Glenmont Metro Center Development Proposal

by
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A practicum thesis submitted to Johns Hopkins University in conformity with the requirements for the degree of Master of Science in Real Estate

Baltimore, Maryland
December, 2011

GLENMONT METRO CENTER
Development Proposal

Rendering (Phase I) facing Georgia Avenue and Layhill Rd

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Term: Fall 2011

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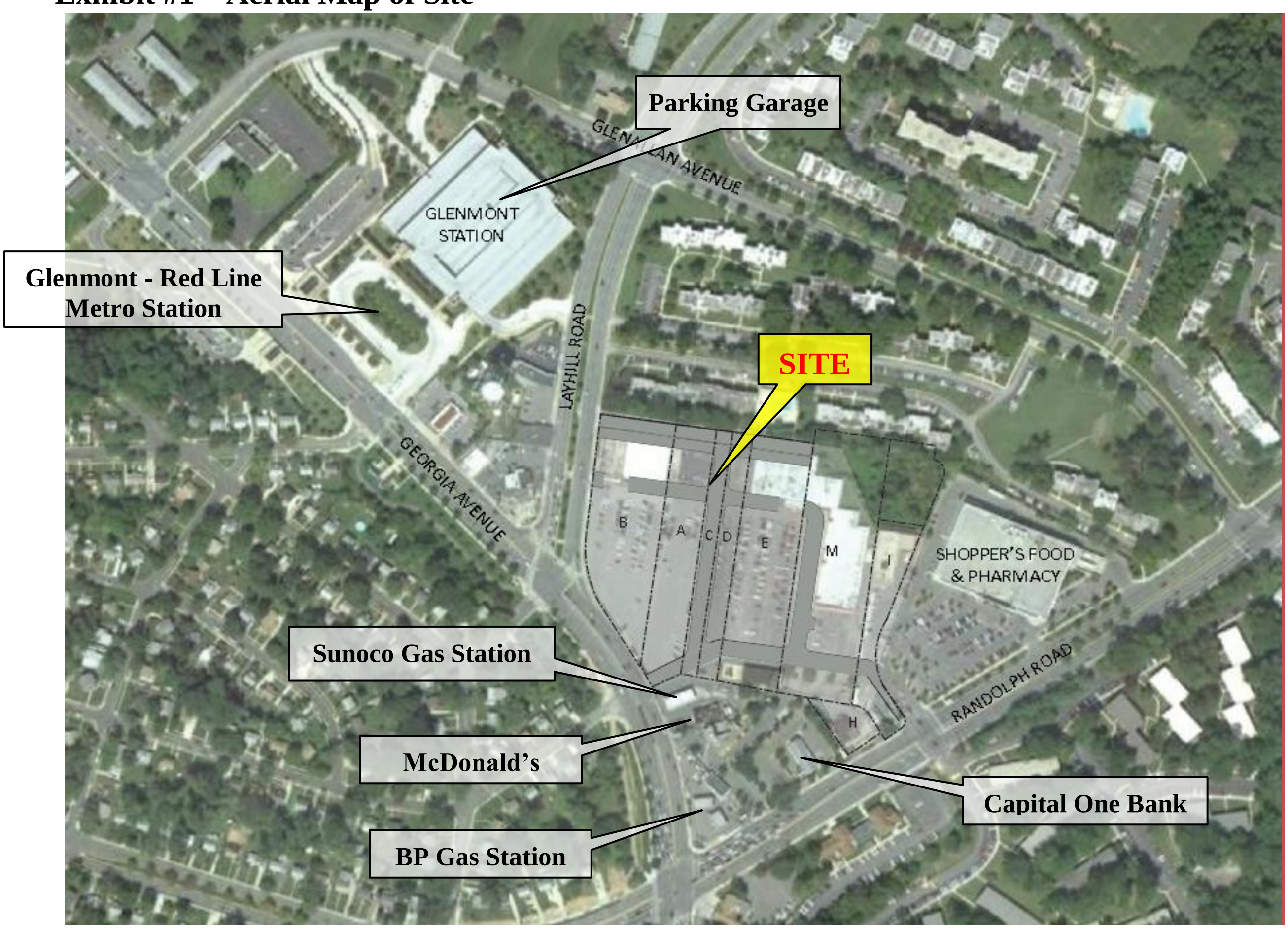
EXECUTIVE SUMMARY

Glenmont Metro Center is a proposed four phase, Class A mixed-use redevelopment in Glenmont, Maryland, which is located in Montgomery County approximately 13 miles north of Washington, D.C. The proposed project will be a high-rise, multifamily rental apartment building, and when completed will comprise of 493 units (533,914 SF) above 96,735 square feet of ground floor retail space and 126,177 square feet of green space. The project will include 1,352 parking spaces (559,481 SF) to accommodate residential and retail traffic.

The project site is ideally located at the center of the Glenmont, MD community and across the street from the Glenmont Metro Station. Glenmont Metro Center will be the first mixed-use development in the area and it will redefine the neighborhood by bringing a new Class A residential building and new retail amenities to the community. This project is designed to maximize the potential value of the land, accommodate future growth, and establish a sense of place.

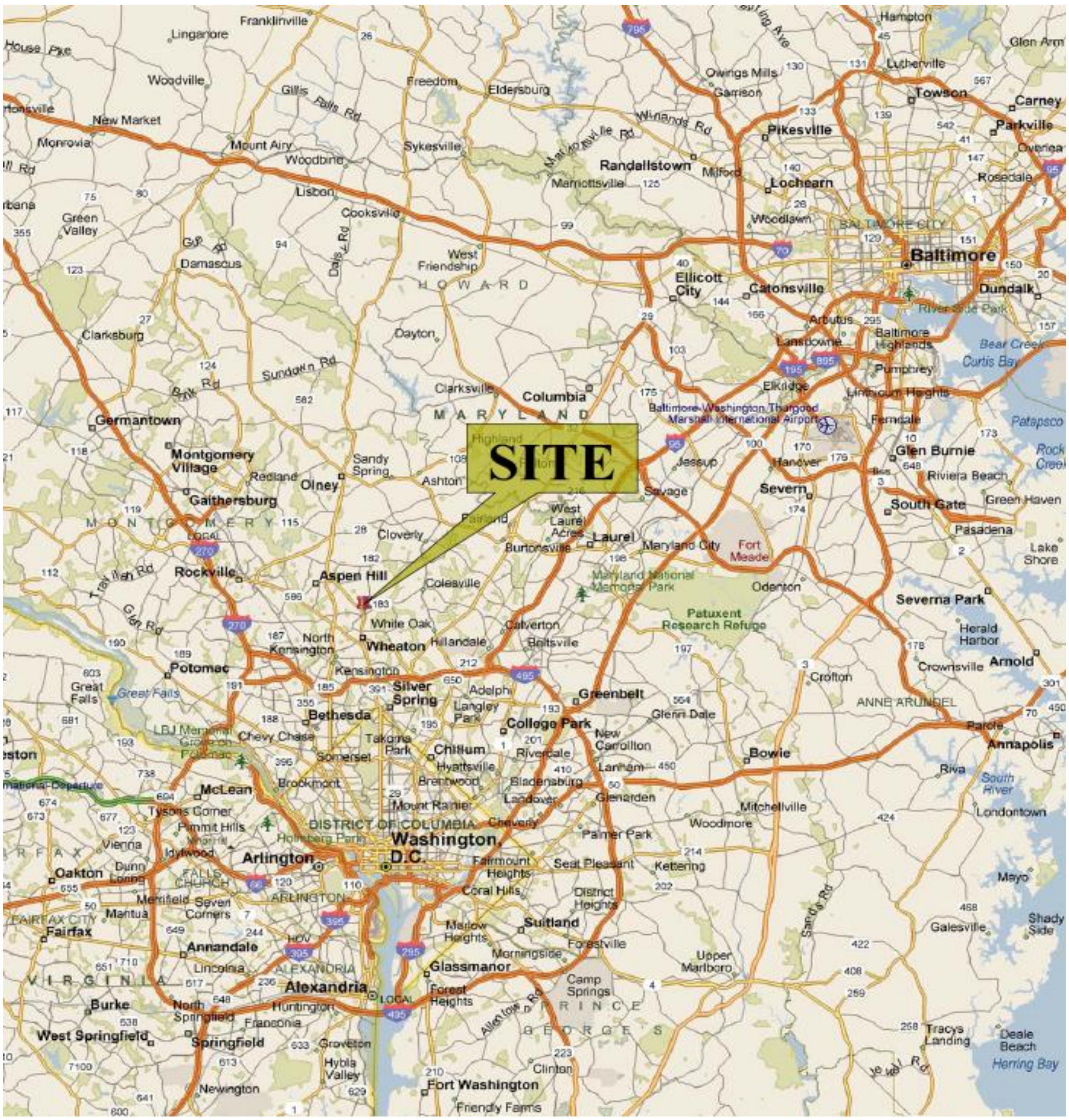
The proposed development site will require the assemblage of eight (8) parcels bordered by Randolph Road and Georgia Avenue (Reference Exhibit #1 & 2). Seven of the eight parcels are currently owned by separate landowners, while the eighth parcel is owned by the State of Maryland Highway Administration.

Exhibit #1 – Aerial Map of Site



In lieu of an attempt to acquire all of the parcels, the plan is to create a partnership with the existing land owners and collectively acquire the parcel owned by the State of Maryland. The development would be pursued as a joint venture between the private land owners, institutional or private equity investors, and the sponsor/developer. The benefit of partnering with the existing landowners is to create two fundamental advantages: first, the required capital investment to acquire the land during pre-development will be minimal, and second, the cash flow requirements are minimized during the development timeline thereby increasing the overall return on investment.

Exhibit #2 – Washington, DC Vicinity Map



The development is projected to cost $53,557,785 and it will require approximately 54 months to stabilize the property during Phase I. To reduce the risk associated with a multi-phased project, the predevelopment, construction and leasing period described herein is based on Phase I. After Phase I is completed, the development team will review the design and operating budget for the subsequent phases. This will assure that every phase is updated to current market conditions and expected financing standards. The sources and uses of the funds during Phase I for the proposed project are shown below in Table #1.

Table #1: Sources and Uses of Funds

Sources	Amount	Per Unit	PSF	LTC	Uses	Amount	%
Construction 1st Mortgage	$34,812,560	$188,176	$209.08	65.0%	Land	$7,318,920	13.7%
					Predevelopment Cost	$515,000	1.0%
					Hard Costs	$33,337,474	62.2%
Equity Required				45.0%	Soft Costs	$10,181,486	19.0%
Sponsor/Developer	$1,142,630	$6,176	$6.86	6.0%	Financing Costs	$2,204,904	4.1%
Institutional Investor	$10,283,674	$55,587	$61.76	55.0%			
Landowners	$7,318,920	$39,562	$43.96	39.0%			
				100.0%			
Total	**$53,557,785**	**$289,502**	**$321.67**		**Total**	**$53,557,785**	**100.0%**

The sponsor/developer, landowners and its institutional equity partner will provide $18,745,225 of the equity capital required for the development. The equity capital required will be based on a 90/10 split contribution, respectively, between the institutional equity partner and the sponsor/developer. The sponsor/developer will form a joint venture (JV) with the existing landowners to establish the equity contribution shares based on respective land values. The sponsor will provide the expertise for the project execution in addition to an equity contribution, and the land owners will contribute land as their equity without having to fund further development costs. The 65% of the capital stack required to fund the project total construction cost will be provided by a construction first mortgage loan. The loan proceeds will be drawn down for some of the pre-development and construction costs until stabilization of the property including an interest reserve.

The proposed development will require a full master plan and zoning entitlements approval to be built. The process will require approximately 12 months to obtain Project Plan and Detailed Site Plan Approval by the Maryland National Capital Park and Planning Commission (M-NCPPC) and the Montgomery County Planning Department. The residential component will meet the current Montgomery County zoning guidelines of inclusionary zoning that requires developers of new or major renovations projects with 20 units or more to allocate 12.5% of the units as Moderately Priced Dwelling Units (MPDU).

Phase I will include a four-story stick over a concrete podium for residential units above ground floor retail and two levels of precast concrete structured parking. Phases II, III and IV, which ultimately will include the same consistent approved design as Phase I, will remain as their current commercial use in the existing buildings. When Phase I achieves a stabilization of the cash flow required by lenders for permanent financing, Phase II will begin.

The demographic profile for the selected market analysis area according to the 2010 Census includes a population of 146,792 people in 57,570 households, with a median household income of approximately $78,105. The median age of the subject population is 39.80 years old. Over a five-year period from 2010 to 2015, the population and the number of households are projected to grow by 2.00% and 1.90%, respectively. The percentage of rental housing is 30.30% in the subject area. The total annual specified consumer spending for the selected market analysis area is approximately $2.5 Billion – indicating a strong marketplace for retailers. The specified consumer spending include: apparel, entertainment, food at home, food away from home, alcoholic beverages, furniture/appliances, transportation, health care and education/day care.

Glenmont Metro Center will reinforce the existing, diverse community by creating new housing opportunities and becoming the focal point of the community. The purpose is to create a well-balanced community, as well as, a destination location that will bring other people into the area. From a land use perspective, the development will transform the commercial section of the site from old and obsolete to modern and dynamic, and the residential growth will spur additional commercial growth by attracting higher-end retailers to the area.

The proposed development opportunity should be pursued because it provides a Return on Asset of 7.08%, on $53,557,785, and a Levered Internal Rate of Return (IRR) of 19.10%. The projected Return on Equity for Year 1, cash-on-cash is 7.36%, leveraged, and the equity multiple on investment is an attractive 4.31x.

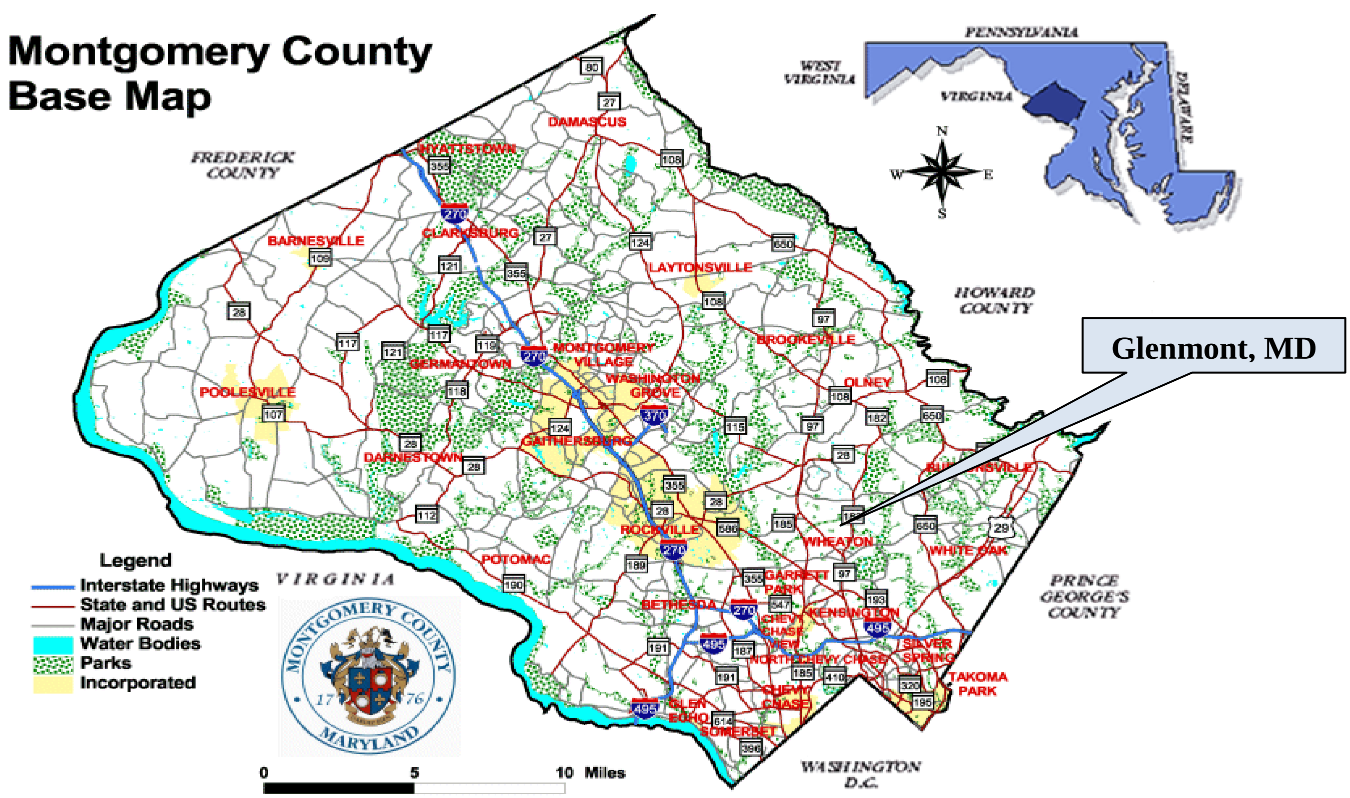
MARKET ANALYSIS

Regional Data

The current real estate market is still facing increased pressure following two years of turbulent financial volatility. As a result, more restricted credit accessibility and a sharp contraction of the money supply may continue. The historical conditions that existed during the years 2008 through 2010 caused a steep decline in US asset values and obligated lenders to maintain larger capital reserves. Institutional investors have been "sitting" on a surplus of cash, waiting for the decline in US assets to turnaround so they will be confident to begin investing in real assets.

