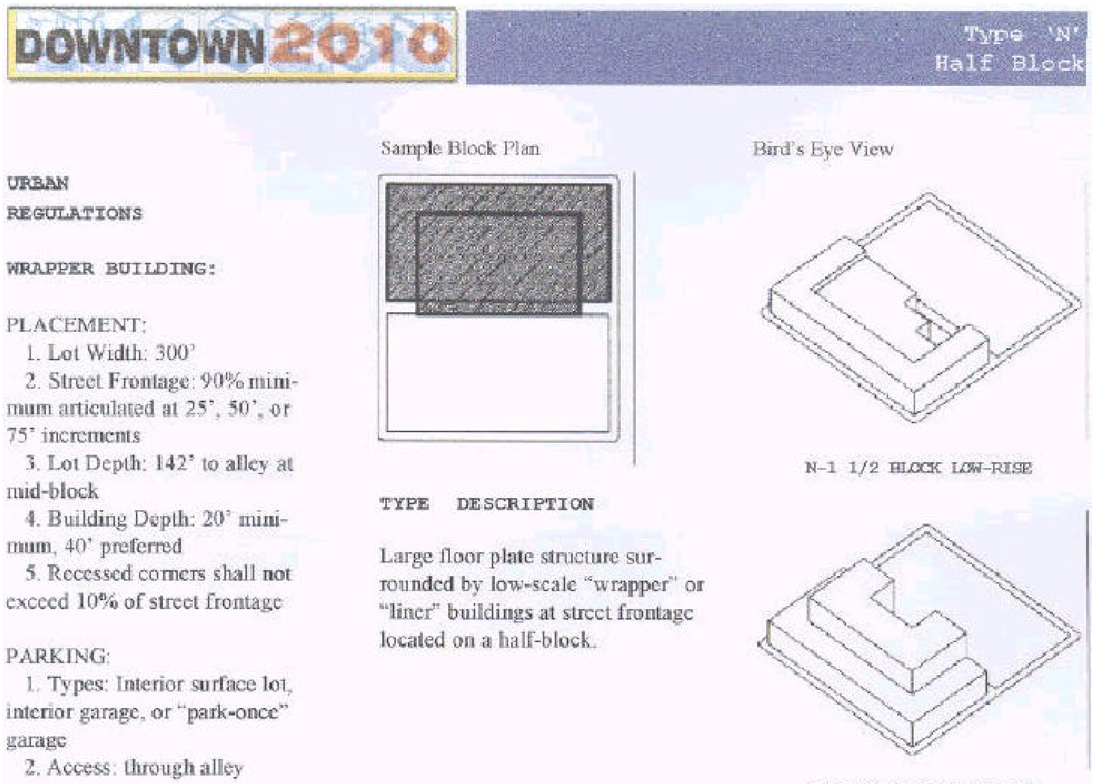
Housing Type M

Assumed parcel size =	43,560	1 acre
Assumed average unit size=	750	
# of stories	6	
Imputed # of Units per Acre	48	density
Total # of Units	48	
Total SF	36,000	

	Low	High		Total Cost Low	Total Cost High
Land Costs per unit	$ 7,500	$ 15,000		$ 360,000	$ 720,000
Hard Construction Costs per SF	$ 70.00	$ 80.00	77%	$ 2,520,000	$ 2,880,000
Design & Engineering			4%	$ 100,800	$ 115,200
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 504,000	$ 576,000
Total Development Costs				$ 3,484,800	$ 4,291,200
Cost Per Unit=				$ 72,600	$ 89,400
Imputed Rent Range *				$ 990.18	$ 1,219.31

