

VIRGINIA AVENUE TROLLEY BARNs
DEVELOPMENT AND FEASIBILITY STUDY

by

Frank Carter III

Bachelor of Business Administration
University of Georgia
1973


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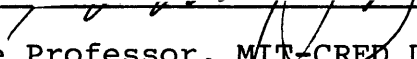
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Signature of the Author




Frank Carter III
Department of Urban Studies and Planning
August 7, 1985

Certified by



Michael Buckley
Associate Professor, MIT-CRED Design for Development
President, Halcyon, Ltd., Hartford, Connecticut
Thesis Supervisor

Accepted by



Lawrence S. Bacow
Chairman
Interdepartmental Degree Program in Real Estate Development

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Virginia Avenue Trolley Barns

Development and Feasibility Study

by
Frank Carter III

Submitted to the Department of Urban of Studies and Planning on August 1, 1985, in partial fulfillment of the requirements for the Degree of Master of Science in Real Estate Development.

ABSTRACT

As an executive summary, the following information is meant to condense the attached analysis and feasibility study.

The project is located in the heart of Atlanta, Georgia, and in the center of a reemerging group of intown neighborhoods. The unique location provides an opportunity to capitalize on a phenomenon that in the last four years has seen the neighborhood demographics change dramatically. The Virginia/Highlands and Midtown neighborhoods, our primary target market, are the heart of intown living. Most of the other intown neighborhoods in metropolitan Atlanta are located within a five-mile radius of the project site. The overall site is approximately 6 acres and is located 2.5 miles from Atlanta's Central Business District.

The project program is an adaptive reuse of trolley maintenance barns (100,000 GLA) built around 1900 and is to be converted into a neighborhood-oriented, entertainment shopping experience. Total redevelopment costs are \$7.856 million or \$78.56 per gross square foot or \$96.37 per net leasable square foot.

We conducted a private demographic/retail preference survey to verify product acceptability, program, and demographic information. Of the three retailing preferences suggested, there is a clear mandate for a blend of two concepts: Neighborhood Lifestyle and Flea Market concepts. Our design concept and program are shaped by blending both concepts. Further, we compare our demographic information to census tract information from 1980 and estimated 1984 data. The conclusions of the census profile are backed by our consumer preference survey and Consumer Expenditure Survey information from the U.S. Department of Labor Statistics.

COMBINED TOP FOUR CENSUS TRACTS ESTIMATED 1984

- | | |
|-------------------------------|----------------------------------|
| o Market Population - 35,698; | o 28% of the families have |
| top four tracts - 9,798. | one worker. |
| o Median Household Income - | o 42% of the homes are rented. |
| \$25,182. | o 58% of the homes are owned. |
| o Average Household Income - | o Per Capita Income - \$19,000. |
| \$36,587. | o Total housing units are 1,347. |
| o 82% of the population is | o 59% of the families have two |
| white-collar employed. | or more workers. |

OUR PRIVATE SURVEY - 20% RESPONSE

65% - High Income - \$36,000 and over
35% - Low Income - \$10,000 - \$35,000

Own Dwelling

High Income - 94%
Low Income - 65%

White Collar Employed

High Income - 79%
Low Income - 73%

MBA/Ph.D.

High Income - 68%
Low Income - 19%

College Education

High Income - 96%
Low Income - 79%

Additionally, we have compiled comparable rental information and occupancy levels for existing and proposed competitive developments.

Our attorneys have confirmed our belief that the current zoning I-1 (Light Industrial) is sufficient for our proposed reuse. A parking variance may need to be obtained; however, our parking ratio is five spaces per 1,000 net leasable square feet which is typically sufficient for retail use in suburban and urban areas.

The design program is termed the geode concept because we plan to preserve the scale, mass, outer crust or shell, and structural integrity of the buildings, yet create inside a compatible, new, airy experience for our tenants and customers. As mentioned previously, the results of our retail preference survey shaped our overall program and design concept. We designed the buildings to reflect the neighborhood's needs and wants.

The pro forma shows a pretax IRR of 15.77% and NPV at 15% of \$108,247 for the equity partners and an aftertax IRR of 24.09% and NPV at 10% of \$1,625,136. This assumes the 20% Rehabilitation Credit currently approved for 40-year-old or older structures and a 10% Investment Tax Credit for qualifying personal property and the elevator. The return to our equity partners without the tax credits and using a maximum 35% tax bracket is: pretax IRR 15.77%, aftertax IRR 16.57%; pretax NPV at 15% \$108,247, aftertax NPV at 10% \$963,678.

Our assumptions in the pro forma are conservative for both income and cost variables.

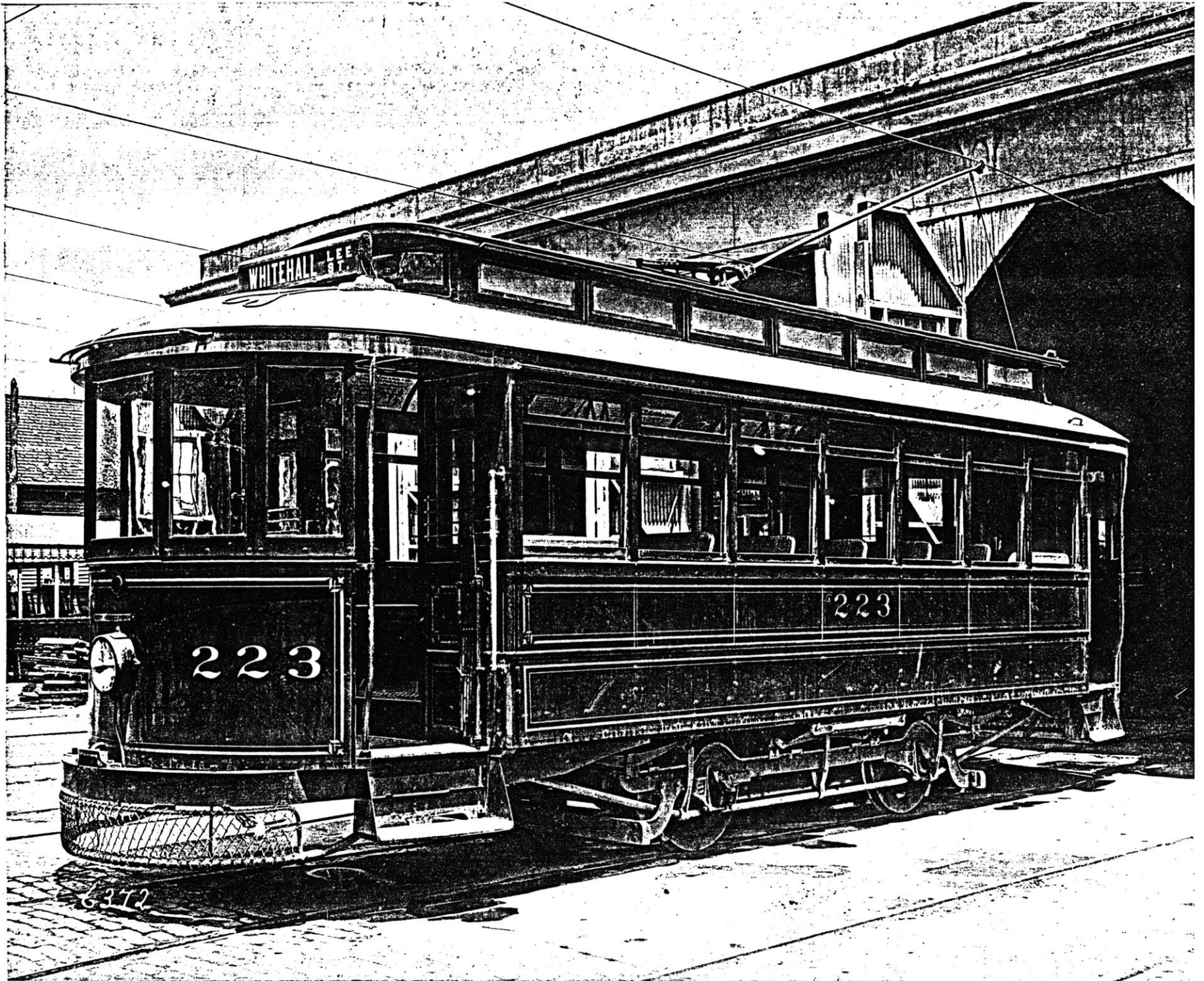
The marketing plan insists on an exclusive broker relationship. The broker is to be on board early in the program's formation. Canvassing, follow up, and reevaluation of leasing performance is continuous. We plan preopening advertising, opening day festivities and the creation of an advertising fund for ongoing project promotion.

Our feasibility and development analysis is sufficiently convincing and the project's potential sufficiently exciting to warrant continued refinement of rental potential, rehabilitation costs, user acceptance, and further financial detail.

This project is a unique opportunity. The neighborhood is ideal for the adaptive reuse. There can be no imitations in the Atlanta area. The Trolley Barns exist in only one location. The idea and concept are powerful, the rewards are lucrative. We intend to further pursue this opportunity and seek the "seed" capital required.

Thesis Supervisor: Michael Buckley

Title: Associate Professor, MIT-CRED Design for Development
President, Halcyon, Ltd., Hartford, Connecticut



6372

INTRODUCTION:

This analysis is a professional document that presents all the information and materials necessary for a joint venture partner (debt or equity) to decide whether to pursue development of the site. The document is divided into seven sections.

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SECTION I
AREA AND SITE DESCRIPTION
MAJOR PHYSICAL PROBLEMS

GEORGIA ECONOMIC PROFILE

Area Description

The State of Georgia is located in the heart of the southeastern United States. Total land area is 58,910 square miles, and the State has the eleventh highest population in the country. The State's highest elevation is Brasstown Bald located in northwest Georgia's Appalachian Mountains, and the lowest point is sea level. Georgia has 100 miles of coastal beaches and enjoys mild year-round temperatures due to its latitude and proximity to the warm waters of the Gulf of Mexico (summer average - 73°-80°, winter average - 41°-56°). There are 43 State Parks and many scenic attractions such as Stone Mountain State Park, the Appalachian Trail, Cumberland Island National Seashore, Okefenokee Swamp National Park, and Chattooga Wild and Scenic River.

Georgia's governor, the State's Chief Executive Officer, is elected for a four-year term and can succeed himself for an additional term. The General Assembly is elected for a two-year term. Senators and Representatives are apportioned by population. Deficit spending is constitutionally prohibited, assuring fiscal responsibility.

Georgia Economic Facts:

- o Corporate Tax - 6% of income apportioned to Georgia;
- o State Sales Tax - 3% - some communities levy an additional 1% local sales tax;
- o Property Tax - 0.5% to 1.5% of fair market value.
- o Inventory Exemption - Most counties and cities exempt certain business inventories from property taxation.^{1/}

Foreign investment is growing at a faster pace in the Southeast and Georgia than in the rest of the country, according to a new report by the Federal Reserve Bank in Atlanta.

In addition, during the 1970's and early 1980's, Georgia had the fastest growth of foreign investment among the six states in the Fed's Southeast district.

In a seven-year period, foreign investment in Georgia grew by 426%, compared with Florida's 390%.

"Among southeastern states, Georgia has been among the most popular with foreign investors," the report stated.

1/ Georgia Department of Industry and Trade.

This foreign investment in Atlanta and Georgia tends to be in services, real estate, distribution, and newer manufacturing. Those kinds of investment helped the state's economy during the recession in the early 1980's.

The largest foreign investors in the Southeast are Canada, the United Kingdom, Netherlands, Japan, and West Germany.^{2/}

1984 INDUSTRY MIX

GEORGIA

ALL INDUSTRIES

<u>INDUSTRY</u>	<u>EMPLOYMENT</u>	<u>% AREA</u>
Wholesale/Retail Trade	564,300	24
Manufacturing	524,500	22
Government	440,000	19
Services	409,000	17
Transportation/Public Utilities	151,100	6
Finance/Insurance/Real Estate	124,300	5
Construction	121,500	5
Mining	<u>7,800</u>	<u>1</u>
TOTAL	<u>2,343,400</u>	<u>100%</u>

SOURCE: Georgia Department of Labor, Trends, March 1984.

^{2/} Atlanta Journal and Constitution, June 17, 1985, "Business Monday," Maria Saporta.

1984 INDUSTRY MIX

GEORGIA

(Continued)

MANUFACTURING

<u>INDUSTRY</u>	<u>FIRMS</u>	<u>EMPLOYMENT</u>
Textiles	451	107,090
Apparel	458	78,548
Food	648	55,898
Transportation Equipment	122	40,582
Paper	162	26,891
Lumber	511	25,489
Stone/Clay/Glass/Concrete	441	24,667
Electric/Electronic Machinery	157	23,953
Nonelectric Machinery	458	22,562
Fabricated Metals	433	22,446
Chemicals	371	21,748
Printing	533	18,411
Rubber/Plastics	202	18,012
Primary Metals	78	14,203
Furniture	139	8,751
Instruments	70	7,802
Miscellaneous Manufacturing	138	6,724
Petroleum Refining	71	2,770
Leather	23	1,812
Tobacco	2	973
	<u>5,468</u>	<u>529,332</u>
TOTAL	<u>5,468</u>	<u>529,332</u>

SOURCE: Georgia Department of Industry and Trade, Survey for Georgia Manufacturing Directory, 1984-1985. (IMST.GK)

ATLANTA ECONOMY, INCLUDING DOWNTOWN ATLANTA

Atlanta was chosen in 1983 as "the most livable city in the United States." In the year 2000, the population of Atlanta is projected to be 3,000,000. The 12-county metropolitan area currently has 2,033,000 people, and the City of Atlanta population stands at about 400,000. Atlanta natives still set the pace and maintain a sense of history, language, and regional pride.

The City of Atlanta is governed by a Mayor and City Council. A comprehensive revision of Atlanta's charter, which took effect in 1974, placed all administrative responsibilities under the Mayor as the City's Chief Executive. All legislative functions are vested in the City Council which has 12 District Representatives, six at-large members, and the President of the City Council, who is elected citywide.

Atlanta is noted for the beauty of its residential areas, especially in the spring when they are accented by a profusion of pink and white dogwood blossoms and the vivid reds and pinks of azaleas. The abundance of trees is one of the striking

characteristics of Atlanta's neighborhoods. New and older homes are readily available in all price ranges and in a wide variety of styles. A person can choose to live in a spacious subdivision, on a small farm, or in a close-in neighborhood.

Atlanta's leadership as a center of higher education is both a cultural and an economic asset. In addition to four vocation-technical schools and many private business and career schools, there are 28 degree-granting colleges, universities, and junior colleges in the Atlanta area. Some of the best known are Emory University, Georgia Institute of Technology, Georgia State University, and the member institutions of the Atlanta University Center.

Extensive hospital, research, and educational facilities make Atlanta a regional center for health care and a national center in the field of medical research. The metro area has 57 licensed hospitals with a total capacity of over 11,000 beds. The national headquarters of the Center for Disease Control of the U.S. Public Health Service is located in Atlanta.

There are many tourist and historic attractions in the Atlanta area. Some of the most popular are Six Flags Over Georgia, a large amusement park west of Atlanta; Stone Mountain Park, a multifaceted park of 3,200 acres surrounding the world's largest

mass of exposed granite; and, the Cyclorama, a 400-foot circumferential painting which depicts the Battle of Atlanta. A significant landmark is the Martin Luther King, Jr. Memorial Center and Gravesite which honors the Nobel Prize winner and leader of the civil rights movement.

Situated in the Piedmont Plateau at an altitude of 1,050 feet above sea level, Atlanta has a temperate climate without seasonal extremes. As an indication of Atlanta's cool summer evenings and moderate winters, the annual mean temperature is 60.3° Fahrenheit. The annual rainfall averages, about 50 inches, and the relative humidity ranges from 57% to 83%.

Products manufactured in Atlanta range from soft drinks to sophisticated communications equipment. Manufacturing employment is almost equally divided into durable and nondurable goods. Transportation equipment is the largest sector in durable goods, while food and food products are the largest sector in the nondurable category. The largest employment category is retail and wholesale trade, followed by service industries, and then by government and manufacturing.

Atlanta's Central Business District has become increasingly service oriented with financial, legal, accounting, and advertising firms leading the way. The suburban office parks

tend to attract regional offices of national companies, which are geared toward sales, research and development, and administrative functions.

Atlanta is clearly the financial capital of the Southeast. The headquarters of the 6th District of the Federal Reserve Bank and the 5th District of the Federal Home Loan Bank are located in Atlanta, along with 75 banks and over 400 branches. Metropolitan Atlanta ranks ninth in the nation in bank clearings. Atlanta has offices of 47 of the nation's 50 largest life insurance companies, 35 of the 50 largest diversified financial companies, and 20 of the 50 largest commercial banking companies. There are 21 savings and loan associations in the metro area with 183 branch offices.

With the increasing trade and international investment in the region, Atlanta has become a major center of international banking as well. A number of foreign banks have opened offices here, including Algemene Bank Nederlands, Banco de Brasil, Bank of Bavaria, Bank of Nova Scotia, Bank of Tokyo, Barclays Bank International, Canadian Imperial Union Bank, Commerzbank, Credit Suisse, Lloyds Bank International, and Swiss Bank Corporation.^{3/}

^{3/} Carter & Associates, Inc., Research Department.

Commitments for new business investment in metro Atlanta totaling more than \$31.5 million were recorded by the Atlanta Chamber of Commerce in the first quarter of 1985. This growth came from 27 new firms that accounted for 772 new jobs. More than 380 jobs were generated by firms relocating facilities or establishing a headquarters or regional office.

Highlights of the first-quarter analysis are:

- o Retailers created 300 jobs.
- o Hotels, headquarters, regional and branch offices accounted for the biggest share of investment, \$23.9 million.
- o Seven foreign companies expanded or located in Atlanta during the first quarter - two from the Netherlands and one each from Australia, Belgium, Canada, France, and the United Kingdom.
- o Fulton County captured the biggest share of growth - 11 firms located there.
- o In 1984, the Atlanta Chamber of Commerce estimated that 160 firms moved or announced plans to move to metro Atlanta, generating a potential of 98,000 new jobs.
- o In addition, 309 firms made or committed major construction investments totaling more than \$10 billion, which the Chamber estimated would have a long-range potential of more than 233,000 new jobs.
- o The Georgia Department of Labor reported that the metro area generated close to 100,000 new jobs, a trend economists expect to be repeated on almost the same scale in 1985 before economic^{4/} conditions result in slower job growth the next year.^{4/}

^{4/} Atlanta Journal and Constitution, June 17, 1985, "Business Monday," Tom Walker.

Overall, Georgia's economic growth statistics are among the brightest in the nation. But it is chiefly Atlanta's prosperity that gives the illusion of prosperity in a state riddled with pockets of albeit poverty.

During the past five years, 75% of the State's new jobs were added in Atlanta. Manufacturing employment grew 17% in the metro Atlanta area during that period.

As a major crossroads for railroad service, and later telegraph and telephone lines, Atlanta developed from her infancy as a regional center for economic progress.

More currently, the shift from an industrial to a service-oriented economy has fueled Atlanta's growth.^{5/}

^{5/} Atlanta Journal and Constitution, June 17, 1985, "Business Monday," Bob Deans.

ATLANTA'S
INTOWN
NEIGHBORHOODS



VIRGINIA/HIGHLANDS - INTOWN NEIGHBORHOODS

Intown

Unlike most of its northern counterparts, Atlanta never has been a city of neighborhoods in the classic sense. This is the result of constantly-shifting residential patterns, the availability of space in the suburbs for development, and, most importantly, the lack of strong ethnic and social identities - the glue which holds most clear-cut, big-town neighborhoods together and gives them their characteristics.

As a result, Atlantans tend to think of themselves as residents of large, far-flung communities - such as Sandy Springs, Buckhead, or Marietta - which could mean they live anywhere within a ten-mile radius and suggests nothing about their particular personalities or lifestyles.

The single exception to this is the section of Atlanta which ranges from just south of Buckhead - say 28th Street - south into downtown and east and southeast to Decatur and south DeKalb County. This area is called, sometimes not too accurately, "intown," and it is made up of a collection of adjoining

neighborhoods with roughly-defined, sometimes overlapping boundaries and lots of common characteristics: Ansley Park, Morningside, Virginia/Highlands, Candler Park, Little Five Points, Inman Park (the City's oldest subdivision), Briarcliff-Emory, and, to the southwest, Grant Park, and more recently, Ormewood Park. The mother of all these neighborhoods is Midtown, which is closest to downtown and which experienced the first blush of the urban residential rehabilitation that began here in the early '70s.

There are no clear-cut lines of delineation between any of these neighborhoods, and there are often smaller sections within them that struggle for independent identities. What they tend to have in common are their appearances - older, often more substantial houses, tree-lined streets with sidewalks, less traffic, and the constant look and feel of being gentrified. But, most significantly, they share a broad commonality of people who, for one reason or another, find the suburbs distasteful, who like the feel of being close-in to downtown and prefer a neighborhood identity that goes beyond just hanging one's hat there.

Many staked a gambled claim in these areas years ago when they moved in to fill a void left by white, middle-class flight to the suburbs in the late 1960's and early 1970's. Many are newcomers, and many are refugees from such areas as Buckhead.

A typical intown resident might be young or early middle-aged, an educated professional, liberal, artsy craftsy, black or white, single or married, straight or gay, but one tends to see the same faces in the same taverns, shops, or markets throughout the area. And one is likely to see the same faces at social gatherings far-flung in any of the intown neighborhoods. This has led to the observation that, in this part of town at least, Atlanta is the smallest big city in America - or vice versa.

Ironically, this environment appeals to a need for familiarity shared by small towners and big-city neighborhood immigrants alike and, at the same time, provides a sense of existing in the big city.^{6/}

The six "intown" neighborhoods immediately surrounding the Trolley Barns are:

1. Morningside - Development began in 1923; Developer, J. R. Smith and M. S. Rankin, widely-known, local real estate men.

^{6/} Atlanta Magazine, July 1984, "There's a Neighborhood for Every Style," David Nordan.

The property was developed during the building boom which occurred in Atlanta during the 1920's. By 1931, the boom had died. The property comprising Morningside was annexed to the City of Atlanta January 1, 1925. J. R. Smith died in 1926 and was considered a leader in local realty circles. The neighborhood consists of many upper- and upper/middle-class Jewish residents.

2. Ansley Park - Development began in 1905 and was part of the Washington Collier Estate.

The property encompassed one entire land lot of 202.5 acres. Most of the homes are frame construction with high ceilings, steam heat, and lots averaging 1/4 to 1/2 acre.

3. Midtown - This neighborhood has seen considerable change which began in the 1960's as Atlanta's "hippie district." During the early 1970's and continuing today, one discovers many renovations of the lovely old mansions for offices and residences. Some row houses and new, attached condominium developments have appeared over the past seven or eight years.

4. Virginia Highlands - This intown neighborhood was developed between 1910 and 1920 and was part of the old Todd farm. Today, along with Midtown, this neighborhood is the nucleus of the yuppie lifestyle. Tree-shaded sidewalks and wide streets characterize the area. Homes vary from moderate to spacious, old and new.

5. Druid Hills - Developed in 1908, the property was master planned by the Olmstead firm. This neighborhood is one of the nicest with gracious homes that are being or have been renovated. The lots range from 1/2 to 5 acres plus. The Candler estate (founder of Coca-Cola) is located here.

6. Brookwood Hills - Developed in 1922, the property was part of the Andrew Jackson Collier Estate and today is a prized location for upper-class professionals in their 40's. A common private park including a large pool, clubhouse and tennis courts is a favorite neighborhood congregating point. The huge oak trees shade the winding streets that are bordered by sidewalks.^{7/}

^{7/} Atlanta and Environs Volume II, 1980, Garrett.

Presently, Brookwood Hills and Ansley Park are considered the most prestigious areas next to Atlanta's fashionable Buckhead, and Morningside is an extremely stable neighborhood.

Trolley History

The story of rail transit in Georgia cities, as in hundreds of other cities around the nation, was associated with the urban growth which followed the War Between the States, and often involved an overenthusiastic civic pride coupled with sometimes questionable private land schemes.

The first such period of growth was in the late 1870's and early 1880's, fueled by the revival which followed the panic of 1873 and the gradual recovery of the urban south from the effects of the war. The second period of growth was after the 1893 panic, and before the panic of 1907, and the third period followed the 1907 panic.

The dawn of the railroad age, which gave birth to Atlanta, came on February 28, 1827. Atlanta was born in 1837 as the railroad surveyors pegged the terminus. In 1845, the town of Marthasville gave way to the town of Atlanta. The name, a coined word, was suggested by the chief engineer of Georgia Railroad as supposedly the feminine version of the word

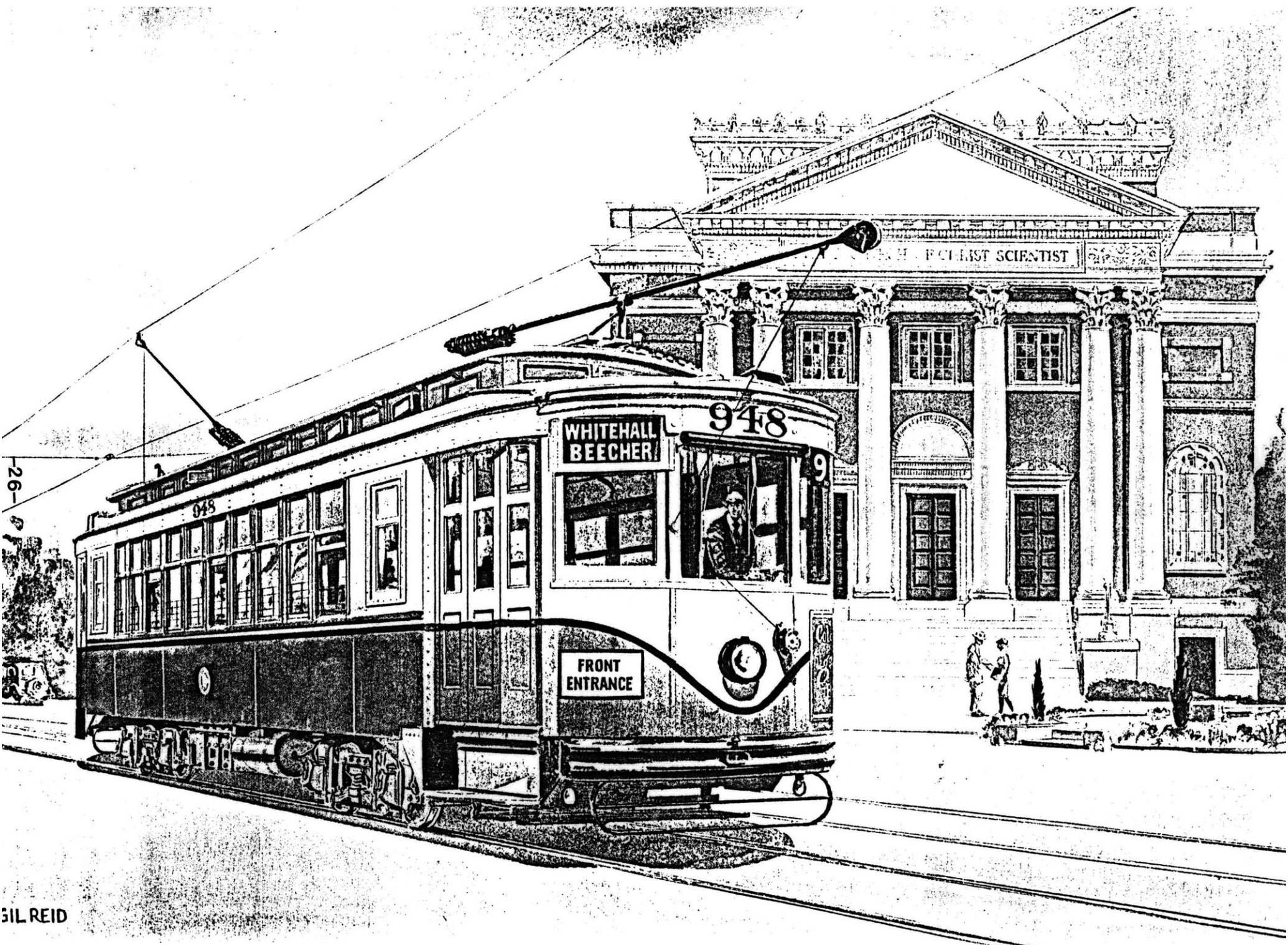
Atlantic. The choice was fortunate as that name has been called the most melodious and attractive of any held by an American city.

A measure of Atlanta's growth into a city of importance came when her gas street lights were turned on for the first time on Christmas Day, 1855. Born of the railroads, she was a point of importance in the southeastern quadrant of the United States. This was later recognized by Union Army General William T. Sherman, who ordered the city burned to insure northern success in the War Between the States, 1861-1865. Atlanta's recovery from that devastation was nothing short of miraculous.

Georgia's first electric street railway opened in August 1889. Initial service was provided by two steam dummies and four coaches.

Atlanta's trolley system went through an evolution that finally ended after 12 years of modernization. The rubber-tire bus took over the transit lines, and only the river line was served by streetcars. Then it all ended. On Saturday, April 9, 1949, free rides were given, and many took advantage to take their children and grandchildren to ride a streetcar - their last chance.^{8/}

^{8/} "The Trolley Titans," 1981, Carson HE4491.



-26-

SIL REID

SITE DESCRIPTION

History of the Trolley Barns

The Virginia Avenue Trolley Barns were built between 1900 and 1910. They were used to repair trolley cars that were significantly depreciated. Cars that could not be repaired were burned on the site. The site was also used for electrical pole storage.

The most popular route on the trolley system was the Nine-Mile Circle that connected many of the surrounding neighborhoods and went past the site.^{9/} (See photo on next page.)

Context Description of Area

Today, the Trolley Barns sit on a hilltop with a view of Midtown and downtown Atlanta's skyline. The adjacent property is owned by Georgia Power Company (the original owner of Atlanta's public transit system) (see Appendix 1: Photo 1). Across the street is a renovated two-story white stucco and masonry-trimmed office

^{9/} Interview with Franklin Garrett - Atlanta Historian.

building used for law offices. The structure is owner occupied (see Photo 2). Adjacent to the office building are several single-family residences. The first one is owned and occupied by Judge Walpole (Traffic Court Judge - Photo 3), and the balance of the street lined with other single-family homes (Photo 4). Just to the west along Monroe Drive at 10th Street one finds a metal fabricator (Photo 7), and adjacent northward is a warehouse showroom of modern furniture and accessories, known as Innovations (Photo 8), and a masonry company (also Photo 8). Finally, at the eastern entrance to Piedmont Park (home of The Cotton States and International Exposition - Atlanta, Georgia, U.S.A., September 1985) and located at Monroe Drive and 10th Street, one finds a lovely quarried-stone building which until 1979 was the clubhouse for Piedmont Golf Club, a public course (Photo 9).

From the intersection of Virginia Avenue and Monroe Drive heading southward, one finds a new neighborhood shopping center, Midtown Center (Photo 10 - Trolley Barns right behind the Center separated by the railroad tracks). Further south, approximately 100 yards, is a dry cleaner which serves the Midtown area and Buckhead as well as a favorite "greasy spoon" known as the Silver Grill (Photos 11 and 12).