The potential development site is located in Montgomery County, MD which is in the relatively "recession proof" Washington, DC metropolitan area. Montgomery County is one of the most affluent counties in the US with a median household income of $92,213.00 (in 2009 inflation-adjusted dollars), and has the highest percentage (29.2%) of residents over 25 years of age who hold one or more post-graduate degrees. The combination of these factors makes Washington, DC, and specifically Montgomery County, a sensible place to invest in real estate.

The Montgomery County economy has demonstrated a resiliency to the recession with a 5.4% unemployment rate (August 2011), well below the national average of 9.1% (August 2011). According to the 2010 decennial U.S. Census, Montgomery County has also enjoyed a population growth of 11.3% in the past ten years that demonstrates the areas attractiveness for business and job growth.



Property Productivity Analysis

The property productivity analysis measures the capacity of a property to house economic activities, supply services, and provide amenities to meet human needs. The property enhancements of Glenmont Metro Center will increase the value of the surrounding community by offering first-class retail and residential amenities. The inherent attributes of the site and the improvements of the proposed project would command a premium for both residential and commercial uses. The proposed project is intended to be a mixed-use which will include commercial retail at street level and residential apartments above. The retail component is intended to serve the immediate vicinity within a walking distance or a five to ten minutes drive time. The store mix, which ultimately will provide a new facility for new and existing tenants, should be the difference maker in creating a successful center. The center target tenants will be:

- Hair salon
- Dry-Cleaner
- Bank
- Pharmacy (E.g. CVS Pharmacy)
- Wireless store (E.g. Sprint, AT&T or T-Mobile)
- Post office
- Mini-market
- Fast-food restaurants (E.g. Subway, Quiznos, Chipotle)
- Liquor and Wine store
- Office supplies (E.g. Staples)

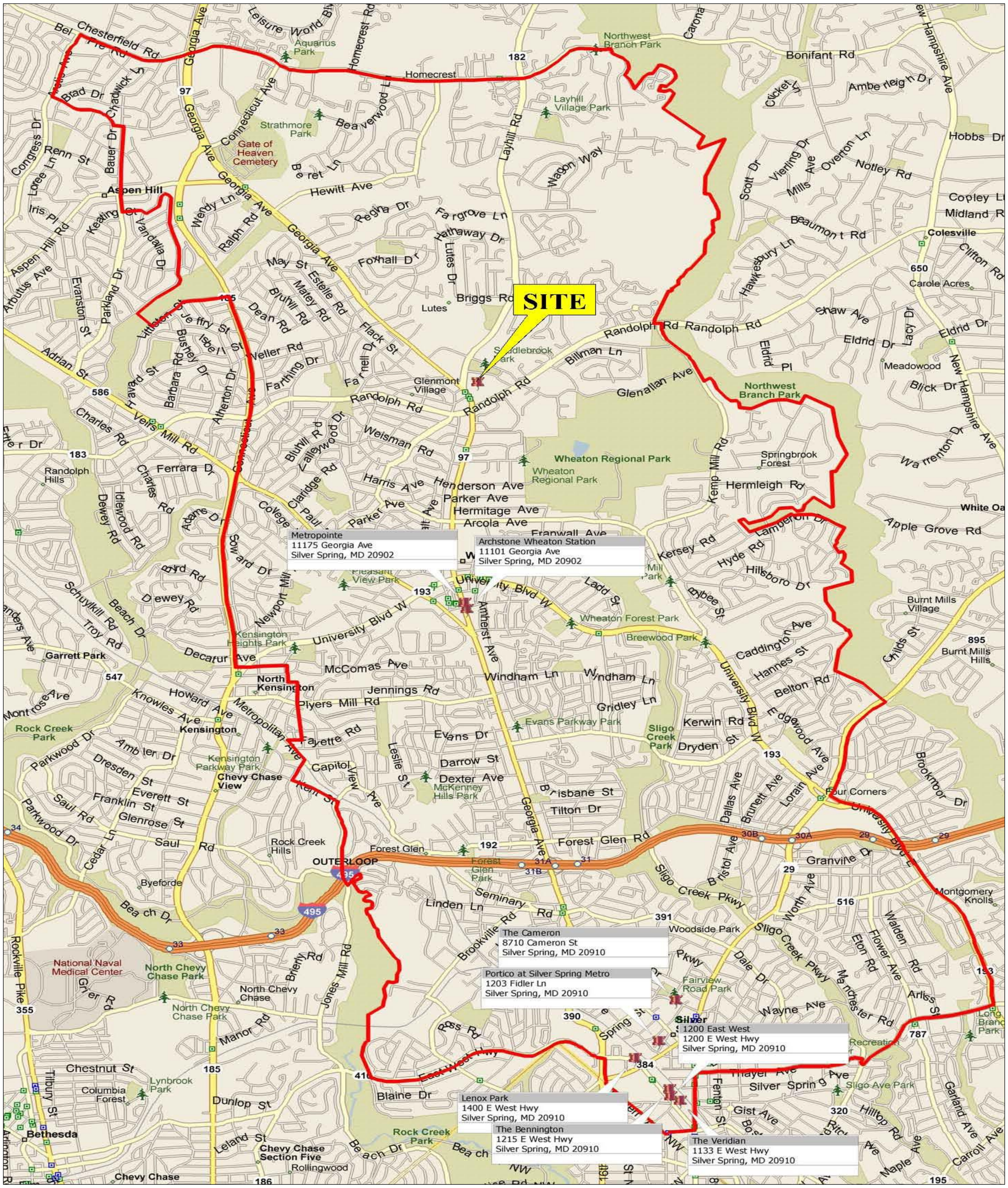
The residential component will be designed to appeal to a broad mix of diverse demographic characteristics to draw potential residents from the surrounding area. The idea is to create a sense of a place where residents can live, work, and play. The unit mix of floor plans will consist of studios, one, two or three bedrooms and will be average or above average in size relative to the market competition.

Market Area

The market area for the proposed development is defined by both demand and supply factors that delineates a broad geographic area where the most likely users of the property would reside. The market area analysis conducted for this specific site was defined by employment and population projections. Therefore, the defined area will include areas where the direct competition for both the retail and residential components are located.

The uniqueness of the development should expand the market area beyond a three to five mile radius. The market area defines the north-south and east-west borders where the natural, competition or location borders exist. The conservative borders defined by the map in Exhibit #3, show the location of the direct competition for the residential component of the project.

Exhibit #3 – Residential Market Area



The area comprised in the map in Exhibit #3 show the supply of Class "A" apartments buildings that eventually will be direct competition for the proposed project. As shown below in Table #2, the projects located in the market defined area were analyzed to forecast rents for Glenmont Metro Center.

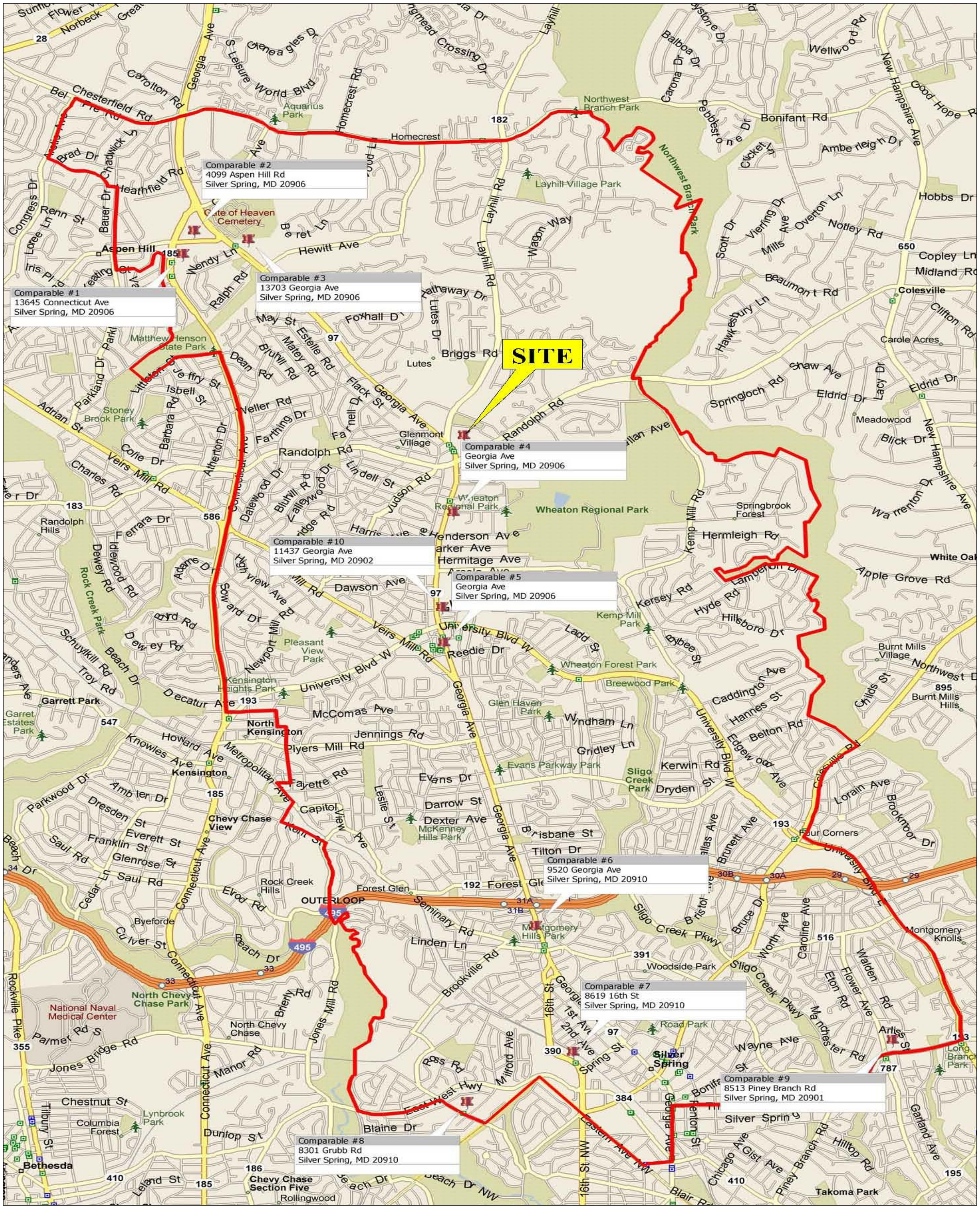
Table #2 – Class "A" Competitive Projects

Building Name	Class	Property Type	Building Address	Year Built	# Units	% Occupied	Unit Mix & Avg. Market Rents
The Bennington	A	Multi-Family	1215 East West Highway, Silver Spring, Maryland	2004	223	97.0%	Studio $1,525 - $1,535 1B/1b $1,690 - $2,335 2B/1b $2,205 - $2,255 2B/2b $2,365 - $2,610
Archstone @ Wheaton Station	A		11101 Georgia Avenue, Wheaton Maryland	2005	243	96.3%	1B/1b starting at $1,518 2B/2b starting at $1,902 2B/2.5b townhouse $2,385
MetroPointe	A		11175 Georgia Avenue, Wheaton Maryland	2008	173	94.2%	Studio $1,370 - $1,410 1B/1b $1,605 - $1,810 1B/1b/Den $1,960 - $1,990 1B/1b/Loft $2,060 2B/2b $2,030 - $2,110
Lenox Park	A		1400 East West Highway, Silver Spring, Maryland	1992	406	98.0%	1B/1b $1,580 - $1,974 1B/1b/Den $1,825 - $2,050 2B/1b $2,050 - $2,276 2B/2b $2,279 - $2,431 Townhouse $3,200
The Veridian	A		1133 East West Highway, Silver Spring Maryland	2008	457	96.5%	Studio starting at $1,450 1B/1b starting at $1,885 1B/1b/Den starting at $2,215 2B/2b starting at $2,405
Portico at Silver Spring Metro	A		1203 Fidler Lane, Silver Spring, Maryland	2008	151	97.4%	Studio $1,540 - $1,600 1B/1b $1,915 - $1,955 1B/1b/Den $2,200 - $2,400 2B/2b $2,640 - $2,700
The Cameron	A		8710 Cameron Street, Silver Spring, Maryland	2009	325	94.2%	Studio starting at $1,400 1B/1b starting at $1,700 1B/1b/Den starting at $2,000 2B/2b starting at $2,400
1200 East West	A		1200 East West Highway, Silver Spring, Maryland	2010	247	98.0%	1B/1b $1,640 - $1,720 2B/2b $2,495 - $2,525 2B/2b/Den starting at $2,390
Total of eight (8) buildings for direct competition					2,225	96.45%	

The demographic data that comprises the defined market delineation area surrounding the site available from the 2010 census shows a percent change increase in population of 7.8% from 2000 census, which reflected the demand for housing in the area. This increase in population will create an increased demand for housing in the immediate vicinity. These include a population of 146,792 in 54,350 occupied dwellings and 3,220 vacant dwellings units. The median age of the population in the market analysis area for the proposed subject is 2.80.

For the retail component of the proposed project the following Exhibit #4, defines the market area and the location of direct competition for the proposed project.

Exhibit #4 – Retail Market Delineation Area



As shown below in Table #3, the competing retail center projects located in the defined market area were analyzed to forecast rents for the proposed Glenmont Metro Center.

Table #3 – Competing Retail Centers

Comparable Number	Year Built	Property Type	Building Address	Building Size	SF Available	Rent/SF/Yr
1	1962	Neighborhood Shopping Center	13645 Connecticut Ave., Silver Spring, Maryland	164,764 SF	-0-	$35.00 / NNN
2	1960		4099 Aspen Hill Road, Silver Spring, Maryland	205,624 SF	60,282	$29.00 / NNN
3	1971		13703 Georgia Ave., Silver Spring, Maryland	149,236 SF	-0-	$29.00 / NNN
4	1968 Renov. 1997		11915 Georgia Ave., Silver Spring, Maryland	72,000 SF	12,146	$.00 / NNN
5	1956		11234 Georgia Ave., Silver Spring, Maryland	16,390 SF	1,200	$23.00 / NNN
6	1966		9520 Georgia Avenue, Silver Spring, Maryland	42,503 SF	1,640	$32.00 / NNN
7	1986		8619 16th Street, Silver Spring, Maryland	25,000 SF	6,820	$18.00 @ $40.00 / NNN
8	1949		8301 Grubb Road, Silver Spring, Maryland	31,000 SF	2,044	$35.00 / NNN
9	1955		8513 Piney Branch Road, Silver Spring, Maryland	26,988 SF	1,870	$35.00 / NNN
10	1947		11437 Georgia Ave., Silver Spring, Maryland	12,236 SF	3,407	$28.00 / NNN
			Average			**$30.00 NNN**

Physical Attributes

The proposed site is ideally located in Glenmont, MD in Montgomery County in a high-visibility area at the intersection of two major vehicular arteries, with easy access to major highways and the Glenmont Metro Station (Exhibit #5). The site is conveniently located at the intersection of Randolph Road and Georgia Avenue (Rt. 97), which is a major artery that connects Silver Spring to Olney. Georgia Avenue is a major roadway that connects to the DC metro area via Capital Beltway I-495. In addition, the subject site maintains excellent visibility to the approximate 41,000 vehicles that travel along Georgia Avenue on a daily basis.

Glenmont Metro Station is located on the Red Line of the Washington Metro, which is a primary line operating through downtown Washington, DC. Data published on June/2011 by the

Washington Metropolitan Area Transit Authority (WMATA) reports an average weekday passenger boarding of 5,850. Furthermore, this station, which attracts Metrorail riders from a large commuting pool, has under construction a new parking garage that will open in early 2012. The new garage will increase the parking capacity from 1,200 to 3,000 spaces.

In addition to the Metro System, WMATA runs four different bus stops which act as a hub for several alternative routes. This bus stop connects riders to different areas of Montgomery County, MD, Prince George, MD and Washington, DC, but more significantly transfer riders between the metro rail systems which is located less than 1,500 feet from the proposed site.

Exhibit #5 – Metro System Map

Source: http://wmata.com/rail/docs/colormap_lettersize.pdf

The site topography is generally level with utilities readily available. Overall, the proposed site is average for the area in its physical and legal characteristics compared to market standards.

The street frontage along Georgia Avenue provides significant retail visibility because the street is a major artery for north-south travel in Montgomery County. The existing buildings have not been renovated or re-developed in more than 25 years, making this site an ideal target for redevelopment. The site is also located near areas of commercial and residential interest as described in Table #4.