* assuming 45% expenses, 6% vacancy, 10% return, no debt

Downtown Multi-Family Market—Density Study— Type N



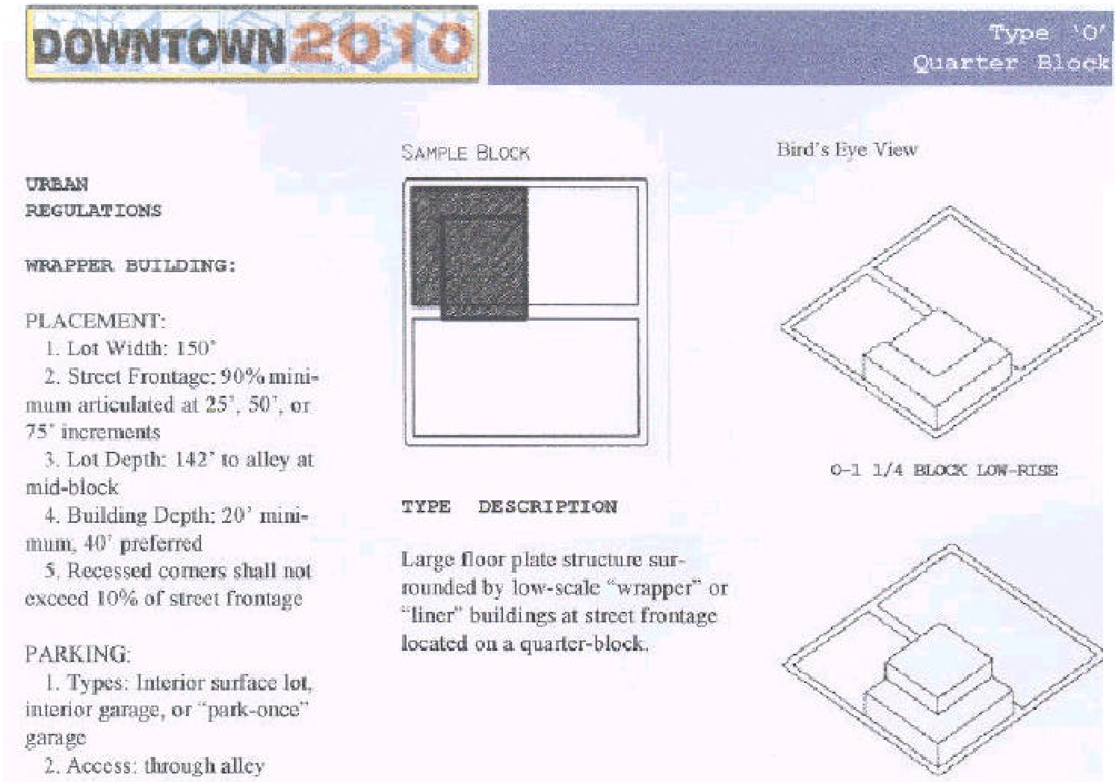
Housing Type N

Assumed parcel size =	43,560	1 acre
Assumed average unit size=	750	
# of stories	4	
Imputed # of Units per Acre	40	density
Total # of Units	40	
Total SF	30,000	

		Low	High		Total Cost Low	Total Cost High
Land Costs per unit		$ 7,500	$ 15,000		$ 300,000	$ 600,000
Hard Construction Costs per SF		$ 70.00	$ 80.00	77%	$ 2,100,000	$ 2,400,000
Design & Engineering				4%	$ 84,000	$ 96,000
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising				20%	$ 420,000	$ 480,000
Total Development Costs					$ 2,904,000	$ 3,576,000
Cost Per Unit=					$ 72,600	$ 89,400
Imputed Rent Range *					$ 990.18	$ 1,219.31

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study– Type O



Housing Type O

Assumed parcel size =	43,560	1 acre
Assumed average unit size=	750	
# of stories	3	
Imputed # of Units per Acre	40	density
Total # of Units	40	
Total SF	30,000	

	Low		High		Total Cost Low		Total Cost High
Land Costs per unit	$ 7,500	$	15,000		$ 300,000	$	600,000
Hard Construction Costs per SF	$ 55.00	$	70.00	77%	$ 1,650,000	$	2,100,000
Design & Engineering				4%	$ 66,000	$	84,000
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising				20%	$ 330,000	$	420,000
Total Development Costs					$ 2,346,000	$	3,204,000
Cost Per Unit=					$ 58,650	$	80,100
Imputed Rent Range *					$ 799.92	$	1,092.47

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type P

DOWNTOWN 2010

Type 'P'
Mid-Block Infill

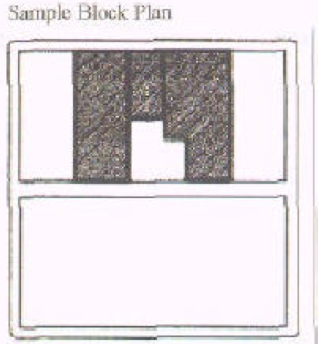
URBAN REGULATIONS

PLACEMENT:
1. Lot Width: 25', 50', or 75'
2. Street Frontage: 90% minimum
3. Lot Depth: 142' maximum

PARKING:
1. Convenience and service parking alley also required at "Park-Once" garages
2. Access: through alley

HEIGHT AND PROFILE:
1. Street Frontage Height: 3 stories maximum and 5 stories 20' from street frontage
2. Setback: 0', 20' at 3rd Level and up

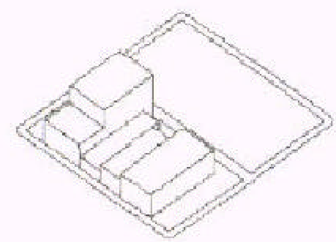
Sample Block Plan



TYPE DESCRIPTION

Infill buildings located on mid-blocks.