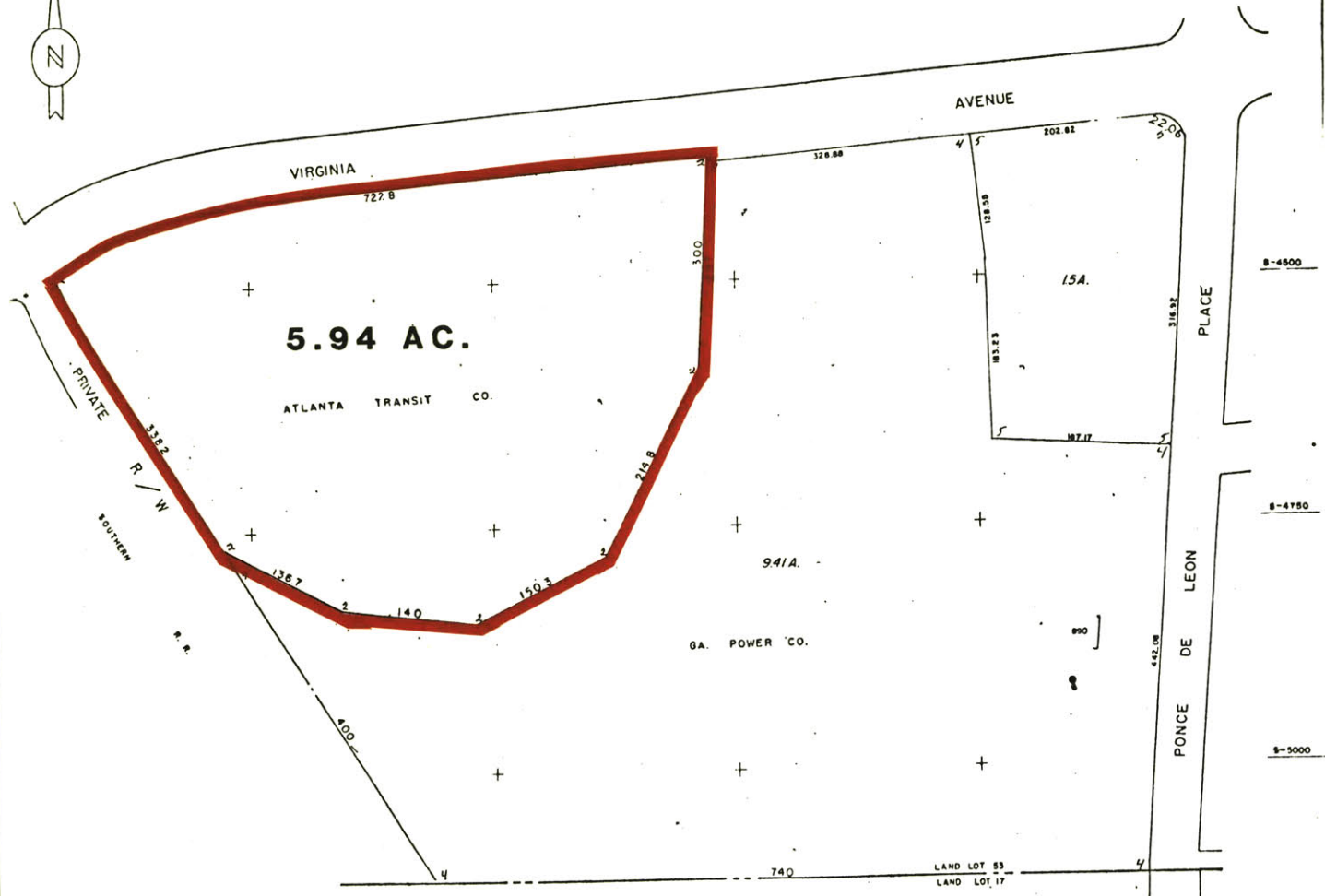
Immediately below and west of the site is a hot dog and "sub" place called Woody's (Photo 13), while directly across the street from Woody's is Grady High School, football/track stadium and the school adjacent and to the west.

The Virginia/Highlands neighborhood has established retailing along Highland Avenue beginning at the intersection of Virginia Avenue and Highland Avenue running south to Ponce de Leon Avenue (see Context Map, Page 50). The entire area is steadily being "gentrified," renovated, and has smatterings of new condominium construction and apartment construction (Photo 14). The gentrification of the area has been taking place since the mid-1970's with activity increasing during the past five or six years.

Description of Buildings and Property

The property is basically "U" shaped and contains 5.94 acres (see Plat). Frontage along Virginia Avenue is arced and totals 717 lineal feet. The deepest measurement is 530 lineal feet. The property falls at about a 5% slope from Virginia Avenue. All buildings are at grade along Virginia; however, because of the gentle slope toward the rear, there are several windowed, first-level spaces. The balance of the site has been cleared and rough graded.

TAX PLAT



5.94 AC.

ATLANTA TRANSIT CO.

AVENUE

PONCE DE LEON PLACE

PRIVATE R/W SOUTHERN R.R.

950

941A

GA. POWER CO.

S-4500

S-4750

S-5000

LAND LOT 55
LAND LOT 17

SEE LAND LOT 17
14TH DIST.

There are two buildings. The westernmost building is free-standing (Appendix 2, Building 1) and measures 98' x 235' or 23,000 square feet with an 18-foot clear ceiling height. The first level has eight-foot clear ceilings and measures 37' x 98' or 3,626 square feet. The second building is one large structure demised with four brick partitions. Building 2 is 65' x 269' or approximately 16,900 square feet. The clear ceiling height is 17 feet in the front three quarters and 22 feet in the back one quarter. Restroom facilities are located in the building's first level. The bathroom space measures 62.5' x 43.75' or 2,734 square feet. Building 3 is 65' x 244' or 15,800 square feet and has 18 feet clear to the bottom of the roof truss. Building 4 measures 50' x 225' or 11,250 square feet. This building has 19-foot clear ceilings. Additionally, there is a nice first-level space (50' x 37.5' or 1,875 square feet) fronting onto a patio area established by a three-foot high stone retaining wall. The patio area would be approximately 1,250 square feet. Ceiling height in this first-level space is 12.4 feet clear. There is a slight grade change (1.1 foot) between buildings 4 and 5, and the transition is provided by a ramp. Building 5 measures 50' x 256' or 12,800 square feet and has 19.4-foot clear ceilings. Finally, Building 6 measures 50' x 237' or 11,820 square feet. This building has 19.4-foot clear ceiling heights.

Each building has a pitched, pyramid-style skylight running lengthwise. The skylights are about 20 feet to 25 feet wide. The length of the skylights vary. The roof is supported by large steel trusses resting on brick pillars every 18 feet going lengthwise.

The facade of Building 1 is two-story brick construction. The building has five large overhead doors (12' x 18') and a series of arched windows on the second level. There are two 20-foot-wide mezzanine spaces at either end of the building. A gently-sloping paved alley separates Building 1 from the other structure. This alley is about 20 feet wide and slopes from Virginia Avenue back to grade at the rear of the property.

The second building is one story with large overhead doors and arched windows along the front. The stepped roof line causes the second building to appear as five separate buildings. The building line is fairly close to the street which has a paved sidewalk and some landscaping. The distance from the sidewalk to each structure is approximately 18 feet. The exposed sides and rear of the shed-type structures are designed with deep-set, arched windows.

Architecturally, the property hugs the curve along Virginia Avenue, is constructed of lovely, old red brick (1900), is symmetrical yet simple, and tied together by a common masonry

band which runs above the overhead doors. There is an old water tower affixed to the roof of Building 1 and three smaller out buildings. One of these was the foundry. Ingress and egress is provided at either end of the property allowing for a circular traffic flow. (See Appendix 3, photos.)

Summary of Site and Structures

	<u>Main Floor</u>	<u>Ceiling Height</u>	<u>Basement</u>	<u>Ceiling Height</u>
Building 1	23,000	18'	4,500	8'
Building 2	16,900	17'-22'	3,600	N/A
Building 3	15,800	18'	3,000	N/A
Building 4	11,250	19'	1,800 + (1,250 patio)	12.4'
Building 5	12,800	19.4'	N/A	N/A
Building 6	<u>11,850</u>	19.4'	N/A	N/A
Total	<u>90,000</u> square feet plus		<u>13,000</u> square feet	of first-level space

Land Area 5.94 acres or 258,746.4 square feet

Major Physical Problems

Renovation of the facility is clearly a challenging undertaking. Generally, it is cheaper all around to build anew rather than renovate. This is due to hidden costs, adaption costs, and

specialized costs associated with a new use. The Trolley Barns are basically large, shed-type, warehouse buildings. The foundations and floors appear substantial as there is a live design load of 250 pounds per square foot. The property is served by all utilities (electricity, gas, water, sanitary sewer, and telephone) provided along Virginia Avenue. Storm water retention is to be provided on-site and/or will be tied into existing trunk lines, depending on value engineering and costs.

To arrive at a total renovation cost, the new use is to be clearly programmed and communicated. Structural engineers and the general contractor along with other specialists of the development team will investigate the property to determine problems and costs associated with repairing or replacing the foundations, infrastructure, floors, walls, roof and roof supports, and the skylights. The programmed use will be firmly established. As developer, our team of consultants will work together to successfully adapt the new program and that program's technical and design needs to create an efficient, economical, safe, aesthetic solution. A soils engineer will advise the team of the condition and limitations of the unimproved property (for subsurface problems) and advise the team on the feasibility of constructing parking decks or other structures or additions, if required.

The architect and the other development consultants will be experienced in both sensitive renovation and in understanding the new program for the structures. The development team will include besides the developer and architect: general contractor, HVAC engineer, structural engineer, lighting specialist, landscape architect, interior designer, and others depending on ultimate needs and the scope of services required. Of course, careful selection of the general contractor is imperative in every project, but especially on this particular project. Honesty, craftsmanship, estimating accuracy, internal control, subcontractors, and experience are key ingredients.

As developer, we will consider a construction manager as a watchdog and as a day-to-day interface between the developer, contractor, and architect so long as the pro forma can sustain the added cost. As developer, we might well decide to undertake this role.

SECTION II
POTENTIAL DEVELOPMENT
AND CONTEMPLATED USE

POTENTIAL DEVELOPMENT

There are two basic choices in developing the site: (1) bulldoze or "scrape" the existing buildings and start fresh or (2) renovate the existing structures and retrofit the buildings for their new use.

Development Options:

The site is suited for industrial-type uses for storage, distribution, and sales. If renovating the property, our downside risk is to market the buildings (once the bare necessities are completed, i.e., floor and roof repair, window replacement, electrical, gas, water, and plumbing services restored, and the parking lot surfaced and striped) to users in an industrial condominium form of ownership.

The higher uses are retail or residential. The residential component would need to be a low- to moderate-density apartment or condominium project. The condominium units should be priced below \$100,000 and contain an appropriate mix of units that would be in the most demand. One- and two-bedroom units comprising 85% to 90% of the project and three-bedroom units for

the remaining 10% to 15% would fit this intown market since most of the surrounding population is 20 to 45 years old, single, or married with either one or no children. A market study specifically geared to the market area's demographics and desires should ultimately verify this demand. Apartment development similarly would follow the demographic market study, and the rental rates should range from \$225.00 to \$400.00 per month. A swimming pool and clubhouse facility would clearly appeal to the "yuppie" population.

The property is on the fringe of retail, residential, and institutional uses. The railroad spur track paralleling the property and the Georgia Power pole storage yard behind and beside the property present obvious drawbacks to a residential component and, therefore, are not considered as the highest and best use of the site.

The retail component and opportunity is quite another matter. The Midtown (intown) neighborhoods are demanding retail uses as evidenced by the success of existing and newly-constructed or renovated properties and as proven in our private retail preference survey. (See Market Analysis section.) Office space coupled with retail is extremely "iffy" because the property is well off the established office corridor. An architectural firm, law firm, or artist collaborative might be enticed to move in; however, the office space component would be a small

percentage of the gross leasable area and must be located on a mezzanine level so as not to interfere with the main retail component. Similarly, a hotel is not suited to the location unless there is a significant draw of tourist/convention patrons associated with the retail use. The site is really too small for hotel/retail on a pedestrian-oriented scale.

As developer, we will endeavor to acquire additional, adjacent properties as possible so that expansion of the successful development will be internalized and not capitalized upon by others.

A properly-programmed, sensitively-developed, neighborhood-oriented, geode concept*, retail experience housed in the renovated Trolley Barns in the heart of Atlanta's gentrifying, intown neighborhoods is the highest and best use for the property.

* Geode Concept - A design/architectural term which utilizes the old, rough crust of exterior structures and combines and integrates an interior which is new, not shiny; compatible, yet different and exciting.

SECTION III
MARKET ANALYSIS

RETAIL CONCEPT

Our "parti" behind the retail use is a neighborhood-oriented, festival-type shopping experience. The Trolley Barns are to be utilized and renovated to provide a miniversion of Quincy Market (Boston), Harbor Place (Baltimore), Waterside (Norfolk), Davol Square (Providence, Rhode Island), Trolley Square (Salt Lake City) concept and feeling, but oriented toward neighborhood needs as its primary market and conventioners, tourists, and Midtown/downtown office workers as the secondary market. The tertiary market will draw from suburban dwellers who reside more than five miles away or greater than an eight- to ten-minute drive from the site.

From an examination of Table 1 attached, enlightening comparisons have been made among successful "specialty/festival-" or "entertainment-"oriented centers. Our conclusion is that the following mix of tenants are appropriate:

Food and Restaurants	20% to 35% of GLA
Convenience and Specialty Boutiques	30% to 40% of GLA
Farmers Market	15% to 20% of GLA
Theatre	10% to 15% of GLA

Marketplace operators in other cities have stressed the need for a critical mass, estimated to be a minimum of 100,000 to 150,000 square feet of gross leasable area (GLA).

TABLE 1: COMPARABLE MARKETS

	Site	Mix			Operation	
		No.	Type	SF % GLA		
<u>PIKE'S PLACE</u>						
Seattle	o 7-acre site; multiple buildings, new and renovated	200	Specialty Shop	200,000	37%	o Managed by Pike Place Market Preservation and Development Authority (public nonprofit corporation) o Mon.-Sat. 8:00 a.m. to 6:00 p.m. year-round o Retail space lease on yearly basis; Farmer's Market stalls rented for \$3.00 per day
		30	Food/Restaurant	100,000	19%	
Population:		177	Market Stalls	10,000	2%	
SMSA 1,600,000		20	Office	75,000	14%	
City 494,000	o Coverage: 65% building, 35% streets and land-	400	Housing Units	150,000	28%	
					535,000	
	o Parking for 1,200 cars, most on street					
<u>FRENCH MARKET</u>						
New Orleans	o 22-acre site; five renovated buildings of one to three stories	12	Specialty Shop	25,800	32%	o Managed by French Market Corporation (public nonprofit) o M-S, 24 hours per day, year-round o Retail space leased at \$8.00 per 25 SF plus 6% override, or a flat 10% gross sales o Farmer's Market stalls rented for \$4.00 per day
			8	Food/Restaurant	17,200	
Population:		2	Office	7,000	8%	
SMSA 1,200,000		152	Market Stalls	30,000	38%	
City 557,000	o Coverage: 40% building, 27% landscaping, 33% parking			80,000		
	o Parking for 234 cars and 11 tour buses					
<u>TROLLEY SQUARE</u>						
Salt Lake City	o 11.5-acre site; renovated car barns	68	Specialty Shop	85,000	39%	o Managed by Trolley Square Associates (private developer) o M-S, 9:00 a.m. to 9:00 p.m., year-round o Retail space leased by developer on a yearly basis
			24	Food/Restaurant	63,000	
Population:		2	Theatres	33,000	15%	
SMSA 936,000	o Coverage: 48% building, 43% parking, 9% landscaping	10	Offices	20,000	9%	
City 163,000			8	Conv/Service	10,000	
		1	Farmer's Market	7,000	3%	
	o Parking for 1,000 cars (including 210-car underground garage); one space per 250 SF of GLA			218,000		
				Vacant	32,000	
				250,000		

TABLE 1: COMPARABLE MARKETS
(Continued)

	Site	Mix			Operation	
		No.	Type	SF % GLA		
<u>CITY MARKET</u>						
Indianapolis	o 4-acre district; 2.4-acre market site, 33,000 SF new and renovated building (three linked pavilions on two levels)	21	Specialty Shop	9,000	29%	o Managed by Department of Public Works o M-S, 8:00 a.m. to 6:00 p.m. year-round o Market stalls rented on yearly basis at \$10.00 SF per month
		14	Food/Restaurant	12,000	40%	
Population:		11	Fixed Produce	6,000	19%	
SMSA 1,167,000		3	Bakery	2,500	8%	
City 700,000		3	Conv/Service	1,500	4%	
				31,000		
	o Coverage of 2.4-acre site: 35% building, 55% landscaping, 10% parking		Vacant	2,000		
				33,000		
	o Parking for 18 cars					
<u>FINDLAY MARKET</u>						
Cincinnati	o 5-acre district; 1.5-acre market site, renovated market building	10	Specialty Shop	15,000	10%	o Farmer's Market managed by City of Cincinnati o Farmer's Market run M, W, Sat., year-round, individual hours
		7	Food	10,000	7%	
Population:		272	Farmer's Market stalls (32 indoor, 243 outdoor)	50,000	33%	
SMSA 1,400,000	o Coverage: 1.5-acre site 25% building, 75% outdoor stall area	5	Conv/Service	25,000	17%	o Indoor market stalls rented for \$2,000.00 to \$2,800.00 per year; outdoor stands leased at \$140.00 to \$250.00 per year
City 385,000			Community Center	50,000	33%	
				150,000		
	o On-street parking 11 tour buses					
<u>FARMER'S MARKET</u>						
Roanoke	o 6-acre district; 2-acre farmer's market site, one enclosed building and open market sheds	20	Specialty Shop			o Managed by the City of Roanoke o Farmer's Market run M-S, year-round; individual hours for retail o Market stalls rent for \$10.00 to \$25.00 per month or \$3.00 per day
		10	Food/Restaurant			
Population:		42	Market Stalls			
SMSA 224,500		5	Conv/Service			
City 100,000		5	Fixed Produce			
	o Coverage of 1.8-acre site: 20% building, 80% landscaping, and outdoor stalls					

SOURCE: Lane, Frenchman Associates.

The three basic themes we considered for the festival/entertainment center are:

1. Entertainment Concept - This type of retail experience would include three or four larger bar/restaurants offering entertainment, coupled with a wide selection of many "quick service"-type eating places such as ice cream parlors, hot dogs, Mexican food, barbecue, fried chicken, fish, pizza, etc. in a lively, people-oriented "food court." Besides the food and entertainment aspects, there would be many small boutiques specializing in brass works, works of art, clothing (both fashion and casual wear), children's books and toys, gifts and accessories, leather goods, and pushcarts selling T-shirts, sweaters, flowers, etc. The "mall" or common area would provide scheduled entertainment, i.e., jugglers, musicians, magicians, etc. The entire experience would be festive, fun, and funky.
2. Flea Market Concept - This type of experience is envisioned to create a well-managed, clean, orderly, and good-quality marketplace, specializing in all sorts of "estate-type" antiques, furniture, reproductions, accessories for the home, gift ideas, cookware, stained glass, rugs, etc. There would also be several

restaurants and a couple of bars, possibly a working bakery and large greenhouse-type plant store, and local artist studios and galleries.

3. Neighborhood "Lifestyle" Concept - The theme for a lifestyle or neighborhood retail center is envisioned to have at least one major store such as a Storehouse which would act as a "department store," but would specialize in, say, house furniture and home and kitchen accessories. There would also be a minitheatre-movie complex and possibly a "live" performing arts theatre. The mix of stores would include a small, quality grocery market with fresh vegetables, meats, seafood, and specialty foods; medium-priced clothing, gifts and accessories stores; art galleries; a mix of restaurants, possibly a nice cafeteria; and, other neighborhood-desirable, family-oriented establishments.

In reality, the ideal mix will be a combination of two of the three concepts.

Neighborhood shopping centers are becoming viable alternatives for retailers and developers looking for new middle markets in which to expand, while regional malls are reaching a saturation point in a number of major markets.

In addition, as more women enter the workforce, fewer have time to spend several hours shopping vast malls; they are becoming far more destination-shopping oriented and are likely to opt for a convenient neighborhood outlet rather than a distant regional mall.

A number of retailers who once only considered regional shopping malls as suitable sites for their merchandise are becoming far more flexible in analyzing nontraditional spaces.

For example:

- For retailers who insist on dominating their markets, strip shopping centers provide a kind of middle ground for a strong presence.
- Being situated in malls and neighborhood centers gives customers the choice.
- Locating in a small strip center can be a key to quick recognition and a start off in business with a significant business that can enhance your recognition in other markets.
- Dealing with a strip operator can be a much simpler negotiation. You get to work with the owner in most cases who ^{10/}has an entrepreneurial spirit and really wants you.

10/ Shopping Centers Today, June 1985.

Existing Retail in Intown Area

The first strip shopping center built in Atlanta is located on Ponce de Leon Avenue. Plaza Drugs (now Treasury Drugs) and Briarcliff Plaza Shopping Center are landmarks of the intown neighborhoods. Along Highland Avenue at each intersection one finds convenience stores, restaurants, boutiques, and entertainment places. (See Appendix 4, photos.)

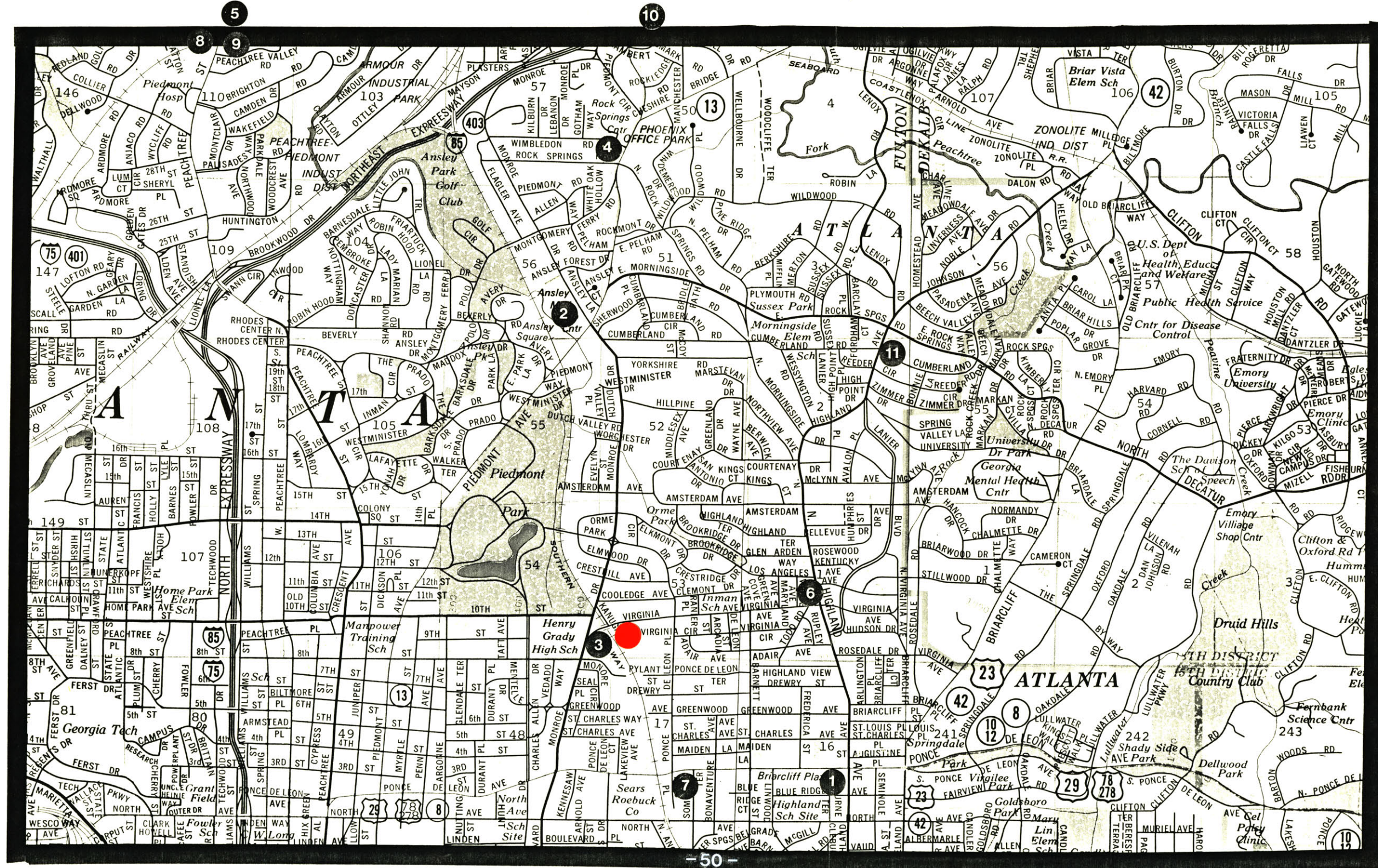
The newest neighborhood center is Midtown Shopping Center which opened Fall 1984. The Center is 100% leased and is anchored by Winn-Dixie grocery store and Eckerd Drugs. There is a JCPenney catalog center and various shops or boutiques ranging from an antique store to a health/fitness facility and an ice cream parlor to hair salon. Rents achieved in the shops are \$14.00 per square foot (net).

The "strip" shops along Highland Avenue rent for \$12.00 to \$20.00 per square foot (net) depending on size. (See Comparable Retail Properties, next page.)

Future plans for the downtown area call for the redevelopment of Underground Atlanta by the Rouse Company. This mixed-use development, including office, retail, and entertainment facilities, will encompass four city blocks south of Five Points and adjacent to Rich's. The entire project will include

COMPARABLE RETAIL PROPERTIES

	<u>Rental Rate/ Square Foot</u>	<u>Age (Yrs.)</u>	<u>Square Footage</u>	<u>Condition</u>	<u>Degree Developed</u>	<u>Access to Road</u>	<u>Vacant Space</u>	<u>Major Tenants</u>
1. Briarcliff Plaza	\$9.00	25	50,000	G	100	E	3,000	LaFont Theatre, Treasury Drugs
2. Ansley Mall	\$14.00 net	Approx. 20	160,000	E	100	E	10,000	Big Star, Woolworth's, SuperX, Morrison's
3. Midtown Plaza	\$14.00	1	63,130 Winn-Dixie	E	100	E	-0-	Winn-Dixie, Treasury Drug
4. Rock Springs Center	\$12.00-\$13.00	New	11,000	E	100	E	-0-	None (All Locals)
5. Peachtree Battle Shopping Center	\$18.00-\$20.00 (upstairs) \$25.00 (downstairs)	2 Bldgs. 15 1	44,500	F, E	100	G	5,000	A&P, Turtles Records & Tapes, Baskin Robbins, Talbots, Sparkles, Spanky's, Kings Drugstore
6. Virginia/ Highland Shops	\$10.00- 20.00	50	37,000	G	100	G	-0-	All locals
7. Ford Factory Square (Proposed)	\$14.00 net	---	16,000 45,000 Kroger	E	75	E	16,000	Kroger
8. Peachtree Square	\$18.00-\$21.00	1	34,000	E	100	E	4,000	Eckerd Drugs
9. The Shops of Buckhead	\$17.00 second level \$20.00 first floor	---	30,000	E	20	E	30,000	Unknown
10. Lindbergh Plaza	\$7.00 office \$14.00 retail	Approx. 20	406,000	G	85	E	101,500	Food Giant, K mart
11. Highland Park Specialty Center	\$6.50-\$12.50	60 New Phase 1	23,000	E	100	E	11,000	Myron Dvoskin's, 14 West Realty, Partner's Cafe



220,000 square feet that is expected to gross \$90 million annually (\$425.00 per square foot). Underground Atlanta will provide the necessary entertainment facilities to attract out-of-town visitors and metro Atlanta residents.

Another project, proposed by Portman Properties, is to expand Peachtree Center, a successful downtown office/retail/hotel complex to include 500,000 square feet of shopping and entertainment facilities near the Marriott Marquis Hotel. This hotel opened in July 1985. All of these plans illustrate the growing retail base of downtown Atlanta, despite the continuing suburban retail development.

Additionally, groups of food-anchored strip centers all being developed within close distances of one another are under construction. This phenomenon indicates the concentrated buying power and long-term, positive trend found in the intown neighborhoods.

Several specialty centers are being built in many established retail areas of metro Atlanta. These centers do not contain a conventional anchor store, but capitalize on the shopper traffic generated by nearby major shopping centers, and usually are built in high-traffic, high-income areas. Trammell Crow Company has been the leading developer of these centers, with some ten either built or planned. Rental rates in Crow's specialty centers run into the mid-\$20.00's per square foot.

"Back to the City" Movement Big

"With regards to new center development, we are seeing much of it coming to inner-city areas of Atlanta," said James B. Beak, Senior Vice President, Retail Properties Group, of Rubloff, Inc., in Atlanta. "These new centers will service a much needed requirement for quality foods and services as well as specialty stores."

Two developments in March underlined this "back to the city" movement. It was reported that Trammell Crow had purchased three square blocks in Midtown and had hired a New York planning firm to begin work on a master plan for a mixed-use development. The 14-acre tract is at the intersection of Peachtree and 10th Streets and encompasses the northeast, southeast, and southwest quadrants. Although no plans were announced for the property, it is expected to include major retail operations to take advantage of the nearby 10th Street MARTA station and nearby popular Midtown residential areas.

Shortly after Trammell Crow's announcement, Ackerman & Co. said it would develop a \$2-million retail complex, geared to the arts, on the northwest corner of Peachtree and 10th Streets. "The vision is to create the kind of pedestrian night life for entertainment and browsing like you would see in Greenwich

Village in New York City," said Rand Wentworth, of Ackerman & Co. The Ackerman and Crow sites are three blocks south of extensive new office development around Atlanta's Woodruff Memorial Arts Center.^{11/}

Both of these developments are within one-half mile of the project.

Primary Market

The project's target market is within a two-mile radius of the site. There are a total of 12 census tracts which were considered to confirm demographic and economic data. The estimated 1984 combined census tracts from the top four tracts indicate:

- o Market Population - 35,698; top four tracts - 9,798.
- o Median Household Income - \$25,182.
- o Average Household Income - \$36,587.
- o Per Capita Income - \$19,000.
- o 82% of the population is white-collar employed.
- o 59% of the families have two or more workers.
- o 28% of the families have one worker.
- o 42% of the homes are rented.
- o 58% of the homes are owned.
- o Total housing units are 1,347.
- o Most of the population is English (37%), German (14%), and Irish (14%).

11/ National Real Estate Investor.

COMBINED TOP FOUR TRACTS

	<u>1970</u>	<u>1980</u>	<u>Est. 1984</u>
<u>Population:</u>	11,354	9,184	9,798
<u>Median Household Income:</u>	\$9,867	\$19,633	\$25,182
<u>Average Household Income:</u>	\$13,161	\$27,577	\$36,587
<u>Per Capita Income:</u>			\$19,000

Occupation:

<u>White Collar</u>	<u>Percentage (1980)</u>
Prof./Tech.	30.00
Mgr./Prop.	19.30
Clerical	18.50
Sales	<u>14.40</u>
Total White Collar	82.25
 <u>Blue Collar</u>	 17.75

<u>Workers per Family</u>	<u>Percentage</u>	<u>Income</u>
0	12.65	\$23,016
1	27.90	36,200
2+	59.45	43,821

Housing Units - 1,349

Owner Occupied - 58.00%

Renter Occupied - 42.00%

Ancestry

English - 37.00%

German - 14.00%

Irish - 14.00%

SOURCE: Urban Decision Systems, Inc.

CENSUS TRACT 1

	<u>1970</u>	<u>1980</u>	<u>Est. 1984</u>
<u>Population:</u>	4,604	3,379	3,846
<u>Median Household Income:</u>	\$10,069	\$20,200	\$24,806
<u>Average Household Income:</u>	\$13,140	\$25,760	\$33,832
<u>Per Capita Income:</u>			\$16,372

Occupation:

<u>White Collar</u>	<u>Percentage (1980)</u>
Prof./Tech.	35.4
Mgr./Prop.	16.0
Clerical	19.8
Sales	<u>13.0</u>
Total White Collar	84.3
<u>Blue Collar</u>	15.7

<u>Workers per Family</u>	<u>Percentage</u>	<u>Income</u>
0	15.0	\$14,782
1	26.1	30,285
2+	58.9	34,793

Housing Units - 1,898

Owner Occupied - 70.3%

Renter Occupied - 26.4%

Ancestry

English - 36.4%
German - 11.8%
Irish - 12.5%
Other - 4.8%

SOURCE: Urban Decision Systems, Inc.

CENSUS TRACT 4

	<u>1970</u>	<u>1980</u>	<u>Est. 1984</u>
<u>Population:</u>	1,938	1,933	2,076
<u>Median Household Income:</u>	\$7,720	\$17,917	\$24,403
<u>Average Household Income:</u>	\$11,626	\$30,643	\$41,673
<u>Per Capita Income:</u>			\$25,850

Occupation:

<u>White Collar</u>	<u>Percentage (1980)</u>
Prof./Tech.	23.9
Mgr./Prop.	24.2
Clerical	14.6
Sales	<u>16.2</u>
Total White Collar	78.9
<u>Blue Collar</u>	21.1

<u>Workers per Family</u>	<u>Percentage</u>	<u>Income</u>
0	9.3	\$40,682
1	25.1	59,851
2+	65.6	67,918

Housing Units - 1,395

Owner Occupied - 34.7%

Renter Occupied - 52.9%

Ancestry

English - 34.8%
German - 15.9%
Irish - 14.3%
French - 4.7%
Other - 4.8%

SOURCE: Urban Decision Systems, Inc.

