“Why go downtown? Go next door!”

Owen Brown Village Center, Columbia, Maryland

Taylor Cooper - Spring 2016 Capstone

Mentor Tim Pula – Beatty Development

Architects – UMD Architecture Students

PALS Course Sponsored by Howard County, Maryland
PROJECT SUMMARY

STORY

- Farm to table restaurants
- Local craft beer & wine
- Relationship focused businesses
- Activating the lake year round
- Reflect Jim Rouse original goals
- Public ownership of town center

FINANCES

- Total Cost: $42,064,363
- Total Construction Cost: $34,615,323
- Leverage IRR: 22.3%
- Year 10 Property Value: $53,618,790
- Total 10 year cash flow: $39,829,663
- Exit Cap Rate: 7.0%
SITE OVERVIEW

Owen Brown Village Center in Columbia, Maryland
CURRENT UNDERUTILIZED SITE

- Howard County, MD
- Columbia, MD
- 1 of 9 historic villages
- 21 miles from Baltimore
- 31 miles from Washington, DC
WHY GO DOWNTOWN? GO NEXT DOOR!

- Several grocery anchored destinations
- Columbia Town Center to regional attraction
- Owen Brown opportunity to grow
• Adjacent to Lake Elkhorn
• 65,000 sqft of retail
• Razing entire site
PROPOSED PROJECT SITE PLAN

Total 138,600 sqft of retail
Total 385,400 sqft of residential

Phase 1 – Building 2, 3 & 7
- 74,182 sqft of retail
- 163,250 sqft of residential
ENTITLEMENTS

Zoned NT – New Town District
CATALYST TO UPDATE NEW TOWN ZONING

Required Uses:
1. Open space
2. Low & high density single family
3. Apartments
4. Commercial
5. Light industrial

Height Limit:
No taller than 7 stories

Storm water Management
Per Howard County & State of Maryland

Parking
Shared spaces encouraged
MARKET ANALYSIS

Middle Market of Empty Nesters
TRULY DIVERSE MARKET

- Demographics:
  - 52% white
  - 28% black
  - 11% Asian
  - 9% of Hispanic or Latino

- 38% of all Howard County jobs are located in Columbia, MD

- Top Howard County employers:
  - John Hopkins University Applied Physic Laboratory
  - Lorien Health Systems
  - Howard Country General Hospital.

- 4.4% unemployment rate
TRULY DIVERSE MARKET

**OWEN BROWN HOUSEHOLDS**
- Owner-Occupied HUs: 68.8%
- Renter-Occupied HUs: 28.1%
- Vacant Housing Units: 3.1%

**Owen Brown Families**
- Husband/Wife Family: 41%
- Husband/Wife with Children < 18: 35%
- Other Family: 15%
- Other Family with Children < 18: 9%
DESIGN

In collaboration with UMD graduate architecture students, as part of Howard Country sponsored PALS course
UNIT MIX - RESIDENTIAL

- Residential Rent Rates
  - Studio - $900 per month
  - One bedroom - $1,350 per month
  - One bedroom Den - $1,500 per month
  - Two Bedroom - $1,750
UNIT MIX
UNIT MIX - RETAIL

Rental rates - $27.60-$31 per sqft
FINANCES

Feasibility of competitive and locally sourced mixed use residential and retail destination
FINANCIAL SUMMARY

- Total Cost: $42,064,363
- Debt: $31,548,272
- Equity: $10,516,091

- Total Construction Cost: $34,615,323
- Construction Per Square foot: $177

- Leverage IRR: 22.3%
- Unleveraged IRR: 13.2%

- Loan to Value: 63%
- Construction Loan Interest: 2.7%
- Permeant Loan Interest: 4.56%
- Refinance in Year 7: 6%

- Year 10 Property Value: $53,618,790
- Exit Cap Rate: 7.0%
### SOURCES & USES

**Sources of Funds**

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Budget</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity - Developer</td>
<td>$5,258,045</td>
<td>12.50%</td>
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<tr>
<td>Equity - Investor</td>
<td>$5,258,045</td>
<td>12.50%</td>
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<tr>
<td>Construction Loan</td>
<td>$31,548,272</td>
<td>75.00%</td>
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<tr>
<td>Total Sources</td>
<td>$42,064,363</td>
<td>100.00%</td>
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**Uses of Funds**