Bird's Eye View



P – MID-BLOCK
(CENTRAL AVENUE TYPE)

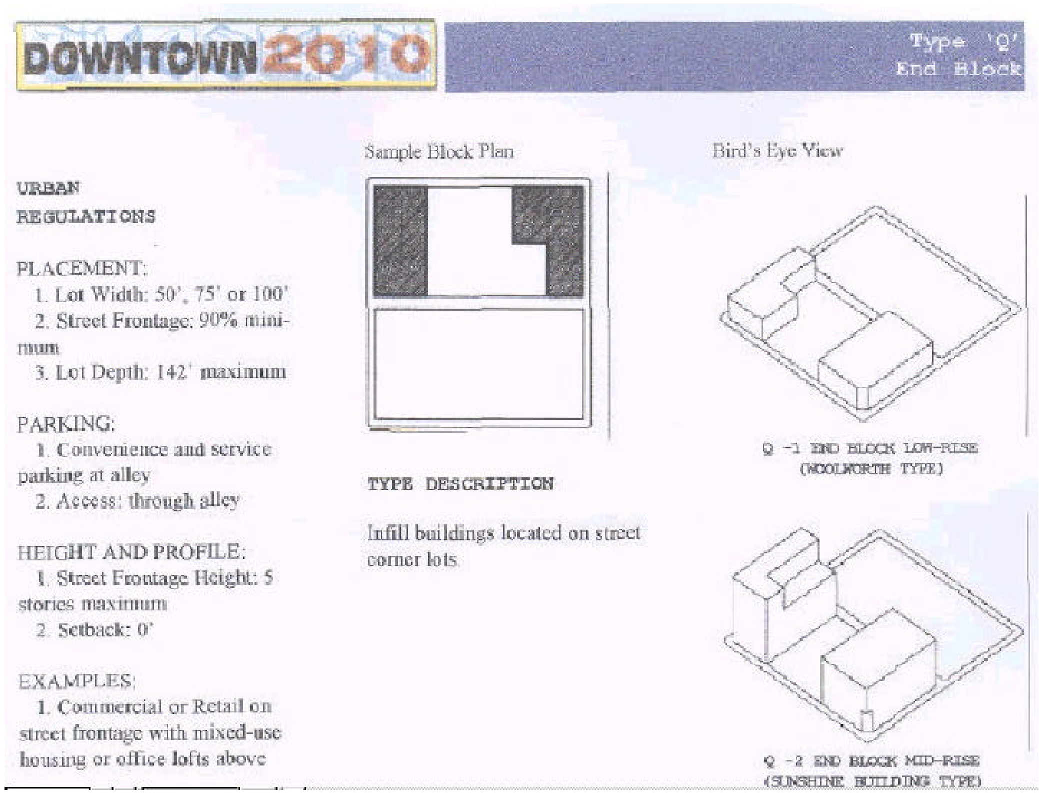
Housing Type P

Assumed parcel size =	43,560	1 acre
Assumed average unit size=	750	
# of stories	3	
Imputed # of Units per Acre	40	density
Total # of Units	40	
Total SF	30,000	

	Low	High		Total Cost Low	Total Cost High
Land Costs per unit	$ 7,500	$ 15,000		$ 300,000	$ 600,000
Hard Construction Costs per SF	$ 55.00	$ 70.00	77%	$ 1,650,000	$ 2,100,000
Design & Engineering			4%	$ 66,000	$ 84,000
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 330,000	$ 420,000
Total Development Costs				$ 2,346,000	$ 3,204,000
Cost Per Unit=				$ 58,650	$ 80,100
Imputed Rent Range *				$ 799.92	$ 1,092.47

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Density Study—Type Q



Housing Type Q

Assumed parcel size =	43,5601 acre
Assumed average unit size=	750
# of stories	3
Imputed # of Units per Acre	60density
Total # of Units	60
Total SF	45,000