CENSUS TRACT 5

	<u>1970</u>	<u>1980</u>	<u>Est. 1984</u>
<u>Population:</u>	3,190	2,586	2,575
<u>Median Household Income:</u>	\$8,978	\$18,864	\$22,892
<u>Average Household Income:</u>	\$14,212	\$25,197	\$33,028
<u>Per Capita Income:</u>			\$16,717

Occupation:

<u>White Collar</u>	<u>Percentage (1980)</u>
Prof./Tech.	29.4
Mgr./Prop.	16.7
Clerical	17.5
Sales	<u>15.6</u>
Total White Collar	79.1
<u>Blue Collar</u>	20.9

<u>Workers per Family</u>	<u>Percentage</u>	<u>Income</u>
0	13.2	\$17,085
1	33.0	30,963
2+	53.8	41,379

Housing Units - 1,502

Owner Occupied - 44.9%

Renter Occupied - 47.1%

Ancestry

English - 41.7%

German - 9.5%

Irish - 15.2%

Other - 7.4%

SOURCE: Urban Decision Systems, Inc.

CENSUS TRACT 201

	<u>1970</u>	<u>1980</u>	<u>Est. 1984</u>
<u>Population:</u>	1,622	1,286	1,301
<u>Median Household Income:</u>	\$12,699	\$21,550	\$28,625
<u>Average Household Income:</u>	\$13,667	\$28,707	\$37,815
<u>Per Capita Income:</u>			\$17,062

Occupation:

<u>White Collar</u>	<u>Percentage (1980)</u>
Prof./Tech.	31.4
Mgr./Prop.	20.4
Clerical	22.1
Sales	<u>12.8</u>
Total White Collar	86.7
 <u>Blue Collar</u>	 13.3

<u>Workers per Family</u>	<u>Percentage</u>	<u>Income</u>
0	13.1	\$19,519
1	27.4	23,699
2+	59.5	31,192

Housing Units - 600

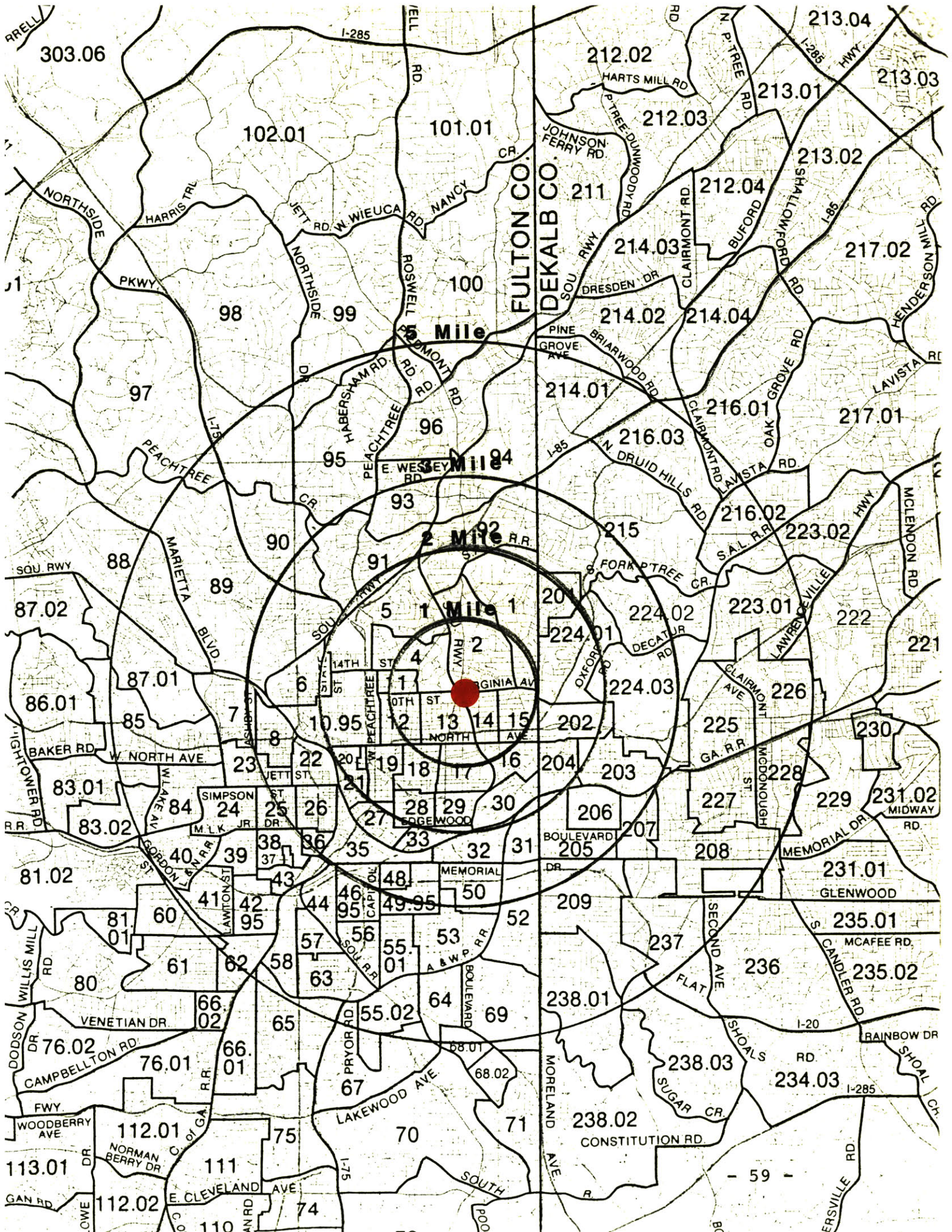
Owner Occupied - 81.2%

Renter Occupied - 16.0%

Ancestry

English - 35.4%
German - 17.3%
Irish - 14.2%
French - 9.6%
Other - 5.8%

SOURCE: Urban Decision Systems, Inc.



In addition to the previously-mentioned data, we conducted our own private demographic/retailing preference survey which was hand delivered to 1,000 mailboxes in the two-mile area. The results of our survey, we feel, are more representative of our target marketplace and, furthermore, provided us with the ability to fine tune our project program. The questionnaires (see questionnaire sample - Appendix 5) were equally distributed throughout the market area. Convenience of mailboxes and maintenance of dwelling were selected over inconvenient mailbox locations or run-down, poor-maintenance homes and apartments. The return of questionnaires was 201 or 20.1%. The combined responses were as follows.

HIGH INCOME - \$36,000 and over - 65% of Total Survey

Age Group

20 to 39 years - 40%
 40's - 15%
 50 and over - 10%

Occupation

20 to 39

Attorneys - 25%
 F.I.R.E. - 31%
 Architect - 11%
 Medicine - 17%

40's

Medicine - 17%
 F.I.R.E. - 38%
 Artist/Architect - 17%
 Teacher - 13%

50 and Over

Retired - 19%
 F.I.R.E. - 31%
 Consultant - 19%

Household Information

20 to 39 years

Single or Divorced - 40%
 Married - 60%
 One Child - 26%
 More than One Child - 6%
 Own Dwelling - 85%

40's

Single or Divorced - 29%
 Married - 71%
 One Child - 17%
 More than One Child - 38%
 Own Dwelling - 96%

50 and Over

Single or Divorced - 20%
 Married or Widowed - 80%
 One Child - 19%
 More than One Child - 38%
 Own Dwelling - 100%

Education

- o Age group 20 to 39 - 100% college; 73% MBA or Ph.D.
- o Age group 40's - 100% college; 75% MBA or Ph.D.
- o Age group 50 and over - 88% college; 56% MBA or Ph.D.

Retail Concept Chosen

- o Age group 20 to 39 - 69% Neighborhood Lifestyle; 26% Flea Market
- o Age group 40's - 71% Neighborhood Lifestyle; 25% Flea Market
- o Age group 50 and over - 69% Neighborhood Lifestyle; 26% Flea Market

Missing Most In Area (Top 3)

1. All groups said moderately-priced cafes.
2. The 20 to 39 group - Quality Restaurants; the 40's group - Flea Market/Quality Restaurants; the 50 and over group - Quality Restaurants.
3. The 20 to 39 group - Music/Entertainment/Antiques and Quality Reproductions; the 40's group - New Furniture and Quality Reproductions; the 50 and over group - Flea Market/Antiques and Quality Reproductions.

Favorite Restaurants (Top 3)

- o Age group 20 to 39 - Average-Priced Restaurants, Bar/Restaurant, Ethnic
- o Age group 40's - Average-Priced Restaurants, Bar/Restaurant, Ethnic and High-Priced Restaurants
- o Age group 50 and over - Family-Style (Vegetables/Cafeteria), Upper- and Average-Priced Establishments, Seafood Fare

Preferences

- o Age group 20 to 39 - 87.5% prefer small cafe with light music
- o Age group 40's - 100% prefer small cafe with light music
- o Age group 50 and over - 94% prefer small cafe with light music

- o Age group 20 to 39 - 52% prefer convenient boutiques and specialty stores
- o Age group 40's - 54% prefer convenient boutiques and specialty stores
- o Age group 50 and over - 38% prefer convenient boutiques and specialty stores

LOW INCOME - \$10,000 to \$35,000 Income - 35% of Total Survey

Age Group

20 to 39 years - 12%
40's - 8%
50 and over - 14%

Occupation

20 to 39
Professional - 60%
F.I.R.E. - 25%
Artist/Architect - 15%

40's
Professional - 46%
F.I.R.E. - 23%
Medicine - 15%

50 and Over
Retired - 57%
Professional - 22%
FIRE - 13%

Household Information

20 to 39 years
Single or Divorced - 80%
Married - 20%
One Child - 5%
More than One Child - 23%
Own Dwelling - 55%

40's
Single or Divorced - 69%
Married - 31%
One Child - 15%
More than One Child - 31%
Own Dwelling - 54%

50 and Over
Single or Divorced - 48%
Married or Widowed - 52%
One Child - 17%
More than One Child - 9%
Own Dwelling - 87%

Education

- o Age group 20 to 39 - 95% college; 5% MBA or Ph.D.
- o Age group 40's - 77% college; 31% MBA or Ph.D.
- o Age group 50 and over - 65% college; 22% MBA or Ph.D.

Retail Concept Chosen

- o Age group 20 to 39 - 50% Neighborhood Lifestyle; 50% Flea Market
- o Age group 40's - 69% Neighborhood Lifestyle
- o Age group 50 and over - 70% Neighborhood Lifestyle

Missing Most In Area (Top 3)

1. All groups said small cafes, moderately-priced.
2. The 20 to 39 group - Music/Entertainment; the 40's group - Flea Market; the 50 and over group - Crafts.
3. The 20 to 39 group - Quality Restaurants; the 40's group - Music/Entertainment; the 50 and over group - Flea Market/ Quality Restaurants/Antiques and Quality Reproductions.

Favorite Restaurants (Top 3)

- o Age group 20 to 39 - Average-Priced Restaurants, Bar/Restaurant, Ethnic
- o Age group 40's - Average-Priced Restaurants, Bar/Restaurant
- o Age group 50 and over - Family-Style, Averaged-Priced, Ethnic-Style, Bar/Restaurant

Preferences

- o Age group 20 to 39 - 85% prefer small cafe with light music
- o Age group 40's - 77% prefer small cafe with light music
- o Age group 50 and over - 87% prefer small cafe with light music

- o Age group 20 to 39 - 45% prefer convenient boutiques and specialty stores
- o Age group 40's - 54% prefer convenient boutiques and specialty stores
- o Age group 50 and over - 9% prefer convenient boutiques and specialty stores

These statistics confirm both the rapid home ownership increase since the last census and the significant income increase per family. Additionally, the education level of the residents is astounding especially in the upper-income group. Our design program is shaped by the responses obtained from our retail preference questions.

Further information from The Consumer Expenditure Survey: Interview, 1980-81 by the U.S. Department of Labor Statistics published April 1985, Bulletin 2225 indicates:

1. Food away from home, reading, and miscellaneous expenditures, including accounting and legal services more than doubled during the period. The increase of over

200% in alcoholic beverages, historically severely underreported, probably reflects improved reporting rather than increased consumption.

Social Security and other government and private pension contributions increased by over 100%. During this period, Social Security employee contribution rates and the level to which they were applied both rose substantially. In addition, there was a proliferation of private pension plans, many of which required some employee contribution.

2. Expenditures for apparel and upkeep declined as a share of total expenditures. This can be partially attributed to a slower-than-average rate of price increase for apparel items and decreasing family size.
3. The proportion of total expenditures accounted for by each income group changed little between 1972 and 1973 and 1980 and 1981. In both survey periods, the lowest 20% accounted for about 9% of the aggregate expenditures of all families; the highest 20%, for about 35% of the aggregate expenditure of all families.

CONSUMER EXPENDITURE SURVEY

<u>Item</u>			<u>% of Total Expenditures</u>	
	<u>Fourth 20%</u>	<u>Highest 20%</u>	<u>Fourth 20%</u>	<u>Highest 20%</u>
Income Before Taxes	\$25,128	\$44,616		
Total Expenditures	20,714	30,563	82.0%	69.0%
Food at Home (1)	2,840	3,397	14.0%	11.0%
Food Away from Home (2)	897	1,561	4.0%	5.0%
Alcoholic Beverages (3)	329	460	2.0%	2.0%
Home Furnishings and Equipment (4)	860	1,445	4.0%	5.0%
Furniture	293	516	1.0%	2.0%
Household Textiles	77	147	0.4%	0.5%
Major Appliances (5)	171	229	0.8%	0.7%
Small Appliances and Miscellaneous Housewares (6)	75	113	0.4%	0.4%
Miscellaneous Household Equipment (7)	202	336	1.0%	1.0%
Apparel	1,075	1,851	5.0%	6.0%
Men and Boys (8)	290	493	1.0%	2.0%
Men 16 and Over	227	421	1.0%	1.0%
Boys 2-15	63	72	0.3%	0.2%
Women and Girls (9)	403	755	2.0%	2.5%
Women 16 and Over	323	644	2.0%	2.0%
Girls 2-15	80	112	0.4%	0.4%
Children Under 2 (10)	42	37	0.2%	0.1%
Footwear (11)	134	202	0.6%	0.7%
Other Apparel Products and Services (12)	206	363	1.0%	1.0%
Prescription Drugs/Medical Supplies (13)	122	162	0.6%	0.5%
Entertainment				
Fees and Admissions (14)	278	566	1.0%	2.0%
T.V., Radio, Sound Equipment (15)	262	386	1.0%	1.0%
Other Equipment and Services (16)	376	583	2.0%	2.0%
Tobacco and Smoking Supplies (17)	215	217	1.0%	0.7%

Highest Age Earners - 35 to 44 - \$25,727
45 to 54 - \$28,108

Definitions to Consumer Expenditure Survey

- (1) Food at home refers to the total cost of food spent at grocery stores or other food stores during the interview period for consumption at home. It is calculated by multiplying the number of visits to a grocery or other food store by the average amount spent per visit. It excludes the purchase of nonfood items.
- (2) Food away from home includes all meals (breakfast, lunch, brunch, and dinner) at restaurants and carryouts plus meals (breakfast or lunch) at school, board, meals as pay, special catered affairs such as weddings, bar mitzvahs, and confirmations, and meals away from home on trips.
- (3) Alcoholic beverages includes beer and ale, wine, whiskey, gin, vodka, rum, and other alcoholic beverages.
- (4) Household textiles includes bathroom, bedroom, kitchen, dining room, and other linens, curtains and drapes, slipcovers and decorative pillows, and sewing materials

Furniture includes living room, dining room, kitchen, bedroom, and nursery furniture, and porch and lawn and other outdoor furniture.
- (5) Major appliances include refrigerators, freezers, dishwashers, stoves, ovens, garbage disposals, vacuum cleaners, microwaves, air conditioners, sewing machines, washing machines and dryers, and floor cleaning equipment.
- (6) Small appliances/miscellaneous housewares include small electrical kitchen appliances, portable heating and cooling equipment, china and other dinnerware, flatware, glassware, silver and other serving pieces, nonelectric cookware, and plastic dinnerware. Excludes personal care appliances.
- (7) Miscellaneous household equipment includes typewriters, luggage, window coverings, clocks, lamps and other light fixtures, lawnmowers and garden equipment, other hand and power tools, office equipment for home use, floral arrangements and house plants, rental of furniture, closet and storage items, household decorative items, infants' equipment, outdoor equipment, and small miscellaneous furnishings.
- (8) Men's and boys' apparel includes coats, jackets, sweaters, vests, sportcoats, tailored jackets, trousers, slacks, shorts and short sets, sportswear, shirts, underwear, nightwear, hosiery, uniforms, and other accessories.

- (9) Women's and girls' apparel includes coats, jackets, furs, sportcoats, tailored jackets, sweaters, vests, blouses, shirts, dresses, dungarees, culottes, slacks, shorts, sportswear, underwear, nightwear, uniforms, hosiery, and other accessories.
- (10) Apparel for children under 2 includes coats, jackets, snowsuits, underwear, diapers, dresses, crawlers, sleeping garments, hosiery, footwear, and other accessories for infants.
- (11) Footwear includes articles such as shoes, slippers, boots, and other similar items. It excludes footwear for children under 2 and footwear used for sports such as bowling or golf shoes.
- (12) Other apparel products and services includes material for making clothes, shoe repairs, alterations and repairs, patterns and notions, clothing rental, clothing storage, dry cleaning, laundry sent out, watches, jewelry, and repairs to watches and jewelry.
- (13) Prescription drugs and medical supplies includes prescription drugs, medical supplies, eyeglasses, supportive equipment, rental of medical equipment.
- (14) Fees and admissions includes fees for participant sports; admissions to sporting events, movies, concerts, plays; club membership, recreational lessons or instructions; rental of movies, recreation expenses on trips.
- (15) Television, radio, and sound equipment includes television sets, video recorders, video cassettes, tapes, disc players, video game hardware, video game cartridges, cable T.V., radios, phonographs, tape recorders and players, sound components, records and tapes, musical instruments, and rental and repair of T.V. and sound equipment.
- (16) Other entertainment supplies, equipment, and services includes indoor exercise equipment, bicycles, trailers, campers, camping equipment, hunting and fishing equipment, sports equipment, winter sports equipment, water sports equipment, boats, rental and repair of sports equipment, photographic equipment, film, repair and rental of photo equipment, pets, pet services, veterinary expense, toys, games, hobbies, and playground equipment.
- (17) Tobacco and smoking supplies includes cigarettes, cigars, pipe tobacco, chewing tobacco, and other smoking products and accessories.

Secondary Market

The three closest colleges to the Trolley Barn project are: (1) Georgia Institute of Technology enrolling 9,000 undergraduate and 2,000 graduate students, (2) Emory University which contains nine schools including law, medicine, nursing, dentistry, business school, and liberal arts and has enrolled 3,500 undergraduate and 5,000 graduate/professional students, and (3) Georgia State University located in downtown Atlanta which has 7,000 undergraduate and 1,400 graduate students. Each of these institutions are within 2.5 miles of the site. Certainly the impact of this student body is important to defining tenant mix. We plan to draw from the large student population in the immediate area.

Atlanta's convention industry is the third busiest in the United States. More than \$544,000,000 was spent by 1.3 million convention delegates in 1983. There are 35,000 rooms currently available with another 2,500 expected in this year. Atlanta offers the most comprehensive and largest meeting sites, over 650,000 square feet of exhibition space in the Georgia World Congress Center. Atlanta's Hartsfield International Airport has more scheduled commercial operations than any other airport, and 80% of the nation's population lives within two hours of Atlanta by air.

A recent survey showed per diem meal and lodging cost in Atlanta to be the most inexpensive city for a first-class traveler. Surveyed cities included: New York, Washington, San Francisco, Los Angeles, Chicago, Boston, Dallas, New Orleans, Philadelphia, Las Vegas, and Miami. Atlanta's cost was \$94.30 per day for three meals and a room, New York leads at \$164.35 per day.^{12/}

ATLANTA CONVENTION GROWTH

<u>YEAR</u>	<u>CONVENTIONS</u>	<u>ATTENDANCE</u>	<u>DELEGATE EXPENDITURE</u>
1979	970	876,800	\$248,500,000
1980	1,090	1,002,900	401,160,000
1981	1,150	1,128,000	400,000,000
1982	1,000	1,150,000	420,000,000
1983	1,100	1,300,000	544,000,000
1984	Stable		

<u>YEAR</u>	<u>AVERAGE DAILY EXPENDITURE</u>	<u>LENGTH OF STAY</u>
1979	\$ 81.00	4.0 days
1980	99.00	4.0 days
1981	110.00	4.0 days
1982	126.00	3.5 days
1983	135.00	3.0 days
1984	150.00	3.0 days

1983 TYPICAL DAILY DELEGATE EXPENDITURE

Hotel Rooms	41.4%
Hotel Restaurants	14.2%
Other Restaurants	13.3%
Retail Stores	10.1%
Night Clubs	4.0%

SOURCE: Central Atlanta Progress.

^{12/} Atlanta Convention and Visitors Bureau.

The Georgia World Congress Center is already booked for 90% of its time through 1990. Atlanta may have a shot at taking over the number one spot. We expect some convention traffic to discover our unique center, and we do not plan to compete with Underground Atlanta.

<u>Area</u>	<u>Percentage of Occupancy</u>				<u>Average Daily Room Rate</u>			
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Group IV Downtown/ CBD	61.4	59.8	70.15	67.08	\$53.70	\$56.00	\$73.85	\$79.31
Major Convention Properties			69.20	66.04	\$75.53	\$79.09		

ATLANTA'S BIGGEST CONVENTIONS, 1985

1. Comdex, 55,000 - Georgia World Congress Center.
2. Shriners, 50,000 - Virtually everywhere.
3. Bobbin Show/American Apparel Manufacturers Association, 24,000 - Georgia World Congress Center.
4. The Shot Show - Shooting, Hunting, Outdoor Trade Show, 16,500 - Georgia World Congress Center.
5. Dairy and Food Industries Supply Association, 15,000 - Georgia World Congress Center.
6. The Gift Show, 15,000 - Atlanta Market Center.
7. International Poultry Show, 15,000 - Georgia World Congress Center.
8. Softcon, 15,000 - Georgia World Congress Center.
9. Southern Forest Products, 15,000 - Georgia World Congress Center.
10. Thomas Hinman Dental, 14,000 - Atlanta Marriott.

SOURCE: Business Atlanta - November 1984, and TRENDS - Georgia Hospitality and Travel Association.

Secondary Market (Continued)

The downtown (CBD) and Midtown employee population combined stands at about 135,000 people of which approximately 95,000 are employed in the office sector.

The CBD and Midtown areas are heavily concentrated with finance-, insurance-, and real estate-related occupations (F.I.R.E.) and service-related jobs. In 1970, 36.7% of all downtown jobs were in these fields and by the year 2000, almost one out of every two jobs will be in these industry groups, thus tracking the national trend toward service industries.

Government employment continues to concentrate in Atlanta, particularly downtown. In 1970, one fifth of the CBD's total employment was government related and increased to over one fourth (26.6%) in 1980, with the federal regional concentration being the largest outside of Washington, D.C.^{13/}

^{13/} Central Atlanta Progress and Carter & Associates, Inc. Research Department.

Any well-planned scheme that puts a concentration of entertainment, shopping, and dining within walking distance or easy access to the major convention hotels and office concentrations stands to profit. Downtown needs to expand in terms of entertainment. We plan to be a part of this expansion and, therefore, gain our fair share of customers.

SECTION IV
DESIGN PROGRAM

DESIGN PROGRAM

Our retail preference survey strongly suggests a Neighborhood Lifestyle shopping concept. There is also relatively strong sentiment for the Flea Market concept. The design program is to be a combination of both concepts but without the movie theatre component.

Specifically, the tenant mix is to consist of three bar/restaurant, quality establishments. Each is to be located and spaced in the project to provide maximum distance between each other and in locations that are high profile and visible from the street or from the parking area. These facilities will each comprise about 6,000 square feet. Each restaurant/bar will offer different fare. One is to be a "Peasant-type," one a seafood/steak restaurant like The Palm in New York, and one an Italian or French "white table cloth" restaurant. Light music will be encouraged from each "anchor" restaurant.

The "anchor" store will comprise about 15,000 to 20,000 square feet and is to be a Crate and Barrel- or Storehouse- or quality apparel-type store which offers moderately-priced furniture, fixtures, or clothing of above-average quality. First-level storage, loading dock facilities, and a freight elevator will be required for this store.

Another major attraction and asset of the project is to be a "gourmet marketplace" of fresh fruit, fresh vegetables, meat, poultry, and a seafood market of about 6,000 to 10,000 square feet. The market is to be located to provide ease of access from parking areas as well as for trash removal, deliveries, and other such services. We plan to have a freezer locker and refrigerated display cases for seafood and meats. Associated with this marketplace is to be a seafood raw bar serving beer and wine. The seafood bar would open onto a patio or common area courtyard/pedestrian way.

National tenants, i.e., The Limited and The Gap, are expected to lease 10,000 to 12,000 square feet. Three or four cafes are planned and are to be moderately priced, of the ethnic variety, and have access to the pedestrian walkways or courtyards for dining. These cafes would be located along the Virginia Avenue edge. Finally, the remaining leasable area will be leased to boutiques and specialty stores ranging in size from 600 square feet to 1,200 square feet. Local shops like jewelry stores, antiques, crafts, painting galleries, fabric shop, bookstore, men's and women's moderately-priced quality casual wear, bicycle shop, ice cream parlor, freshly-ground coffee and coffee supply shop, kite store, gifts and accessories, jogging apparel, sporting goods, children's toys and apparel, bakery, plant/

flower shop, kitchen supplies, etc. are envisioned. Neighborhood services like a cobbler, appliance fix-it store, quick copy and office supply store, etc. will be considered along the rear edge of the project because quick access is necessary for convenience.

The overall design program is called the "geode concept" which utilizes the old structures, but provides a new, tasteful, not shiny, interior. The interior will utilize the high ceilings in certain areas and provide drop ceilings or suspended canvas for certain stores. One area of the project is to be a "bazaar" where merchants will sell from tents and under awnings quality flea market items and imported curios, baskets, stained glass, quality furniture reproductions, etc. in an open ceiling area with exposed HVAC ducts, electrical conduit, trusses, and roof decking, and capitalizing on the existing skylights.

Technical Needs

The stores/shops will have individual rooftop HVAC units with duct work and electrical conduit exposed or built in (tenant preference) and designed to cool and heat individual tenant spaces. Separate meters will be required for each tenant's space. As developer, we expect to provide a tenant finish

allowance of \$14.00 per square foot which would provide the tenant's storefront, lay-in acoustical-tile suspended ceiling, and 2 x 4 light fixtures as appropriate, electrical panel and outlets, light switches, demising walls, one partition separating storage from shop display area (based on an 80/20 ratio), and one private bathroom/sink. The smaller boutiques will share a "common" bathroom facility to eliminate additional, unnecessary development costs.

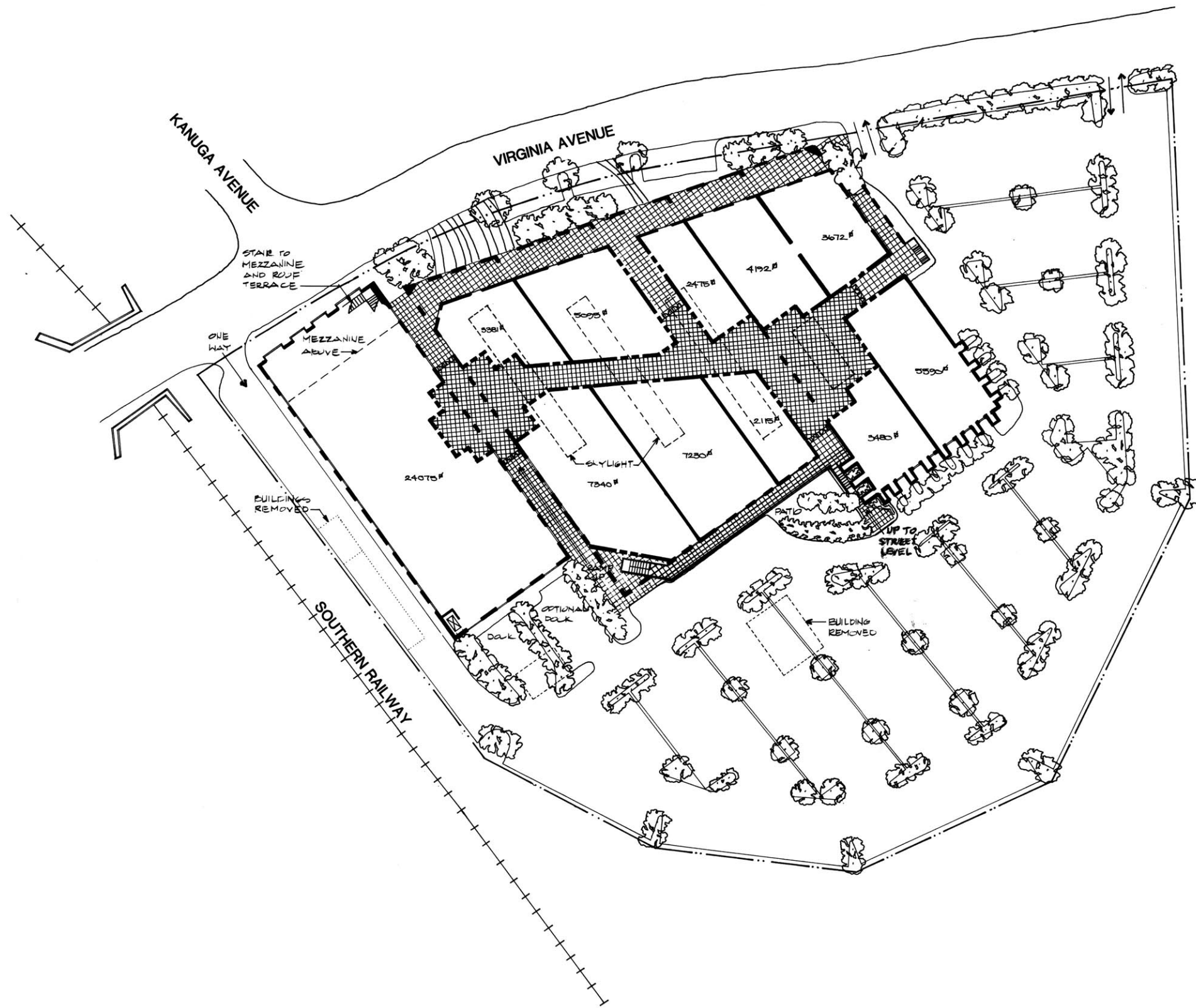
We will provide a finished building shell, finished parking area, landscaping, stubbed plumbing for bathrooms, and electrical stubbed out for each tenant. Further, finished common areas are to be completed including pavers, lighting, marquis signage, canopies, and ceiling panels.

A special element for at least one of the restaurant/bars is to be a three-level dining/entertainment/drinking experience which will utilize an existing mezzanine. Additionally, a well-designed stairway will provide access for rooftop dining in order to take advantage of the view of Midtown and downtown Atlanta's skyline.

The common area ratio will not exceed 20% of GLA so that net leasable space will be in the 80,000-square-foot range. Our parking ratio exceeds five spaces per 1,000 leasable square

feet. We plan to have ten pushcart rental areas throughout the project available for weekly or possibly daily rental.

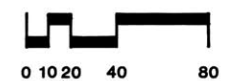
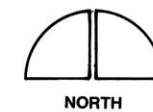
The following schematic plans, leasing plans, and perspectives indicate the mood, store layout, typical tenant space, circulation, and renovation theme.