Table #4 – Locality Information

	Address	**Distance from subject site (mi)**	**Travel Time from the subject site**
Schools [(a)]			
Elementary • Glenallan	12520 Heurich Road Silver Spring, MD	+/- 0.8	4 min drive time 14 min walk
Middle • Col. E. Brooke Lee	11800 Monticello Ave. Silver Spring, MD	+/- 2.3	8 min drive time 45 min walk
High (Downcounty Consortium) • Montgomery Blair • Albert Einstein • John F. Kennedy *(Base School)* • Northwood • Wheaton	1901 Randolph Road Silver Spring, MD	+/- 1.1	5 min drive time 19 min walk
Hospitals [(b)]			
• Holy Cross • Montgomery General • Suburban (Johns Hopkins Medicine)	1500 Forest Glen Road Silver Spring, MD 18101 Prince Philip Drive Olney, Maryland 8600 Old Georgetown Rd Bethesda, MD	+/- 4.4 +/- 7.9 +/- 9.8	12 min drive time 18 min metro 17 min drive time 20 min drive time
Airport [(b)]			
• Ronald Reagan Washington National • Baltimore-Washington International • Washington Dulles International	1 Aviation Circle Arlington, Virginia 7062 Elm Road Baltimore, Maryland 45425 Holiday Dr Dulles, Virginia	+/- 28.2 +/- 33.1 +/- 30.9	44 min drive time 72 min metro 43 min drive time 41 min drive time
Post Office [(c)]			
• USPS	11431 Amherst Ave. Silver Spring, MD	+/- 1.4	6 min drive time 28 min walk
Supermarket			
• Shoppers Food & Pharmacy	2201 Randolph Rd Wheaton, MD 20902	- 0 -	3 min walk

Interstates Connections [(d)]			
• Intercounty Connector (ICC) / MD 200 [1] • Interstate 495 (Capital Beltway)	To the North via Layhill Rd (Route 182) To the South via Georgia Ave. (Route 97)	+/- 3.3 +/- 3.1	10 min drive time 7 min drive time
Regional Mall [(e)]			
• Westfield Wheaton	11160 Veirs Mill Road Wheaton, MD	+/- 1.8	6 min drive time 8 min metro

Site Identification

The Glenmont Metro Center site will be comprised of eight (8) parcels of the entire block. The proposed area and the adjacent existing residential/commercial uses in the vicinity are shown below in Exhibit #6.

Exhibit #6 – Site Location

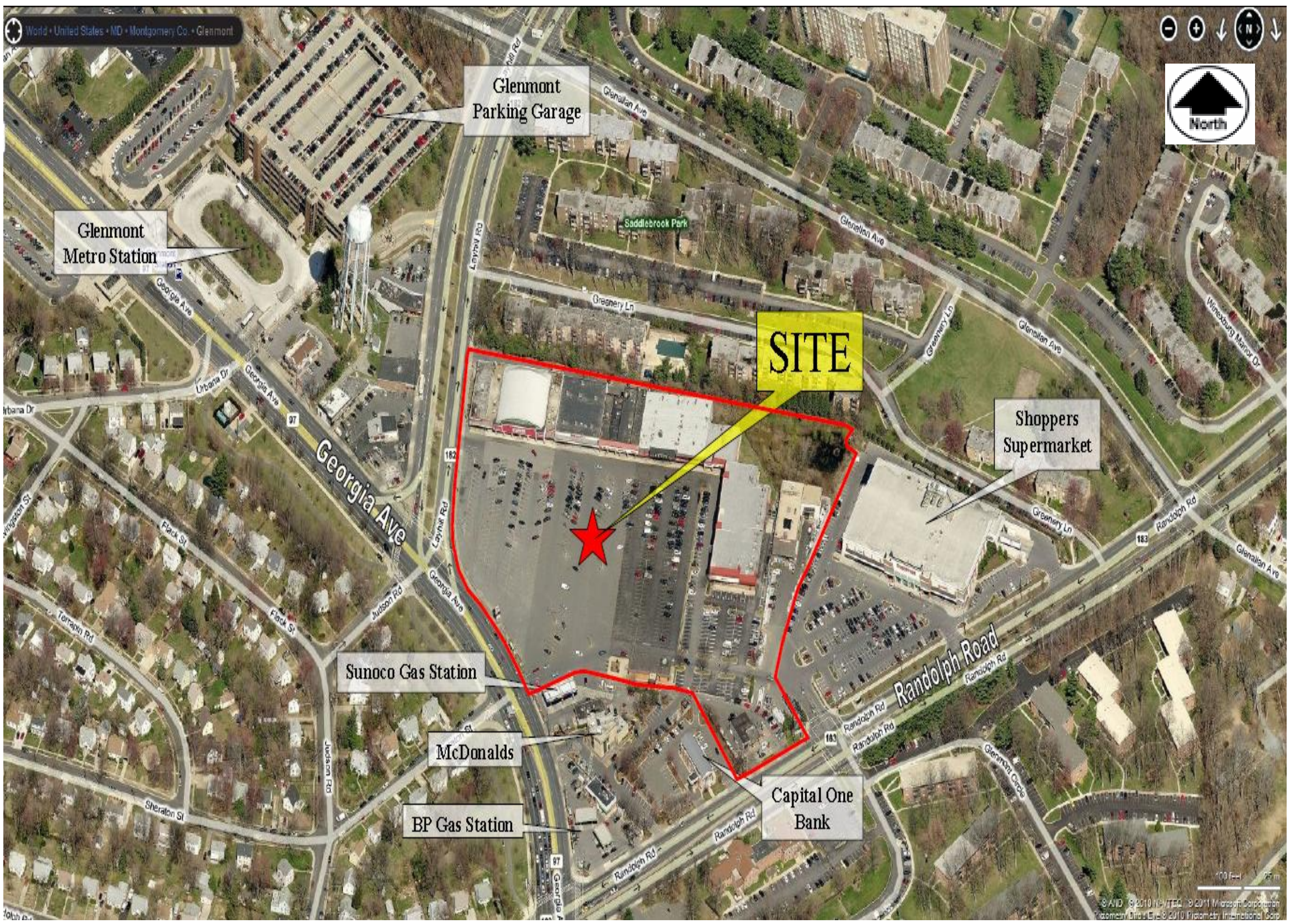


Exhibit #7 shows photos of present site existing use for the proposed project.

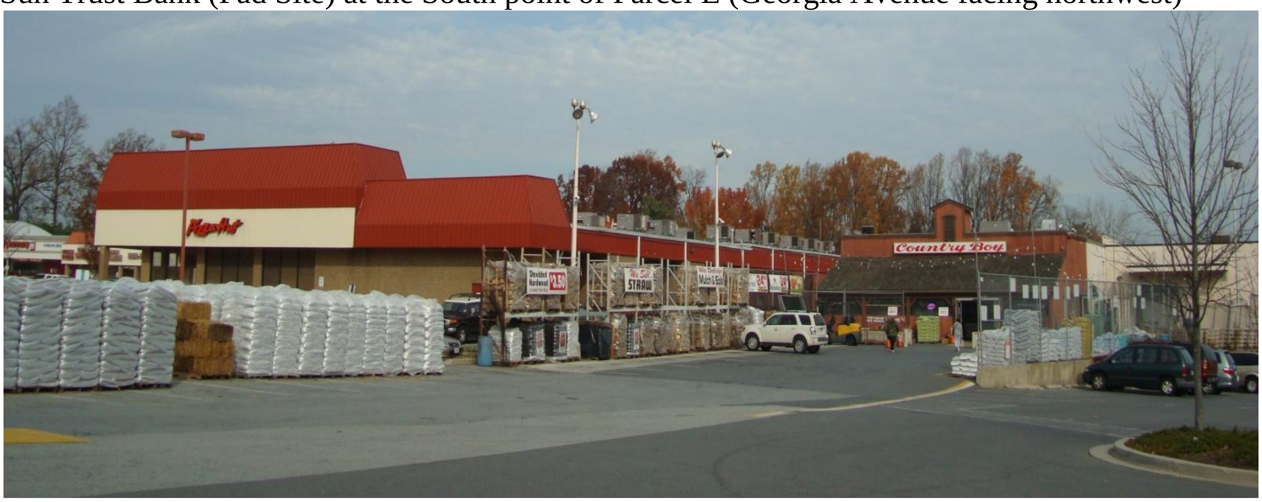
Exhibit #7 – Site Photos

Existing uses on parcel B in the subject site (Georgia Avenue facing south)

Existing uses on parcel A, C & D in the subject site (Georgia Avenue facing south)

Existing uses on parcel M in the subject site

Sun Trust Bank (Pad Site) at the South point of Parcel E (Georgia Avenue facing northwest)



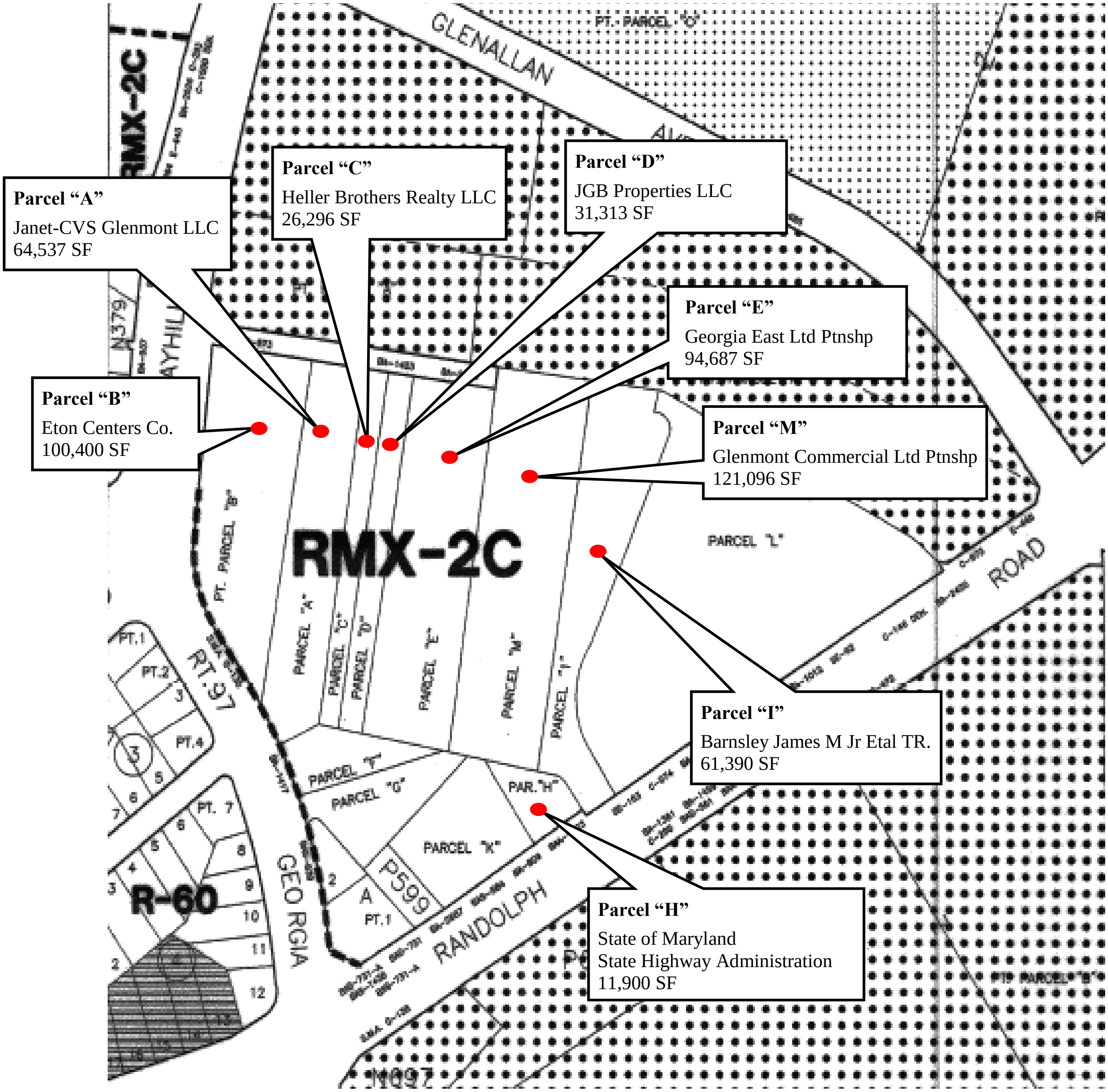
Existing use on Parcel I (Country Boy) in the subject site

Existing use on Parcel H (Abandoned gas station) in the subject site (Randolph Road facing south)

The individual parcels are identified in Exhibit #8 and include the following information:

- Current Ownership
- Property Area
- Zoning

Exhibit #8 – Proposed Site Parcel Identification Map



The total area for the eight parcels of the site according to the Maryland Department of Assessments and Taxation is 511,619 square feet or 11.75 acres as shown below in Table #5.

Table #5 – Parcel Identification

Parcel	Property Land Area		Property Address	Phase-in Assessment as of 07/01/11	Zoning
	Square Footage	Acres			
“B”	100,400	2.30	12387 Georgia Avenue	$4,136,500	RMX-2 (Residential-Mixed Use Development, Specialty Center, Commercial Base)
“A”	64,537	1.48	12353 Georgia Avenue	$1,962,600	
“C”	26,296	.60	12355 Georgia Avenue	$1,288,200	
“D”	31,313	.72	12349 Georgia Avenue	$1,373,600	
“E”	94,687	2.17	12345 Georgia Avenue	$4,341,000	
“M”	121,096	2.78	12331 Georgia Avenue	$7,574,700	
“I”	61,390	1.41	2211 Randolph Road	$1,154,300	
“H”	11,900	.27	2301 Randolph Road	$1,414,500	
Total	**511,619**	**11.75**		**$23,245,000**	

The current parcels are single story retail structures that have had limited capital improvements in the past 25 years. The current list of tenants is shown below in Table #6:

Table #6 – List of Existing Tenants

Parcel	Tenants	Parcel	Tenants
“B”	Staples		Hair Cuttery
	Mayflower Buffet		Sun Trust Bank (Pad Site)
“A”	CVS Pharmacy	“M”	Pro Sports Cards & Gifts
“C” & “D”	Sports World		Yett Gol Restaurant
	Karate		Magic Dollar
	Dance Studio		LE Jewelry
	Glenmont Cleaners		Subway
	Beer-Wine Deli		International Market
	Chinese Food		Classic Beauty Supplies
“E”	El Cuscatleco Sport Bar		Maryland Motor Vehicle Administration
	Iglesia de Cristo - Ministerio		Chiropractor
	Centro Latino de Finazas		Dry Cleaners
	Kings Tailor		Ruffles of London Beauty Salon
	Nails		Application Support Center
	Barber Shop		Pizza Hut
	Checks Cashed	“I”	Country Boy
	Arcade Florist	“H”	Vacant Property

Note: To match the Proposed Site Parcel Identification Map (Exhibit #8) this table is not in alphabetical order. There are 33 existing tenants on-site.

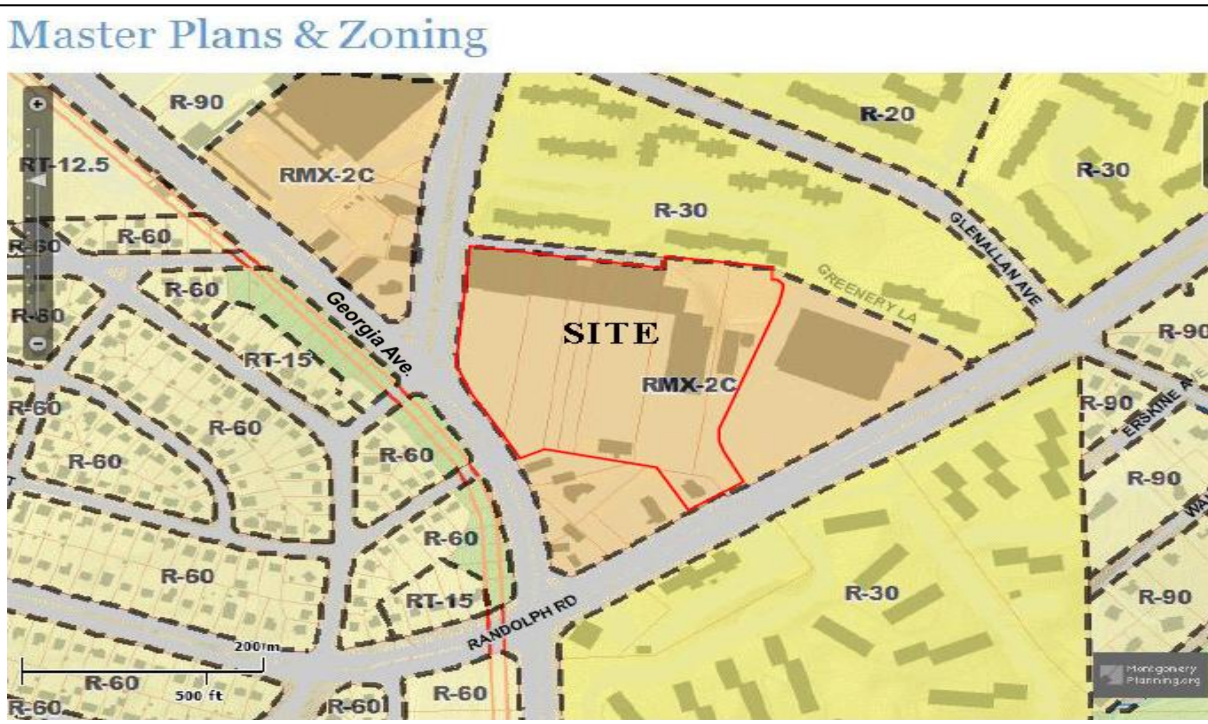
LAND USE REGULATION AND PUBLIC POLICY ISSUES

Zoning Regulation

All parcels to be incorporated into the proposed development are currently zoned RMX-2C, meaning this zone is intended primarily for sites where there is existing commercial development that is suitable for substantial mixed use expansion or redevelopment. Per the Montgomery County Zoning Ordinance, the zoning classification provides for two alternate methods of development as described below:

1. Standard Method – A development method in which property is developed according to written standards of the Zoning Ordinance. Under this method, the Montgomery County Zoning Ordinance allows for lower density, multifamily residential developments in the R-30 Zone. For general commercial uses representing various types of retail trades, businesses and services for a regional or local area as contained in the C-2 Zone.