	Low	High		Total Cost Low	High
Land Costs per unit	$ 7,500	$ 15,000		$ 450,000	$ 900,000
Hard Construction Costs per SF	$ 85.00	$ 100.00	77%	$ 3,825,000	$ 4,500,000
Design & Engineering			4%	$ 153,000	$ 180,000
Carrying costs, market studies, hookup charges, legal review, Developer Profit, Advertising			20%	$ 765,000	$ 900,000
Total Development Costs				$ 5,193,000	$ 6,480,000
Cost Per Unit=				$ 86,550	$ 108,000
Imputed Rent Range *				$ 1,180.44	$ 1,473.00

** assuming 45% expenses, 6% vacancy, 10% return, no debt*

Downtown Multi-Family Market—Development Opportunities

Two different HABU analysis:

Toda’s Value based on today's’ income/expenses CAP less construction cost = GAP	Derive income from property over its useful life, balance is income to land, cap by reasonable CAP rate.

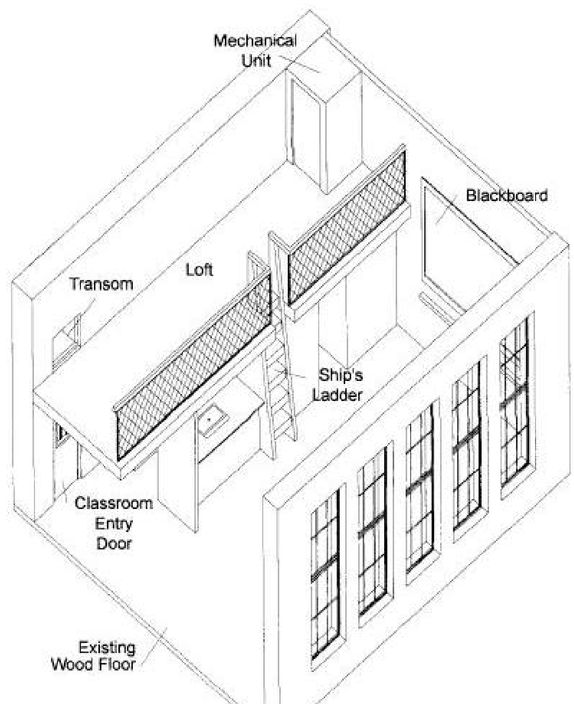
Alternative Living Units—Lofts

Across the nation, downtown housing includes many alternative or non-traditional housing types including lofts, live/work, or buildings converted from other uses.

Lofts

Often converted from old schools, industrial buildings, warehouses and offices, lofts offer the charm, character and ambiance of a non-suburban housing with wide open spaces, vast cubic space, and lack of partition walls.

Although only a handful of properties are likely to be converted to loft living, new product may be added to the marketplace that resembles older construction.



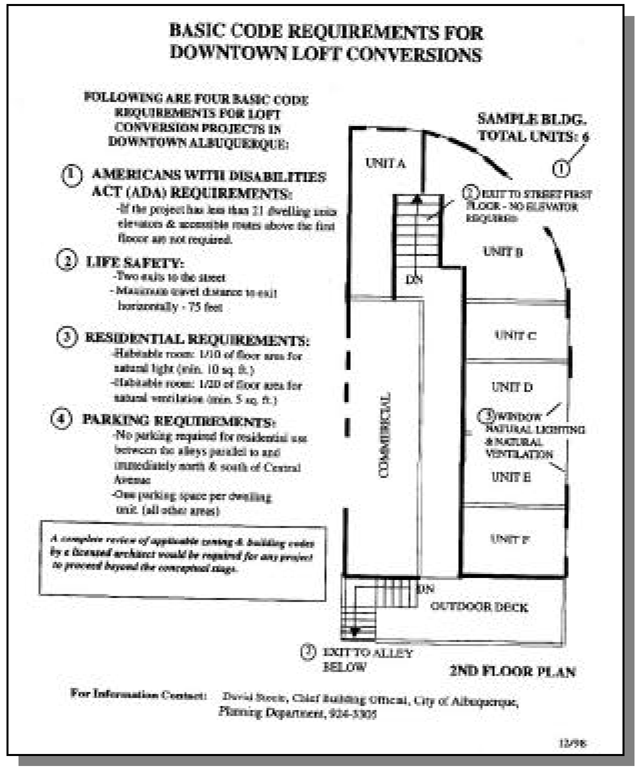
Isometric drawing—typical loft

Barriers to loft living

The City of Albuquerque has adopted a very limited standard for loft lifestyles, one that is not conducive to live/work, sleeping mezzanines, or unusual residential features.