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Budget</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>Acquisition</td>
<td>$1,411,865</td>
<td>3.36%</td>
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<tr>
<td>Construction</td>
<td>$34,615,323</td>
<td>82.29%</td>
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<tr>
<td>Environmental</td>
<td>$12,000</td>
<td>0.03%</td>
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<tr>
<td>Architecture &amp; Engineering</td>
<td>$2,733,550</td>
<td>6.50%</td>
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<tr>
<td>Leasing &amp; Marketing</td>
<td>$1,314,696</td>
<td>3.13%</td>
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<tr>
<td>Organizational &amp; Professional Costs</td>
<td>$225,000</td>
<td>0.53%</td>
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<tr>
<td>Financing &amp; Settlement Costs</td>
<td>$192,141</td>
<td>0.46%</td>
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<tr>
<td>Carrying Costs</td>
<td>$621,565</td>
<td>1.48%</td>
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<tr>
<td>Fees &amp; Permits (Government &amp; Utility)</td>
<td>$127,273</td>
<td>0.30%</td>
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<tr>
<td>Development Fee</td>
<td>$412,534</td>
<td>0.98%</td>
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<tr>
<td>Contingency</td>
<td>$398,415</td>
<td>0.95%</td>
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<tr>
<td>Total Uses</td>
<td>$42,064,363</td>
<td>100.00%</td>
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</tbody>
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- **Total Project Cost**
  - $104,163 per apartment unit
  - $196 per retail sqft
  - $29,180 per parking space

- **Total Construction Cost**
  - $81,257 per apartment unit
  - $156 per retail sqft
  - $26,395 per parking space
<table>
<thead>
<tr>
<th>Development Period</th>
<th>Operations</th>
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<tbody>
<tr>
<td>Dev./Const.</td>
<td>Construction</td>
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<tr>
<td>Year 1</td>
<td>Year 2</td>
</tr>
<tr>
<td>Gross Potential Income</td>
<td>4,195,375</td>
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<tr>
<td>Effective Gross Income</td>
<td>3,188,113</td>
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<tr>
<td>Total Operating Expenses</td>
<td>(948,564)</td>
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<tr>
<td>Net Operating Income</td>
<td>2,239,549</td>
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<tr>
<td>Net Income less Debt Service</td>
<td>1,387,746</td>
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<tr>
<td>Debt Service Coverage Ratio</td>
<td>2.63</td>
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<tr>
<td>Cash Flow Including Residual</td>
<td>(10,516,091)</td>
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<tr>
<td>Cash on Cash</td>
<td></td>
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<tr>
<td>IRR - 10 Year</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
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## Key Financial Returns

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>Value</td>
<td>$ 47,882,812</td>
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<tr>
<td>LTV</td>
<td>75%</td>
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<tr>
<td>Loan Amnt.</td>
<td>$ 35,912,109</td>
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<tr>
<td>Return on Cost/Investment</td>
<td>7.00%</td>
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<tr>
<td>Return on Cash</td>
<td>13.20%</td>
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<tr>
<td>Leverage IRR</td>
<td>22.29%</td>
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<tr>
<td>Equity Multiplier</td>
<td>3.79</td>
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## Year 10 Sale

<table>
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<tr>
<th>Category</th>
<th>Value</th>
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<tr>
<td>NOI</td>
<td>$ 3,753,315</td>
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<tr>
<td>CAP Rate</td>
<td>7.0%</td>
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<tr>
<td>Value</td>
<td>$ 53,618,790</td>
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<tr>
<td>YR Loan Balance</td>
<td>$ (30,053,309)</td>
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<tr>
<td>Principal &amp; Interest</td>
<td>$ (2,198,927)</td>
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<tr>
<td>Closing Cost</td>
<td>$ (536,188)</td>
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<tr>
<td>Net Proceeds</td>
<td>$ 24,583,681</td>
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ENVIRONMENTAL & SOCIAL RESPONSIBILITY

Continuing the legacy of James Rouse, Columbia founder
Tailored Retail

- Farm to table restaurants
- Local craft beer & wine
- Relationship focused businesses
- Activating the lake year round
- Reflect Jim Rouse original goals
- Public ownership of town center
ENVIRONMENTAL RESPONSIBILITY

LEED Certified

- Permeable pavement parking lots
- Storm water management connected to Lake Elkhorn
- Green roofs
- Connected bike & pedestrian paths
WHY GO DOWNTOWN?
GO NEXT DOOR!