2. Optional Method – A zoning procedure used in Central Business District (CBD), Residential mixed-use (RMX) and Transit mixed use (TOMX and TMX) zones that encourage land assembly and mixed-use development. Under the optional method, higher densities are allowed in exchange for significant public amenities and facilities to support that additional density. This method of development is a means to encourage development in accordance with the recommendations and guidelines of approved and adopted master plans. Further, the optional method accommodates mixed use development comprised of planned retail centers and residential uses with the provision of certain public facilities and amenities. The requirement for public facilities and amenities is essential to support the mixture of uses.



Source: www.montgomeryplanning.org/gis/interactive/masterplans.shtm

The RMX-2C allows the use of the Optional Method to maximize the potential development density of the site to a 2.57 Floor Area Ratio (FAR), which equates to 1,313,307 total square feet, as described in Table #7. The described minimum requirements of the Optional Method and proposed approval are in accordance with the Montgomery County Zoning Ordinance and the Glenmont Transit Impact Area and the Vicinity Sector Plan for the proposed project.

Data Table #7 for the RMX-2C Zone (Optional Method of Development)

Development Standard	Zoning Ordinance (By Right) [59-C-10] RMX Zones Residential Mixed Use	Optional Method Proposed Project for Approval - (entire site)
Site Area (acres)		
Gross Tract Area Phase I Phase II Phase III Phase IV	-	11.75 (3.79) (3.50) - (4.46)
Density		
Max. Commercial (FAR) [Section 59-C-10.3.4]	0.5	.19
Max. gross leasable (non-residential) floor area (SF) [59-C-10.3.5]	600,000	96,735
Residential Dwelling Units (D.U.s) (< 30 acres site area) [59-C-10.3.7]	40 D.U.s per acre	40
Moderately Priced Dwelling Units MPDUs - [Chapter 25A] Workforce Housing [59-A-6-18] and [Chapter 25B]	Required 12.5% Up to15% with density bonus Up to 10%	110 Units Including MPDU & WFH
Max. Total FAR Phase I Phase II Phase III Phase IV		2.57 (1,313,307 GSF) 426,227 GSF 325,418 GSF 388,872 GSF 172,790 GSF
Min. Green Area or outside [a] amenity area [59-C-10.3.3]		
Within the residential portion Within the commercial portion	50% 15%	123,177 SF (9.38%)
Min. Building Setbacks (ft) [b] [59-C-10.3.8]		
From one-family residential zoning	100'	n/a
From residential zoning other than one-family • Residential Buildings • Commercial Buildings	30' 50'	n/a
From any street [1] • Residential buildings One-family Multi-family • Commercial buildings	30' 25'	To be determined at Site Plan
From abutting commercial or industrial zoning		n/a

• Residential Buildings • Commercial Buildings	30' 25'	
Max. Building Height (ft)		
Overall	n/a	60'
Parking (number of spaces) (c) [59-C-10.3.10] and [59-E]		
Office	3 sp/1000 SF	-
Retail	5 sp/1000 SF	392
Restaurant	25 sp/1000 SF [1] 15 sp/1000 SF [2]	258
Residential Efficiency 1-Bedroom 2-Bedroom 3-Bedroom	 1.0 sp/unit 1.25 sp/unit 1.50 sp/unit 2.00 sp/unit	486 D.U. To be determined at Concept Plan Approval
Total Spaces Required Proposed		 1,044 1,352

Site Limitations and Restrictions

The Glenmont Transit Impact Area and Vicinity sector plan describes Glenmont Center, where the proposed development project will be located, as a "focal point for the community and promotes a sense of place within the community". The Center also serves as a destination for residents to the north and many other commuters seeking access to the Red Line Metrorail system. Bordered on three sides by garden apartments and surrounded by established single-family residential neighborhood, the Glenmont community plays a vital role in the area, but the collection of uses surrounding the Metro do not relate to each other in a synergistic way and fail to contribute to a positive image. Furthermore, since September 1997, when the County approved and adopted the Sector Plan, none of the recommendations described within this document have been developed. The County government envisions Glenmont as a compact mixed use and a transit-oriented area and they are willing to undertake a public/private partnership to ensure the needed improvements or redevelopment is implemented.

The sector plan identifies the proposed site, as a focal point for the community and it is designed to promote a sense of place. The Glenmont Center will serve as a destination for commuters.

The proposed site plan will meet or exceed the requirements to receive project approval. The planning department staff and board will have an in depth review to establish a process that is clear, transparent, and understandable to residents, interested parties, applicants, and staff.

SITE PLANNING AND BUILDING DESIGN

Entitlement

The optional method development review process for the proposed development will require support by the Montgomery County planning department staff and ultimately approval from the Montgomery-National Capital Park & Planning Commission (M-NCPPC) Planning Board. The process guarantees that the proposed development satisfies master plan recommendations, Zoning Ordinance requirements, Subdivision and Forest Conservation Regulations, and the standards of the Growth Policy and the Adequate Public Facilities Ordinance, as well as, opening the approval process to the public.

In order to be successful, it is necessary for the developer to select a highly qualified team of consultants that will include the following professionals: Zoning Attorney, Project Architect, Landscape Architect, Traffic Engineer, Art Consultant and a Civil Engineer. The optional method entitlement process requires community interaction and collaboration with the MNCPPC staff.

A flow chart diagram for the zoning process for approval consists of:

In addition to the zoning process approval, the project will require the Leadership in Energy and Environmental Design (LEED) certification approval by the U.S. Green Building Council (USGBC). The USGBC is a third party certification program and the nationally accepted benchmark for the design, construction and operation of high performance green buildings. As required by green building law in Montgomery County for all public and private newly constructed and extensively modified multi-family or non-residential buildings developments with at least 10,000 square feet of gross area, Glenmont Metro Center will achieve LEED gold certification. The achieved gold certification will result in 25% property tax credit for a 5 year term.

Floor Area Ratio (FAR) Calculation

As shown below in Table #8, the combination of all eight parcels results in an 11.75 acre site, yields a maximum total allowable floor area of 255,810 SF for commercial space, or .5 FAR, and 620 residential units per Montgomery County Zoning Ordinance.

Table #8

	Parcels	A & B	C, D & E	M, I & H	**Total**
Site (Land Area)	Acres	3.79	3.50	4.46	**11.75**
	Sq Ft	164,937	152,296	194,386	**511,619**

Ground Level Commercial Space					
	Max. Comm. Density	Phase 1	Phase 2	Phase 3	Total
Max. Commercial Sq Ft	0.5	82,469	76,148	97,193	**255,810**
Max. gross leasable (non-residential) floor area (SF)	600,000				
% of Total		*32%*	*30%*	*38%*	*100%*

Residential Component - 2nd to 5th Level					
	Max. Residential Density	Phase 1	Phase 2	Phase 3	
Residential Dwelling Units (D.U.s) (< 30 acres site area)	40 D.U.s per acre	151	140	178	**470**

Required MPDUs to be Developed	12.50%				
Achieved MPDUs Density Bonus	0	19	17	22	**59**
Market Rate Units		133	122	156	**411**
Residential Units to be Developed w/o MPDU Bonus		**151**	**140**	**178**	**470**

MPDUs to Achieved Max. Density Bonus	15.00%				
Max. Achieved MPDUs Density Bonus	Up to 22%	28	26	33	**86**
Market Rate Units		157	145	185	**487**
Residential Units to be Developed w/ MPDU Bonus		**185**	**171**	**218**	**573**

Max. Achieved WFH Units	Up to 10%				
Workforce Housing Units		15	14	18	**47**
Residential Units to be Developed w/ WFH Bonus		**200**	**185**	**236**	**620**

Apartments Distribution

Market Rate	157	145	185	**487**
% of Total				*78.56%*
MPDUs w/ Bonus	28	26	33	**86**
% of Total				*13.86%*
Workforce Housing Units	15	14	18	**47**
% of Total				*7.58%*
Total Number of Units	**200**	**185**	**236**	**620**
% Total	*32%*	*30%*	*38%*	*100%*

Even though the residential density calculation for the proposed project yields 620 units, the recommendation is to only build 493 units. The strength of the proposed development scheme lies in its ability to proceed immediately with the development without a costly off-site improvement burden incurred by the developer. The Glenmont Transit Impact Area and Vicinity Sector Plan will allow up to 500 new units in the area without a recommended staging mechanism until a grade separated interchange or alternative transportation improvement occurs at the intersection of Randolph Road and Georgia Avenue. This will assure area residents that the intersection functions at an acceptable level.

The density for the commercial component of the site yields to a maximum 255,810 SF; however, the recommendation is to only develop 96,735 SF because the parking ratios for the commercial use requires a substantial amount of parking spaces that are not economically feasible for the project. For this reason alone, the proposed project should incorporate only enough square footage to create sense of a place and harmony with the surrounding areas.

Full Development Master Plan – Four Phases

Georgia Avenue will continue to develop as a prime mixed use development corridor. Easy access to mass transit makes it an ideal location for building high density residential development. At the present time, there are few development opportunities where a large number of parcels can be easily consolidated and developed to a large scale.

The Montgomery County Planning Department has identified the selected site as an ideal development parcel for high intensity, urban infill. The proposed development master plan incorporates the guidelines established by the Montgomery County Zoning Ordinance to set targets for residential units, commercial office, retail space and parking, as well as, stormwater management criteria to minimize impact on the existing infrastructure. The proposed development for the Glenmont Metro Center will yield 493 units, under the 500 unit cap set by the Ordinance. The proposed development plan aims to create sensible development that follows industry wide best practices that will allow the proposed development to meet its financial goals and offer tenants a first class building that meets or exceeds comparable developments in the vicinity.

Given the existing retail and commercial tenants at this site, the master plan aims to correspond to current property owner's ability to maintain the current lease agreements. The proposed development plan will be executed in four phases. A conservative approach to the master plan estimates the overall construction schedule of twelve years, assuming three years per phase. This estimate does not include the financing and absorption rates. The first phase will allow for the existing commercial spaces to remain in operation while new retail spaces are built in the available surface parking area within parcels A and B, which impact only two property owners. Current consumer volume and quality of commercial leases in the rest of the existing retail development do not justify the excessive amount of existing parking provided. This approach to development minimizes the impact on existing property owners, as well as, risk to the developer since it allows for a gradual increase in financial exposure allowing the market to absorb the new residential and retail products coming on line, while the planning and permitting for the subsequent phases is underway.

When completed, the proposed development will include 1,313,307 gross square feet of retail, residential, parking and green space. As shown below in Table #9, a Full Development Master Plan summary for the proposed project and for which approval should be sought.

Table #9 – Full Development Master Plan Summary

	Retail (GSF)	Residential (GSF)	Retail + Residential Total (GSF)	Parking (GSF)	Green Space (GSF)	Total (GSF)
Phase I	41,815	200,370	242,185	156,567	27,475	426,227
Phase II	14,824	153,572	168,396	146,800	10,222	325,418
Phase III	29,265	143,100	172,365	192,940	23,567	388,872
Phase IV	10,831	74,817	85,648	63,174	23,968	172,790
Total (GSF)	**96,735**	**571,859**	**668,594**	**559,481**	**85,232**	**1,313,307**

	Residential Units (Avg: 900 SF)	Parking Spaces (Per Phase)
Phase I	185	384
Phase II	142	320
Phase III	97	492
Phase IV	69	156
Total (4 Phases)	**493**	**1,352**

Phase I – Parcels A & B

The first building will occupy the wedge shaped space at the corner of Georgia Avenue and Layhill Road, and use the existing curb cut at Layhill Road as the northern most boundary of the new structure. The County's proposed interior street between existing parcels establishes the southernmost boundaries along with Georgia Avenue.

The building structure will be a four story wood framed construction over a concrete podium. The retail / residential building will conceal the three-level, above-grade parking structure proposed. This parking structure may be developed in precast or poured-in-place concrete. For construction sequencing and cost estimating purposes, the parking structure will be proposed in flat plate cast-in-place concrete slab and cast-in-place concrete columns since the cost for a post-tensioned concrete structure is considered a premium.

The following is a breakdown of the proposed structure:

- First floor: (Concrete structure – 18' ft from grade to top of concrete slab)
  General Retail – 41,815 Gross Square Feet (GSF)
  Parking (2 Levels / 9'-0" floor to floor) – 97,507 GSF

  The strategy is to provide adequate retail space that will allow for the relocation of Staples and CVS tenants at a more desirable location within the parcel, facing directly into Georgia Avenue. The remaining commercial space can be leased to office and smaller retail tenants and will be facing Layhill Road. Within the commercial square footage there will be the residential lobby and sales office.

  The two levels of parking corresponding to this commercial level yield a total of 244 spaces for commercial use. Commercial square footage will need 178 spaces in a worst case scenario, during weekends with a 15% metro transit development area credit. The proposed parking count exceeds this requirement.

- Second Floor: (wood frame construction with concrete parking structure – 10'-6" floor to floor)
  Residential – 34,300 GSF
  Parking – 59,060 GSF (140 parking spaces for residents)

- Third Floor: (wood frame construction with concrete parking structure – 10'-6" floor to floor)
  Residential – 34,300 GSF
  Green Space above garage structure – 27,475 GSF (contributes to open space requirement and reducing stormwater runoff

- Fourth Floor: (wood frame construction with concrete parking structure roof – 10'-6" floor to floor)
  Residential – 65,885 GSF

- Fifth Floor: (wood frame construction – 10'-6" floor to floor)
  Residential – 65,885 GSF

The total GSF for Phase I = 426,227 (includes parking); 200,370 GSF of residential without parking and 41,815 GSF of retail space.

Recognizing a 17% efficiency reduction for vertical and horizontal circulation (stairs / corridors/ elevator cores / mechanical spaces), as well as, the exterior wall assembly will yield a total of 166,307 GSF for residential. Per the spread sheet provided, 166,307 GSF / 900 SF (unit average size) = 185 units. This unit counts, using the residential unit mix, the average of 1.5 parking space requirement, and the 15% metro transit area development credit per Montgomery County Zoning Ordinance the parking garage must have 179 spaces for residents. The proposed parking count of the upper two levels exceeds this requirement.

	Floor	Retail (GSF)	Residential (GSF)	Parking / Green Roof	Parking Spaces
Apartments	5thFloor		65,885		
Apartments / Green Space	4th Floor		65,885		
Apartments / Parking	3rd Floor		34,300	27,475	
Apartments / Parking	2nd Floor		34,300	59,060	140
Retail / Residents Lobby & Management Office / Parking	Ground Floor	41,815		97,507	244
Total (Gross Square Feet)		**41,815**	**200,370**	**184,042**	**384**

Total GSF of Residential	200,370
Less:	
Efficiency Reduction (17%)	34,063
	166,307
÷	
Average Unit Size (SF):	900
Total Buildable Units:	185

Stairs / Corridors / Elevator Cores / Mechanical Spaces / Exterior Envelope

Total GSF @ Phase I: 426,227

Phase II – Parcels C, D & E

Similar to Phase I, the existing retail structure will remain in operation, while new retail / residential space is being constructed. The building structure will be similar and the strategy for parking will be executed in the same manner.

The second building will occupy the space between the County's interior street connecting Georgia Avenue to Randolph Street which will establish the southernmost boundary. The future pedestrian street extending from the Layhill Road curb cut will define the northernmost boundary. The eastern building boundary will be determined by the eastern edge of Parcel E

while the westernmost building boundary will be defined by the proposed road along the entire width of Parcel C.
The building structure is conceived as a concrete podium with four story wood frame residential floors above. The frontage created by the retail / commercial and residential uses will conceal the four level above grade structured parking proposed. This parking structure may be developed in precast framing or concrete. For construction sequencing and cost estimating purposes, the parking structure will be proposed in flat plate concrete with the understanding that the post tensioned concrete structure will be at a premium.

The following is a breakdown of the proposed structure:

- **First floor**: (Concrete structure – 18' ft from grade to top of concrete slab)
  General Retail – 14,824 GSF

  The retail spaces are located at the northern and southern end of the proposed building. In both cases, the proposed retail spaces face adjacent retail / commercial spaces.

  The podium floor to floor of 18'-0" will allow for one more level of parking which yields a total of 80 spaces for residents. Included as part of the first floor program, there will be one floor of residential program at 8,250 GSF. The larger townhome type 3 bedroom units will be located at this floor in addition to the lobby and vertical circulation elements.

  Two levels of enclosed above grade parking – 73,400 GSF which yields a total of 160 spaces. The 80 spaces at the first level will be dedicated for commercial use. Commercial square footage will need 74 spaces in a worst case scenario, during weekends. The proposed parking count of the first level of parking exceeds this requirement.

- **Second Floor**: (wood frame construction with concrete parking structure – 10'-6" floor to floor)
  Residential – 22,350 GSF
  Parking Level 2 – 36,700 GSF which yields a total of 80 spaces for residents

- **Third Floor**: (wood frame construction with concrete parking structure – 10'-6" floor to floor)
  Residential – 22,350 GSF
  Parking Level 3 – 36,700 GSF which yields a total of 80 spaces for residents – Total of 240 spaces for residents.