Possible solutions

Albuquerque should consider adopting a loft building code similar to the City of Oakland, San Francisco, or Portland. These codes acknowledge that



BASIC CODE REQUIREMENTS FOR DOWNTOWN LOFT CONVERSIONS

FOLLOWING ARE FOUR BASIC CODE REQUIREMENTS FOR LOFT CONVERSION PROJECTS IN DOWNTOWN ALBUQUERQUE:

1. AMERICANS WITH DISABILITIES ACT (ADA) REQUIREMENTS:
   - If the project has less than 21 dwelling units elevators & accessible routes above the first floor are not required.
2. LIFE SAFETY:
   - Two exits to the street
   - Maximum travel distance to exit horizontally - 75 feet
3. RESIDENTIAL REQUIREMENTS:
   - Habitable room: 1/10 of floor area for natural light (min. 10 sq. ft.)
   - Habitable room: 1/20 of floor area for natural ventilation (min. 5 sq. ft.)
4. PARKING REQUIREMENTS:
   - No parking required for residential use between the alleys parallel to and immediately north & south of Central Avenue
   - One parking space per dwelling unit. (all other areas)

A complete review of applicable zoning & building codes by a licensed architect would be required for any project to proceed beyond the conceptual stage.

For Information Contact: David Steele, Chief Building Official, City of Albuquerque, Planning Department, 924-3305

12/98

current building code standards may not need to be applied to all parties.

Oakland's code can be found at http://www.live-work.com/plainenglish/1999code/newindex.html, which includes special code relaxations for sleeping mezzanines, ships ladders, sleeping bunks, ADA access, use by businesses, number of permitted employees, emergency escape access, and sound transmission to name a few.

The liability for most of these issues is shifted away from the City and to the resident by requiring the resident to sign indemnification forms.

Sample Product

Located on the north west corner of Coal & 4th, the Feliciana Place is soon to be renovation of the old Royal Fork Restaurant. Offering Live/Work Spaces, the $495,000 project includes 3 commercial + 6 residential, with rents and sizes from: 2 commercial 1,250sf—$1250, 1 commercial 1,120sf—$925, ADA unit—480sf—$500, 420sf—$375 (affordable, 2 units 1020 sf—$695 (affordable)
2 units—1020—$895, three units may already be leased to an insurance agent, a flower shop, and an attorney.

Alternative Living Units—Live/Work

The Live/Work (www.live-work.com) institute has six different designations for this type of housing :

"The terms home occupation, live/work, and work/live describe the differing emphases that such spaces assume. We have coined the terms **live-with**™ , **live-near**™ and **live-nearby**™ to describe the relationship of proximity between the work space and the living space within an individual live/work unit. These are all forms of **Zero Commute Housing.** ™

HOME OCCUPATION: This type of arrangement is what most people think of when they hear the term "working at home". The space is clearly a residence, and may or may not contain a workspace, typically in the form of an office or workshop. **Reversion to commercial or work only is *not* desirable.**

LIVE/WORK: The use of the term live/work indicates that the quiet enjoyment expectations of the neighbors in the building or adjacent buildings take precedence over the work needs of the unit in question. Therefore, *the predominant use of a live/work unit is residential*, and commercial activity is a secondary use; employees and walk-in trade are not usually permitted. **Reversion to work only or live only may be acceptable, depending on surrounding users.** Flexibility is key in this type.

WORK/LIVE: The term work/live means that the needs of the work component take precedence over the quiet enjoyment expectations of residents, in that there may be noise, odors, or other impacts, as well as employees, walk-in trade or sales. *The predominant use of a work/live unit is commercial or industrial work activity,* and residence is a secondary use.

LIVE-WITH™: This type of space is what most people imagine when they picture a typical "artist's loft." A live/with™ unit is typically a single space, including a kitchen located below a mezzanine/sleeping space, which looks out over a large contiguous working space. This arrangement offers the greatest flexibility and the fewest interior partitions, allowing the user to adapt it to many different configurations. The amount of space devoted to the "live" area and the "work" area depends on the occupant's needs at the moment, and will likely vary over time as a result.