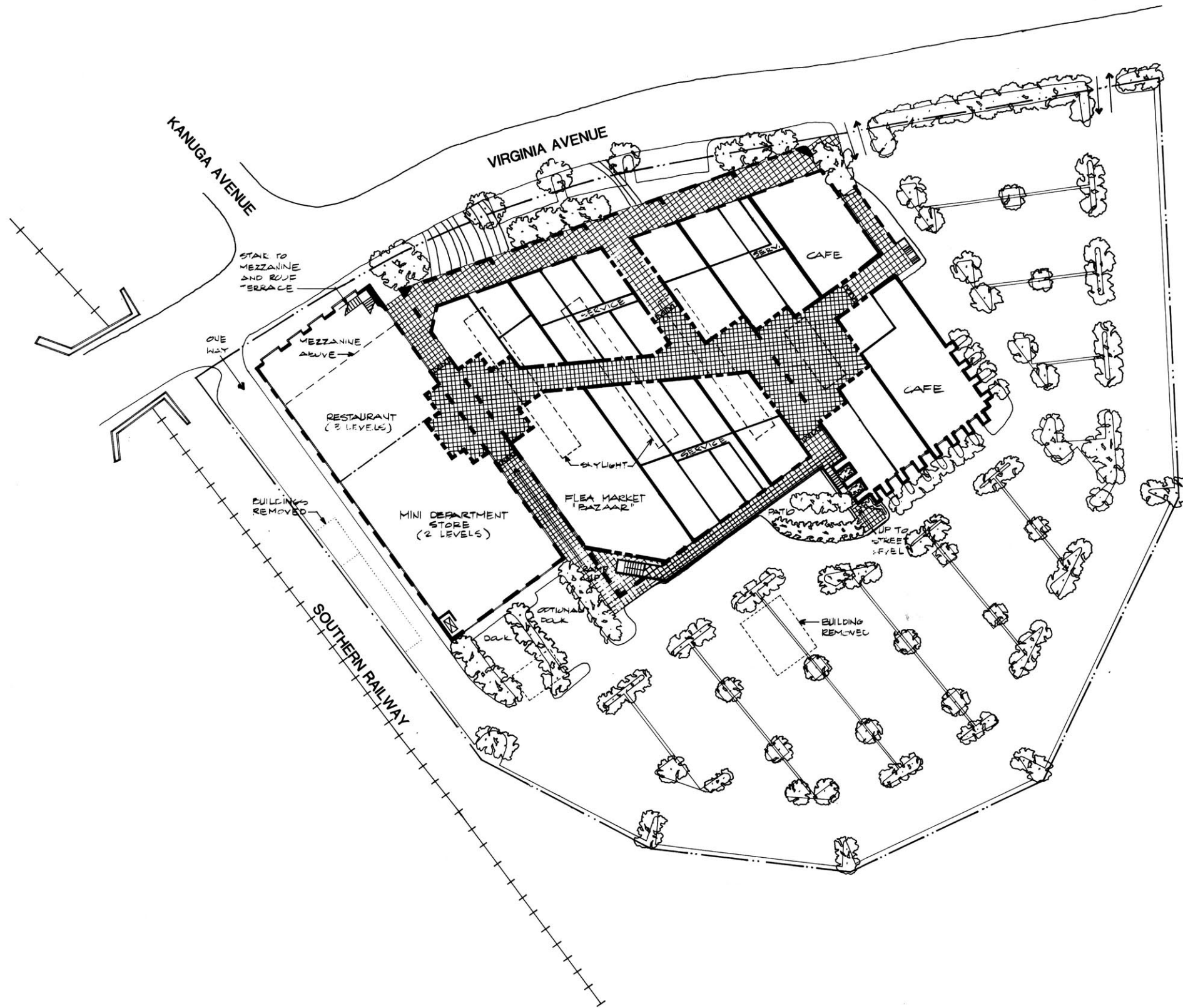


STREET LEVEL

GROSS BUILDING AREA	80,660 S.F.
GROSS LEASABLE AREA	68,645 S.F.
ARCADE	9,326 S.F.

TROLLEY SQUARE
VIRGINIA AVENUE AT MONROE
ATLANTA, GEORGIA





SAMPLE LEASE PLAN

GROSS BUILDING AREA	80,660 S.F.
GROSS LEASABLE AREA	68,645 S.F.
ARCADE	9,326 S.F.

TROLLEY SQUARE

VIRGINIA AVENUE AT MONROE

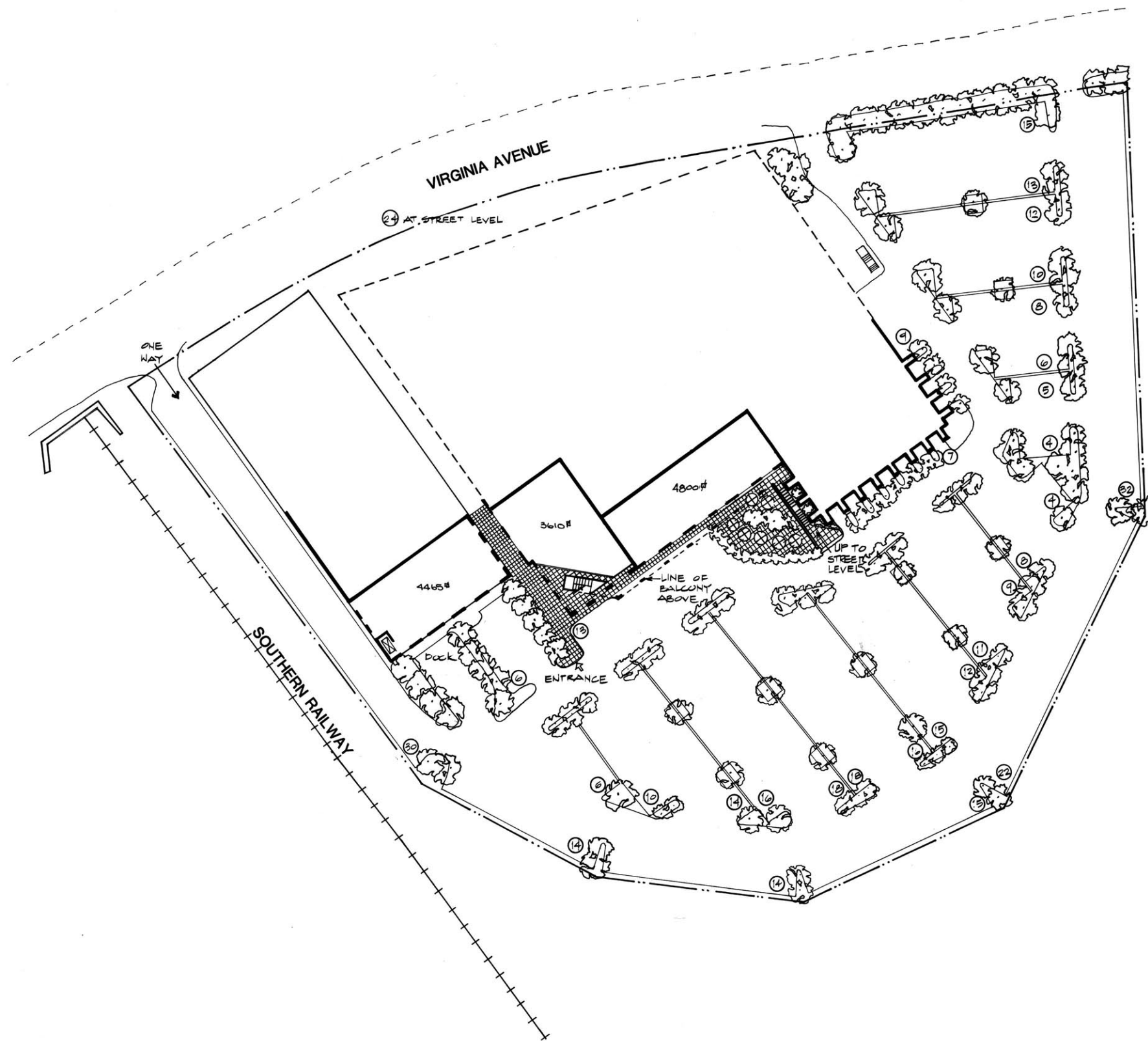
ATLANTA, GEORGIA



NORTH



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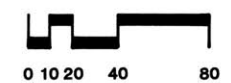
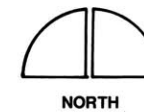


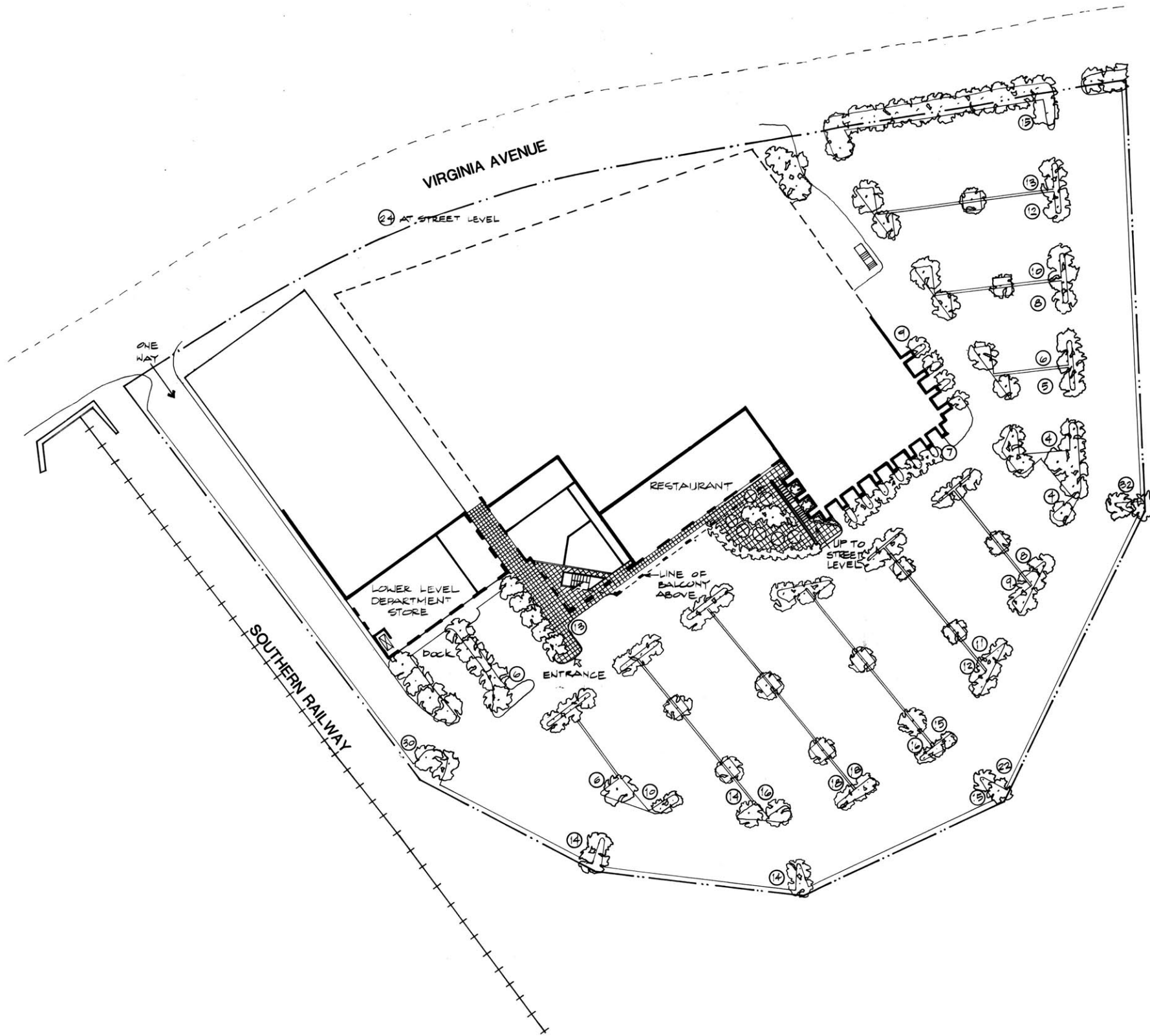
PARKING LEVEL

GROSS BUILDING AREA	12,875 S.F.
GROSS LEASABLE AREA	12,875 S.F.
416 CARS	5 CARS/1000 GLA±

TROLLEY SQUARE

VIRGINIA AVENUE AT MONROE
ATLANTA, GEORGIA

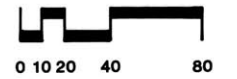
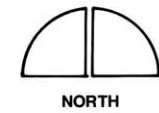




SAMPLE LEASE PLAN

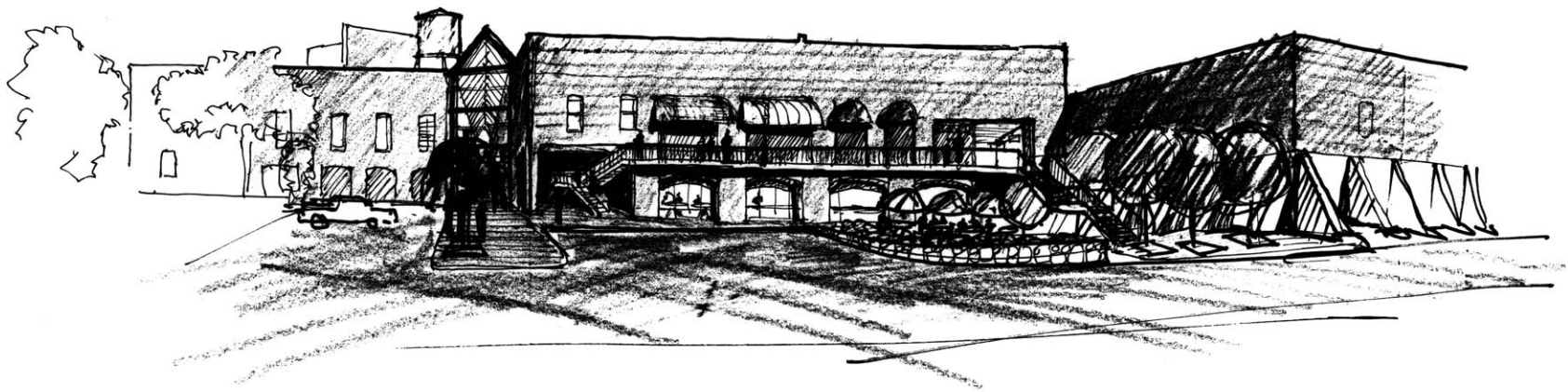
GROSS BUILDING AREA	12,875 S.F.
GROSS LEASABLE AREA	12,875 S.F.
416 CARS	5 CARS/1000 GLA±

TROLLEY SQUARE
VIRGINIA AVENUE AT MONROE
ATLANTA, GEORGIA

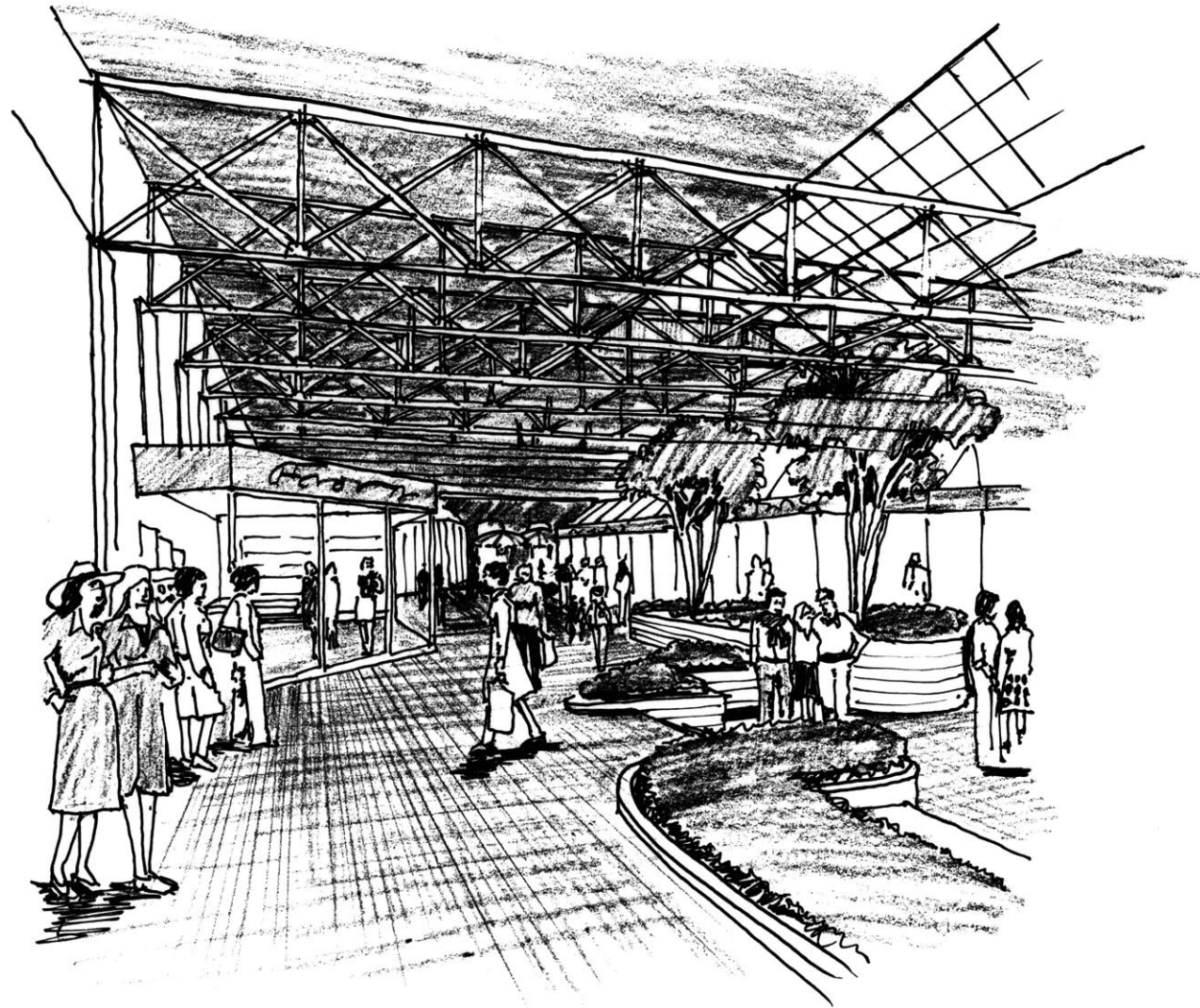




Entrance at Virginia Avenue



View From Parking



Interior View

SECTION V
LEGAL STATUS

LEGAL STATUS

The property is zoned I-1 under the Atlanta/Fulton County zoning ordinance. This clarification is termed Light Industrial and permits uses and corresponding specifications indicated later in this section. (See Light Industrial - I-1 Code Requirements.)

Our opinion as well as our law firm's (Parker, Hudson, Rainer, Dobbs & Kelly) opinion confirms that the existing zoning will permit the planned redevelopment/renovation of the property to a retail/restaurant use without any rezoning. (See Appendix 6: Letter from Parker, Hudson.)

The primary criteria of the code specifications which will determine ultimate density permitted in the redevelopment is parking. The code requires five spaces per 1,000 net rentable square feet for retail uses and ten spaces per 1,000 net rentable square feet for restaurant facilities. Additionally, at least two "handicap" parking spaces will be required; however, this requirement is negotiated with the City of Atlanta Planning Department.

Clearly, a variance will need to be obtained on the restaurant/retail parking requirement. A traffic engineer will be consulted and hired to demonstrate the affects of shared parking and typical retail parking patterns versus restaurant parking patterns. These scenarios will be coupled with the predominant pedestrian neighborhood patterns and the existing bus service along Monroe Drive and Virginia Avenue. Surveys of parking ratios for other retail centers in the area will be compared and used to the projects benefit.

The "approval process" in the City of Atlanta is centralized by the Planning Coordination Office located on the eighth floor of City Hall. An individual at the Planning Office is assigned to the project and "walks" the program, site plan and architectural/construction drawings through the building department and other City agencies which must review, react to, and approve or disapprove the submitted plan.

City scrutiny of the program and plans receive comments and, ultimately, permits for site work and construction. The Building Department and Planning Department make recommendations for the granting of any variances or rezonings to the Fulton County Commission.

A variance is easier to obtain than a request for rezoning. The parking issue will be studied for its impact on the program. We will negotiate with City and neighborhood officials to explain our findings and garner required support for a parking variance.

Public business leaders, i.e., Central Atlanta Progress, Councilmen, and the Mayor will be individually "lobbied." A presentation to each person will focus on the sensitive redevelopment of the site using schematic drawings and perspectives of the people-oriented/performance-oriented redesign. The "program" will bolster the design concept via the market survey responses. The point will be made of adding to the tax base and transforming a City property (a nonperforming tax liability) into a privately owned and operated taxable asset. The creation of jobs in the intown/downtown area will be capitalized upon as will the renewed image of intown living which for many previous years has been losing population steadily to the suburbs.

Neighborhood leaders will be assembled and asked to react to our conceptual plan. Community leaders in the Virginia/Highlands neighborhood as well as the Neighborhood Planning Unit associated with the primary market area will be given opportunities to voice their ideas and concerns. We will, however, guide this process via the use of pictorial analogs, sketches, and our

development budget. Support for the project and confirmation of the intended program will be valuable in obtaining the variance or other unforeseen but required approvals.

Lastly, the variance for parking is primarily a technical solution. Typically, a ratio of five spaces per 1,000 square feet of net leasable area is sufficient for retail uses in the suburbs. As we show that neighboring centers and retail areas have a lower existing ratio, our argument, if needed, will prove strong. The extent to which one implements a strategy for obtaining any approval depends upon the ultimate program or mix of tenants, an understanding and assessment of the magnitude of the problem, and the number of opponents versus proponents at the decision-making level.

Since the ultimate success of the redeveloped Trolley Barns rests with the neighborhood's support and patronage, we will closely interact with the affected market area to discern desirability, program acceptance, and overall support.

SECTION VI
PRO FORMA ANALYSIS

FINANCING ASSUMPTIONS

Construction is to begin April 1, 1986.

The maximum tax bracket used in assessing aftertax returns without rehab credits and ITC credits is 35%.

Base rents are based on 1985 rental assumptions, yet leasing will not begin for the project until 1986 or 1987.

There is no assumption for percentage rents. Tenants will simply be escalated a flat 5% per year.

The allowance for vacancy is 50% average during the lease-up year. Stabilized year carries a 5% vacancy factor.

Kiosk vacancy is assumed to be 40%.

An allowance for turning costs is assumed to be an additional 5% of the net leasable area each year. The releasing period is covered in the overall vacancy, however, a procurement fee (equal to the first month's rent) and a \$5.00 per square foot allowance for retrofitting this space is accounted for.

General and administrative charges includes bad debts, forms and leases, printing, legal advice, lease negotiation charges from attorneys, typing, postage, etc.

An administration fee equal to 15% of the CAM charges will be billed pro rata to each tenant. This fee covers accounting and billing costs as well as any prepaid expenses advanced by the developer on behalf of the tenants.

A 15% discount rate is used for calculating Net Present Value before tax.

A 10% discount rate is used for calculating Net Present Value after tax.

Qualifying percentages for the 20% rehabilitation credit and the 10% Investment Tax Credit have been discussed with the accounting firm of Miller, Houser and Stewart, CPAs and Rob Rakusin, tax specialist for the partners of Carter & Associates, Inc.

Initial equity contributions are 25% of the project cost. Equity partners will contribute 85% of the required cash. As developer, we will contribute 15% of the required cash.

A second call for cash may be required to fund an operating deficit in the lease-up year. Any additional contribution will be made on the same basis as the cash flow and residual percentage split: 75% - equity partners; 25% - developer.

TENANT FINISH ALLOWANCE

BASED ON 3,000-SQUARE-FOOT TENANT

THE TROLLEY BARNs

JULY 25, 1985

<u>No.</u>	<u>Item of Work</u>	<u>Quantity</u>	<u>U/M</u>	<u>Unit Cost</u>	<u>Item Cost</u>	<u>Cost Per SF NVA</u>
01	Doors/Frames/Hardware	1	EA	\$400.00	\$ 400	\$ 0.13
02	Demising Partitions	190	LF	35.00	6,650	2.22
03	Interior Partitions	40	LF	23.00	920	0.31
04	Acoustical Ceiling	3,000	SF	2.00	6,000	2.00
05	Flat Wall Paint	5,950	SF	0.22	1,309	0.44
06	Storefront	40	LF	100.00	4,000	1.33
07	Plumbing	3,000	SF	0.40	1,200	0.40
08	H.V.A.C. Systems	3,000	SF	2.30	6,900	2.30
09	Relocate Sprinklers	3,000	SF	0.35	1,050	0.35
10	Electric Systems	3,000	SF	2.45	7,350	2.45
11	Miscellaneous Finishes	3,000	SF	0.25	<u>750</u>	<u>0.25</u>
	Subtotal				36,529	12.18
	Overhead and Profit	36,529 DL		0.15	<u>5,479</u>	<u>1.83</u>
	TOTAL				<u>\$42,008</u>	<u>\$14.00</u>

COMMON AREA MAINTENANCE
EXPENSE BREAKDOWN

Janitorial/Maintenance Labor

Mon. through Sat. - 7:00 a.m. to 4:00 p.m. 2 men x 8 hours x 6 days x 3.85 x 52 weeks	\$ 19,220	
Sun. - 10:00 a.m. to 6:30 p.m. 1 man x 8 hours x 1 day x 3.95 x 52 weeks	1,650	
Total Janitorial		\$ 20,870

Security Labor

Mon. through Sun. - 24 hours per day 1 man x 24 hours x 7 days x 5.00 x 52 weeks		43,680
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Fringe Benefits (Payroll Taxes, Social Security, and Benefits)

15% x 64,550 CAM charges		9,683
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Janitorial Supplies

Wax and Floor Supplies	1,500	
Mops, Brooms, Rags	450	
Light Bulbs	550	
Cleaners and Chemicals	2,000	
Other (Including Trash Bags)	1,500	
Total Janitorial Supplies		6,000

Uniform Maintenance/Security

Maintenance 3 men x 3 jumpsuits x \$25.00 each	225	
Security 1 man x 2 uniforms x \$90.00 each	180	
Total Uniform Maintenance/Security		405

Security Supplies

Beeper Service \$50.00 per month x 1 x 12	600	
Miscellaneous Other (Telephone Line)	800	
Total Security Supplies		1,400

COMMON AREA MAINTENANCE
EXPENSE BREAKDOWN
(Continued)

Landscape Contract

Exterior		
\$400.00 per month x 12		\$ 4,800
Interior Maintenance and Supplies		
\$500.00 per month x 12		<u>6,000</u>
Total Landscape Contract		\$ 10,800

Common Area Electricity and Water

Estimated Three Rooftop Units		16,000
Water		<u>1,500</u>
Total Common Area Electricity and Water		21,000

HVAC Supplies and Maintenance

Filters, Belts, and Service Contract		2,400
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Electricity

416 Spaces - Parking Lot		5,000
Interior Lighting and HVAC		<u>4,600</u>
Total Electricity		9,600

Parking Lot Maintenance and Repairs

Contract Services Includes:		1,500
Bulb Replacements		
Sign Replacement		
Paving Repair		

Water and Sewer Repairs

Emergency Services		1,000
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<u>Ice and Snow Removal</u>		300
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Insurance

Liability		7,000
Fire and Extended Coverage		<u>2,500</u>
Total Insurance		9,500

COMMON AREA MAINTENANCE
EXPENSE BREAKDOWN
(Continued)

Pest Control

Rodent and Insect
\$100.00 per month x 12 \$ 1,200

Trash Removal

Contract
\$200.00 per month x 12 2,400

Sprinkler Maintenance 400

Fountain Maintenance and Repairs 300

Total Common Area Maintenance \$142,438

NRA 81,500 square feet or \$1.75/net square foot

SOURCE: Consultation with Frasier Smith, CPM, Carter & Associates, Inc., Retail Marketing and Management Division.

05-Aug-85 DATE

TROLLEY SQUARE - ASSUMPTIONS

BASE RENT:

	ANCHORS					NET RENTABLE AREA			
	PEASANT-TYPE	RESTAURANTS ITALIAN	SEAFOOD/STEAK	STOREHOUSE	GOURMET MARKET	NATIONAL	CAFES	BAZAARS/BOUTIQUES	AVERAGE BASE RENT
SQUARE FOOTAGE	6,000	6,000	6,000	18,000	6,500	10,000	7,500	21,520	81,520
BASE RENT PSF:									
1987	\$13.00	\$13.00	\$13.00	\$12.50	\$11.00	\$11.00	\$12.00	\$13.50	\$12.52
1988	\$13.65	\$13.65	\$13.65	\$12.88	\$11.55	\$11.33	\$12.60	\$14.18	\$13.07
1989	\$14.33	\$14.33	\$14.33	\$13.26	\$12.13	\$11.67	\$13.23	\$14.88	\$13.64
1990	\$15.05	\$15.05	\$15.05	\$13.66	\$12.73	\$12.02	\$13.89	\$15.63	\$14.23
1991	\$15.80	\$15.80	\$15.80	\$14.07	\$13.37	\$12.38	\$14.59	\$16.41	\$14.85
1992	\$16.59	\$16.59	\$16.59	\$14.49	\$14.04	\$12.75	\$15.32	\$17.23	\$15.50
1993	\$17.42	\$17.42	\$17.42	\$14.93	\$14.74	\$13.13	\$16.08	\$18.09	\$16.18
1994	\$18.29	\$18.29	\$18.29	\$15.37	\$15.48	\$13.53	\$16.89	\$19.00	\$16.90
1995	\$19.21	\$19.21	\$19.21	\$15.83	\$16.25	\$13.93	\$17.73	\$19.95	\$17.64
1996	\$20.17	\$20.17	\$20.17	\$16.31	\$17.06	\$14.35	\$18.62	\$20.94	\$18.42
1997	\$21.18	\$21.18	\$21.18	\$16.80	\$17.92	\$14.78	\$19.55	\$21.99	\$19.23

RENEWAL

COMPOUND RATE	5%	5%	5%	3%	5%	3%	5%	5%
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KIOSK INCOME:

NUMBER OF KIOSKS	10
RATE PER WEEK	\$100
RATE INCREASE	10%

EXPENSES:

	EXPENSE	INCREASE	PSF
COMMON AREA MAINTENANCE	\$142,660	5%	\$1.75
REAL ESTATE TAXES	\$81,520	5%	\$1.00
GENERAL & ADMINISTRATIVE	\$24,456	5%	\$0.30
ADVERTISING	\$20,380	5%	\$0.25

VACANCY (YR):

KIOSKS	SHOPS
1	30%
2	30%
3	30%
4	30%
5	30%
6	30%
7	30%
8	30%
9	30%
10	30%
11	30%

MANAGEMENT FEE	7%
LEASING COMMISSION	5%

OTHER VARIABLES:

COMMON AREA MAINTENANCE ADMINISTRATION FEE	15%
CAPITAL RESERVE (PERCENT OF GROSS INCOME)	1%
SALE CAPITALIZATION RATE	10%

TENANT TURNOVER

TURNING VACANCY	5%
CAPITAL COST FOR RE-LEASING (PSF)	\$5.00
RE-LEASING COST INCREASE	6%

TOTAL SQUARE FOOTAGE

81,520

BEGINNING YEAR OF CASH FLOW

1987

100

TROLLEY SQUARE
PRO-FORMA PROJECTION

	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
REVENUES:											
BASE RENT	\$1,021,020	\$1,065,371	\$1,111,739	\$1,160,217	\$1,210,907	\$1,263,911	\$1,319,340	\$1,377,307	\$1,437,932	\$1,501,341	\$1,567,666
KIOSK INCOME	52,000	57,200	62,920	69,212	76,133	83,747	92,121	101,333	111,467	122,613	134,875
CAM REIMBURSEMENT	164,059	172,262	180,875	189,919	199,415	209,385	219,855	230,847	242,390	254,509	267,235
R.E. TAX REIMB	81,520	85,596	89,876	94,370	99,088	104,042	109,245	114,707	120,442	126,464	132,787
GROSS REVENUES	1,318,599	1,380,429	1,445,409	1,513,718	1,585,543	1,661,086	1,740,560	1,824,194	1,912,231	2,004,928	2,102,563
LESS: VACANCY	522,240	56,857	60,351	64,099	68,122	72,444	77,090	82,086	87,463	93,253	99,493
NET REVENUES	796,359	1,323,572	1,385,059	1,449,619	1,517,421	1,588,642	1,663,471	1,742,109	1,824,768	1,911,675	2,003,070
EXPENSES:											
COMMON AREA MAINT	142,660	149,793	157,283	165,147	173,404	182,074	191,178	200,737	210,774	221,312	232,378
R.E. TAXES	81,520	85,596	89,876	94,370	99,088	104,042	109,245	114,707	120,442	126,464	132,787
GENERAL & ADM	24,456	25,679	26,963	28,311	29,726	31,213	32,773	34,412	36,133	37,939	39,836
ADVERTISING	20,380	21,399	22,469	23,592	24,772	26,011	27,311	28,677	30,111	31,616	33,197
MANAGEMENT FEES	55,745	92,650	96,954	101,473	106,219	111,205	116,443	121,948	127,734	133,817	140,215
LEASING COMM	32,451	53,672	56,122	58,693	61,394	64,231	67,212	70,346	73,641	77,107	80,752
TOTAL EXPENSES	357,212	428,789	449,666	471,586	494,604	518,776	544,162	570,826	598,834	628,256	659,166
NCF BEF DEBT SVC & CAPITAL RES	439,148	894,783	935,393	978,033	1,022,817	1,069,866	1,119,309	1,171,282	1,225,934	1,283,419	1,343,904
CAPITAL RESERVE TURNOVER COSTS	13,186	13,804	14,454	15,137	15,855	16,611	17,406	18,242	19,122	20,049	21,026
NET CASH FLOW BEF DEBT SVC	\$401,327	\$854,937	\$893,408	\$933,789	\$976,187	\$1,020,716	\$1,067,496	\$1,116,658	\$1,168,337	\$1,222,682	\$1,279,849
CASH-ON-CASH RETURN*	5.1%	10.9%	11.4%	11.9%	12.4%	13.0%	13.6%	14.2%	14.9%	15.6%	16.3%