- **Fourth Floor**: (wood frame construction with concrete parking structure roof – 10'-6" floor to floor)
  Residential – 50,058 GSF
  Green Space above garage structure – 10,222 GSF (contributes to open space requirement and reducing stormwater runoff)

- **Fifth Floor**: (wood frame construction – 10’-6” floor to floor)
  Residential – 50,058 GSF

The total GSF for Phase II = 325,418 GSF (includes parking); 153,572 GSF of residential without parking and 14,824 GSF of retail space.

Taking a 17% efficiency reduction for vertical and horizontal circulation (stairs / corridors/ elevator cores / mechanical spaces / exterior envelope) will yield a total of 127,465 GSF for residential. Per the spread sheet provided, 127,465 GSF / 900 SF (unit average size) = 142 residential units. This unit count, using the 1.5 multiplier for parking space requirement, must have 213 spaces for residents. The proposed parking count of the upper three parking levels exceeds this requirement.

	Floor	Retail (GSF)	Residential (GSF)	Parking / Green Roof	Parking Spaces
Apartments	5thFloor		50,058		
Apartments / Green Space	4th Floor		50,058	10,222	
Apartments / Parking	3rd Floor		22,350	36,700	80
Apartments / Parking	2nd Floor		22,350	36,700	80
Retail / Residential / Parking	Ground Floor	14,824	8,756	73,400	160
Total (Gross Square Feet)		**14,824**	**153,572**	**157,022**	**320**

Total GSF of Residential 153,572
Less:
Efficiency Reduction (17%) 26,107
127,465
÷
Average Unit Size (SF): 900
Total Buildable Units: 142

Stairs / Corridors / Elevator Cores / Mechanical Spaces / Exterior Envelope

Total GSF @ Phase II: 325,418

Phase III – Parcels A, B, C, D & E

The existing curb cut Layhill Road becomes a pedestrian street, using the Upstairs at Bethesda Row model (Exhibit #9), with a link above the ground floor between Phase I, II, and III. The loading lane is reconstructed to create a ramp for access to a two level underground parking below. A new service lane will be created right next to it (the curb cut will have to grow from 36’ to 60’. There will still be a 12’-0” wide sidewalk that will allow for trees to be planted and serve as a buffer to the residential development. At the end of the pedestrian street, the development will offer a park-like terminus that will blend into the required stormwater management area where no building is permitted.

Exhibit #9 – Upstairs at Bethesda Row

Source: www.upstairsbethesda.com/gallery/

The building structures are conceived as a concrete podium with four story wood frame residential floors above. These buildings will connect to Buildings I and II and will enable to create an interior pedestrian street. The ground floor retail / commercial will be facing the proposed pedestrian street and will create a vibrant urban environment that will lead to a beautifully landscaped park space at its terminus. All parking for this phase will be below grade at a premium cost. This parking structure will have either poured-in-place concrete retaining walls with steel sheet piles or slurry walls with tie backs per the recommendations of the geotechnical report. For construction sequencing and cost estimating purposes, the parking structure will be poured-in-place concrete retaining walls with steel sheet piles and the slab will be proposed as flat plate cast-in-place concrete since the cost for a post tensioned concrete structure and slurry wall will be at a premium.

The following is a breakdown of the proposed structure:

- **Basement levels** (2 levels below grade concrete structure)
  Parking – 96,470 GSF (per level) – yields 246 spaces per floor
  Total Parking GSF – 192,940 GSF with 492 spaces

- **First floor**: (Concrete structure – 18' ft from grade to top of concrete slab)
  General Retail – 29,265 GSF

  Commercial square footage will need 147 spaces in a worst case scenario, during weekends. The proposed parking count exceeds this requirement.
  Green Space above garage structure – 23,567 GSF (contributes to open space requirement and reducing stormwater runoff)

- **Second Floor**: (wood frame construction – 10'-6" floor to floor)
  Residential – 29,265 GSF

- **Third Floor**: (wood frame construction – 10’-6” floor to floor with structural steel bridge structure to connect to Phases I & II)
  Residential – 37,945 GSF

- **Fourth Floor**: (wood frame construction – 10’-6” floor to floor with structural steel bridge structure to connect to Phases I & II)
  Residential – 37,945 GSF

- **Fifth Floor**: (roof level) – developed as an occupied roof level to serve as a resident amenities.
  Roof terrace – 37,945 GSF

The total GSF for Phase III = 388,872 GSF (includes parking / vegetated roof over below grade parking / accessible roof area); 105,155 GSF without parking and vegetated roof over parking structure.

The total GSF of Residential (excludes residential amenities) = 105,155 GSF

Taking a 17% efficiency reduction for vertical and horizontal circulation (stairs / corridors/ elevator cores / mechanical spaces / exterior envelope) will yield a total of 87,279 GSF for residential. Per the spread sheet provided, 87,279 GSF / 900 SF (unit average size) = 97 residential units. This unit count, using the 1.5 multiplier for parking space requirement, must have 146 spaces for residents. The proposed parking count at the two below grade levels exceeds this requirement.

	Floor	Retail (GSF)	Residential (GSF)	Parking / Green Roof	Parking Spaces
Residential Amenities	5thFloor		37,945		
Apartments	4th Floor		37,945		
Apartments	3rd Floor		37,945		
Apartments	2nd Floor		29,265		
Retail / Green Space	Ground Floor	29,265		23,567	
Parking Garage	Below Grade			96,470	246
Parking Garage	Below Grade			96,470	246
Total (Gross Square Feet)		**29,265**	**143,100**	**216,507**	**492**

Total GSF of Residential 143,100
Less:
Residential Amenities 37,945
Efficiency Reduction (17%) 17,876
87,279
÷
Average Unit Size (SF): 900
Total Buildable Units: 97

Stairs / Corridors / Elevator Cores / Mechanical Spaces / Exterior Envelope

Total GSF @ Phase III: 388,872

Phase IV – Parcels M, I, & H

The building structure is conceived as a concrete podium with three wood frame residential floors above. The ground floor retail / commercial will be facing the proposed park like terminus at the end of the pedestrian street and will create a vibrant urban environment. For construction sequencing and cost estimating purposes, the parking structure will be proposed in cast-in-place flat plate concrete with the understanding the post tensioned concrete structure will be at a premium.

Parcel H has been reserved for any additional development requirements that may include electrical transformers / mock-up construction area / trailers for contractors / as well as other miscellaneous uses as required by the progress of the development's construction.

The following is a breakdown of the proposed structure:

- **First floor**: (Concrete structure – 18' ft from grade to top of concrete slab)
  General Retail – 10,831 GSF
  Commercial square footage will need 54 spaces in a worst case scenario, during weekends. The proposed parking count exceeds this requirement. Commercial space will use the first two sets of parking ramps.

  Parking at this level consists of two sets of sloped ramps up to the second floor (4 runs of ramp) – 31,587 GSF yields (per set of ramps) 156 spaces (four runs of ramps combined) yields a total of 63,174 GSF of parking.

- **Second Floor**: (wood frame construction with concrete parking structure – 10'-6" floor to floor)
  Residential – 20,363 GSF
  Parking (sloped ramps) – 31,587 GSF yields 78 spaces per level (both ramps combined)

- **Third Floor**: (wood frame construction with concrete parking structure roof – 10'-6" floor to floor)
  Residential – 27,227 GSF
  Green Space above garage structure – 23,968 GSF (contributes to open space requirement and reducing stormwater runoff).

- **Fourth Floor**: (wood frame construction – 10'-6" floor to floor)
  Residential – 27,227 GSF

The total GSF for Phase IV = 172,790 (includes parking / vegetated roof over above grade parking); 74,817 GSF without parking and vegetated roof over parking structure

The total GSF of Residential = 74,817 GSF

Taking a 17% efficiency reduction for vertical and horizontal circulation (stairs / corridors/ elevator cores / mechanical spaces / exterior envelope) will yield a total of 62,098 GSF for residential. Per the spread sheet provided, 62,098 GSF / 900 SF (unit average size) = 69 residential units. This unit count, using the 1.5 multiplier for parking space requirement, must have 104 spaces for residents. The proposed parking count for the two above grade levels exceeds this requirement.

	Floor	Retail (GSF)	Residential (GSF)	Parking / Green Roof	Parking Spaces
Apartments	4th Floor		27,227		
Apartments / Green Space	3rd Floor		27,227	23,968	
Apartments / Parking	2nd Floor		20,363	31,587	78
Retail / Parking	Ground Floor	10,831		31,587	78
Total (Gross Square Feet)		**10,831**	**74,817**	**87,142**	**156**

Total GSF of Residential 74,817
Less:
Efficiency Reduction (17%) 12,719
62,098
÷
Average Unit Size (SF): 900
Total Buildable Units: 69

Stairs / Corridors / Elevator Cores / Mechanical Spaces / Exterior Envelope

Total GSF @ Phase IV: 172,790

Property Features / Unit Description

The building façade will be based on a wide array of contemporary building materials such as: masonry (brick), fiber cement panels and siding, stucco, and glass. Inside, common amenities will include a landscaped courtyard terrace (on the top of the parking garage) with an outdoor swimming pool, health and fitness center, business center with conference area, club room with pool table, plasma TV and a full kitchen, on-site storage, and residents only garage parking. Services offered will be 24-hr security with a professional concierge service, and residents-only electronic access.

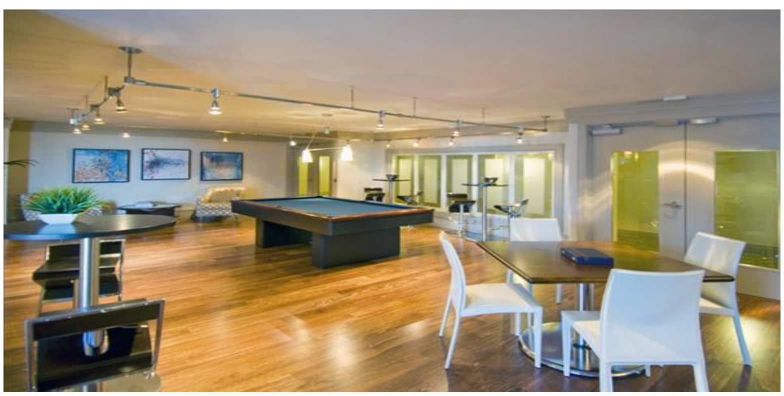
The individual units will feature spacious floor plans with 9-foot ceilings, wood blinds in all windows, hardwood floors in living and dining areas, cable/telephone/high speed internet connection, walk-in closets, washer and dryer, granite counters, and stainless steel kitchen appliances. The design will enhance the attractiveness of the apartments using a balcony for the full enjoy of residents, as well as full glass doors to maximize the use of natural light. All units will be sub metered for gas & water, and electricity requiring individual residents to be responsible for their use. Additionally, the units will be equipped with gas, on-demand hot water heaters and high efficiency HVAC system.


Apartment - Typical Kitchen


Fitness Center


Sample Lobby


Business Center


Billiard Room

DESIGN AND CONSTRUCTION MANAGEMENT

Design Procurement

The development team will require multiple consultants and members to execute the project. Various disciplines are necessary to take the project from the entitlement process through the design and construction phase to stabilization. It is critical that the design team be assembled from highly skilled, experienced professionals for this type of project. The project schedule and financial returns are dependent on all team members working together in an effective, collaborative and efficient manner to keep this project in line with the anticipated pro forma project timeline.

The architectural firm will be responsible for the design and development of the construction drawings, as well as, construction specifications and administration. The developer and architect will work together on a conceptual plan for the development of the site. This conceptual plan will need to be vetted with existing property owners and will be used to obtain preliminary pricing and potential leasing interests for the development of the entire site. This will require the establishment of a joint venture between developer and existing property owners. A parcel consolidation plan will be submitted to the county using the joint venture ownership group. Upon approval of the consolidated parcel plan, the remaining funds from the initial commitments will have to be used to pay for the design and documentation services of the architect, engineers and other consultants. This funding will also cover a geotechnical report and all environmental studies, specifically a Phase I Environmental Assessment, which will determine if a Phase II will be needed, as well as, potential site remediation costs. The environmental assessment will have to be completed prior to issuing a RFP (Request for Proposal) to the design consultants. The entitlement phase for zoning approval will also require a Civil Engineer, Traffic Consultant, Land Use Attorney, LEED Consultant, Landscape Architect and Art Consultant.

The conceptual plan will be used by the ownership group to seek additional funding sources for the project, while the design is being developed by the selected architect. The architect will assemble a team of consultants to generate a design to match the development budget established by the conceptual plan.

Senior Associate Architect Modesto J. Bigas-Valedon of the nationally-recognized architectural firm Wallace Roberts & Todd (WRT) estimates the design fees for full development and construction administration associated with this type of development in the range of seven percent of the construction cost. One of the many advantages of using a first-class architectural firm is that they have significant experience with this type of mixed use multi-million dollar project and give the project the greatest chance of success.

The developer will be responsible for issuing separate RFP's for Geotechnical and Civil Engineering services. To help guide the project through the entitlement process, a Zoning Attorney will also be engaged by the developer. Prior to completion of design documents, reviews by county and other relevant agencies providing funding will have to be completed. The comments received from the reviewers will have to be implemented prior to issuing 100%

construction documents. After completing the construction documents, the developer will set to close on the financing to initiate construction.

General Contractor Procurement

In order to establish the lowest construction cost possible for the project while maintaining the design intent for the proposed development, the objective will be to select potential General Contractors (GC) with similar development experience during the architecture schematic design and select one GC to provide preconstruction services and price the work for the team as the design develops. The goal is to start early in the process reviewing the architectural work to assure a cost-effective design. During the various stages of the design; schematic design, design development, and construction documents, the architectural firm will maintain direct communication with the GC, so it can review each phase of the progress drawings. The pricing exercise will require the architect and engineers to review value engineering options proposed by the GC in order to hit the construction cost targets.

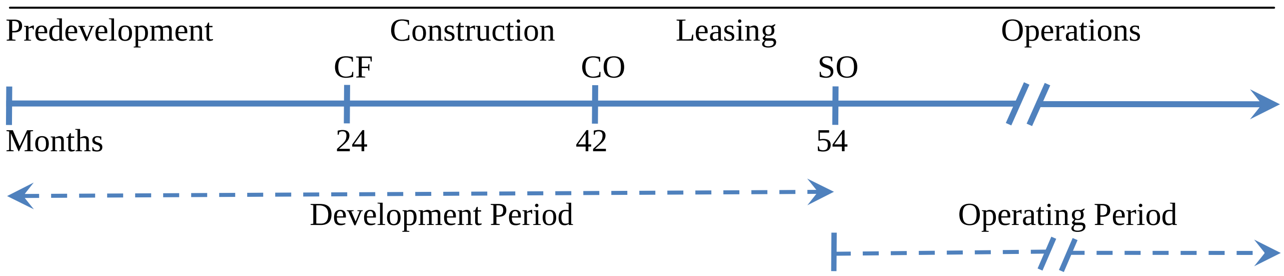
When the architect completes 100% of the contract documents, the developer will bid the work to a few preselected GC's, including the one utilized for preconstruction services. The winning bidder will be placed under a guaranteed maximum price (GMP) contract for the work. Should the preconstruction GC not win the bid, it will be paid an agreed upon sum to "walk away" from the project; however, it is anticipated this GC will either win the bid or the developer will simply negotiate a final bid price to build the work based on general conditions, overhead, and profit.

Drawings will be submitted to Montgomery County for permits and construction starts after closing.

Project Schedule

The development schedule will be based on the six-stage model of real estate development for the major product types (i.e. land, apartments, offices, industrial and retail space); feasibility and acquisition, design, financing, construction, marketing and leasing, and operations and management. The magnitude of the proposed project including multiple phases and the external factors associated with it, such as, the capital markets, entitlement process, and construction risk, make it a challenge to estimate a precise project timeline. However, during a meeting with Jason Klippel from Ross Development & Investment of Bethesda, MD, which has 30-years of experience managing projects of the same scale as Glenmont Metro Center, Klippel points out that the average development period for this kind of development is between four and five years per phase, from concept through completion. As shown in Exhibit #10, the project timeline for Glenmont Metro Center is 54 months, and that will include the expected period for the pre-development stage, construction and leasing of Phase I. The leasing period will start from the day the Certificate of Occupancy (CO) is issued until the property achieves a stabilized occupancy of 95 percent. The conservative average absorption rate during this period is 18 units per month. Based on this absorption rate, Glenmont Metro Center Phase I should achieve stabilized occupancy in 11 months.

Exhibit #10 – Time Line for the Development Phases



Legend:
CF: Construction Funding
CO: Certificate of Occupancy
SO: Stabilized Occupancy (95 Percent Leased)

Predevelopment Requirements:

Planning & Concept Design
- Establish Corporate Organization
- Secure Control of Site & Land Assembly
- Assemble Development Team
- Master Plan Schematic Design
- Refine Project Characteristics
- Identify Potential Sources for Equity and Financing
- Financial Objectives (Expected Return & Hurdle Rate)
- Establish Budget & Pro Forma

Zoning / Entitlement
- Pre-submission Meeting (Neighboring property owners to explain proposed project)
- Environmental, Geotechnical & Appraisal Studies
- Refine Pro Forma
- Detailed Market Analysis Study
- Secure Public Sector Approvals

Financing / Zoning - Approval & Capitalization
- Design of Phase I
- Negotiate Tentative Financial Commitments
- Hire GC & Construction Manager
- Bid & Executed Construction Contract (GC & Construction Manager)
- Implement marketing plan
- Detailed Development & Operating Pro Forma

FINANCIAL ANALYSIS

Development Budget

The total development budget during Phase I for the proposed project is anticipated to be $53.6 MM and includes the development period (i.e. all major risks associate with it including; financial, construction, and marketing) through operating and stabilized operating periods. The stabilized operating period runs from the time the building is fully leased (95%) until it is sold. For cash flow calculation purposes the projected time operation period is 10 years.