LIVE-NEAR™: Live-Near™ meets the needs of those who feel that the proximity afforded by live/work is important, but who would nevertheless would like some separation between living and working spaces. This can be to minimize exposure to hazardous materials or high-impact work activity, out of consideration for family or roommate, or simply to fill the need for the bit of distance created by a wall or floor. In a live-near™ unit, the living portion may more closely resemble an apartment or townhouse. The work space is separated by a wall (sometimes glazed and sometimes fire rated) or a floor.

LIVE-NEARBY™: In this configuration, a short walk separates the living portion and the work space-- across a courtyard, to a converted garage or other accessory structure, or up or down an exterior staircase, for example. While this type may initially appear to be simply mixed use, classification as live/work may permit its existence in places where a residential or a commercial space alone might not be permitted.

Albuquerque has some 7,000 residents who currently work at home.

Multi-Family Financing Tools

NAME OF PROGRAM	Fannie Mae Delegated Underwriting and Servicing	Fannie Mae Prior Approval Product Line	Freddie Mac Conventional Cash Program	HUD 223(f)	HUD221(d)(4)	HUD223(a) (7)	HUD 232	HUD 232 pursuant to 223(f)	FARMER'S HOME ADMINISTRATION (FmHA)
DESCRIPTION	Under DUS, Fannie Mae purchases qualified mulitfamily mortgages from specially designated lenders. These DUSlenders have been delegated responsibility for originating, underwriting, closing	Individual transactions are submitted byapproved Prior Approval lenders to FannieMae regional offices, where they receivefull review prior to commitment. Underwritingstandards are the same as DUS. Currentpriority is given	The program is for refinance, acquisition ormoderate rehabilitation loans that demonstratehigh investment quality.	Provides mortgage insurance for the refinance,acquisition or moderate renovation of existingapartments and housing cooperatives.	Provides mortgage insurance for new constructionor substantial rehab of rental or cooperativemulti-family housing. (Substantail rehab: when costsexceeds $6,500 per unit adjusted by area high	Provides refinance of mortgages on multi-familyprojects already insured under the National-Housing Act. It results in prepayment of existinginsured mortgages and endorsement of newinsured mortgage.	Offers mortgage insurance for new construction .or substanital rehabilitation of assisted living and skilled nursing facilities.	Offers mortgage insurance for therefinance, acquistion or moderateupgrading of existing residential care facilities.	Provides insured loans to finance the construction,acquistion and/or rehabilitation of rental and cooperativehousing in rural areas.
LOAN AMOUNT	$1million-$50 million; average $5 million	$1Million -$50 million	Small loan program: $300,000-$999,000; large loan program: $1 milltion -$50 million	No minimum or maximum	No minimum or maximum	Maximum mortgage amount cannot exceedthe lower of: the original principal amount of theexisting insured mortgage; or the unpaid principalamount	No minimum or maximum	No maximum or minimum	Varies from state to state
TERM(S)	5, 7, 10, 15, 18, 25 years, or others by request; 25- 0r 30 yearamortization, or less, by request, ARMS	5, 7, 10, 15, 18, 25 years, or others by request; 25 or 30 year amortization, or less,by request; ARMs avail-	5, 7, 10, 15, 25 years, term standards	35 years	Up to 40 years	HUD may approve a term up to 12 yearsbeyond the remaining term.	Up to 40 years	Up to 35 years	40-50 years, fully amortized
RATES	Priced daily, best prices to most conservative transactionson a four-tier basis; special pricing available for specialaffordable	Priced daily; best prices to most conservativetransactions on a four-tier basis; special-pricing available for special affordablehous-	Fixed for term of loan; competitive ratesbased on risk-based pricing for each loan'squality.	Fixed for term of loan; based on marketconditions	Fixed for term of loan; based on marketconditions.	Fixed for term of loan; based upon marketconditions.	Fixed rates for term of loan; based uponcurrent market conditions.	Fixed rate for term of loan; based upon current market conditions.	Range from 1% to market rate.
PREPAYMENT	Numerous yield maintenance options depending uponexecution chosen.	Numerous yield maintenance options-depending upon execution chosen.	Yield maintenance or fixed-fee schedule.	Negotiable.	Negotiable	Negotiable	Negotiable	Negotiable	Restricted; no prepayment in the first 20 years.