*CASH-ON-CASH RETURNS ARE BASED ON A COST OF

\$7,856,033

RESIDUAL:

1997 NET CASH FLOW CAPPED @ 10% = \$13,439,041

NON-LEVERAGED PROJECT ECONOMICS:

NET PRESENT VALUE @ 15% = \$114,907

INTERNAL RATE OF RETURN = 15.2%

CAPITAL OUTLAYS:

		PCT/YEAR
1986	\$6,284,826	80%
1987	1,571,207	20%
TOTAL	<u>\$7,856,033</u>	<u>100%</u>

TROLLEY SQUARE
BASE RENT PROJECTION

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
RESTAURANTS:											
PEASANT-TYPE	\$78,000	\$81,900	\$85,995	\$90,295	\$94,809	\$99,550	\$104,527	\$109,754	\$115,242	\$121,004	\$127,054
ITALIAN	78,000	81,900	85,995	90,295	94,809	99,550	104,527	109,754	115,242	121,004	127,054
STEAK/SEAFOOD	78,000	81,900	85,995	90,295	94,809	99,550	104,527	109,754	115,242	121,004	127,054
STOREHOUSE	225,000	231,750	238,703	245,864	253,239	260,837	268,662	276,722	285,023	293,574	302,381
GOURMET MARKET	71,500	75,075	78,829	82,770	86,909	91,254	95,817	100,608	105,638	110,920	116,466
NATIONAL TENANTS	110,000	113,300	116,699	120,200	123,806	127,520	131,346	135,286	139,345	143,525	147,831
CAFES	90,000	94,500	99,225	104,186	109,396	114,865	120,609	126,639	132,971	139,620	146,601
BAZAARS/BOUTIQUES	290,520	305,046	320,298	336,313	353,129	370,785	389,325	408,791	429,230	450,692	473,226
TOTAL BASE RENT	\$1,021,020	\$1,065,371	\$1,111,739	\$1,160,217	\$1,210,907	\$1,263,911	\$1,319,340	\$1,377,307	\$1,437,932	\$1,501,341	\$1,567,666

TROLLEY SQUARE
INITIAL CAPITAL BUDGET

DIRECT COSTS	INVESTMENT TAX CREDIT		REHAB CREDIT		CAPITAL EXPENDITURE
	PERCENTAGE QUALIFYING	QUALIFYING COSTS	PERCENTAGE QUALIFYING	QUALIFYING COSTS	
Land					\$1,000,000
Hard Costs:					
General Conditions			80%	\$165,766	\$207,207
Bonds/Permits/Fees			80%	47,000	58,750
Site Development (A)			50%	174,338	348,675
Demolition/Clean-Up			100%	185,293	185,293
Landscaping/Irrigation			0%	0	100,000
Concrete Work			80%	127,200	159,000
Masonry			65%	171,496	263,840
Structural/Misc. Metals			50%	135,429	270,858
Rough/Finish Carpentry			100%	40,000	40,000
Moisture Protection			100%	46,000	46,000
Roofing			100%	318,512	318,512
Glass/Glazing/Skylights			50%	235,065	470,130
Doors/Frames/Hardware			100%	49,500	49,500
Finishes			100%	371,900	371,900
Furnishings	100%	125,000	0%	0	125,000
Architectural Specialties	100%	45,500	0%	0	45,500
Tenant Finish Allowance			50%	570,000	1,140,000
Conveying Systems	100%	30,000	0%	0	30,000
Plumbing Systems			100%	165,000	165,000
Fire Protection Systems			100%	90,000	90,000
H.V.A.C. Systems			90%	157,500	175,000
Electrical Systems			90%	154,125	171,250
Architect & Engineering Fees			80%	360,000	450,000
Contractor Fees			80%	175,988	219,985
Developer Fees			80%	241,059	301,324
Total Hard Costs					5,802,724

INDIRECT COSTS	INVESTMENT TAX CREDIT		REHAB CREDIT		CAPITAL EXPENDITURE
	PERCENTAGE QUALIFYING	QUALIFYING COSTS	PERCENTAGE QUALIFYING	QUALIFYING COSTS	
Legal & Accounting			0%	0	100,000
Construction Interest			80%	208,607	260,759
Construction Taxes			0%	0	37,500
Construction Loan Points	1%		0%	0	68,107
Permanent Loan Points	1%		0%	0	76,788
Leasing - Procurement Fees			0%	0	85,085
Other			0%	0	
Operating Losses			0%	0	
Preopening Advertising			0%	0	100,000
Miscellaneous (B)			0%	0	50,000
Contingency	5%		70%	192,549	275,070
Total Indirect Costs					<u>1,053,309</u>
TOTAL		<u>\$200,500</u>		<u>\$4,382,326</u>	<u>\$7,856,033</u>
REHAB CREDIT	20%			<u>\$876,465</u>	
I.T.C % (C)	8%	<u>\$16,040</u>			

(A) Includes underground utilities, grading, drainage, and foundation and floor shoring.

(B) Includes pre-opening postage, telephone, printing, travel, and entertainment.

(C) We have used 8% rather than 10% because there is no recapture figured after-tax when using 8%.

TROLLEY SQUARE
FINANCING ASSUMPTIONS

TOTAL SQUARE FOOTAGE		<u>81,520</u>	
INITIAL CAPITAL BUDGET:			
LAND		\$1,000,000	
LAND IMPROVEMENTS		348,675	A
BUILDING COSTS		4,307,620	A
ADDITIONAL TENANT ALLOWANCES		1,140,000	B
CONSTRUCTION INTEREST & TAXES		298,259	C
LEGAL FEES		100,000	B
PROCUREMENT FEES		85,085	B
CONTINGENCIES AND OTHER (DEV. FEES)		576,394	A
		<u>-----</u>	
TOTAL INITIAL COST		<u>\$7,856,033</u>	
INITIAL EQUITY			
CONTRIBUTION: (EST)	25%	<u>\$1,950,000</u>	(1)
EQUITY PARTNERS	85%	\$1,657,500	
DEVELOPER	15%	\$292,500	
PERMANENT LOAN:			
AMOUNT		\$5,906,033	
INTEREST RATE		12.50%	
TERM IN YEARS		30	
ANNUAL PAYMENT		\$756,391	
PARTICIPATION		0	
SALES CAPITALIZATION RATE		10.00%	
BEGINNING YEAR OF MODEL		1987	
ACTUAL DEBT COVERAGE RATIO (1988)		1.13	

	DEPRECIABLE ITEMS	YEARS	ANNUAL AMOUNT	
A	BUILDING	19	\$229,275	(2)
B	TENANT & LEGAL COSTS	7	189,298	(3)
C	C,P,I & T	10	29,826	
			<u>-----</u>	
			\$448,399	
			<u>-----</u>	
	TAX RATES:			
	ORDINARY INCOME		50.00%	
	CAPITAL GAINS		20.00%	

INCOME PREFERENCES:		
EQUITY PARTNERS		0.00%
DEVELOPER		0.00%

INCOME DISTRIBUTION:		
EQUITY PARTNERS		75.00%
DEVELOPER		25.00%

TAX SHELTER DISTRIBUTION:		
EQUITY PARTNERS		75.00%
DEVELOPER		25.00%

COST OF SELLING PROPERTY (COMMISSIONS, LEGAL FEES, CLOSING COSTS, ETC.)		6%
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- (1) EQUITY CONTRIBUTION IS BASED ON AN ESTIMATED TOTAL PROJECT COST OF APPROXIMATELY \$7,800,000.
- (2) TOTAL COST SUBJECT TO DEPRECIATION HAS BEEN REDUCED BY THE AMOUNT OF THE REHAB. CREDIT, IF ANY.
- (3) DEPRECIATION TERM IS A BLENDED AVERAGE OF TENANT LEASES.

TROLLEY SQUARE

CALCULATION OF CONSTRUCTION AND LEASE-UP YEAR INTEREST

ASSUMED INTEREST RATE 11.75%

TOTAL CONSTRUCTION BUDGET
EXCLUDING CONSTRUCTION INT \$5,560,189 (1)

MONTH	BEGINNING BALANCE	DRAW PERCENT	DRAW AMOUNT	TOTAL OUTSTANDING	INTEREST 11.75%	TOTAL DRAWS + INTEREST
1	\$0	5%	\$278,009	\$278,009	2,722	280,732
2	280,732	8%	444,815	725,547	7,104	732,651
3	732,651	10%	556,019	1,288,670	12,618	1,301,288
4	1,301,288	11%	611,621	1,912,909	18,731	1,931,640
5	1,931,640	16%	889,630	2,821,270	27,625	2,848,895
6	2,848,895	19%	1,056,436	3,905,331	38,240	3,943,570
7	3,943,570	13%	722,825	4,666,395	45,692	4,712,087
8	4,712,087	10%	556,019	5,268,106	51,584	5,319,689
9	5,319,689	8%	444,815	\$5,764,504	56,444	\$5,820,948
TOTAL CONSTRUCTION INTEREST					\$260,759	

NOTE: CONSTRUCTION IS ASSUMED TO BEGIN APRIL 1, 1986.

LEASE-UP YEAR:

MONTH	BEGINNING BALANCE	DRAW AMOUNT	TOTAL OUTSTANDING	INTEREST 11.75%	TOTAL DRAWS + INTEREST
1	5,820,948	85,206	\$5,906,154	57,831	\$5,906,154
2	5,906,154		\$5,906,154	57,831	\$5,906,154
3	5,906,154		\$5,906,154	57,831	\$5,906,154
4	5,906,154		\$5,906,154	57,831	\$5,906,154
5	5,906,154		\$5,906,154	57,831	\$5,906,154
6	5,906,154		\$5,906,154	57,831	\$5,906,154
7	5,906,154		\$5,906,154	57,831	\$5,906,154
8	5,906,154		\$5,906,154	57,831	\$5,906,154
9	5,906,154		\$5,906,154	57,831	\$5,906,154
10	5,906,154		\$5,906,154	57,831	\$5,906,154
11	5,906,154		\$5,906,154	57,831	\$5,906,154
12	5,906,154		\$5,906,154	57,831	\$5,906,154
TOTAL		<u>\$85,206</u>		<u>\$693,973</u>	

(1) THE CONSTRUCTION LOAN IS CALCULATED BY TAKING TOTAL PROJECT COSTS LESS EQUITY CONTRIBUTIONS AND LESS PROCUREMENT FEES. THE PROCUREMENT FEES ARE ASSUMED TO BE DRAWN THE FIRST MONTH OF THE LEASE-UP YEAR.

(2) THE LAND COSTS WILL BE FUNDED OUT OF EQUITY CONTRIBUTIONS. REMAINING EQUITY WILL BE SPREAD OVER OTHER DEVELOPMENT COSTS.

TROLLEY SQUARE
SAMPLE WORKSHEET: Mortgage Loan

Principal \$5,906,033
Int. Rate 12.50%
Term in yrs 30

Total Interest \$16,785,700.95
Monthly Payment \$63,032.59

Beginning Year of Model 1988

Year		Beginning Balance	Annual Payment	Ending Balance	Interest Paid	Principal Payment
1988	1	\$5,906,032.83	\$756,391.13	\$5,886,819.77	\$737,178.06	\$19,213.06
1989	2	\$5,886,819.77	\$756,391.13	\$5,865,062.59	\$734,633.95	\$21,757.18
1990	3	\$5,865,062.59	\$756,391.13	\$5,840,424.41	\$731,752.95	\$24,638.18
1991	4	\$5,840,424.41	\$756,391.13	\$5,812,523.74	\$728,490.46	\$27,900.67
1992	5	\$5,812,523.74	\$756,391.13	\$5,780,928.57	\$724,795.96	\$31,595.17
1993	6	\$5,780,928.57	\$756,391.13	\$5,745,149.70	\$720,612.25	\$35,778.87
1994	7	\$5,745,149.70	\$756,391.13	\$5,704,633.13	\$715,874.56	\$40,516.57
1995	8	\$5,704,633.13	\$756,391.13	\$5,658,751.52	\$710,509.51	\$45,881.61
1996	9	\$5,658,751.52	\$756,391.13	\$5,606,794.44	\$704,434.05	\$51,957.08
1997	10	\$5,606,794.44	\$756,391.13	\$5,547,957.41	\$697,554.10	\$58,837.03
1998	11	\$5,547,957.41	\$756,391.13	\$5,481,329.42	\$689,763.13	\$66,627.99
1999	12	\$5,481,329.42	\$756,391.13	\$5,405,878.81	\$680,940.52	\$75,450.61
2000	13	\$5,405,878.81	\$756,391.13	\$5,320,437.33	\$670,949.65	\$85,441.48
2001	14	\$5,320,437.33	\$756,391.13	\$5,223,682.03	\$659,635.82	\$96,755.30
2002	15	\$5,223,682.03	\$756,391.13	\$5,114,114.77	\$646,823.87	\$109,567.26
2003	16	\$5,114,114.77	\$756,391.13	\$4,990,039.05	\$632,315.40	\$124,075.72
2004	17	\$4,990,039.05	\$756,391.13	\$4,849,533.71	\$615,885.79	\$140,505.34
2005	18	\$4,849,533.71	\$756,391.13	\$4,690,423.21	\$597,280.63	\$159,110.50
2006	19	\$4,690,423.21	\$756,391.13	\$4,510,243.93	\$576,211.84	\$180,179.28
2007	20	\$4,510,243.93	\$756,391.13	\$4,306,206.02	\$552,353.22	\$204,037.91
2008	21	\$4,306,206.02	\$756,391.13	\$4,075,150.21	\$525,335.32	\$231,055.80
2009	22	\$4,075,150.21	\$756,391.13	\$3,813,498.91	\$494,739.83	\$261,651.30
2010	23	\$3,813,498.91	\$756,391.13	\$3,517,200.78	\$460,093.00	\$296,298.13
2011	24	\$3,517,200.78	\$756,391.13	\$3,181,668.03	\$420,858.37	\$335,532.76
2012	25	\$3,181,668.03	\$756,391.13	\$2,801,705.35	\$376,428.45	\$379,962.68
2013	26	\$2,801,705.35	\$756,391.13	\$2,371,429.51	\$326,115.29	\$430,275.83
2014	27	\$2,371,429.51	\$756,391.13	\$1,884,178.25	\$269,139.87	\$487,251.26
2015	28	\$1,884,178.25	\$756,391.13	\$1,332,407.11	\$204,619.98	\$551,771.14
2016	29	\$1,332,407.11	\$756,391.13	\$707,572.61	\$131,556.63	\$624,834.50
2017	30	\$707,572.61	\$756,391.13	\$0.00	\$48,818.51	\$707,572.61
						\$5,906,032.83

NOTE: PERMANENT LOAN IS ASSUMED TO BE FUNDED AT STABILIZED YEAR.

TROLLEY SQUARE
CASH DISTRIBUTION ANALYSIS

	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
NET CASH FLOW BEFORE DEBT SVC	\$401,327	\$854,937	\$893,408	\$933,789	\$976,187	\$1,020,716	\$1,067,496	\$1,116,658	\$1,168,337	\$1,222,682	\$1,279,849
DEBT SVC-ANNUAL	693,973	756,391	756,391	756,391	756,391	756,391	756,391	756,391	756,391	756,391	756,391
DEBT SVC-CONTINGENT	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	693,973	756,391	756,391	756,391	756,391	756,391	756,391	756,391	756,391	756,391	756,391
CASH AVAILABLE FOR DISTRIBUTION	(292,646)	98,545	137,017	177,398	219,796	264,325	311,105	360,267	411,946	466,291	523,458
PREFERENCE - EQUITY PARTNERS	0	0	0	0	0	0	0	0	0	0	0
EXCESS CASH FLOW	(\$292,646)	\$98,545	\$137,017	\$177,398	\$219,796	\$264,325	\$311,105	\$360,267	\$411,946	\$466,291	\$523,458
DISTRIBUTION TO: EQUITY PARTNERS	(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$349,718	\$392,593
DEVELOPER	(73,161)	24,636	34,254	44,349	54,949	66,081	77,776	90,067	102,987	116,573	130,864
TOTAL DISTRIBUTIONS	(\$292,646)	\$98,545	\$137,017	\$177,398	\$219,796	\$264,325	\$311,105	\$360,267	\$411,946	\$466,291	\$523,458

TROLLEY SQUARE
SALES ANALYSIS (END OF)

	1988	1996
CASH FLOW BEFORE DEBT SERVICE	\$935,393	\$1,279,849
SALES CAPITALIZATION RATE	10.00%	10.00%
PROJECTED SALES PRICE	9,353,929	12,798,491
COST OF SALES	561,236	767,909
REPAYMENT OF DEBT	5,886,820	5,606,794
NET SALES PROCEEDS	2,905,874	6,423,787
LENDER PARTICIPATION	0	0
PROCEEDS TO VENTURE PARTNERS	<u>\$2,905,874</u>	<u>\$6,423,787</u>
DISTRIBUTION OF PROCEEDS:		
INITIAL CAPITAL RETURN - EQUITY PARTNERS	\$1,657,500	\$1,657,500
INITIAL CAPITAL RETURN - DEVELOPER	292,500	292,500
EXCESS PROCEEDS - EQUITY PARTNERS	716,905	3,355,340
EXCESS PROCEEDS - DEVELOPER	238,968	1,118,447
NET PROCEEDS TO VENTURE PARTNERS	<u>\$2,905,874</u>	<u>\$6,423,787</u>
TOTAL SALES PROCEEDS		
LENDER (PAYOFF LOAN)	\$5,886,820	\$5,606,794
EQUITY PARTNERS	2,374,405	5,012,840
DEVELOPER	531,468	1,410,947
TOTAL PROCEEDS DISTRIBUTED	<u>\$8,792,694</u>	<u>\$12,030,581</u>

TAX ANALYSIS UPON SALE	EQUITY PTRS	DEVELOPER	EQUITY PTRS	DEVELOPER
SALES PROCEEDS	\$2,374,405	\$531,468	\$5,012,840	\$1,410,947
LESS BASIS	999,312	73,104	(1,712,490)	(830,830)
TAXABLE GAIN	1,375,094	458,365	6,725,330	2,241,777
* TAX RATE	20%	20%	20%	20%
TAXES UPON SALE	<u>\$275,019</u>	<u>\$91,673</u>	<u>\$1,345,066</u>	<u>\$448,355</u>
SALES PROCEEDS	\$2,374,405	\$531,468	\$5,012,840	\$1,410,947
LESS TAXES	275,019	91,673	1,345,066	448,355
SALES PROCEEDS AFTER TAX	<u>\$2,099,387</u>	<u>\$439,796</u>	<u>\$3,667,774</u>	<u>\$962,591</u>

TROUBLEY SQUARE
TAX ALLOCATIONS

LEASE-UP
YEAR
YEAR
STABILIZED

YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
CASH FLOW AFTER D/S	(\$254,825)	\$138,392	\$179,002	\$221,642	\$266,426	\$313,475	\$362,917	\$414,891	\$469,543	\$527,028
ADD PRINCIPAL	0	19,213	21,757	24,638	27,901	31,595	35,779	40,517	45,882	51,957
LESS DEPRECIATION	448,399	448,399	448,399	448,399	448,399	448,399	448,399	448,399	259,101	259,101
TAXABLE INC/(LOSS)	(\$684,011)	(\$290,794)	(\$247,640)	(\$202,119)	(\$154,072)	(\$103,329)	(\$49,702)	\$196,307	\$256,323	\$319,884

TAX ALLOCATIONS TO VENTURE:

YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
EQUITY PARTNERS										
CASH FLOWS	(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$349,718
ADD PRINCIPAL	0	14,410	16,318	18,479	20,926	23,696	26,834	30,387	34,411	38,968
LESS DEPRECIATION	(336,299)	(336,299)	(336,299)	(336,299)	(336,299)	(336,299)	(336,299)	(194,326)	(194,326)	(194,326)
TAXABLE INC/(LOSS)	(\$555,783)	(\$247,980)	(\$217,219)	(\$184,772)	(\$150,527)	(\$114,359)	(\$76,136)	\$106,262	\$149,045	\$194,361

YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
DEVELOPER										
CASH FLOWS	(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$116,573
ADD PRINCIPAL	0	4,803	5,439	6,160	6,975	7,899	8,945	10,129	11,470	12,989
LESS DEPRECIATION	(112,100)	(112,100)	(112,100)	(112,100)	(112,100)	(112,100)	(112,100)	(64,775)	(64,775)	(64,775)
TAXABLE INC/(LOSS)	(\$185,261)	(\$82,660)	(\$72,406)	(\$61,591)	(\$50,176)	(\$38,120)	(\$25,379)	\$35,421	\$49,682	\$64,787

TROLLEY SQUARE
ECONOMIC ANALYSIS
EQUITY PARTNERS

	CONSTRUCTION YEAR 1986	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996	1988 SALE
<u>PRE-TAX:</u>												
INVESTMENT	(\$1,657,500)											
CASH FLOW		(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$349,718	1988
RESIDUAL											5,012,840	2,374,405
	(\$1,657,500)	(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$5,362,558	
IRR - PRE-TAX	15.77%											
NPV @ 15%- PRE-TAX	\$108,247											
<u>AFTER TAX:</u>												
INVESTMENT	(\$1,657,500)											
CASH FLOW		(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$349,718	1988
TAX SAV/(LIAB)		277,892	123,990	108,609	92,386	75,263	57,180	38,068	(53,131)	(74,523)	(97,180)	SALE
REHAB TAX CREDIT		657,349										
I.T.C.		12,030										
RESIDUAL											5,012,840	2,374,405
TAX ON SALE											(1,345,066)	(275,019)
	(\$1,657,500)	\$727,786	\$197,899	\$211,372	\$225,434	\$240,110	\$255,423	\$271,397	\$217,069	\$234,437	\$3,920,312	
IRR - AFTER TAX	24.09%											
NPV @ 10%-AFTER TAX	\$1,625,136											

TROLLEY SQUARE
ECONOMIC ANALYSIS
DEVELOPER

	CONSTRUCTION YEAR 1986	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996	
PRE-TAX:												
INVESTMENT	(\$292,500)											
CASH FLOW		(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$116,573	1988
RESIDUAL											1,410,947	SALE
	(\$292,500)	(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$1,527,519	531,468
IRR - PRE-TAX	22.32%											
NPV @ 15%- PRE-TAX	\$231,814											
AFTER TAX:												
INVESTMENT	(\$292,500)											
CASH FLOW		(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$116,573	1988
TAX SAV/(LIAB)		92,631	41,330	36,203	30,795	25,088	19,060	12,689	(17,710)	(24,841)	(32,393)	SALE
REHAB TAX CREDIT		219,116										439,796
I.T.C.		4,010										
SALES PROC AFT TAX											962,591	
	(\$292,500)	\$242,595	\$65,966	\$70,457	\$75,145	\$80,037	\$85,141	\$90,466	\$72,356	\$78,146	\$1,046,771	
IRR - AFTER TAX	46.17%											
NET PRESENT VALUE @	10%	\$701,471										

PRO-FORMA ANALYSIS PREPARED BY: DOUGLAS T. RAY, CPA
DIRECTOR - RETAIL PROPERTY ACCOUNTING
CARTER & ASSOCIATES, INC.

AND

IN CONJUNCTION WITH: FRANK CARTER III

TROLLEY SQUARE
ECONOMIC ANALYSIS
EQUITY PARTNERS

	CONSTRUCTION YEAR 1986	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996	1988 SALE
PRE-TAX:												
INVESTMENT	(\$1,657,500)											
CASH FLOW		(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$349,718	1988
RESIDUAL											5,012,840	2,374,405
	(\$1,657,500)	(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$5,362,558	
IRR - PRE-TAX	15.77%											
NPV @ 15%- PRE-TAX	\$108,247											
AFTER TAX:												
INVESTMENT	(\$1,657,500)											
CASH FLOW		(\$219,484)	\$73,909	\$102,762	\$133,048	\$164,847	\$198,243	\$233,329	\$270,200	\$308,960	\$349,718	1988
TAX SAV/(LIAB)		206,633	98,902	88,136	76,779	64,793	52,135	38,757	(25,083)	(40,057)	(55,917)	SALE
REHAB TAX CREDIT		0	0	0	0	0	0	0	0	0	0	
I.T.C.		0	0	0	0	0	0	0	0	0	0	
RESIDUAL											5,012,840	2,374,405
TAX ON SALE											(1,282,791)	(288,858)
	(\$1,657,500)	(\$12,851)	\$172,811	\$190,898	\$209,828	\$229,640	\$250,378	\$272,086	\$245,117	\$268,903	\$4,023,850	
IRR - AFTER TAX	16.57%											
NPV @ 10%-AFTER TAX	\$963,678											

NOTE: THIS ANALYSIS ASSUMES 35% TAX RATES, WITH NO REHAB. CREDIT OR ITC.

TROLLEY SQUARE
ECONOMIC ANALYSIS
DEVELOPER

	CONSTRUCTION YEAR 1986	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996		
PRE-TAX:													
INVESTMENT	(\$292,500)												1988
CASH FLOW		(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$116,573		SALE
RESIDUAL											1,410,947		531,468
	(\$292,500)	(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$1,527,519		
IRR - PRE-TAX	22.32%												
NPV @ 15%- PRE-TAX	\$231,814												
AFTER TAX:													
INVESTMENT	(\$292,500)												
CASH FLOW		(\$73,161)	\$24,636	\$34,254	\$44,349	\$54,949	\$66,081	\$77,776	\$90,067	\$102,987	\$116,573		
TAX SAV/(LIAB)		68,878	32,967	29,379	25,593	21,598	17,378	12,919	(8,361)	(13,352)	(18,639)		
REHAB TAX CREDIT		0											
I.T.C.		0											
SALES PROC AFT TAX											983,350		1988
	(\$292,500)	(\$4,284)	\$57,604	\$63,633	\$69,943	\$76,547	\$83,459	\$90,695	\$81,706	\$89,634	\$1,081,283		SALE
IRR - AFTER TAX	25.62%												
NET PRESENT VALUE @ 10%	\$480,985												

NOTE: THIS ANALYSIS ASSUMES 35% TAX RATES, WITH NO REHAB. CREDIT OR ITC.

PRO-FORMA ANALYSIS PREPARED BY: DOUGLAS T. RAY, CPA
DIRECTOR - RETAIL PROPERTY ACCOUNTING
CARTER & ASSOCIATES, INC.

AND

IN CONJUNCTION WITH: FRANK CARTER III

TROLLEY SQUARE
SUMMARY CASH FLOW ANALYSIS

	CONSTRUCTION YEAR 1986	LEASE-UP YEAR 1987	STABILIZED YEAR 1988	1989	1990	1991	1992	1993	1994	1995	1996
CAPITAL OUTLAYS	(\$6,139,931)	(\$1,571,207)									
NET CASH FLOW BEF DEBT (AFTER CAPITAL RESERVE)		401,327	\$854,937	\$893,408	\$933,789	\$976,187	\$1,020,716	\$1,067,496	\$1,116,658	\$1,168,337	\$1,222,682
CONSTRUCTION LOAN: FUNDING	5,820,948	85,085									
POINTS	(68,107)										
INTEREST		(693,973)									
PAY-OFF			(5,906,154)								
PERMANENT LOAN: FUNDING			5,906,033								
POINTS	(76,788)										
ANNUAL DEBT SVC			(756,391)	(756,391)	(756,391)	(756,391)	(756,391)	(756,391)	(756,391)	(756,391)	(756,391)
NET CASH FLOW	(\$463,878)	(\$1,778,767)	\$98,424	\$137,017	\$177,398	\$219,796	\$264,325	\$311,105	\$360,267	\$411,946	\$466,291
EQUITY REQUIRED	\$463,878	\$1,778,767	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RESIDUAL CALCULATION:											
GROSS SALES PRICE OF PROPERTY			\$9,353,929	\$9,780,331	\$10,228,171	\$10,698,659	\$11,193,086	\$11,712,824	\$12,259,338	\$12,834,188	\$13,439,041
PAY-OFF ON SALE			(5,886,820)	(5,865,063)	(5,840,424)	(5,812,524)	(5,780,929)	(5,745,150)	(5,704,633)	(5,658,752)	(5,606,794)
RESIDUAL			\$3,467,110	\$3,915,269	\$4,387,746	\$4,886,135	\$5,412,157	\$5,967,674	\$6,554,705	\$7,175,437	\$7,832,247

NOTE: OPERATING LOSS DURING LEASE-UP YEAR IS THE DIFFERENCE BETWEEN EQUITY REQUIRED AND EQUITY FUNDED. AN OPERATING SHORTFALL WILL BE SHARED BASED ON THE CASH FLOW AND TAX ALLOCATION (75%-25%).

ralph toon & associates, inc. Building Construction

2100 Tower Place • 3340 Peachtree Rd., N.E. • Atlanta, Georgia 30026 • (404) 262-7912

August 1, 1985

Mr. Frank Carter III
3800 Northside Drive
Atlanta, Georgia 30305

Re: Trolley Square
Atlanta, Georgia

Dear Frank:

I would like to take this opportunity to thank you for contacting us regarding your forthcoming project here in Atlanta. We are enthused and excited about the possibility of being involved with the project and it is a pleasure to provide you with the information you requested concerning our firm.

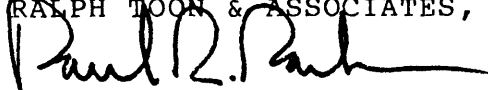
Ralph Toon & Associates is a full service general contractor specializing in commercial office buildings and retail facilities. Founded twelve years ago, the company successfully completed \$40 million of construction work in 1984 utilizing the latest in construction techniques, scheduling and data processing systems. We would propose to use these same systems to insure the successful completion of your project should we be selected as your General Contractor.

As requested, we have developed a Preliminary Cost Review of the project, a copy of which is attached for your examination. Also, enclosed is a current corporate brochure including a list of completed projects.

Again, we are pleased to have the opportunity to provide our services and stand ready to work with you in any way you desire. We are prepared to meet with you to discuss in detail the attached information at your earliest convenience. In the meantime should you have questions or comments, please do not hesitate to contact us.

Very truly yours,

RALPH TOON & ASSOCIATES, INC.



Paul R. Parker
Manager
Estimating and Project Development

/ls

Enclosures

PRELIMINARY PRICING REPORT

FOR

TROLLEY SQUARE

VIRGINIA AVENUE

ATLANTA, GEORGIA

AUGUST 1, 1985

TROLLEY SQUARE
ATLANTA, GEORGIA

AUGUST 1, 1985

PRELIMINARY COST SUMMARY

Site Development	482,000.
Demolition	209,600.
Base Building	<u>3,194,800.</u>
Total Base Building Cost	\$3,886,400.
Tenant Allowance (81,520 SF x \$14.00)	<u>1,141,600.</u>
Total Project Cost	<u><u>\$5,028,000.</u></u>

NOTE: A pro rata share of General Conditions and fee have been added to each item.

(1)

PROJECT CLARIFICATIONS
TROLLEY SQUARE
ATLANTA, GEORGIA

AUGUST 1, 1985

1. GENERAL SCOPE - The project consists of the renovation of a 100,000 SF warehouse building into a specialty mall with a net leaseable area of approximately 81,520 SF. The site is approximately 3 - 1/2 acres located on Virginia Avenue in Atlanta, Georgia.
2. GENERAL CONDITIONS - Construction is projected to begin January 1986, a duration of approximately nine (9) months. Building permits, payment and performance bond, subcontractor bonds and builders risk insurance are included.
3. SITE DEVELOPMENT - Includes all clearing and grading, site utilities, paving, curb and gutter, and all water and sewer tap fees.
4. LANDSCAPING/IRRIGATION - An allowance of \$75,000.00 is included for exterior landscaping and irrigation.
5. DEMOLITION - Includes demolition and removal of miscellaneous structures located on the site and general rubbish removal. Furthermore, demolition includes removal of approximately 50% of the deteriorated roof, demolition of existing mechanical and electrical systems, removal of skylights and all existing windows.
6. CONCRETE WORK - Includes leveling of existing floors, filling of pits and voids, and miscellaneous concrete work for structural stability.
7. MASONRY - Includes cleaning and sealing of all masonry walls, point and patching of approximately 1/3 of all masonry and additional new masonry as required.
8. STRUCTURAL/MISCELLANEOUS METALS - Includes all modifications for structural integrity, sandblasting of existing structural steel, replacement of some roof decking, and all miscellaneous railings and metal.
9. ROUGH/FINISH CARPENTRY - Includes all rough and finish carpentry as required.
10. ROOFING - Includes replacement of wood roof planking (approximately 50,000 SF) and complete re-roofing with a single ply membrane type roof.