Land Valuation

The financial evaluation analyzes the project from two prospective or business plans for developing Glenmont Metro Center:

> **Scenario #1** Form a joint venture structure with the existing landowners to assemble the project and develop Glenmont Metro Center.
>
> **Scenario #2** Purchase the land from the existing owners to develop Glenmont Metro Center exclusively.

According to Jason Klippel from Ross Development & Investment, real estate development industry developers/sponsors often approach land owner(s) by offering a percentage of equity ownership in the development joint venture in trade for contributing their property. This venture format offers two advantages for each of the parties involved: 1) Decrease the equity contribution in the project for the developer/sponsor and equity partners; 2) Increase the benefit that land owners receive for the cost of the land. As a result, the risk and land carrying cost during the predevelopment stage of the project decreases substantially. During this period developers share the risk with landowners and the landowners receive a “premium” in the land cost plus a share in the project benefits. Additionally, the land owners share in a much larger project than they would have been able to be involved with individually.

To estimate the value of the land and the existing improvements for parcels A & B of Phase I for the project, two methods have been used: 1) A premium over the Assessed Property Tax Value or 2) Sales Comparison Approach. The latter, one of the most accurate traditionally used approaches in valuation techniques is based on data provided from recent sales of comparable properties of similar size, quality and location of the property being appraised. The estimated market value for parcels A & B using the methods described above is $7.3 MM, as shown below in Table #10. This market value represents the equity participation or shares in the ownership agreement that both land owner will contribute for the total development cost.

For clarification purpose the following is an estimate of the individual market value for parcel A and B.

Total square feet of the site * (Indicated Subject Value ÷ Total Subject Land Area)

- Parcel A: 1.48 Acres = 64,537 sq ft * ($7,375,00 ÷ 164,937) = $2,885,710
- Parcel B: 2.30 Acres = 100,400 sq ft * ($7,375,00 ÷ 164,937) = $4,489,290

Table #10 – Valuation of the Existing Site

First Alternative - Premium over Assessed Tax Value

		PARCELS		Total
		B	A	
Lot Area	SF	100,400	64,537	**164,937**
	Acre	2.30	1.48	**3.79**
Enclosed Area		24,375	12,500	**36,875**
Assessed Value as of 07/01/12		4,136,500	1,962,600	**6,099,100**
Premium	20%	827,300	392,520	**1,219,820**
Indicated Value		$4,963,800	$2,355,120	**$7,318,920**

Second Alternative - Sales Comparison Approach

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Address	12387 Georgia	4000 Howard	11215 Georgia	12401 Twinbrook	1900 Chapman Ave.
City	Silver Spring	Kensington	Wheaton	Rockville	Rockville
Zip Code	20906	20895	20902	20852	20852
Sales Date		Nov-09	Dec-10	Apr-10	May-11
Sales Price	Seek Mkt Value	$1,650,000	$8,000,000	$5,250,000	$15,000,000
Bldg Size	36,875 sf	14,004 sf	22,979 sf	47,774 sf	70,524 sf
Land Area	164,937 sf	13,500 sf	83,625 sf	104,544 sf	230,432 sf
Land price/sf		$122.22/sf	$95.67/sf	$50.22/sf	$65.10/sf
Year Built	1959	1965	1968	1969	1997
Sale Price per sq.ft		$117.82/sf	$348.14/sf	$109.89/sf	$212.69/sf
Property Right	Fee Simple	Similar	Similar	Similar	Similar
Adjustment %		0%	0%	0%	0%
Financing/Seller Concession		Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Adjustment %		0%	0%	0%	0%
Time/Market Condition	11/1/2011	Nov-09	Dec-10	Apr-10	May-11
Adjustment %		-10%	-5%	-5%	0%
Time Adjusted price / SF		$106.04/sf	$330.74/sf	$104.40/sf	$212.69/sf
Location		Similar	Similar	Superior	Superior
Adjustment %		0%	0%	-5%	-10%
Building Quality		Inferior	Inferior	Similar	Inferior
Adjustment %		15%	10%	0%	5%
Building Size		Inferior	Inferior	Superior	Superior
Adjustment %		5%	5%	-5%	-5%
Age/Building Condition		Similar	Similar	Superior	Superior
Adjustment %		0%	0%	-5%	-5%
Access/Exposure		Similar	Similar	Similar	Similar
Adjustment %		0%	0%	0%	0%
ADJUSTED PRICE		$127.25/sf	$380.35/sf	$88.74/sf	$180.79/sf
Whole $ Net Adjustment		$21.21	$49.61	-$15.66	-$31.90
% Net Adjustment		20%	15%	-15%	-15%
Overall % Adjustment		17%	13%	-18%	-18%
ADJUSTED PRICE		$127.25/sf	$380.35/sf	$88.74/sf	$180.79/sf
				Correlation	-0.27
				Price Prediction	$196.93
				Indicated Value	**$7,375,000**

Hard Cost

The hard costs incorporated in the proposed development financial analysis are based on discussions with Steve Rubin, vice president and director of business development for Harkins Builders located in Marriotsville, MD, and include all aspects of the construction work to complete the proposed project during Phase I (core and shell, parking garage and site work, and LEED certification.) The GC will present the final construction cost estimate using the architect's construction drawings and specifications approved by the M-NCPPC; therefore, this includes the lender and owner required insurances, GC site mobilization and contract general conditions, on-site labor and materials, and off-site improvements. These costs are market driven and will vary depending on the approved final design, but for estimating purpose the following numbers are "ballpark" pricing:

- Site work (Utilities, Moving Dirt, Landscape, Storm Water Management) - $15,000 per residential unit
- Residential construction cost - $105 per GSF
- Retail construction cost - $75 per GSF (Not including tenants improvements)
- Structured parking cost - $12,500 per space
- One level of underground parking - $20,000 per space

Soft Cost

Soft costs are defined as follows: a construction industry term for an expense item that is considered non-construction cost. Regularly these costs vary significantly from project to project, but all of them are necessary to develop a real estate project. The followings are the most commonly associated costs in the real estate development industry:

- Architectural and Engineering Fees
- Developer Fee
- Appraisal, Geotechnical and Environmental Studies
- Construction Loan Interest Reserve and Loan Fees
- Construction Administration and Inspections
- Leasing and Marketing Cost
- Real Estate Taxes
- Impact Fees
- Contingencies
- Legal Fees
- Permit Fees

Mr. Klippel identified a range of approximately 25 to 35 percent of the hard costs, with an average of 30 percent for this kind of development.

Financing Costs

The financing costs are the expense involved in borrowing money to build the project, and after lease-up period the permanent mortgage for long-term financing. Given the different options to finance a project in the marketplace, a non-recourse construction loan quote was created by Teri Thompson, Vice President of the Wells Fargo Real Estate Banking Group in Washington, DC. A non-recourse loan as defined by investopedia.com is a type of loan that is secured by collateral, usually property. If the borrower defaults, the issuer can seize the collateral, but cannot seek any further compensation, even if the collateral does not cover the full value of the defaulted amount. This is one type of loan where the borrower does not have personal liability.

- Loan fee: 75 to 100 basis points of the loan amount
  100 basis points = 1.00%
- Construction loan interest rate: One month LIBOR (London Inter-Bank Offered Rate) plus 3.75% to 4.25%. One month LIBOR as of November 25, 2011 equal to .25944%
- Interest reserve beyond construction completion: 6 to 9 months
- Construction loan legal fees: 15 to 30 basis points on commitment
- Escrow account requirements: $300 per unit per year after construction completion
- Lender inspection fee: $300 per visit. Typically one visit per month in conjunction with draw requests.
- Loan-to-cost (LTC): 55% to 65%
- Term: 36 months with 2 to 12 month extension options. Each extension option is exercised based on 1.25x Debt Service Coverage Ratio (DSCR) test and 60% to 65% loan-to-value (LTV) test.

The permanent mortgage is the long-term financing to refinance the short term (non-permanent) construction loan, once the project has been built and after the property has been stabilized (95% occupancy). Frequently, this type of mortgage is obtained from a bank or life insurance company whose primarily objective is long-term investments, and who typically sell the loan in the secondary markets to replenish the funds for future lending. As described below, the following assumptions have been used for the permanent mortgage financing. These assumptions are based on conversations with Hagan Dick, Senior Analyst at Walker & Dunlop, one of the leading commercial real estate finance companies in the United States with a primary focus on multifamily lending.

- 10 year Term
- 30 Year Amortization
- Maximum LTV: 75%
- Minimum DSCR: 1.25x
- Origination Fee: 1% of Loan Amount
- Application Fee: $15,000
- Good Faith Deposit: 2% of Loan Amount (Deposit funds to lock rate and refunded at closing)
- Interest Rate Index: 10 year US Treasury (1.97% as of December 8, 2011)
- Interest Rate Spread: Approximately 2.40%
- All-in Rate: 4.37% + 1% = 5.37% (Since that All-in Rate are projected for the future a 1% premium is consider given how low it is relative to historical standards)

Investment Returns

The project will receive primary revenue from the following operations: commercial tenants, residential operation and parking income from the garage.

Retail

The retail income will be derived from leases for the 41,815 gross square feet (GSF) of ground floor retail space. The anticipated rental rate as derived from the market survey will range from $25.00 to $35.00 per square foot (PSF) annually, with an average of $30.00 psf. The highest percentage of the rental rate will be triple net (NNN) lease. A NNN is a Lease in which provisions are made for the Lessee or Tenant to pay, in addition to rent, all expenses associated with the property such as property taxes, insurance, maintenance and operation charges. The projected rent is higher than the current rent in Glenmont because the proposed project will be a new, higher class, quality development than comparable properties in the submarket. A premium of 20% above current market lease rates has been utilized in the subject analysis.

Public Parking Garage

Parking has been conservatively estimated as generating an additional $75.00 space/month for Phase I which will include the public parking garage supporting the retail, not the residential parking. From a management perspective, the garage will require an operator to supervise the parking facility and collect fees.

Residential

Based on the market analysis completed for the proposed development, the average rent per square foot for the unit mix of market rent, Moderately Price Dwellings Units (MPDU) and Workforce Housing (WFH) for the residential component in Glenmont Metro Center is $2.00 per square foot. The projected rent has been analyzed against the competition for Class A properties. In addition to the residential rental income, the property will also generate income from the residential and commercial space parking fee, as well as, other income related to the residential operation such as: application fees, pet fees, and one-time fees.

Table #11 is a summary of the rental calculation for the MPDU and WFH in Montgomery County for those who qualified. In general, the Monthly Gross Rental rate is set at a level so that a qualified household pays no more than 25 percent of its monthly gross income on rent. For MPDU's the maximum income is set at 70 percent of the median income for the Washington, DC PMSA (Primary Metropolitan Statistical Area) of a household size of four (4), which as of the year 2011 is $106,100. The 70% percent figure for a household of four (4) is then multiplied by an adjustment factor set by the County.

For those whose income are too high to be eligible to participate in the MPDU program, but whose earnings are between 70 and 120 percent of the median income for the Washington metropolitan area can be eligible for the Workforce Housing Program. The Workforce Housing bill is intended for developers of projects with 35 units or more, and located in Metro Station Policy Areas in the County.

Table #11- MPDU and WFH units' rents

MPDU (Moderately Price Dwellings Units) Maximum Rents for 2011*

High Rise Apartment (4-plus stories)

Unit Size	Studio	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR
Household Size	1	1.5	2	3	3.5	4.5
MPDU Annual Income Calculation	$51,989	$55,703	$59,416	$66,843	$70,557	$77,241
a) MPDU Maximum Annual Gross Income	$52,000	$55,750	$59,500	$67,000	$70,750	$77,250
b) Monthly Gross Income	$4,333	$4,646	$4,958	$5,583	$5,896	$6,438
c) 25% of Monthly Gross (rounded up to the next highest $5) MPDU Rent	**$1,085**	**$1,165**	**$1,240**	**$1,400**	**$1,475**	**$1,610**

*Not including utility charges and service fees that are paid by the owner.

WFH (Workforce Housing) Maximum Rents for 2011*

High Rise Apartment (4-plus stories)

Unit Size	Studio	1 BR	1 BR + Den	2 BR	2 BR + Den	3 BR
Household Size	1	1.5	2	3	3.5	4.5
Workforce Housing Annual Income Calc.	$89,124	$95,490	$101,856	$114,588	$120,954	$132,413
a) WFH Maximum Annual Gross Income	$89,000	$95,500	$102,000	$114,500	$121,000	$132,500
b) Monthly Gross Income	$7,417	$7,958	$8,500	$9,542	$10,083	$11,042
c) 25% of Monthly Gross (rounded up to the next highest $5) WFH Rent	**$1,855**	**$1,990**	**$2,125**	**$2,385**	**$2,520**	**$2,760**

Sensitivity Analysis

The sensitivity analysis is a way to predict the outcome of a decision if a situation turns out to be different than expected compared to the key prediction(s) factors. Based on information gathered from the marketplace, Glenmont Metro Center will have an average income per square foot of $2.00 PSF for the residential component, and a market rent of $30.00 NNN for the Retail Component. Table #12, evaluates the reduction/increase in the property yield during year five using two different variables.

- Reduction/Increase in multiples of $100,000 on the net operating income (NOI).
- Reduction/Increase in multiples of $1,589,700 on the development cost.

Additionally, calculate a net present value (NPV) for a hold period of two through ten years.

Table #12 – Sensitivity Analysis

Base Assumptions			NOI / Cost Sensitivity	Impact on Yield (bps)
NOI (Yr 5)	4,548,299			
Total Project Cost	53,557,785	$1,540,000	Cost Reduction / Increase	0.25%
Stabilized Yield (Yr 5)	8.49%	100,000	NOI Reduction / Increase	0.19%

Incremental Increase/Decrease		Yield	8.49%
NOI	100,000	Required NOI	4,548,299
Cap Rate	6.49%	Required Project Cost	53,557,785
Value	1,540,000		
Spread (bps)	200		

		($400,000)	($300,000)	($200,000)	($100,000)	NOI	$100,000	$200,000	$300,000	$400,000
		4,148,299	4,248,299	4,348,299	4,448,299	**4,548,299**	4,648,299	4,748,299	4,848,299	4,948,299
6,160,000	$68,957,785	6.02%	6.16%	6.31%	6.45%	6.60%	6.74%	6.89%	7.03%	7.18%
4,620,000	$62,797,785	6.61%	6.77%	6.92%	7.08%	7.24%	7.40%	7.56%	7.72%	7.88%
3,080,000	$58,177,785	7.13%	7.30%	7.47%	7.65%	7.82%	7.99%	8.16%	8.33%	8.51%
1,540,000	$55,097,785	7.53%	7.71%	7.89%	8.07%	8.25%	8.44%	8.62%	8.80%	8.98%
Project Cost	**$53,557,785**	7.75%	7.93%	8.12%	8.31%	**8.49%**	8.68%	8.87%	9.05%	9.24%
(1,540,000)	$52,017,785	7.97%	8.17%	8.36%	8.55%	8.74%	8.94%	9.13%	9.32%	9.51%
(3,080,000)	$48,937,785	8.48%	8.68%	8.89%	9.09%	9.29%	9.50%	9.70%	9.91%	10.11%
(4,620,000)	$44,317,785	9.36%	9.59%	9.81%	10.04%	10.26%	10.49%	10.71%	10.94%	11.17%
(6,160,000)	$38,157,785	10.87%	11.13%	11.40%	11.66%	11.92%	12.18%	12.44%	12.71%	12.97%

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Reversion Value		61,176,075	64,086,737	67,058,140	69,973,832	73,012,766	76,180,004	79,480,814	82,920,680	86,505,305	90,240,625
Cost of Sale		(1,223,521)	(1,281,735)	(1,341,163)	(1,399,477)	(1,460,255)	(1,523,600)	(1,589,616)	(1,658,414)	(1,730,106)	(1,804,813)
Reversion Proceeds		**59,952,553**	**62,805,002**	**65,716,977**	**68,574,356**	**71,552,510**	**74,656,404**	**77,891,198**	**81,262,267**	**84,775,199**	**88,435,813**
Unlevered NPV Calculation											
Hold Period	NPV										
2	$58,556,238	3,743,501	66,735,197								
3	$59,120,372	3,743,501	3,930,195	69,836,365							
4	$59,528,958	3,743,501	3,930,195	4,119,388	72,886,885						
5	$59,915,648	3,743,501	3,930,195	4,119,388	4,312,529	76,054,559					
6	$60,120,591	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	79,070,830				
7	$60,466,769	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	82,796,648			
8	$60,794,235	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	4,905,450	86,382,270		
9	$61,103,954	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	4,905,450	5,120,003	90,118,794	
10	$61,396,846	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	4,905,450	5,120,003	5,343,594	94,012,408

INVESTMENT STRUCTURE

Legal Structure

The legal strategy for Glenmont Metro Center will be to create a Homeowner Association and a Master Condominium Deed that will include the retail, residential and garage. The goal of the governing documents will be to create separate areas that can be financed, sold, and managed separately, but work together to create the best value for the proposed project.