ASSUMABILITY	Yes, under the conditions of the mortgage documents.	Yes, under the conditions of the mortgage documents.	One time transfer allowed with consent ofFreddie Mac.	Full, must go through HUD Transfer of Physical Assets.	Full with approval.	Full, must go through HUD Transfer of Physical Assets.	Full, must go through HUD Transfer of PhysicalAssets process.	Full, with approval.	Loans are assumable.
MAXIMUM LOAN TO VALUE	80%; special underwriting for special affordable housingtransactions.	80%; special underwriting for specialaffordable housing transactions.	80%;based upon Freddie Mac value	85%	Up to 90% of eligible replacement costs, whichincludes a 10% allowance for developer profit andrisk.	None	Up to 95% of value for non-profit borrowers; up to 90% of value for profit motived borrowers.	Up to 85% of value or acquisition cost for profit-motivated developers; 90% for non-profits	
FEES	Vary with DUS lender, 2% Fannie Mae fee refunded at closing.	Vary with tranaction size.	0.10% application fee	Application, financing, placement andinspection fees; annual mortgage insurancepre-	Application, financing, placement and inspectionfees; annual mortgage insurance pre-	Application, financing, placement andinspection fees; annual mortgage insurancepremium.	Application, financing, placement and inspectionfees; annual mortgage insurance pre-	Application, financing, placement andinspection fees; annual mortgage insurancepre-	N/A
TIMING	Varies with DUS lender, workload; no Fannie Mae reviewrequired.	Depends on complexity of transaction, regional workload.	30-40 days between receipt of application and commitments issuance.	Typically 4-8months; varies by field office.	Typically 12-18 months; varies by field office.	60-120 days from application.	Typically 12-19 months; varies by field office.	Typically, 4-8 months; varies by field office.	
ELIGIBLE PROPERTIES	From premium to moderate; wide age range; central city orsuburban; high-rise or garden; rental and co-op; new tomoderate	Wide range, priority to special affordablehousing; central city or suburban;high-rise or garden	5+unit, garden, mid-rise, high-rise, andcooperative properties in good condition.	Multifamily units; all must have kitchens andbaths.	Multifamily properties; units must have kitchens andbaths, and comply with local building codes.	Projects with loans that are fully insured attime of application.	New construction or substantial rehabilitationrequired.	Existing silled nursing or assisted livingfacilities; facility must be at least three yearsold.	Properties of modest design for very low-low and moderate-income families, the elderly and disabled.
RESTRICTIONS	N/A	N/A	N/A	Property must be a minimum of three yearsold; lease terms must be for at least onemonth; no transient	Minimum 30-day leases, no transient services,single-asset entity borrower.	No HUD-held or currently co-insured loansare eligible.	None	None	Restrictions on return.
ESCROW	May need escrow for repairs if not completed by closing.	May need escrow for repairs if not completedby closing.	Tax and insurance escrows required.	50% of required repairs.	Initial operating deficit escrow, if any, 2% workingcapital escrow, 4$ GNMA escrow if	10% of repairs escrow.	Initial operating deficit escrow, if any 2% workingcapital escrow, 4% GNMA escrow if	50% of required repairs and potentialoperating deficit escrow.	2% escrow required at closing.
RESERVE	Depends on pricing tier, but not automatically required forprop-	Depends on structure, but not automaticallyrequired for under	Replacement reserve escrows typicallyrequired.	Established at closing and paid monthly, commencing with	Deposited monthly commencing with amortizationand based	Established with original mortgage; annualdeposits continue under (a) (7);	Deposited monthly commencing with amortizationand based	Established at closing and paid monthlycommencing with amorti-	Required.
MAIN ADVANTAGE	Cash-out, 80% LTV, 30-year amortization; MBS/DUSprovides	Because of direct review by Fannie Mae'sPrior Approval,	Competitive terms, conditions, process andrates; early rate lock	1.00-1.17 DSC ratio; long term, fixed rate, full amortization, non-	1.00-1.11 DSC ratio; long term, fixed rate, fullamortization, non-	Expedited processing; minimal applicationrequirements.	1.00-1.10 DSC ratio; long terms; fixed frate, full amortization, non-	1.00-1.17 DSC ratio; long term, fixed rate, full amortization, non-	N/A
MAIN DISADVANTAGE	N/A	N/A	DCR is high compared with other conduitpro-	Processing time; properties must be at	Processing time; prevailing wage rates.	Cannot exceed original mortgage.	Processing time; prevailing wage rates;	Processing time; skilled nursing facilitiesmust	Program rules and regulations.