(2)

PROJECT CLARIFICATIONS
TROLLEY SQUARE
ATLANTA, GEORGIA (CON'T)

11. MOISTURE PROTECTION - Includes all miscellaneous waterproofing as required and caulking of all openings.
12. GLASS AND GLAZING - Includes all entrances and mall entry storefronts, replacement of existing windows, replacement of skylights, and glazing at water tank.
13. DOORS, FRAMES AND HARDWARE - Includes all hollow metal doors, frames and hardware as required for base building and one (1) overhead coiling door for loading dock.
14. FINISHES - Includes brick pavers in the mall areas and all drywall systems, plaster, acoustical ceilings, painting and wallcovering.
15. ARCHITECTURAL SPECIALTIES - Includes all toilet accessories, fire extinguishers and loading dock equipment. Loading dock equipment includes a dock leveler and bumpers. In addition, an allowance of \$30,000.00 is included for signage and graphics.
16. FURNISHINGS - Includes canvas canopies and framing at building exterior and an owner allowance of \$100,000.00 for mall furnishings.
17. CONVEYING SYSTEMS - A two (2) stop hydraulic freight elevator is included.
18. FIRE PROTECTION SYSTEMS - A complete fire sprinkler system is included for the entire building.
19. PLUMBING SYSTEMS - Includes domestic water and sanitary lines throughout the base building with stub-ups at tenant areas.
20. H.V.A.C. SYSTEMS - Single package roof top units and distribution are included for mall areas only.

PROJECT CLARIFICATIONS
TROLLEY SQUARE
ATLANTA, GEORGIA (CON'T)

21. ELECTRICAL SYSTEMS - Includes all base building power and distribution with stub-ups at tenant areas. All mall lighting and site lighting is included, as well as an allowance of \$15,000.00 for a mall security system.
22. TENANT FINISH ALLOWANCE - Includes painted drywall partitions at perimeter of space, and at storage area and bathroom. Storefront is included at tenant mall frontage. Mechanical systems including plumbing for bathroom, roof-top unit with air handling unit in ceiling for H.V.A.C. and an exhaust fan in each bathroom. Tenant lighting is composed of fluorescent fixtures (1/80SF) in tenant areas and strip fluorescent fixtures in storage areas. Duplex receptacles are spaced 20 LF on each wall.

SCHEDULE OF VALUES - BASE BUILDING
 TROLLEY SQUARE
 ATLANTA, GEORGIA

AUGUST 1, 1985

NO.	ITEM OF WORK	COST	COST/SF
01	GENERAL CONDITIONS	207,207.	2.07
02	BONDS/PERMITS/FEEES	58,750.	.59
03	SITE DEVELOPMENT	348,675.	3.49
04	LANDSCAPING/IRRIGATION	75,000.	.75
05	DEMOLITION	185,293.	1.85
06	CONCRETE WORK	159,000.	1.59
07	MASONRY	263,840.	2.64
08	STRUCTURAL/MISC. METALS	270,858.	2.71
09	ROUGH/FINISH CARPENTRY	40,000.	.40
10	ROOFING	318,512.	3.19
11	MOISTURE PROTECTION	46,000.	.46
12	GLASS/GLAZING/SKYLIGHTS	470,130.	4.70
13	DOORS/FRAMES/HARDWARE	49,500.	.50
14	FINISHES	371,900.	3.72
15	ARCHITECTURAL SPECIALTIES	45,500.	.46
16	FURNISHINGS	125,000.	1.25
17	CONVEYING SYSTEMS	30,000.	.30
18	FIRE PROTECTION SYSTEMS	90,000.	.90
19	PLUMBING SYSTEMS	165,000.	1.65
20	H.V.A.C. SYSTEMS	175,000.	1.75
21	ELECTRICAL SYSTEMS	171,250.	1.71
22	FEE	219,985.	2.20
TOTAL		<u>\$3,886,400.*</u>	\$38.88

* Excludes all tenant work.

(5)

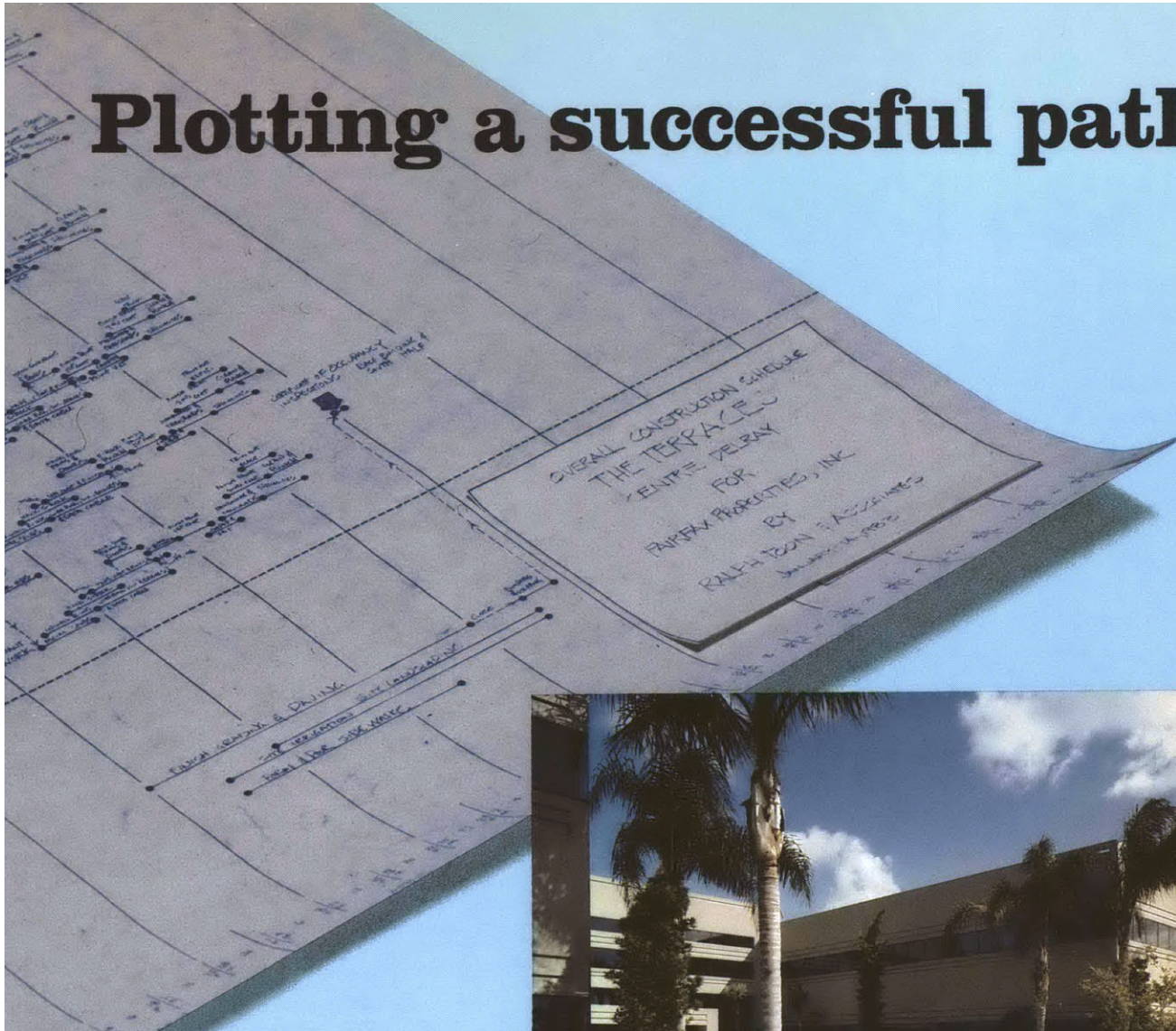
TENANT FINISH ALLOWANCE
 BASED ON 3000 SF TENANT
 TROLLEY SQUARE

AUGUST 1, 1985

NO.	ITEM OF WORK	QUANTITY	U/M	UNIT COST	ITEM COST	COST PER SF
01	DOORS/FRAMES/HARDWARE	1	EA	400.00	400.	0.13
02	DEMISING PARTITIONS	190	LF	35.00	6,650.	2.22
03	INTERIOR PARTITIONS	40	LF	23.00	920.	0.31
04	ACOUSTICAL CEILING	3,000	SF	2.00	6,000.	2.00
05	FLAT WALL PAINT	5,950	SF	0.22	1,309.	0.44
06	STOREFRONT	40	LF	100.00	4,000	1.33
07	PLUMBING SYSTEMS	3,000	SF	0.40	1,200.	0.40
08	H.V.A.C. SYSTEMS	3,000	SF	2.30	6,900.	2.30
09	RELOCATE SPRINKLERS	3,000	SF	0.35	1,050.	0.35
10	ELECTRICAL SYSTEMS	3,000	SF	2.45	7,350.	2.45
11	MPSC. FINISHES	3,000	SF	0.25	750.	0.25
SUB-TOTAL					36,529.	12.18
OVERHEAD & PROFIT		36,529 DL		0.15	5,479.	1.83
TOTAL					\$42,008.	<u>\$14.00</u>

(6)

Plotting a successful path?



If you're building, it's critical!

Your business demands that you build in order to house your people and your products, and it goes without saying that you can't afford delays and overages. "Good intentions" are not enough. Today's fast-paced businesses demand "fast track" construction and "value engineering", services that are second nature to us at Ralph Toon & associates. For nearly a decade, we have been constructing projects for an impressive list of clients.

If four months from breaking ground to tenant move-in with 100,000 square feet of office space to fill, or seven months from breaking ground to tenant move-in with 300,000 square feet of office space to fill, are appealing examples of success with your company's future in mind, we would like to be your contractor. We'll help you in achieving a successful, "critical path".



2100 TOWER PLACE
3340 PEACHTREE RD., N.E.
(404) 262-7912

ralph toon & associates, inc.
building contractors - 125 -

RALPH TOON & ASSOCIATES, INC.

PROJECT/OWNER/ARCHITECT LIST

COMMERCIAL

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENT/TENANT</u>
IBM Utilities Installation	The Clintmore Road Utility Extension included the water distribution system, sanitary system, miscellaneous items, fees, permits and taps, located in Boca Raton, Florida	IBM Corporation Charles Helton (305) 998-3309
Richmond 400	106,000 SF five story office building and 127,800 SF two elevated level parking deck, located in Atlanta, Georgia	The Lea Richmond Co. Lea Richmond (404) 255-6325
North Fulton Medical Arts Center	60,000 SF three story medical office building, located in Atlanta, Georgia	The Lea Richmond Co. Lea Richmond (404) 255-6325
IBM Building 241	80,000 SF interior tenant renovation, located in Boca Raton, Florida	IBM Corporation A. R. Perrotta (404) 433-4149 J. A. Pollock (305) 998-3303
Boca III	200,000 SF office building consisting of four pods, each two stories high and connected together with a common atrium. Parking is provided for 750 cars. located in Boca Raton, Florida	Fairfax Properties John Euart (404) 396-3480 IBM Corporation J. A. Pollock (305) 998-3303

COMMERCIAL
(Continued)

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENT/TENANT</u>
IBM Technology Center	155,000 SF, four story office building with on grade parking for 777 cars located in Charlotte, North Carolina	Fairfax Properties John Euart (404) 396-3480 IBM Corporation Craig Milliken (305) 998-8999
IBM Coral Gables	120,000 SF, five story tenant renovation including interior partitions, ceilings, HVAC, electrical, computer flooring, wall and floor outlets, located in Coral Gables, Florida	IBM Corporation Jim Tully (404) 238-5049
Building 203	30,000 SF of interior fit-up including complete HVAC and electrical system; complete office and laboratory facilities, located in Boca Raton, Florida	IBM Corporation Atlanta - A. R. Perrotta (404) 433-4149 IBM - Boca Phil Harvey (305) 998-3195
Building 235 Kitchen Renovation	modified kitchen and cafeteria equipment, located in Boca Raton, Florida	IBM Corporation Nino Alvarez (305) 998-0665
Building 227 Interior Renovation	35,000 SF of interior renovation located in Delray Beach, Florida	IBM Corporation J. A. Pollock (305) 998-3303 Bob Balais (305) 998-3324

COMMERCIAL
(Continued)

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENT/TENANT</u>
Harbor North & South (Interior Renovations)	70,000 SF four story including interior partitions, ceilings, HVAC, electrical, computer flooring and wall and floor finishes	IBM Boca Raton Charlie Helton (305) 998-3309
The Terraces	200,000 SF 4-Story steel and bar joist structure, precast and glass skin including administrative, marketing and laboratory fit-up	Fairfax Properties John Euart (404) 396-3480 & IBM Corporation Craig Milliken (305) 998-8999
Northside Professional Center III	65,000 SF steel and bar joist three story medical office building with precast parking deck, masonry and glass skin, including standard medical tenant allowances and specialized therapy	North Atlanta Physicians III, Ltd. Lea Richmond (404) 255-6358
Warehouse Facility	100,000 SF single story structural steel and bar joists, metal deck, precast exterior and built-up roof	Fairfax Properties John Euart (404) 396-3480 & IBM Corporation A. R. Perrotta (404) 433-4149
North Forty	A 300,000 SF two story structural steel and bar joists, metal deck, precast exterior and built-up roof	Fairfax Properties John Euart (404) 396-3480 & IBM Corporation J. A. Pollock (305) 998-3303
The Radice Building (Interior Renovations)	65,000 SF four story including interior partitions, ceilings, HVAC, electrical, computer flooring and wall and floor finishes	IBM Boca Raton Al Braun (305) 998-4888
The Arbors Building	70,000 SF two story structural steel and bar joists, metal deck, precast exterior and built-up roof	Fairfax Properties John Euart (404) 396-3480 & IBM Corporation J. A. Pollock (305) 998-3303

COMMERCIAL
(Continued)

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENTS</u>
The Gardens Building	80,000 SF four story structural steel and bar joists, metal deck, precast exterior, built-up roof	Fairfax Properties John Euart (404) 396-3480 & IBM Corporation Mike Roth (305) 998-7985
Peachtree Corners Professional Center	Two story, steel structural frame and bar joists, masonry veneer exterior, built-up roof, 25,000 SF	PCPC, Ltd. Lea Richmond (404) 255-6358
The Atrium Building	100,000 SF two story structural steel and bar joists, metal deck, precast exterior built-up roof	Fairfax Properties John Euart (404) 396-3480 & IBM Corporation A. R. Perrotta (404) 433-4149
Northside Professional Center II	76,000 SF four story structural steel and bar joists, built-up roof, masonry and precast veneer -	North Atlanta Physicians II, Lea Richmond (404) 255 6358
Powers Ferry Vantage	Three story poured in place concrete office building, board form finish with four levels of parking deck, 42,000 SF	The Robinson Humphrey Company John Mellon (404) 266-6000
Reynolds & Reynolds	Renovation 26,000 SF	Reynolds & Reynolds Richard H. Grant (503) 226-0808
Northside Convalescent Center	Four story concrete, flat slab & columns stud with masonry veneer 65,400 SF	DJL Associates James K. Kelly (800) 348-3644

COMMERCIAL
(Continued)

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENTS</u>
Sheraton Inn Addition Atlanta Airport	Two story steel frame, stucco & block exterior, meeting room & office expansion 24,000 SF	Exeter-I Steve Brown (404) 768-6600
Gwinnett Medical Dental Center	Two, one story buildings, steel frame, wood truss structure, stucco & cedar siding exterior 25,200 SF	Anglin/Barnett Gary Anglin (404) 448-4200
St. Simons Island, Georgia Shopping Center	Multi-Store Shopping Center, structural steel & masonry 73,872 SF	Boyd & Sheppard Unicenters, Inc. Donald R. Sheppard (904) 721-2370
Meridian Mark Medical Office Building	Three story steel frame, precast & masonry skin, medical office building 54,000 SF	North Atlanta Physicians, Ltd. Lea Richmond (404) 255-6358
First Federal Savings & Loan	Four story, poured in place exposed board form structure - 17,000 SF	First Federal Savings & Loan of Beaufort, South Carolina David M. Shepard (803) 524-4167
Rexall Drugs Office & Warehouse	Reconstruction and renovations to office & warehouse	Rexall Drugs Glen Lawrence (404) 768-1763
Hilton Head Inn Kitchen Addition	One story masonry, steel & wood	Sea Pines Plantation Company Wes Wilhelm (803) 785-5017
Hilton Head Inn Hotel/Motel	Three story concrete, glass, masonry & stucco	Sea Pines Plantation Company Wes Wilhelm (803) 785-5017

COMMERCIAL
(Continued)

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENTS</u>
Plantation Club Conference Center Kitchen Conversion	One story steel, concrete masonry	Sea Pines Plantation Company Wes Wilhelm (803) 785-5017
Peachtree Park Building	Pair of two story steel, concrete, glass and stucco	Hoover-Morris Office Enterprises Dwayne Hoover (404) 448-0300
Plantation Club Conference Center	One story (5 meeting rooms) wood frame, masonry	Sea Pines Plantation Wes Wilhelm (803) 785-5017
Plantation Club Golf Pro Shop	One story wood frame, masonry	Sea Pines Plantation Company Wes Wilhelm (803) 785-5017
Plantation Club Golf Cart Storage	One story wood frame, masonry	Sea Pines Plantation Company Wes Wilhelm (803) 785-5017
General Motors Regional Headquarters	Four story & basement, board form, concrete and glass	The Landmarks Group Blaine Kelley (404) 252-6490 & General Motors Corporation Phil A. Brandmier (313) 556-2774

RESIDENTIAL

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENT</u>
Beachside Tennis Villas Phase II //	Five story Condominium building - 36 units, 68,000 SF gross area, stucco exterior, two elevators, poured in place concrete. Asphalt roof, metal studs.	Development Associates Wes Wilhelm (803) 785-5017
Lot 4 Wingshell Lane	Detached Residence	David G. McNair (803) 785-4912
Lot 18 Planter's Row	Detached Residence	Ralph L. Toon, Jr. (404) 262-7912
Beachside Tennis Villas Phase I	45 Condominium units 5 story poured flat plate concrete, stucco skin - 91,500 SF	Development Associates Wes Wilhelm (803) 785-5017
Captain's Walk Phases I, II & III	84 Condominium units, Three five story steel frame concrete and stucco 162,456 SF	Heritage Properties, Inc. P.R. Easterlin, Jr. (803) 785-4774
Captain's Cove	16 Condominium units, wood frame and siding 30,400 SF	Heritage Properties, Inc. P.R. Easterlin, Jr. (803) 785-4774
The Moorings	48 Condominium units, wood frame and siding, 60,000 SF	Heritage Properties, Inc. P.R. Easterlin, Jr. (803) 785-4774
Shorewood II Phases I, II & III	60 Condominium units - Three five story concrete, stucco and masonry 83,400 SF	Development Associates Wes Wilhelm (803) 785-5017
Inverness Village Phases I, II, III	97 Condominium Units wood frame & siding 150,000 SF	Nicole Building Corporation Arthur Scheinholz (803) 785-8512

RESIDENTIAL
(Continued)

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>CLIENT</u>
No. 7 Planters Woods	Detached Residence	P.R. Easterlin, Jr. (803) 785-4774
No. 2 Forest Lagoon	Detached Residence	Heritage Properties, Inc. P.R. Easterlin, Jr. (803) 785-4774
No. 5 Club Course	Detached Residence	Heritage Properties, Inc. P.R. Easterlin, Jr. (803) 785-4774
Braddock Cove Club	Five townhouse units masonry, wood frame & stucco - 14,000 SF	Heritage Properties, Inc. P.R. Easterlin, (803) 785-4774
Fairway One-Phase II	Single story - 8 unit condominium wood frame & exterior	Beach Lagoon Associates Wes Wilhelm (803) 785-5017
Lighthouse Lane	Seven 2 story townhouses wood frame & exterior 15,540 SF	CCM, Inc. John Crawford (404) 231-0368
Lighthouse One	Four story 7 unit condominium concrete block and stucco 19,800 SF	CCM, Inc. John Crawford (404) 231-0368
Fairway One	Single story - 6 unit condominium, wood frame exterior 10,500 SF	Beach Lagoon Associates Wes Wilhelm (803) 785-5017
Plantation Club Villas III	43 total units (18 town- house units & 24 flats in 4 story building) con- crete, masonry, wood frame & stucco 71,700 SF	Heritage Properties, Inc. P.R. Easterlin, Jr. (803) 785-4774

INSTITUTIONAL/GOVERNMENT

PROJECT

DESCRIPTION

CLIENT

Christ Lutheran
Church //
(August 1976)

1 story masonry and
wood frame with laminated
wood beams

Christ Lutheran Church
Reverend Cook
(803) 785-5560

Signal School
(February 1977)

Poured in place, exposed
concrete and brick struc-
ture - 24,000 SF

Corps. of Engineers
Fort Gordon
(404) 791-4234

Hargray
Telephone
Company
(May 1978)

1 story masonry & wood
frame - 11,000 SF

Hargray Telephone
Company
Hilton Head, S.C.

SECTION VII
MARKETING PLAN

MARKETING PLAN

A successful marketing plan and its execution are ultimately necessary for the success of real estate projects. The project that is built on time, under budget, is pleasing architecturally, and has favorable financing is, in the final analysis, only as successful as its marketing program's ability to capture and keep both desirable tenants and/or the ultimate users of the project.

The recognition and acceptance of the Trolley Barn project will start with campaigns which take advantage of the reuse and renovation of the historic buildings in a residential area that is intown, and we will promote and enhance the pedestrian retail and residential scale that is unique to this area. City and neighborhood newspapers as well as local real estate journals will be encouraged to write about the neighborhood and the adaptive reuse. As developer, we will have press releases and information preprinted and circulated to the various publications.

We will interview and select an exclusive broker for the project early on in the design phase. The successful broker will have a stellar retail leasing performance, be excited and motivated

about the project, help provide brochures and flyers in mailing campaigns to other brokers and prospective tenants, have a thorough understanding of retail lease negotiations, and be accessible and accountable to us. The broker will offer some advertising support and leasing signage.

As indicated previously, the selected broker will be brought into the process early. Brokers lend practical suggestions and market knowledge gained from day-to-day experience and from having their finger on the pulse of the market. The broker, as the owner's agent, will become well attuned to our program and will understand the project much better than if brought on board late without the ability to critique and suggest ideas as part of our overall team.

The demographics of the target market will drive the tenant mix, and the mix will define the marketing campaign. As the program and design gels, the marketing team will begin to formulate categories of tenants and actually list prospects to contact. This will be an ongoing process monitored carefully by us. Active canvassing of prospects by the broker, professional, quick responses to leasing inquiries and interest, continued reevaluation of pitfalls and progress, creative ideas, tenacity, boldness, and persistency all packaged in our marketing plan, will achieve (with a little luck) a leased project, lively and successful for everyone involved.

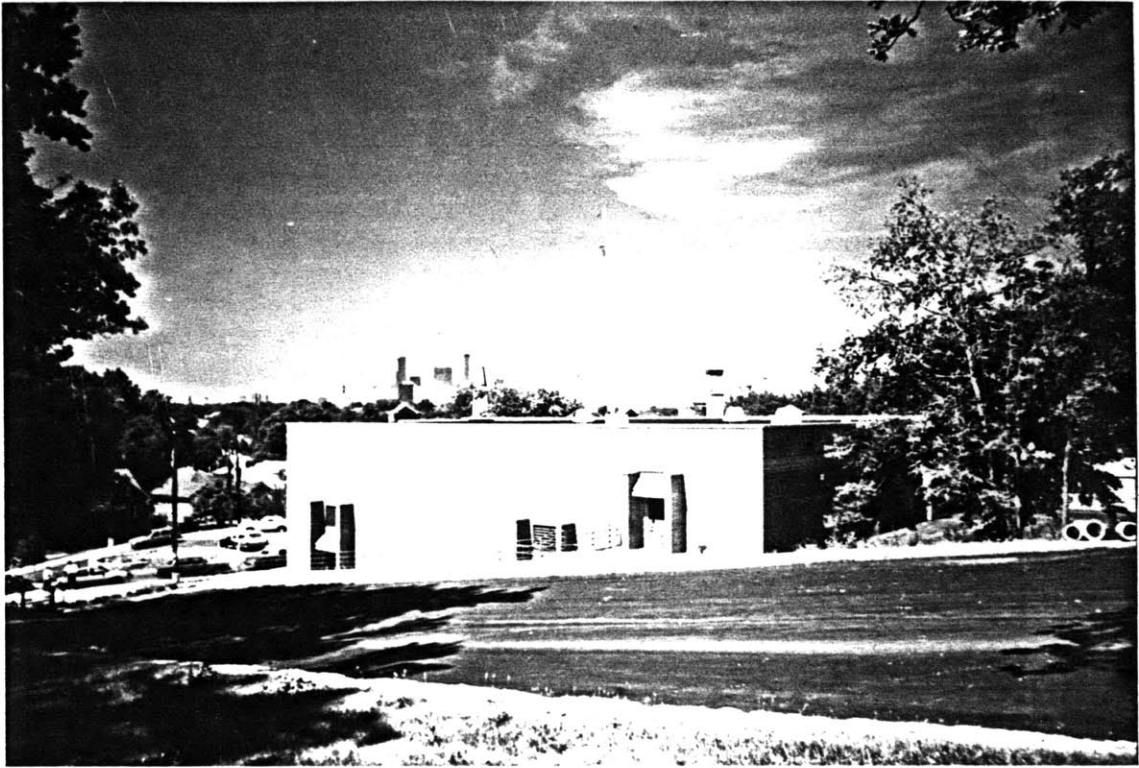
As developer, we will plan and budget for preopening advertising and opening day advertising and activities. The preopening advertising will focus on opening day, tenant mix, pedestrian scale, and promote selected activities and promotional campaigns which excite the primary market population. For instance, a coupon and advertising flyer could be mass mailed to the target market which would be redeemable at any store, restaurant, or entertainment location in the project during the first 30 days of operation. An advertising consultant will be hired and a plan of action implemented to achieve the momentum and interest of the target consumers. Additionally, flyers, coupons, and advertising will be targeted to downtown hotels and office complexes.

Once the project is open, the tenants will be required to pledge \$0.50 per square foot of their leased area plus 7% per year (pro rated) toward an "Advertising Fund." The equity participants will contribute an additional 50% of the funds collected to the Fund. The Fund will be used for advertising, public relations, and to promote activities and sales for the benefit of the merchants. Targeted advertising in the Midtown newspaper, Creative Loafing, and the Midtown Section of the Atlanta Journal and Constitution will be implemented. A retailing consultant/advertising agency will make decisions on promotional and advertising campaigns while suggestions from the tenants will be encouraged.

Since there is no cohesive element in the area of retailing/restaurant merchants, an obvious scheme is to capitalize on the "under one roof" concept. Our design is a unique combination of old and new, traditional and nontraditional retailing, entertainment, and restauranting. The opportunity to enjoy all these activities in a central marketplace unique to the metropolitan area and focused on intown neighborhood needs is our drawing card to success.

Once successful performance is attained, the Advertising Fund and the venture should consider sponsoring some activity that would both benefit the project's community relations and/or provide a new "gimmick" to further attract and endear prospective customers. For instance, during special promotions a converted "rubber-tire" trolley making stops throughout the neighborhoods and surrounding public places like Piedmont Park or college campuses would provide additional recognition and customer base for both the neighborhoods and the project. Another thought is to rent track time on the spur track from the Southern Railway and charge moderate amounts for rides from the project into Piedmont Park and back.