Equity and Debt Analysis

Given the complexity of the real estate development industry, current market conditions, construction cost, and the supply of money for equity and debt, Table #13 (Next Page), shown the Source & Uses of Funds of the proposed project. The total development project cost for phase I is anticipated to be $53.6 million ($321.67 PSF), and includes delivery of a finished product through stabilization (95% occupancy). Additionally, Table #14, forecasts the financial projections for Phase I of Glenmont Metro Center during the next 10 years after the property has been stabilized.

Table #13 - Sources & Uses of Funds

GLENMONT METRO CENTER
Sources and Uses of Funds
Development Process - Phase I

SOURCES OF USES					
Equity	**% of Equity**				
Sponsor/Developer	6%		1,142,630		
Institutional Investor	55%		10,283,674		
Landowners Contribution	39%		7,318,920		
Total Equity				**$18,745,225**	
Debt					
Construction Loan	65.00%	of total cost	34,812,560		
Total Debt				**$34,812,560**	
Total Sources of Funds					**$53,557,785**
USES OF FUNDS					
Land Cost					
Land - Parcel "A"			2,355,120		
Land - Parcel "B"		+	4,963,800		
Total Land Costs				**$7,318,920**	
Predevelopment Cost					
Appraisal			15,000		
Corporate Organization Cost			200,000		
Land Assembly Cost		+	300,000		
Total Predevelopment Costs				**$515,000**	
Hard Cost					
Site Work	$15,000	per D/U	2,775,000		
Residential Construction Cost	$105	per GSF	21,038,850		
Retail Construction Cost	$75	per GSF	3,136,125		
Parking Garage	$12,500	per space	4,800,000		
Contigency	5.00%	of Hard Cost +	1,587,499		
Total Hard Costs				**$33,337,474**	
Soft Costs					
Arquitectural / Engineering	7.00%	of Hard Cost	2,333,623		
Environmental / Other Consultants	3.00%	of Hard Cost	1,000,124		
Real Estate Taxes	$90,000	per year	270,000		
Permit & Bond Fees			450,000		
Montgomery County Impact Fees			1,492,215		
Advertising & Marketing			150,000		
Const. Admin. & Bank Inspection	$5,000	Monthly	90,000		
Legal / Accounting			500,000		
Land Interest Carry (4 years) (1)	6.00%		150,000		
Retail - TI's & LC's (2)			1,120,642		
Contigency	10.00%	of Soft Cost	1,018,149		
Developer's Fee	3.00%	of Project Cost +	1,606,734		
Total Soft Costs				**$10,181,486**	
Financing Costs					
Construction Loan Commitment Fee	0.75%	of loan amount	261,094		
Construction Loan Legal Fees	0.25%	on commitment	87,031		
Capitalized Interest		+	1,856,779		
Total Financing Costs				**$2,204,904**	
TOTAL USES OF FUNDS					**$53,557,785**

Notes:
(1) Interest Carry is paid from the construction loan the first 2 years
(2) Leasing Commissions and Tenant Improvements paid by Construction Loan

Total Development Cost	**$53,557,785**
Proposed Residential Units	**185**
Cost per Unit	**$289,502**

Table #14 - 10 Years Pro Forma for the Development of Phase I

GLENMONT METRO CENTER
Financial Analysis
Schedule of Prospective Cash Flow

PROJECT OVERVIEW

Phase I	
Number of Units	185
Residential Rentable Square Feet	166,307
Parking Spaces (Residential)	179
Retail Gross Square Feet	41,815
Parking Spaces (Retail)	205

Project Cost	
Cost per Unit	$289,502
Residential Cost GSF	$267.29
Residential Cost RSF	$322.04

SUMMARY OF ASSUMPTIONS

Income	
Other Income ($/Units/Year)	$200.00
Rental Growth Rate	4.00%
Bad Debt / Collection Loss (per Year)	1.00%
Residential Vacancy Rate (per Year)	5.00%
Retail Vacancy Rate (per Year)	10.00%
Retail Parking ($/space/month)	$50.00
Retail Rental Rate (NNN)	$30.00

Operating Expenses	
Real Estate Taxes ($/Unit/Yr)	$2,500.00
Utilities ($/Unit/Yr)	$750.00
Insurance ($/Unit/Yr)	$300.00
Annual Expense Growth Rate	2.00%
CAM ($/PSF)	$3.75
Payroll ($/Unit/Yr)	$1,200.00
Advertising ($/Unit/Yr)	$150.00
Repairs & Maintenance	$425.00

Investment	
Equity Required	$18,745,225
Terminal Cap Rate	6.50%
Selling Cost	2.00%
Hurdle Rate	10.00%

Permanent - Debt Service	
Principal	$34,812,560
Benchmark (10yr T)	1.97%
Loan Asking Spread	3.40%
Note Rate	5.37%
Term (months)	120
Amortization (months)	360
Loan Fee	1.00%
Application Fee	$15,000.00
Loan to Value	65.00%

Non Operating Expenses	
Leasing Commission	6.00%
Tenant Improvements ($/PSF)	$25.00
Capital Reserves ($/Unit/Yr)	$250.00
Concessions ($/Unit/Yr)	$400.00

Reversion Value - Direct Cap Method	
Cap Rate	$5,865,641
NOI - Yr 11	6.50%
Gross Proceeds	$90,240,625
Selling Costs	$1,804,813
Loan Balance	$28,627,924
Net Proceeds	**$59,807,889**

Stage 1: Residential Rental Summary

Unit Description	Unit Count	Percent of Unit Type	Average (Sq. Ft)	Total (Sq. Ft)	Average per Sq Ft	Per Unit	Monthly Total	Annual Total
Studio	11	8.00%	585	6,710	$2.00	$1,170	$13,420	$161,039
MPDU Studio	3		645	2,148		1,290	4,296	51,548
One Bedroom	75	52.00%	825	61,508		1,650	123,016	1,476,189
MPDU 1 Bedroom	22		730	15,801		1,460	31,602	379,220
Two Bedroom	53	37.00%	1,075	57,027		2,150	114,055	1,368,658
MPDU Two Bedroom	15		1,035	15,940		2,070	31,881	382,567
Three Bedroom	4	3.00%	1,350	5,807		2,700	11,613	139,361
MPDU Three Bedroom	1		1,175	1,467		2,350	2,935	35,215
Subtotal/Avg	185		900			1,855	$332,816	$3,993,797

Stage 2: Loan Calculations

Monthly Payment	$194,832
Annual Payment	$2,337,982
Mortgage Constant (20 yrs holding period)	8.17%
Leverage Ratio	2.86
Loan-to-Value (LTV)	65.00%
Loan & Application Fee	$363,126
Lender Net Proceed	$34,464,434
Effective Interest Rate	5.46%

Stage 3: Projection of Net Operating Income

End of Year	P.S.F.	1	2	3	4	5	6	7	8	9	10	11
INCOME												
Residential Income												
Base Rent		$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797	$3,993,797
Projected Increases in Rents		-	159,752	325,894	498,681	678,381	865,268	1,059,630	1,261,767	1,471,990	1,690,621	1,917,998
Residential - Potential Gross Income		3,993,797	4,153,549	4,319,690	4,492,478	4,672,177	4,859,064	5,053,427	5,255,564	5,465,786	5,684,418	5,911,795
Vacancy Loss		199,690	207,677	215,985	224,624	233,609	242,953	252,671	262,778	273,289	284,221	295,590
Bad Debt / Collection Loss		39,938	41,535	43,197	44,925	46,722	48,591	50,534	52,556	54,658	56,844	59,118
Effective Rental Income before O.I.		3,754,169	3,904,336	4,060,509	4,222,929	4,391,847	4,567,520	4,750,221	4,940,230	5,137,839	5,343,353	5,557,087
Other Income (Appli. & Pet Fees, etc.)		37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Residential Gross Income		3,791,169	3,941,336	4,097,509	4,259,929	4,428,847	4,604,520	4,787,221	4,977,230	5,174,839	5,380,353	5,594,087
Retail Income												
Base Rent		$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450	$1,254,450
Projected Increases in Rents		-	50,178	102,363	156,636	213,079	271,780	332,829	396,321	462,351	531,024	602,442
Retail - Potential Gross Income		1,254,450	1,304,628	1,356,813	1,411,086	1,467,529	1,526,230	1,587,279	1,650,771	1,716,801	1,785,474	1,856,892
Vacancy Loss		125,445	130,463	135,681	141,109	146,753	152,623	158,728	165,077	171,680	178,547	185,689
Bad Debt / Collection Loss		12,545	13,046	13,568	14,111	14,675	15,262	15,873	16,508	17,168	17,855	18,569
Effective Rental Income before O.I. & CAM		1,116,461	1,161,119	1,207,564	1,255,866	1,306,101	1,358,345	1,412,679	1,469,186	1,527,953	1,589,071	1,652,634
CAM Reimbursement		156,806	159,942	163,141	166,404	169,732	173,127	176,589	180,121	183,724	187,398	191,146
Other Income (Parking)		122,800	122,800	122,800	122,800	122,800	122,800	122,800	122,800	122,800	122,800	122,800
Retail Gross Income		1,396,066	1,443,861	1,493,505	1,545,070	1,598,633	1,654,271	1,712,068	1,772,107	1,834,477	1,899,269	1,966,580
EFFECTIVE GROSS INCOME		5,187,235	5,385,197	5,591,014	5,804,999	6,027,479	6,258,792	6,499,289	6,749,337	7,009,316	7,279,622	7,560,667

OPERATING EXPENSES												
R.E. Taxes		462,500	471,750	481,185	490,809	500,625	510,637	520,850	531,267	541,892	552,730	563,785
Insurance		55,500	56,610	57,742	58,897	60,075	61,276	62,502	63,752	65,027	66,328	67,654
CAM		156,806	159,942	163,141	166,404	169,732	173,127	176,589	180,121	183,724	187,398	191,146
Utilities		138,750	141,525	144,356	147,243	150,187	153,191	156,255	159,380	162,568	165,819	169,135
Payroll		222,000	226,440	230,969	235,588	240,300	245,106	250,008	255,008	260,108	265,311	270,617
Repairs & Maintenance		78,625	80,198	81,801	83,437	85,106	86,808	88,545	90,315	92,122	93,964	95,843
Concessions		74,000	55,500	41,625	31,219	32,155	33,120	34,114	35,137	36,191	37,277	38,395
Advertising		27,750	28,305	28,871	29,449	30,037	30,638	31,251	31,876	32,514	33,164	33,827
Property Management Fee (3.5% of EGI)		181,553	188,482	195,685	203,175	210,962	219,058	227,475	236,227	245,326	254,787	264,623
Total Operating Expenses		1,397,484	1,408,752	1,425,376	1,446,220	1,479,180	1,512,962	1,547,589	1,583,084	1,619,472	1,656,777	1,695,026
*Per Square Feet**		*6.71*	*6.77*	*6.85*	*6.95*	*7.11*	*7.27*	*7.44*	*7.61*	*7.78*	*7.96*	*8.14*
% of NOI		*36.88%*	*35.43%*	*34.22%*	*33.18%*	*32.52%*	*31.88%*	*31.25%*	*30.64%*	*30.05%*	*29.47%*	*28.90%*
NET OPERATING INCOME (NOI)		3,789,751	3,976,445	4,165,638	4,358,779	4,548,299	4,745,830	4,951,700	5,166,253	5,389,844	5,622,845	5,865,641
Non Operating Expenses												
TI's							261,344					
LC's							23,809					
Capital Reserves		46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250
Total Non Operating Expenses		46,250	46,250	46,250	46,250	46,250	331,403	46,250	46,250	46,250	46,250	46,250
CASH FLOW FROM OPERATIONS		3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	4,905,450	5,120,003	5,343,594	5,576,595	5,819,391
DEVELOPMENT COST / REVERSION												
Development Cost	(53,557,785)	0	0	0	0	0	0	0	0	0		**All Cash**
Reversion	0	0	0	0	0	0	0	0	0	0	88,435,813	**IRR**
CASH FLOW BEFORE DEBT SERVICE	(53,557,785)	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	4,905,450	5,120,003	5,343,594	94,012,408	11.96%
Per Square Feet*		*17.99*	*18.88*	*19.79*	*20.72*	*21.63*	*21.21*	*23.57*	*24.60*	*25.68*	*451.72*	
DEBT FINANCING												
Market Loan												
Loan Amount	34,812,560											
Loan Fee	($363,126)											
Loan Balance (End of Yr)		34,332,307	33,825,619	33,291,043	32,727,043	32,132,000	31,504,204	30,841,854	30,143,046	29,405,776	28,627,924	
Loan Balance Per Square Feet		*164.96*	*162.53*	*159.96*	*157.25*	*154.39*	*151.37*	*148.19*	*144.83*	*141.29*	*137.55*	
Debt Service - Interest		(1,857,729)	(1,831,295)	(1,803,406)	(1,773,982)	(1,742,938)	(1,710,186)	(1,675,631)	(1,639,175)	(1,600,711)	(1,560,130)	**Leveraged**
Debt Service - Principal		(480,253)	(506,687)	(534,576)	(564,000)	(595,043)	(627,796)	(662,351)	(698,807)	(737,271)	(777,851)	**IRR**
CASH FLOW AFTER DEBT SERVICE	($19,108,350)	$1,405,519	$1,592,213	$1,781,406	$1,974,547	$2,164,067	$2,076,445	$2,567,468	$2,782,021	$3,005,612	$63,579,671	19.10%
Per Square Feet*		*6.75*	*7.65*	*8.56*	*9.49*	*10.40*	*9.98*	*12.34*	*13.37*	*14.44*	*305.49*	
CALC. OF NET PRESENT VALUE												
PV of NC	27,301,012	3,743,501	3,930,195	4,119,388	4,312,529	4,502,049	4,414,427	4,905,450	5,120,003	5,343,594	5,576,595	
PV of Residual	34,095,834	0	0	0	0	0	0	0	0	0	88,435,813	
NPV	$61,396,846											
Less: Equity	($19,108,350)											
Real NPV	$42,288,496											
DEBT SERVICE COVERAGE RATIO		1.62	1.70	1.78	1.86	1.95	2.03	2.12	2.21	2.31	2.40	
CASH-ON-CASH RETURN												
Non-Leveraged		6.99%	7.34%	7.69%	8.05%	8.41%	8.24%	9.16%	9.56%	9.98%	10.41%	
Leveraged		7.36%	8.33%	9.32%	10.33%	11.33%	10.87%	13.44%	14.56%	15.73%	16.95%	

* Per square feet calculation is based on 166,307 of RSF for residential plus 41,815 of GSF for retail space.

Inputs

MARKETING STRATEGY

Marketing Program

The services of a local marketing firm will be retained for the purposes of marketing the property. The marketing firm will be responsible for maintaining the overall image of the property, as well as, preparing marketing material. Additionally, the firm will assist a retail brokerage company in developing marketing collateral to be utilized in attracting retailers prior to and during construction phase.

An interior designer will be used to design the leasing office and the décor of the model apartments. Furthermore, the marketing firm will ensure that the property is showcased in press releases, apartment guides, and other media. This property will also require a first-rate commercial leasing company recruit potential commercial tenants.