Appendix 1



Views of Skyline

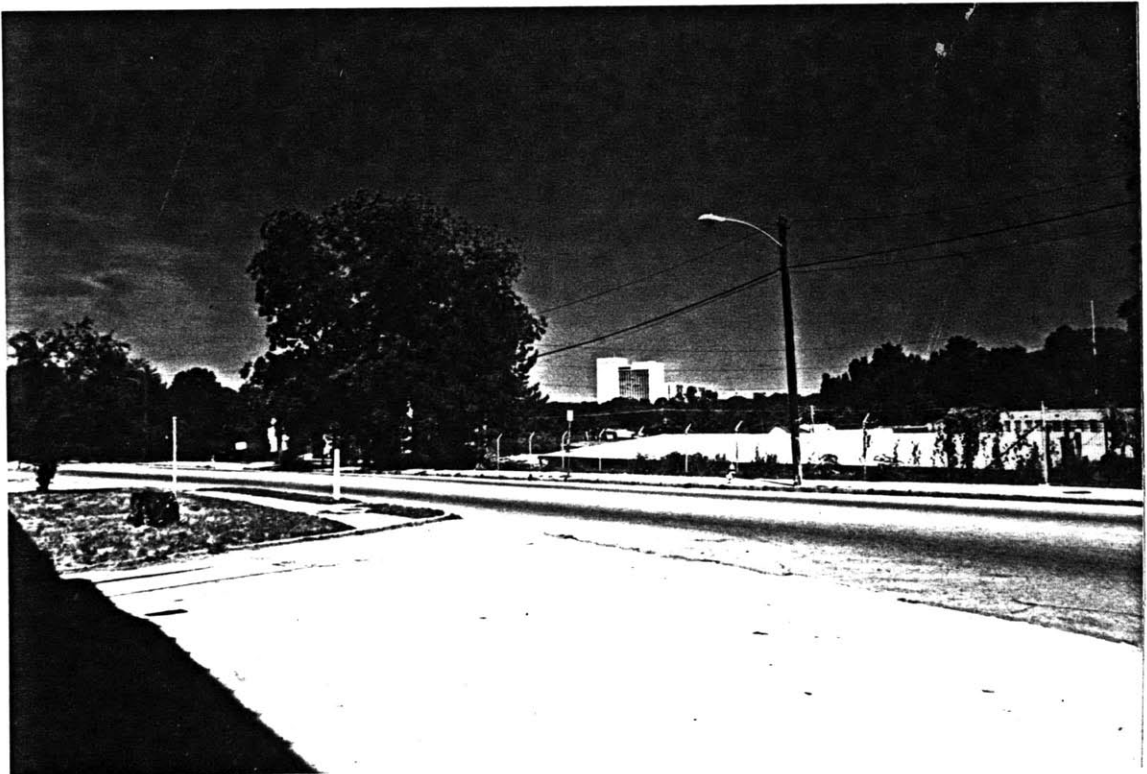




Photo 1

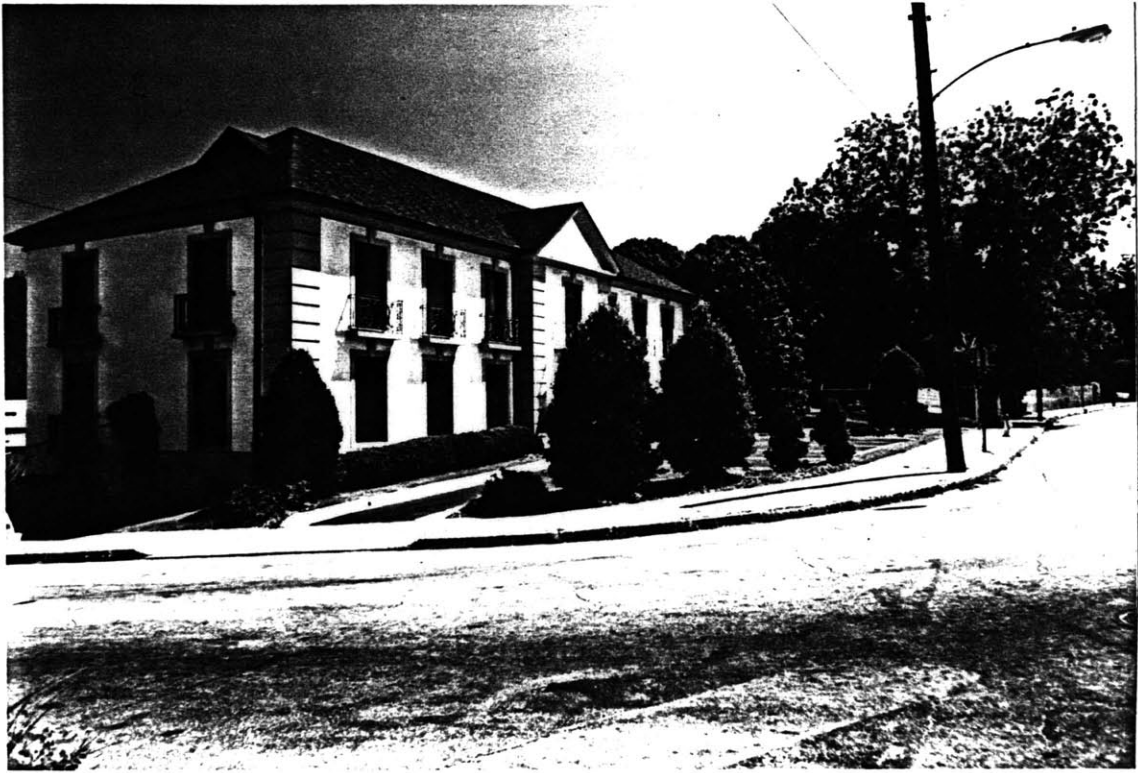


Photo 2



Photo 3 - 144 -





Photo 4

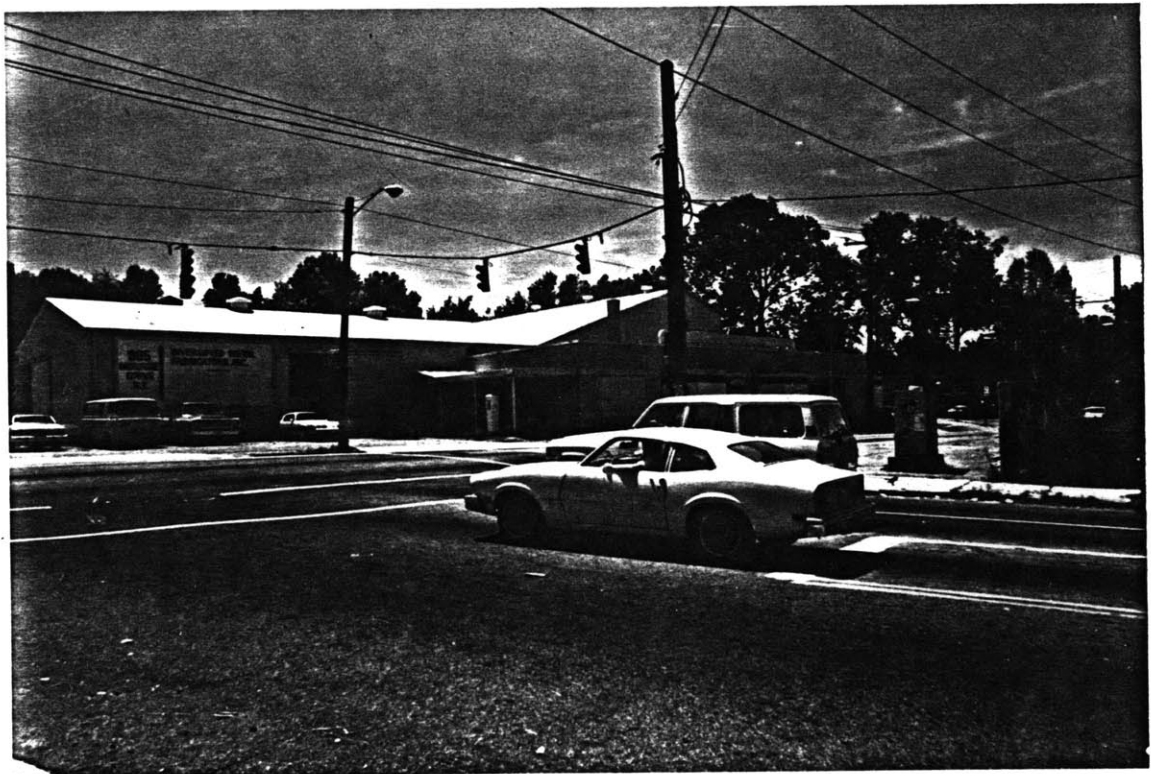


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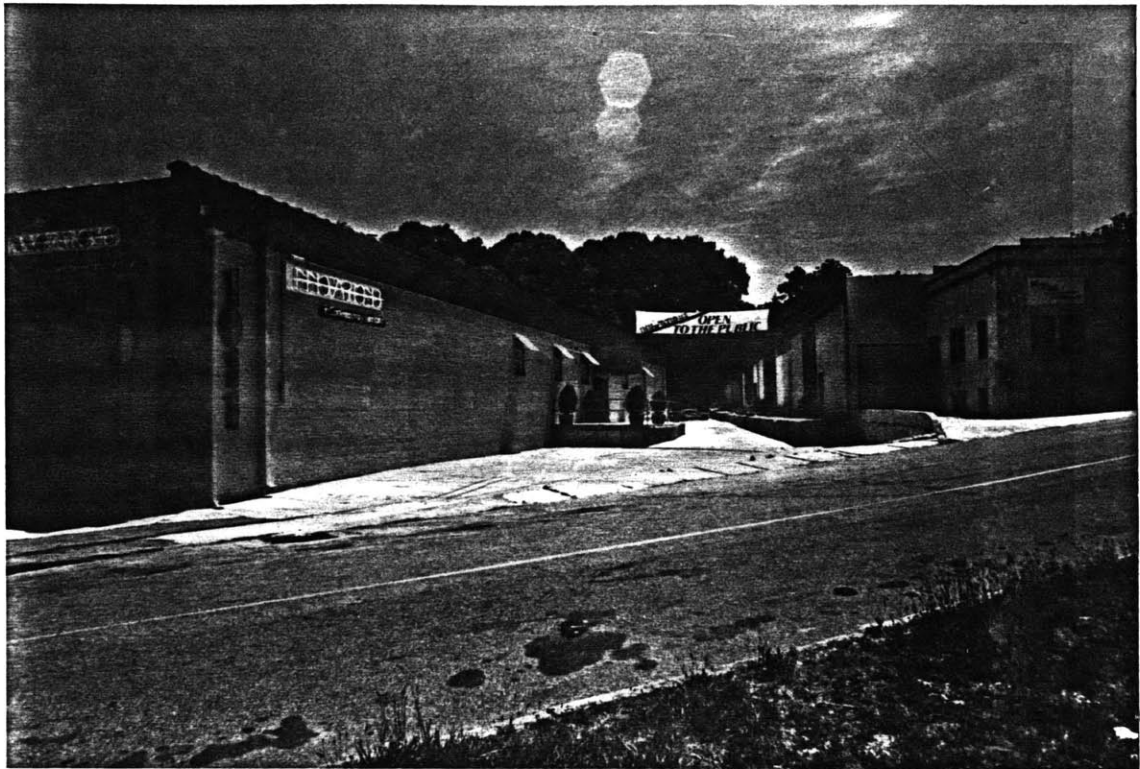


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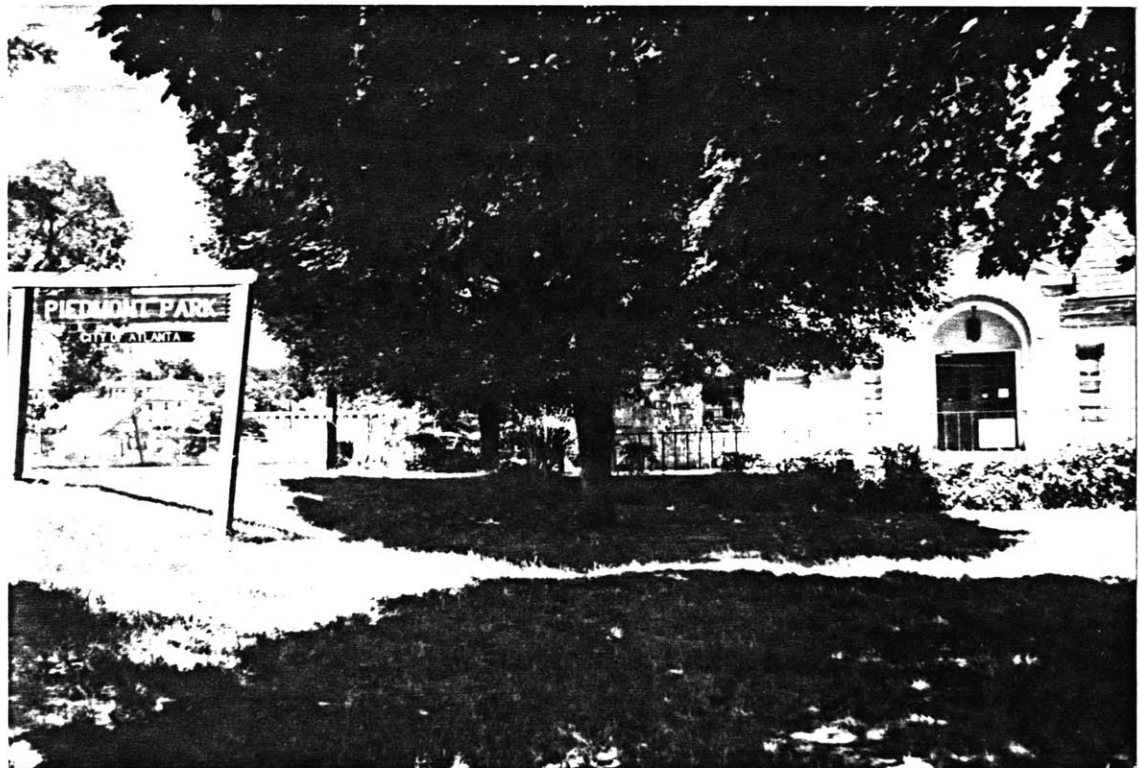


Photo 9 - 147 -

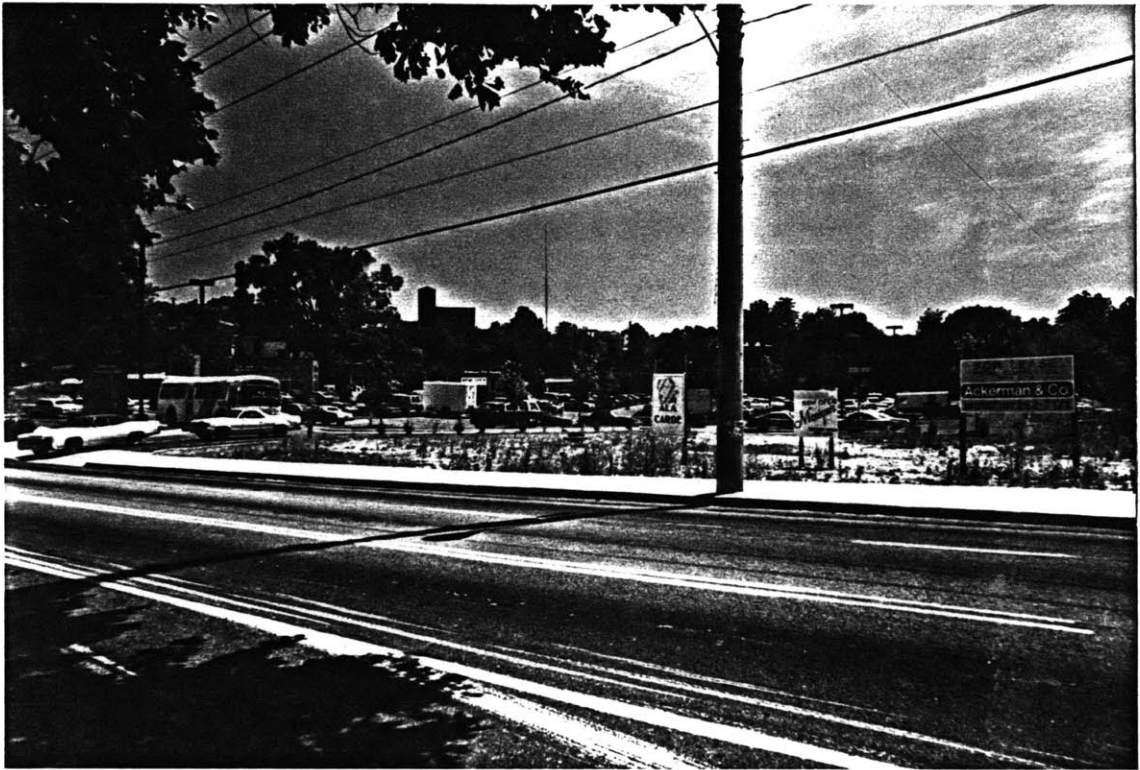


Photo 10



Photo 11

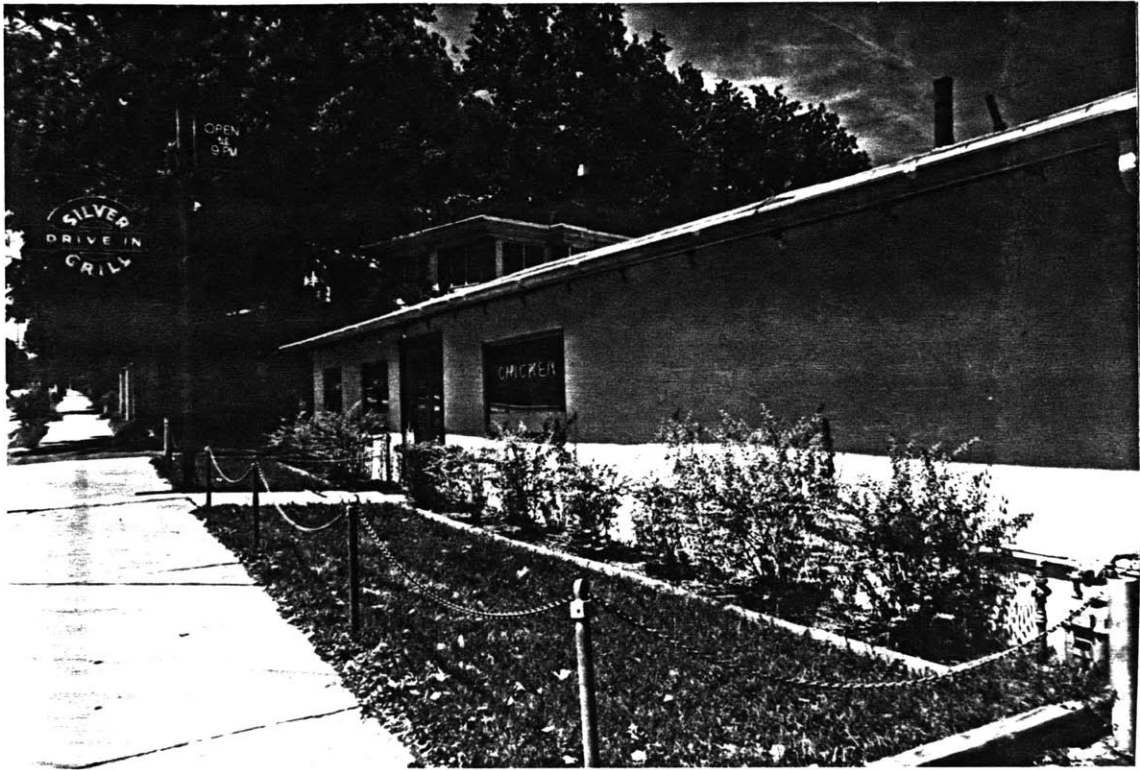


Photo 12



Photo 13



Photo 14

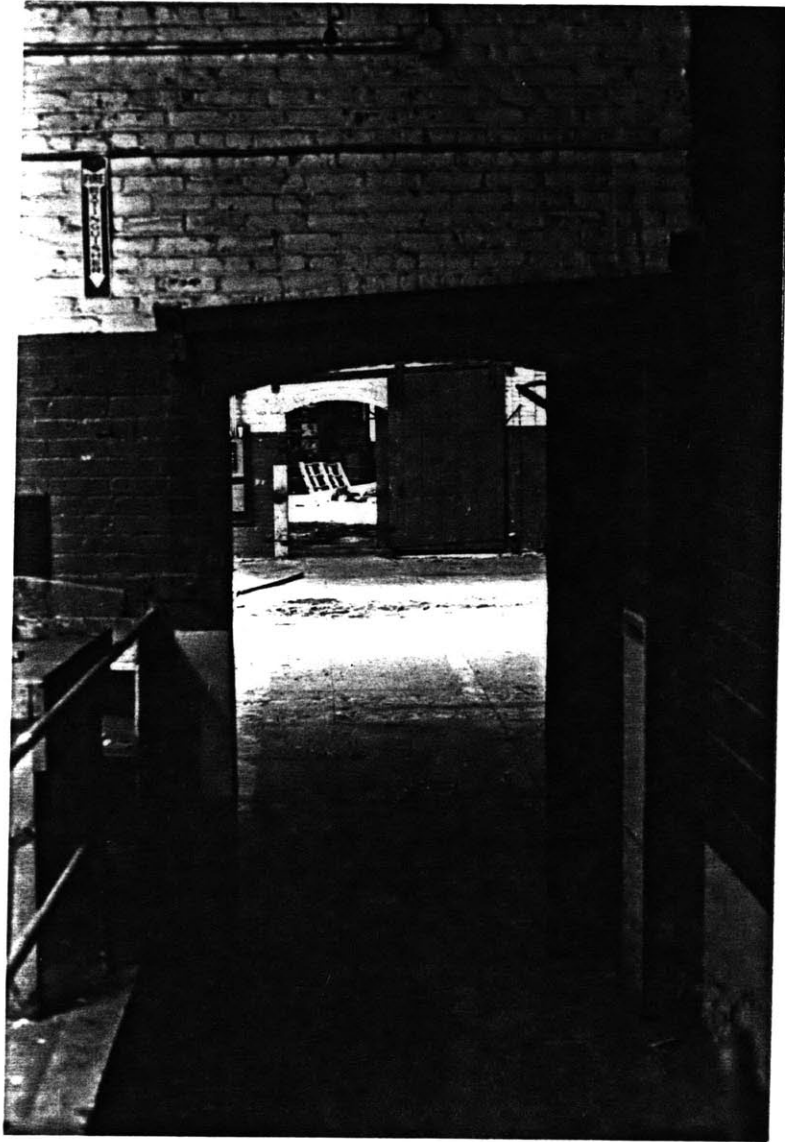
Appendix 2

Appendix 3

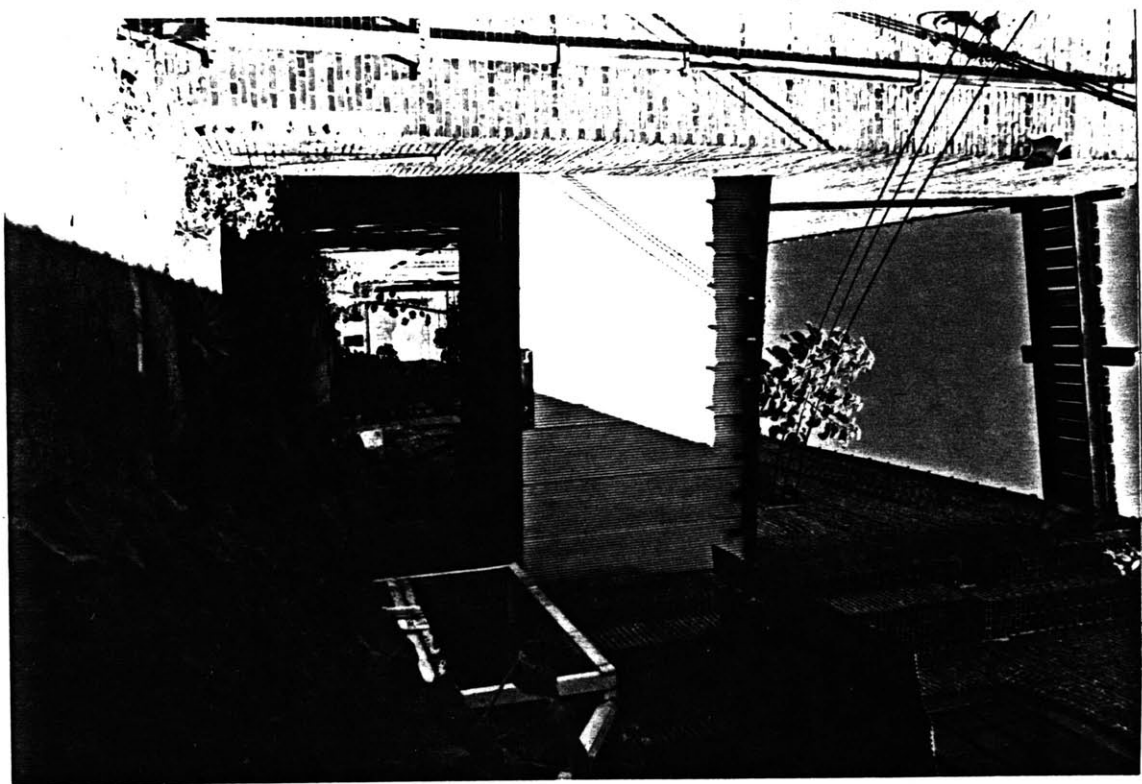
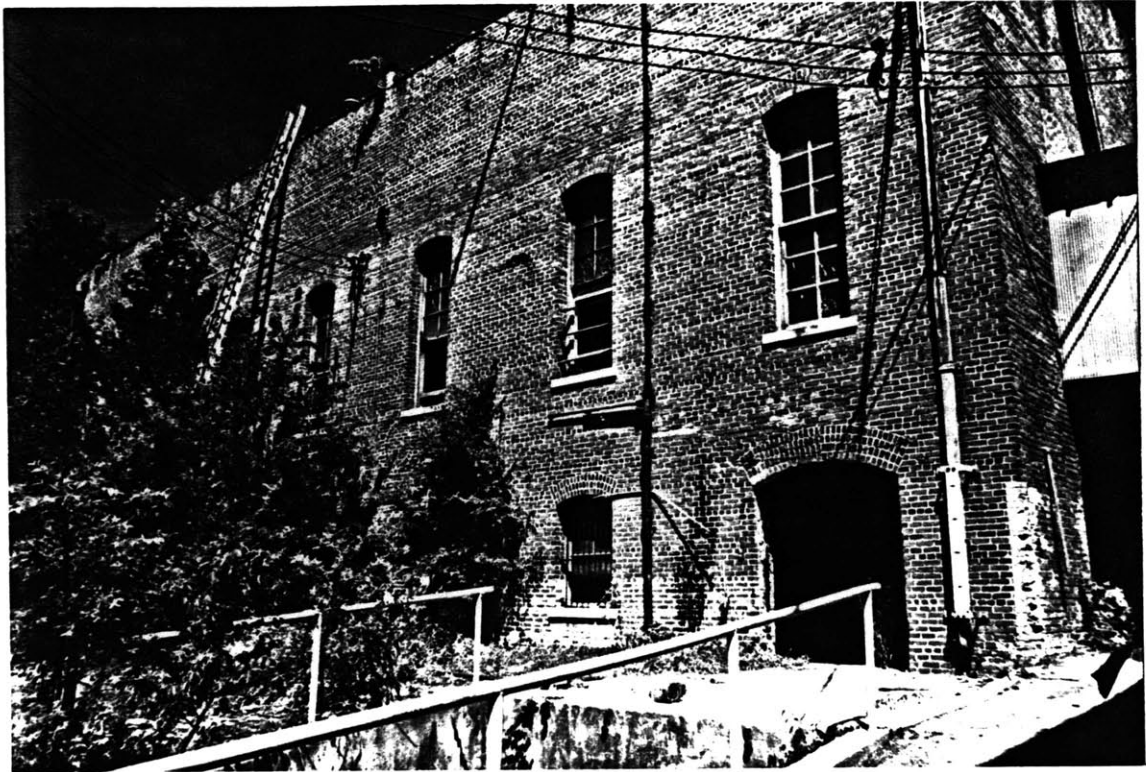