PROJECT MANAGEMENT PLAN

Staffing Requirements

In order to provide the level of service necessary to retain future residents and to achieve the expected cash flow from operations, the selection of a management company is a critical success factor. The management company will take on the following responsibilities: marketing open units, leasing apartments, maintaining and improving the property, collecting rent, negotiating agreements, addressing tenant problems and maintaining profitability of the property. In order to operate the building, the management company will be required to either hire or contract for the necessary services to perform their responsibility:

- Property Manager (Average salary: $65,000 + benefits)
- Assistant Property Manager (Average salary: $45,000 + benefits)
- Leasing Associates (Average salary: $35,000 + benefits)
- Engineer (Average salary: $70,000 + benefits)
- Service Technicians (Average salary: $35,000 + benefits)

Contracted Services:

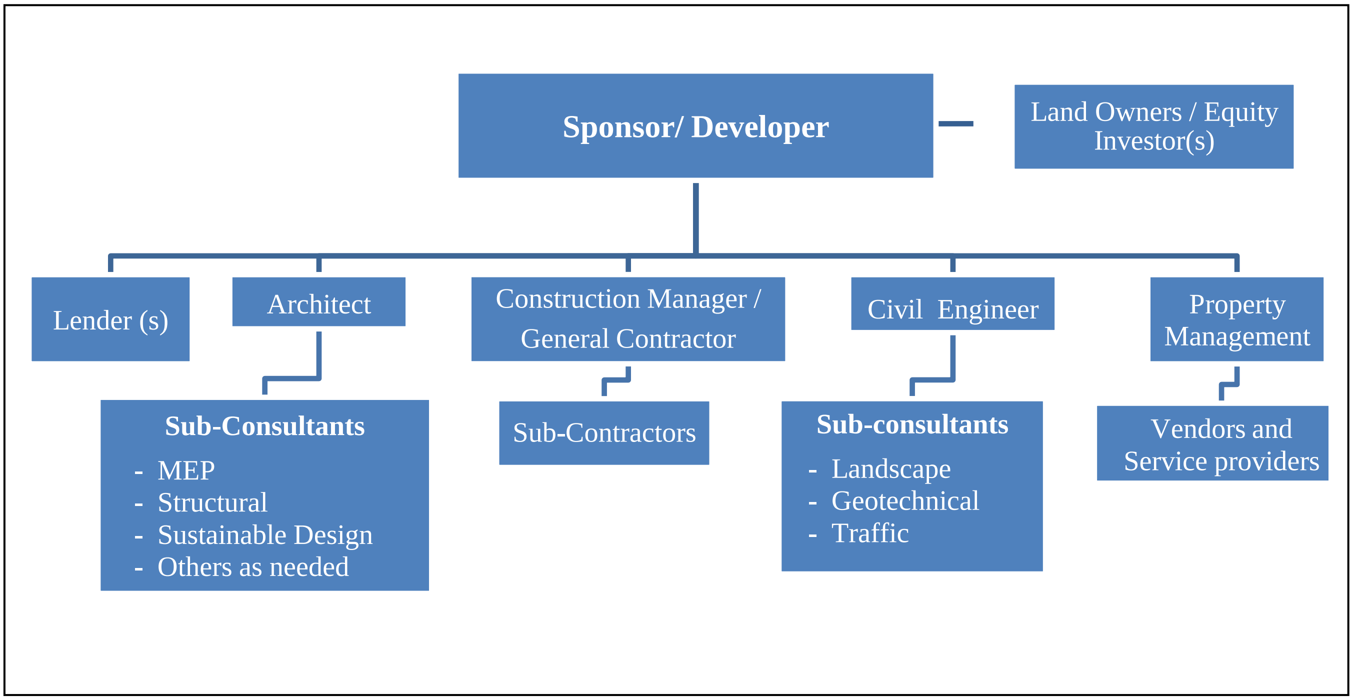
- Concierge Front Desk Associate
- Landscaping Services
- Building Maintenance Services
- Pest Control Services
- Elevator Maintenance
- Security Services
- Trash removal
- Pool lifeguard and pool maintenance

Based on a conversation with Brad Coker, Acquisitions & Asset Management Associate of Bozzuto Management, one of the largest management companies of multifamily residential properties in the Mid-Atlantic, the management fee is usually in the range of 3.5 percent of the Effective Gross Income (EGI) with a typical contract term of 10 years, and a 30 day cancellation notice.

Organizational Chart

The organizational chart provides an overview of the relationships between the development team and the other stakeholders of the project.

The following chart provides a graphic illustration of the corporate organization for Glenmont Metro Center.


Sponsor/ Developer
Land Owners / Equity Investor(s)
Lender (s)
Architect
Construction Manager / General Contractor
Civil Engineer
Property Management
Sub-Consultants
- MEP
- Structural
- Sustainable Design
- Others as needed
Sub-Contractors
Sub-consultants
- Landscape
- Geotechnical
- Traffic
Vendors and Service providers

DEVELOPMENT STRATEGY

Project Implementation Plan

Based on the market research and financial pro forma in this document, the recommendation is to start identifying possible equity partners and present proposals for the development of Phase I of the Glenmont Metro Center. The financial market is improving which will increase the chances of finding investors and commercial lenders willing to fund the project. The demographics in the Washington, DC and Montgomery County, MD area are turning favorable with a decrease in unemployment and an influx of skilled workers migrating to the region for job opportunities. This would translate into greater absorption of existing inventory, and more opportunities during the next five years for new projects in the concept stage.

Project Risk Analysis

There is a certain amount of risk that is inherent in any type of real estate venture. The Glenmont Metro Center project has numerous risks that could result in the loss of asset value or have construction stalled during one of the stages. Dividing this project into standalone phases reduces many of the uncertainties plaguing the real estate market at this time. Each phase is designed to be profitable either standalone or gain enhanced value with the completion of the other phases. Should the project estimates or projections prove inaccurate or if the market suddenly changes, the project can be halted at any point. This has the impact of significantly reducing risk by making each individual phase profitable in its own right. Moreover, projections and estimated costs can be more easily quantified for the next phase after the completion of the prior phase.

The development team will consist of the finest professionals in the industry to ensure that project is completed on time and under budget. The design and overall attractiveness of the structure compares very favorably to similar projects in the market area. The implementation of an aggressive marketing plan will attract potential tenants of the target market demographic to consider Glenmont Metro Center. The excitement of being part of a growing and evolving community for the next twelve-years will provide an incentive that is hard to compare in other areas of Montgomery County. Lastly, the location of Glenmont Metro Center is unique. The community has easy access to both Metrorail and major arteries in the DC metro area making this location ideal for professionals working in the area. This model of development has worked well in other areas of Montgomery County such as: Rockville Town Center and Bethesda Row.

Alternative Exit Strategy

There are two different potential exit strategies that should be considered based on conditions:

1. Analyze the possible sale of the entitled lands to another developer/sponsor and allow them to take over the original project plans. Making the sale at the right time may generate the required return on investment while reducing the overall risk to the investors.

2. At the completion of any of the development phases, a potential exit strategy is to convert the units to condominiums instead of rental apartments. An analysis of the market conditions will determine if this possibility will produce greater returns for the investors.

APPENDICES: TAX RECORDS OF THE EXISTING PARCELS

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Account Identifier: District - 13 Account Number - 00967163

Owner Information

Owner Name:	ETON CENTERS CO	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	BRAUSE REALTY INC 52 VANDERBILT AVE NEW YORK NY 10017	Deed Reference:	1) /04483/ 00417 2)

Location & Structure Information

Premises Address	Legal Description
12387 GEORGIA AVE SILVER SPRING 20906-0000	PT PAR B GLENMONT SH OP CENTER

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:
JQ13	0000	N435		0001				1	Plat Ref:

Special Tax Areas	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1959	24375	100,400 SF	503

Stories	Basement	Type	Exterior
		RETAIL STORE	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	1,807,200	2,108,400		
Improvements:	2,814,400	2,028,100		
Total:	4,621,600	4,136,500	4,136,500	4,136,500
Preferential Land:	0			0

Transfer Information

Seller:		Date:		Price:	
Type:		Deed1:	/04483/ 00417	Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt: | Special Tax Recapture:
Exempt Class:

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Account Identifier: District - 13 Account Number - 00974066

Owner Information

Owner Name:	JANET-CVS GLENMONT LLC ET AL	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	C/O CVS #1459-01 TAX DEPT 1 CVS DR WOONSOCKET RI 02895-6146	Deed Reference:	1) /29770/ 00618 2)

Location & Structure Information

Premises Address	Legal Description
12353 GEORGIA AVE SILVER SPRING 20906-0000	PT PAR A GLENMONT SHOPPING CENTER

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:	5307
JQ13	0000	N436		0001				1	Plat Ref:	

Special Tax Areas	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1959	12500	64,537 SF	503

Stories	Basement	Type	Exterior
		RETAIL STORE	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	1,097,100	1,355,200		
Improvements:	1,095,600	607,400		
Total:	2,192,700	1,962,600	1,962,600	1,962,600
Preferential Land:	0			0

Transfer Information

Seller:	CALOMIRIS, GEORGE P ET AL	Date:	04/28/2005	Price:	$350,000
Type:	ARMS LENGTH IMPROVED	Deed1:	/29770/ 00618	Deed2:	
Seller:	JANET-CVS GLENMONT LLC ET AL	Date:	04/28/2005	Price:	$350,000
Type:	ARMS LENGTH IMPROVED	Deed1:	/00000/ 00000	Deed2:	
Seller:	CALOMIRIS, GEORGE P ET AL	Date:	04/28/2005	Price:	$0
Type:	NON-ARMS LENGTH OTHER	Deed1:	/29770/ 00614	Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt: Special Tax Recapture:
Exempt Class:

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Account Identifier: District - 13 Account Number - 00963256

Owner Information

Owner Name:	HELLER BROTHERS REALTY LLC	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	P O BOX 6280 SILVER SPRING MD 20916-6280	Deed Reference:	1) /19342/ 00614 2)

Location & Structure Information

Premises Address	Legal Description
12355 GEORGIA AVE SILVER SPRING 20906-0000	PT PAR C GLENMONT SHOPPING CENTER

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No: 5569
JQ13	0000	N483		0001				1	Plat Ref:

Special Tax Areas		
	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1960	4200	26,296 SF	503

Stories	Basement	Type	Exterior
		RETAIL STORE	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	552,200	709,900		
Improvements:	1,208,500	578,300		
Total:	1,760,700	1,288,200	1,288,200	1,288,200
Preferential Land:	0			0

Transfer Information

Seller:	HELLER, AUGUST & A ETAL	Date:	06/26/2001	Price:	$0
Type:	NON-ARMS LENGTH OTHER	Deed1:	/19342/ 00614	Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt: Special Tax Recapture:
Exempt Class:

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Account Identifier: District - 13 Account Number - 00955074

Owner Information

Owner Name:	JGB PROPERTIES LLC	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	15311 PINE ORCHARD DR APT 2E SILVER SPRING MD 20906-1333	Deed Reference:	1) /35048/ 00238 2)

Location & Structure Information

Premises Address	Legal Description
12349 GEORGIA AVE SILVER SPRING 20906-0000	PL 5569 PAR D GLENMO NT SHOPPING CTR

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:
JQ13	0000	N482		0001				1	Plat Ref:

Special Tax Areas	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1960	6250	31,313 SF	503

Stories	Basement	Type	Exterior
		RETAIL STORE	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	532,300	1,171,100		
Improvements:	884,000	202,500		
Total:	1,416,300	1,373,600	1,373,600	1,373,600
Preferential Land:	0			0

Transfer Information

Seller:	BRITTON, MAURICE G & J G	Date:	11/09/2007	Price:	$0
Type:	NON-ARMS LENGTH OTHER	Deed1:	/35048/ 00238	Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt:	Special Tax Recapture:
Exempt Class:	

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Account Identifier: District - 13 Account Number - 00961680

Owner Information

Owner Name:	GEORGIA EAST LTD PTNSHP	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	C/O GREENBERG CO 4901 FAIRMONT AVE #200 BETHESDA MD 20814	Deed Reference:	1) /12718/ 00474 2)

Location & Structure Information

Premises Address	Legal Description
12345 GEORGIA AVE SILVER SPRING 20906-0000	PARCEL E GLENMONT SH OPPING CT

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:
JQ13	0000	N481		0001				1	Plat Ref:

Special Tax Areas	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1966	43647	94,687 SF	503

Stories	Basement	Type	Exterior
		SHOPPING CENTER / NEIGHBORHOOD	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	1,609,600	1,988,400		
Improvements:	3,240,400	2,352,600		
Total:	4,850,000	4,341,000	4,341,000	4,341,000
Preferential Land:	0			0

Transfer Information

Seller:	GLENARCO INC	Date:	06/24/1994	Price:	$1,750,000
Type:	ARMS LENGTH IMPROVED	Deed1:	/12718/ 00474	Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt: Special Tax Recapture:
Exempt Class:

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GroundRent Redemption
GroundRent Registration

Account Identifier: District - 13 Account Number - 00976772

Owner Information

Owner Name:	STATE OF MARYLAND STATE HIGHWAY ADMINISTRATION	Use:	EXEMPT COMMERCIAL
		Principal Residence:	NO
Mailing Address:	707 N CALVERT ST BALTIMORE MD 21202	Deed Reference:	1) /41005/ 00033 2)

Location & Structure Information

Premises Address	Legal Description
2301 RANDOLPH RD SILVER SPRING 20902-0000	PARCEL H GLENMONT SH OPPING CENTER

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:
JQ13	0000	N588		0001				1	Plat Ref:

Special Tax Areas		
	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1964	2014	11,900 SF	553

Stories	Basement	Type	Exterior
		SERVICE GARAGE	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	428,400	428,400		
Improvements:	986,100	986,100		
Total:	1,414,500	1,414,500	1,414,500	1,414,500
Preferential Land:	0			0

Transfer Information

Seller:	G D ARMSTRONG CO INC	Date:	01/25/2011	Price:	$1,500,000
Type:	ARMS LENGTH IMPROVED	Deed1:	/41005/ 00033	Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	350	1,414,500.00	1,414,500.00
State	350	1,414,500.00	1,414,500.00
Municipal	350	0.00	0.00

Tax Exempt: Special Tax Recapture:
Exempt Class: OTHER

Maryland Department of Assessments and Taxation
Real Property Data Search (vw6.2A)
MONTGOMERY COUNTY

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Account Identifier: District - 13 Account Number - 02168452

Owner Information

Owner Name:	BARNSLEY JAMES M JR ETAL TR	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	3611 ROCKHILL LA OLNEY MD 20832	Deed Reference:	1) /17711/ 00393 2)

Location & Structure Information

Premises Address	Legal Description
2211 RANDOLPH RD SILVER SPRING 20902-0000	PT PAR EYE GLENMONT SHOPPING CENTER

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No: 13757
JQ13	0000	N441		0001				1	Plat Ref:

Special Tax Areas	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1982	6000	61,390 SF	599

Stories	Basement	Type	Exterior
		HEALTH CLUB	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	1,043,600	701,800		
Improvements:	273,200	452,500		
Total:	1,316,800	1,154,300	1,154,300	1,154,300
Preferential Land:	0			0

Transfer Information

Seller:	BARNSLEY, JAMES M JR ET AL TR	Date:	12/02/1999	Price:	$0
Type:	NON-ARMS LENGTH OTHER	Deed1:	/17711/ 00393	Deed2:	
Seller:	MARY C BARNSLEY FAM TR ET AL	Date:	04/15/1998	Price:	$0
Type:	NON-ARMS LENGTH OTHER	Deed1:	/15740/ 00421	Deed2:	
Seller:		Date:		Price:	
Type:		Deed1:		Deed2:	

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt: Special Tax Recapture:
Exempt Class:

Maryland Department of Assessments and Taxation
Real Property Data Search (vw6.2A)
MONTGOMERY COUNTY

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Account Identifier: District - 13 Account Number - 02543500

Owner Information

Owner Name:	GLENMONT COMMERCIAL LTD PTSP	Use:	COMMERCIAL
		Principal Residence:	NO
Mailing Address:	10020-A COLESVILLE RD SILVER SPRING MD 20901	Deed Reference:	1) 2)

Location & Structure Information

Premises Address	Legal Description
12331 GEORGIA AVE SILVER SPRING 20906-0000	PLAT 15541 PAR M GLE NMONT SHOPPING CTR

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:
JQ13	0000	N440		0001				1	Plat Ref:

Special Tax Areas	Town	NONE
	Ad Valorem	
	Tax Class	38

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1986	27497	121,096 SF	502

Stories	Basement	Type	Exterior
		SHOPPING CENTER / NEIGHBORHOOD	

Value Information

	Base Value	Value	Phase-in Assessments	
		As Of 01/01/2010	As Of 07/01/2011	As Of 07/01/2012
Land	2,058,600	2,543,000		
Improvements:	6,596,600	5,031,700		
Total:	8,655,200	7,574,700	7,574,700	7,574,700
Preferential Land:	0			0

Transfer Information

Seller:	Date:	Price:
Type:	Deed1:	Deed2:
Seller:	Date:	Price:
Type:	Deed1:	Deed2:
Seller:	Date:	Price:
Type:	Deed1:	Deed2:

Exemption Information

Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County	000	0.00	0.00
State	000	0.00	0.00
Municipal	000	0.00	0.00

Tax Exempt: Special Tax Recapture:
Exempt Class:

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http://www.montgomeryplanning.org/
http://www.montgomerycountymd.gov/content/DHCA/welcome.asp

Table References

Table #4
[a] http://gis.mcpsmd.org/gis/OfficialLocator2.asp
[b] http://maps.google.com/
[c] http://usps.whitepages.com/post_office/MD/silver%20spring?a=12387+georgia+ave&d=5
[d] http://www.iccproject.com/
[1] A toll freeway between the I-270/I-370 and I-95/US 1 corridors.
[e] http://www.westfield.com/Wheaton

Table #7
[a] As defined by the Montgomery County Zoning Ordinance, below is the definition of Green Area:

> An area of land associated with and located on the same tract of land as a major building or group of buildings, or a prescribed portion of the land area encompassed by a development plan, diagrammatic plan or site plan, to which it provides light and air, or scenic, recreational or similar amenities. This space must generally be available for entry and use by the occupants of the building or area involved, but may include a limited proportion of space so located and treated as to enhance the amenity of the development by providing landscaping features or screening for the benefit of the occupants or those in neighboring areas, or a general appearance of openness. Green area may include but is not limited to lawns, decorative plantings, sidewalks and walkways, active and passive recreational areas including children's playgrounds, public plazas, fountains, swimming pools, wooded areas, and watercourses. Green area does not include parking lots or vehicular surfaces, accessory buildings other than swimming pools, or areas of open space so located, small, or circumscribed by buildings, parking or drainage areas as to have no substantial value for the purposes stated in this paragraph.

[b] The Planning Board may reduce this setback by no more than 50% “upon a finding that trees or other features on the site permit a lesser setback without adversely affecting development on an abutting property”.

[1] No minimum setback is required if in accordance with master plan.

[c] The final number of parking spaces will be determined at the time of site plan approval when the bedroom mix has been finalized using the mixed uses worst case scenario parking requirement table under the Section 59-E-3.1. Further, the director/planning board may approve reduction/credits if such units are located within a proximity to a Metrorail station or specified residential uses.

[1] For patron use within the establishment

[2] Of ground area devoted to patron use on the property outside the establishment