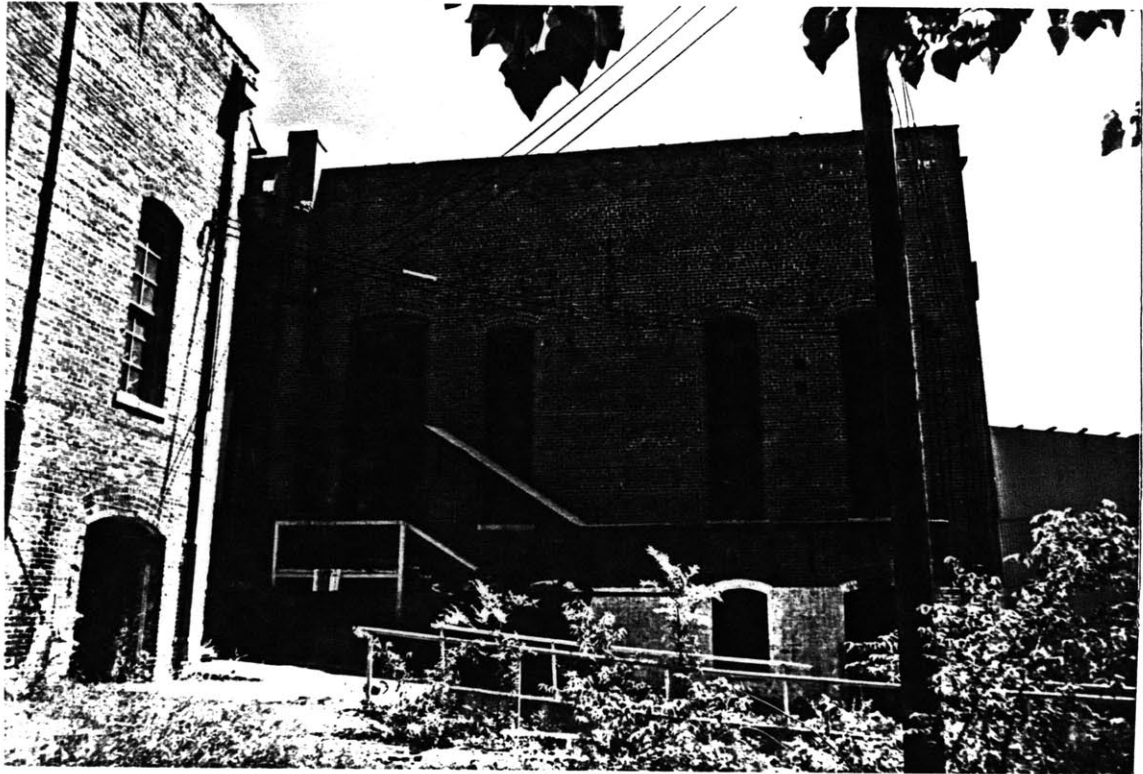


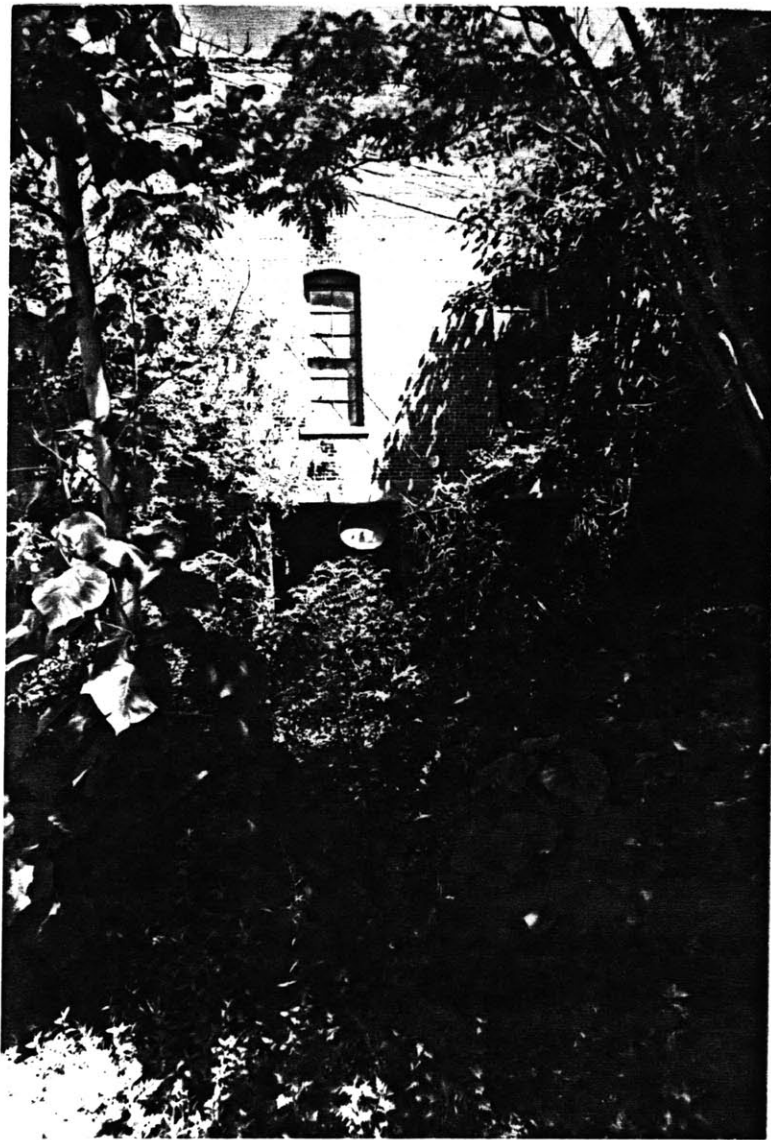














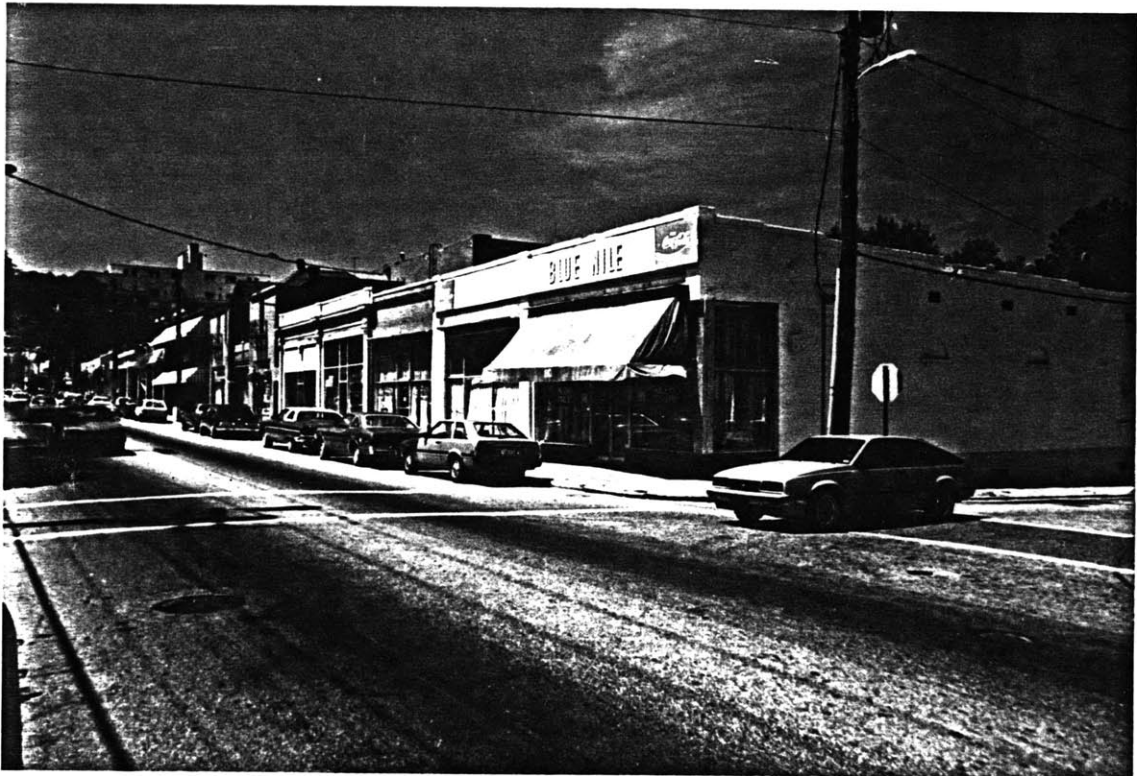


Appendix 4

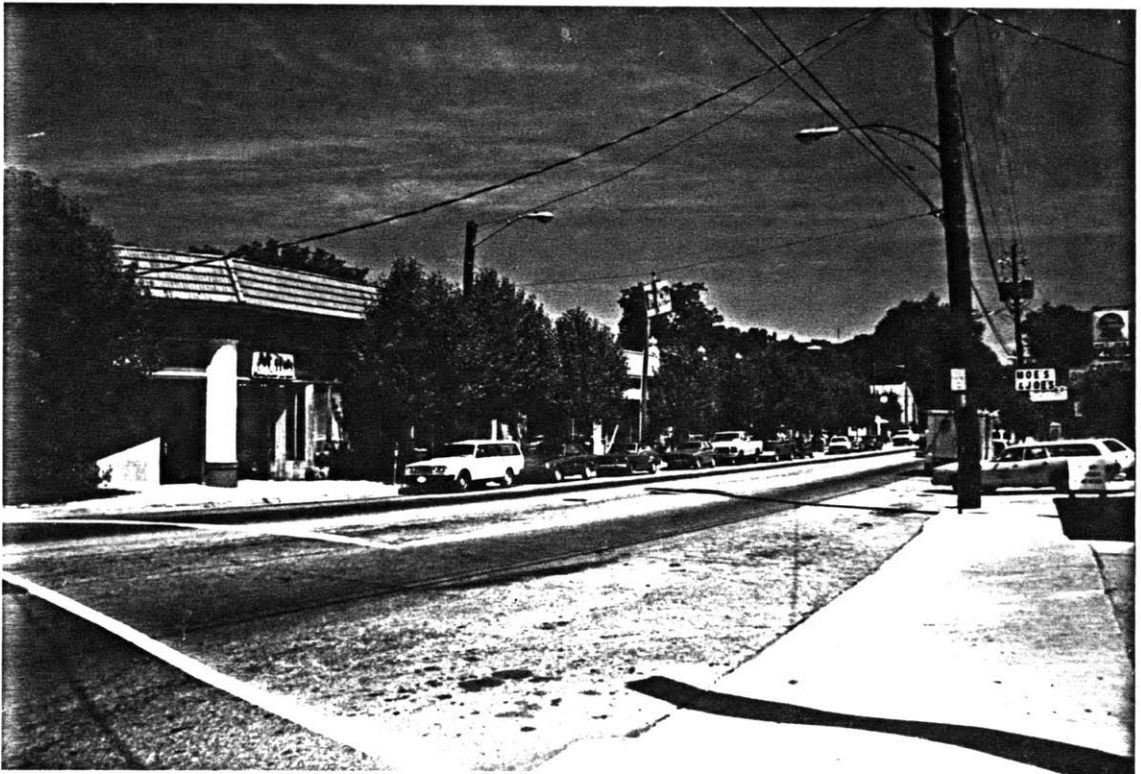


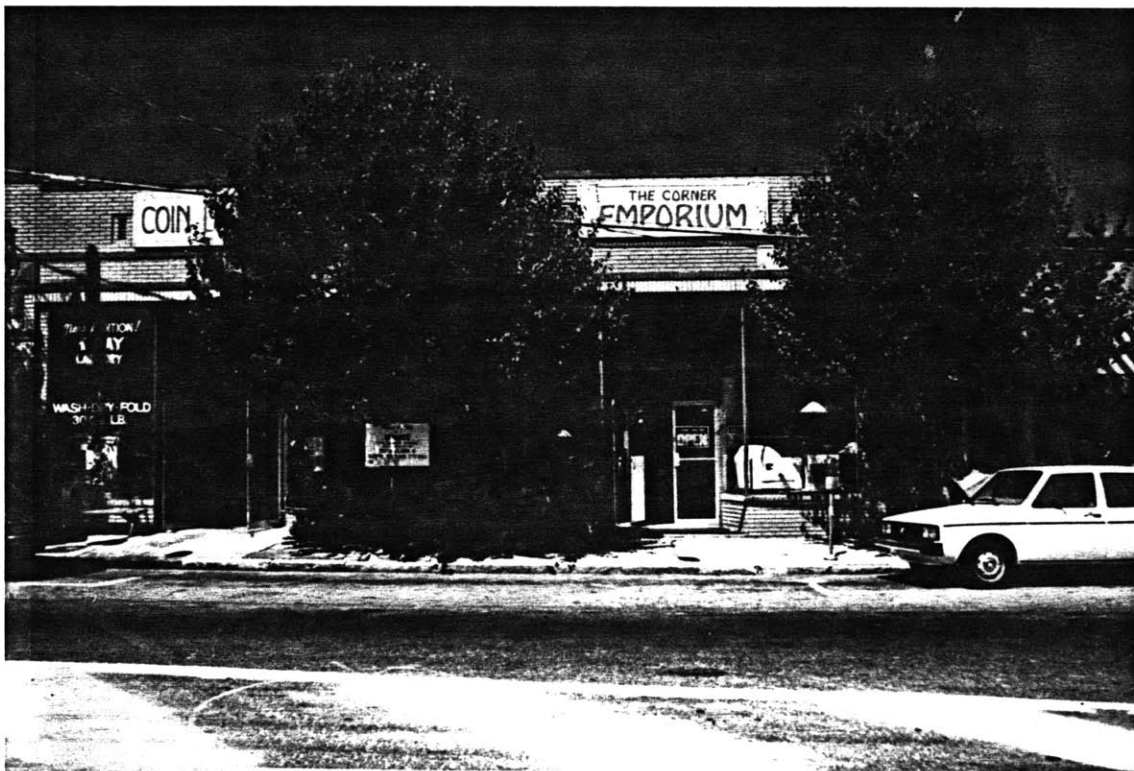


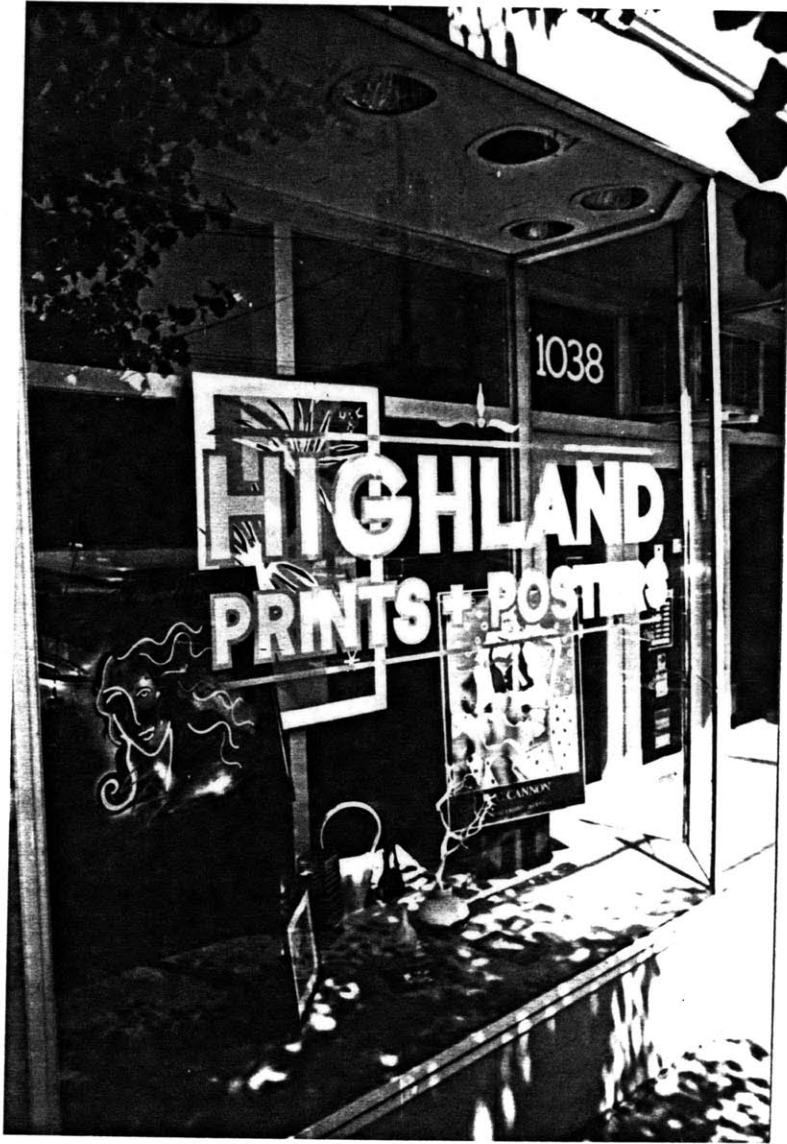


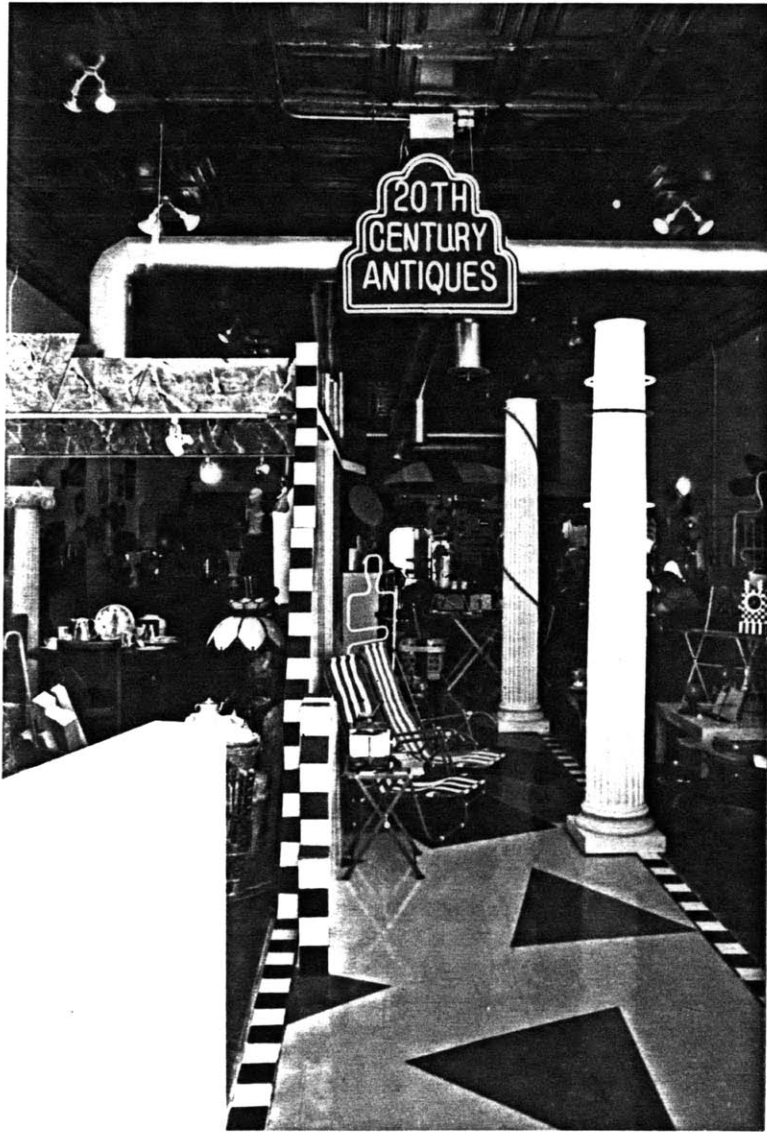


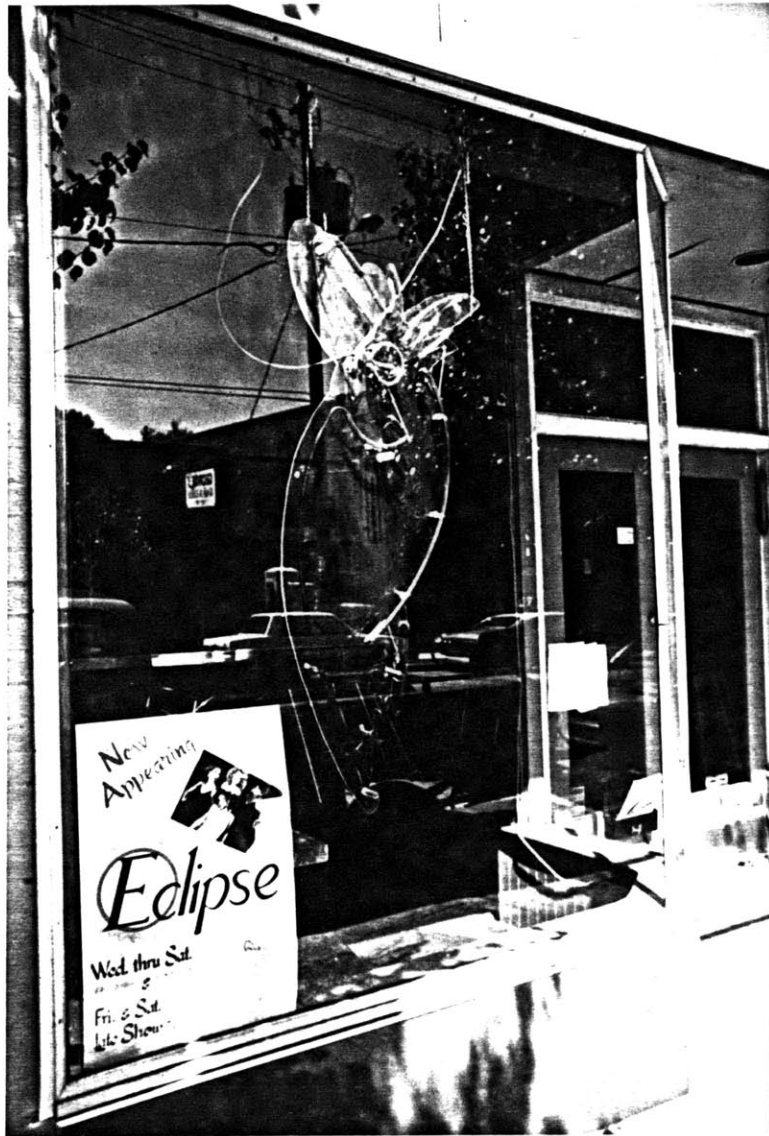












Appendix 5

NEIGHBORHOOD RETAILING SURVEY

The following questions pertain to the Virginia Avenue Trolley Barn renovation. The purpose of the questions is to determine the type of retail experience most desired by the neighborhood community and to provide basic demographic and economic information to help ensure the feasibility of a proposed redevelopment. Thank you for spending a few minutes, and simply mail your response in the stamped envelope provided. This information will be strictly confidential and not sold or used for any mailing list or other purposes.

ANNUAL INCOME RANGE

- | | |
|--|---|
| <input type="checkbox"/> \$10,000-\$15,000 | <input type="checkbox"/> \$16,000-\$25,000 |
| <input type="checkbox"/> \$26,000-\$35,000 | <input checked="" type="checkbox"/> \$36,000-\$50,000 |
| <input type="checkbox"/> \$51,000-\$75,000 | <input type="checkbox"/> Over \$75,000 |

HOUSEHOLD INFORMATION

- Single Age
- Married 26 Age; 30 Spouse's Age
- Married with Working Spouse (both working)
- One Child Age
- Two Children , Ages
- Three or More Children , , , Ages
- Own Dwelling
- Rent Dwelling

OCCUPATION

Self Designer

Spouse Architect

EDUCATION

- | | |
|---|---|
| <input checked="" type="checkbox"/> College Graduate | <input checked="" type="checkbox"/> Masters or Doctorate Degree |
| <input checked="" type="checkbox"/> Self | <input type="checkbox"/> Self |
| <input checked="" type="checkbox"/> Spouse | <input checked="" type="checkbox"/> Spouse |
| <input type="checkbox"/> High School or Technical School Graduate | - 177 - |

RETAILING PREFERENCES

Shop at Hastings, _____ for plants and spend \$ 5⁰⁰/_{xx} per month.

Shop at Kroger, Detalle Farmers Mkt. for groceries and spend \$ 200⁰⁰/_{xx} per month.

Shop at Mumfords, Happy Hermans for specialty/gourmet foods and spend \$ 20⁰⁰/_{xx} per month.

Shop at SuperX, Atoz drugstore and spend \$ 20⁰⁰/_{xx} per month.

Shop at Storhouse, Danisons Cellar for home decorating and furniture and spend \$ ~~40⁰⁰/_{xx}~~ 50⁰⁰/_{xx} per month.

Shop at N/A, _____ for children's clothes and spend \$ _____ per month.

Shop at N/A, _____ for children's toys and spend \$ _____ per month.

Shop at Danisons, Lehmans for casual wear and sportswear and spend \$ 50⁰⁰/_{xx} per month.

Shop at Danisons, _____ for better-quality clothing and spend \$ ~~40⁰⁰/_{xx}~~ 130⁰⁰/_{xx} per month.

Shop at _____, _____ for jewelry and fashion accessories and spend \$ _____ per month.

Shop at McGuire's Books, House of Denmark for gifts and crafts and spend \$ 50⁰⁰/_{xx} per month.

Shop at Sam Flax, Signature Shop for art supplies and works of art and spend \$ 30⁰⁰/_{xx} per month.

Shop at Green's, Happy Hermans for liquor and spend \$ 15⁰⁰/_{xx} per month. (wine)

My/Our favorite restaurants: Excelsior Mill and spend \$ 15⁰⁰/_{xx} per month.

Walter Mitty's and spend \$ 10⁰⁰/_{xx} per month.

Atkins Park and spend \$ 15⁰⁰/_{xx} per month.

Pepe's and spend \$ 25⁰⁰/_{xx} per month.

If you were to take someone out for a special occasion, would you prefer:

a small cafe with light music.

a more active, performance-oriented nightclub.

I prefer:

department store and mall shopping.

convenient boutiques and specialty stores.

What shopping area(s) do you go to most often?

Downtown (convenient to spouse's work), Lenox (convenient to my work), Ansley, Virginia Highland, Poncey Highland (books, cards)

Where do you like to go Christmas shopping?

Downtown Davison's, Poppers (10th St.), Virginia Highland (cards, ^{books} gourmet food only) specialty stores (eg. Sol Cohen Bikes @ Piedmont Ave), Poncey Highland

Do you enjoy the Atlanta Arts Festival in Piedmont Park each spring?

Yes, usually spend \$ 20⁰⁰.

Yes, as an exhibitor.

No.

Of the following, what is missing the most in the area (please rank 1-8):

Most
↓
Least

6 antiques and quality-reproduction stores

8 crafts, i.e., ceramics, jewelry, leather goods, paintings, etc.

5 music and entertainment places

4 quality restaurants

2 moderately-priced cafes

3 new furniture stores

7 "flea market"

1 other bakery, meat market

Please rank 1, 2, 3 your preference for the following retail concept for the area.

3 Entertainment Concept - This type of retail experience would include three or four larger bar/restaurants offering entertainment, coupled with a wide selection of many "quick service"-type eating places such as ice cream parlors, hot dogs, Mexican food, barbecue, fried chicken, fish, pizza, etc. in a lively, people-oriented "food court." Besides the food and entertainment aspects, there would be many small boutiques specializing in brass works, works of art, clothing (both fashion and casual wear), children's books and toys, gifts and accessories, leathersgoods, and pushcarts selling T-shirts, sweaters, flowers, etc. The "mall" or common area would provide scheduled entertainment, i.e., jugglers, musicians, magicians, etc. The entire experience would be festive, fun, and funky.

2 Flea Market Concept - This type of experience is envisioned to create a well-managed, clean, orderly, and good-quality marketplace, specializing in all sorts of "estate-type" antiques, furniture, reproductions, accessories for the home, gift ideas, cookware, stained glass, rugs, etc. There would also be several restaurants and a couple of bars, possibly a working bakery and large greenhouse-type plant store, and local artist studios and galleries.

* 1 Neighborhood "Lifestyle" Concept - The theme for a lifestyle or neighborhood retail center is envisioned to have at least one major store such as a Storehouse which would act as a "department store," but would specialize in, say, house furniture and home and kitchen accessories. There would also be a minitheatre-movie complex and possibly a "live" performing arts theatre. The mix of stores would include a small, quality grocery market with fresh vegetables, meats, seafood, and specialty foods; medium-priced clothing, gifts and accessories stores; art galleries; a mix of restaurants, possibly a nice cafeteria; and, other neighborhood-desirable, family-oriented establishments.

Appendix 6

PARKER, HUDSON, RAINER, DOBBS & KELLY

ATTORNEYS AT LAW

1200 CARNEGIE BUILDING

133 CARNEGIE WAY

ATLANTA, GEORGIA 30303

(404) 523-5300

THE PERKINS HOUSE

SUITE 101

118 NORTH GADSDEN STREET

TALLAHASSEE, FLORIDA 32301

(904) 681-0191

July 10, 1985

TELECOPIER
(404) 522-8409

BY COURIER

Mr. Frank Carter, III
c/o Mr. Frank Carter, Sr.
3800 Northside Drive, N.W.
Atlanta, Georgia 30305

Re: Virginia Avenue Property

Dear Mr. Carter:

You have asked us to verify the zoning status of a parcel of land in Atlanta, Georgia located on the south side of Virginia Avenue, the eastern boundary line of the property being located within Southern Railway's railroad right-of-way. You have also asked us to review for you the procedural steps that the City of Atlanta Office of Zoning Enforcement will require you to take before developing this property for use as a restaurant, cafe, retail boutique, fast food establishment, bar, farmer's market, plant store, banking machine site, hotel or any combination of these uses. On July 2, 1985, we located this property on the official zoning map and read the applicable city ordinances. We also consulted with officials at the Office of Zoning Enforcement.

As of July 2, 1985 the property you are interested in was zoned I-1 on the official zoning map, which means that it is zoned for "light industrial uses". Chapter 16 of the Code of Ordinances, City of Atlanta (the "Code") contains the ordinances that regulate light industrial districts. Section 16-16.003 of the Code lists in general terms all the uses that may be made of this land without obtaining a special use permit. All of your proposed uses appear to fall within the permitted uses described in Section 16-16.003, and Mr. Larry Landers in the Office of Zoning Enforcement has confirmed that all your proposed uses of this property are acceptable without obtaining a special use permit or change of zoning classification.

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Before you will be allowed to begin any renovation or construction on the site, you must first obtain a building permit. The Office of Zoning Enforcement recommends that developers use a two-step permit process. The first step should be done before your architect draws up detailed plans for this site. Take a survey of the property and upon that drawing superimpose an accurate "foot print" of the building and the parking area you plan for your development. This is a "preliminary site plan." Submit the site plan to the Office of Zoning Enforcement on the eighth floor of Atlanta's City Hall for approval. Then, if it is approved, have an architect draw up detailed plans for the site. Take the architect's plan to the "One Stop" desk within the Office of Zoning Enforcement. At that point, you will be assigned to a "planning coordinator" who will push your development plan through the approval system and monitor its progress. During the second step of the permit process, your planning coordinator will be able to tell you if your plan hits a snag in any of the offices where it must be approved. For example, if your plan is disapproved because of a building code violation, your planning coordinator should be able to tell you which office disapproved your plan and why. The principal offices that must review your plan before any permit may be issued are: Office of Zoning Enforcement, Office of City Arborist, Bureau of Traffic and Transportation, Bureau of Environment and Streets, and the Department of Building Inspections. Some commercial development plans also require the approval of the Atlanta Fire Marshall. If your development site is located in a historic district or within the right-of-way of a proposed road, the plan will also be reviewed by the Atlanta Urban Design Commission or Atlanta Regional Commission.

Let me return now to the first step in the approval process -- the preliminary site plan. Your preliminary site plan must reflect compliance with certain regulations or it will not be approved. The size and location of the building are regulated by Section 16-16.007 of the City Code. The building must be set back from the front property line at least forty (40) feet. Ms. Diane Martin in the Office of Zoning Enforcement has advised me that the Board of Zoning Adjustments' interpretation of Section 16.16.007 allows you a choice of building directly on the side lot line or setting the building back from the side lot line at least five (5) feet, but your site plan will be disapproved if any exterior wall is situated inside the five-foot setback line and not directly on the lot's side boundary line. You may build as close to your rear lot line as you like because there is no prescribed rear setback line. For this particular piece of property, however, it is difficult to distinguish the rear lot lines from the side lot lines. The property is nearly semi-circular in shape, so it would be wise to observe the five-foot side setback line all the way around the arc of this property.

Regardless of the number of stories planned for your building, the total floor area may not exceed the amount equal to twice the "net land area." The term "net land area" is not defined in of the Code sections regulating light industrial districts, and the two zoning officials I consulted are in disagreement as to its meaning. Mr. Larry Landers defined net land area as meaning all the land minus that portion falling within the setback lines. Ms. Diane Martin told me that net land area is all the actual land area including the land located within the setback area. She drew a distinction between "net land area" and "gross land area" -- another zoning term of art. "Gross area" and "net area" of "regular lots" are defined in Section 16-28.007 of the Code. The net area of a regular lot is defined as the "total area within the boundaries." The gross area of a regular lot consists of the net area plus additional fictitious "bonus land" that may be taken into account if the "regular lot" adjoins a permanent open space (such as a park or lake) and is zoned for multi-family residential use.

It is not clear whether the lot you are interested in would qualify as a "regular lot" (defined in Code Section 16-28.006(5)). It certainly is not zoned for multi-family residential use. Consequently, it is not certain that Section 16-28.007's definition of the "net area of a regular lot" would apply to that property. We have not performed the legal research necessary to determine which of the two zoning officers' definitions of "net land area" is actually correct. If your development plans will require a larger floor area than Mr. Landers conservative definition will give you, we will gladly perform the necessary research to determine whether the broader definition may be safely relied upon or whether you will need to obtain a variance from the floor area restriction before your development project may proceed.

Your preliminary site plan must include an accurate drawing of your proposed parking lot. Mr. Landers advised me that each regular parking space must be at least nine feet by twenty feet (180 square feet). At least two parking spaces must be oversized parking spaces designed for use by handicapped customers. The Bureau of Traffic and Transportation not the Office of Zoning Enforcement, will determine whether more than two handicapped spaces will be required for your development. Section 16-16.009 of the City Code establishes the minimum number of parking spaces required for each permitted use of property in I-1 Districts. To determine the actual number of parking spaces you must provide, you must first determine how many square feet of your proposed building will be devoted to each different use. For every two hundred square feet of floor space devoted to banking use, you must provide at least one

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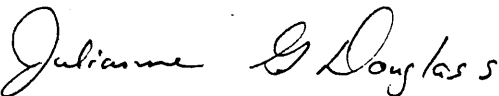
parking space. For eating and drinking establishments, delicatessens and retail sales, the ratio is one parking space per one hundred square feet. For other retail establishments, the ratio is one space per two hundred square feet. For hotels and motels, the rate is one space per three hundred square feet.

You have indicated to us that the Code's parking requirement for restaurant use (one space per one hundred square feet) is unacceptable to you. It may be possible to obtain a variance from this requirement and from any other requirements that would make your development of this lot impractical. According to Ms. Martin, the Board of Zoning Adjustments has the power to grant three types of parking variances: (1) the board may reduce the number of parking spaces required for your development; (2) it may waive the parking requirements altogether; or (3) it may permit you to supplement your on-site parking with additional parking spaces at another location so long as the additional parking is located within three hundred feet of your primary use site. Ms. Martin has advised me that the procedure for obtaining a parking variance takes approximately 4 to 6 weeks.

The power to grant variances of all types is vested in the Board of Zoning Adjustments pursuant to Sections 6-4029 and 16-26.001 of the Code. To obtain a variance you must file a "notice of appeal" with the Board of Zoning Adjustment and with the Office of Zoning Enforcement. Code Section 4-4028 provides that a filing fee of one hundred fifty dollars (\$150.00) must be submitted with each appeal. The Board must conduct a public hearing before it may render its decision. Normally, a developer's "notice of appeal" is not filed until after he has submitted his preliminary site plan and an administrative official has rejected the plan on the ground that it violates the parking requirement or some other specific zoning ordinance provision. If you are certain that your development plan will violate the parking requirement, we will be glad to inquire whether we may speed up the process of obtaining a parking variance by submitting your preliminary site plan and request for a parking variance directly to the Board of Zoning Adjustment without waiting for a zoning enforcement officer to look at the plan and reject it.

We hope this information will be helpful to you in evaluating the development potential of the Virginia Avenue site. Please do not hesitate to call if we may be of further assistance in this matter.

Very truly yours,


Julianne G. Douglass

JGD/slh

Section 16-16.004 Permitted accessory uses and structures.

Structures and uses which are customarily accessory and clearly incidental to permitted principal uses and structures subject to general or specific limitations applying within the district.

(1) Devices for the generation of energy such as solar panels, wind generators and similar devices.

(2) Dwelling or lodging units shall be permitted only as accessory uses, and only for watchmen, caretakers or others requiring living quarters on the premises. (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-16.005 Special permits.

The following uses are permissible only by special permits of the kinds indicated, subject to limitations and requirements set forth herein or elsewhere in this part:

(1) *Special use permits:*

(a) Cemetery and mausoleum.

(b) Extraction or removal of sand, gravel, topsoil, clay, dirt or other natural resources.

(c) Outdoor amusement enterprises, exhibits, entertainments, meetings, displays or sales areas or outdoor areas for religious ceremonies of 90 days' or more duration.

(d) Sanitary landfills.

(e) Terminals, freight, rail, bus or truck, when erected or operated by other than a governmental agency.

(2) *Special administrative permits:*

(a) Outdoor amusement enterprises, exhibits, entertainments, meetings, displays or sales areas, or outdoor areas for religious ceremonies of less than 90 days' duration.

(3) *Special exceptions:* None. (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-16.006 Transitional uses, structures, requirements.

(1) *Transitional Uses:* Where a lot in this district abuts a lot in any R-1 through R-G district at the side along the same street frontage, and without an intervening street, the first lot within this dis-

trict, or the first 100 feet of such lot if it is wider than 100 feet, shall not be used for any drive-in facility, service station, mortuary or funeral home, sales lot for automobiles, or general advertising sign, repair garage, or paint or body shop.

(2) *Transitional Height Planes:* Where this district adjoins a district in the R-1 through R-G classification without an intervening street, height within the district shall be limited as follows: No portion of any structure shall protrude through a height-limiting plane beginning 35 feet above the buildable area boundary nearest to the common district boundary and extending inward over this district at an angle of 45 degrees.

(3) *Transitional Yards:*

(a) *Side yard:* Adjacent to an R district without an intervening street, 20 feet is required which shall not be paved or used for parking or servicing.

(b) *Rear yard:* There shall be a rear yard of 20 feet adjacent to an R district which shall not be paved or used for parking or servicing.

(c) *Screening:* Where a lot in this district abuts a lot in an R-1 through R-G district on the rear or side yard lot line without an intervening street, opaque fencing or screening not less than six (6) feet in height shall be provided and maintained in sightly condition. See section 16-28.008(9). (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-16.007 Development controls.

These requirements shall apply to all uses approved by special permits as well as permitted uses:

(1) *Bulk limitations:* Floor area shall not exceed an amount equal to 2.0 times net land area.

(2) *Minimum lot width, area, all uses:* No fixed minimum lot widths or areas are established for these districts, but lot dimensions shall be sufficient to meet other requirements set forth herein.

(3) *Minimum yard requirements:*

(a) *Front:* 40 feet.

(b) *Side:* Adjacent to a street, half the required front yard, as generally provided. If a building is not built to the lot line, it shall be set back from the lot line at least five (5) feet. For uses adjacent to residential districts, see transitional uses and structures, section 16-16.006. (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-16.008 Maximum height limitations.

None, except as required in section 16-16.006. (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-16.009 Off-street parking minimum requirements.

The following parking requirements shall apply to all uses approved by special permits as well as permitted uses (see section 16-28.014 and also section 16-8.015 for loading requirements):

- (1) *Banks, savings and loan associations, and similar financial institutions*: One (1) space per 200 square feet.
- (2) *Business service establishments*: One (1) space per 200 square feet.
- (3) *Clubs, lodges, union halls, hiring halls*: One (1) space per 300 square feet.
- (4) *Eating and drinking establishments, delicatessens, retail sales*: One (1) space per 100 square feet.
- (5) *Manufacturing, warehousing, storage facilities, distribution centers*: One (1) space per 600 square feet or each two (2) employees on the peak working shift whichever is greater.
- (6) *Office, clinics (other than veterinary), laboratories, studios*: One (1) space per 300 square feet.
- (7) *Veterinary clinics*: One (1) space per 600 square feet.
- (8) *Bowling alleys, pool halls, billiard parlors, amusement arcades, peep shows*: One (1) space per 100 square feet.
- (9) *Repair garages, paint and body shops, welding shops*: One (1) space per 200 square feet.
- (10) *Retail establishments, except as otherwise specifically classified*: One (1) space per 200 square feet.
- (11) *Car washes*: See section 16-28.021.
- (12) *Wholesaling*: One (1) space per 400 square feet.
- (13) *Schools, colleges, churches, recreational or community centers and other places of assembly*: One (1) space for each four (4) fixed seats, with 18 inches of bench length counted as one seat, or one (1) space for each 35 square feet of enclosed floor area for the accommodation of movable seats in the

largest assembly room, whichever is greater, plus the following:

- (a) *Public or private elementary or middle school*: Two (2) spaces for each classroom.
- (b) *High school*: Four (4) spaces for each classroom.
- (c) *Colleges and universities*: Eight (8) spaces for each classroom.
- (d) *Trade schools*: One (1) space for each 200 square feet.
- (14) *Repair establishments*: One (1) space per 200 square feet. (Ord. No. 1981-95A, Sec. 1, 12/19/80)
- (15) *Hotels and motels*: One (1) space per 300 square feet. (Ord. No. 1981-96, Sec. 31, 12/15/81)

Section 16-16.010 Limitations on signs.

The following sign regulations shall apply to all uses approved by special permits as well as permitted uses (see section 16-28.017):

- (1) Animated or flashing signs shall be permitted, provided no such signs shall be erected within 100 feet of an adjoining residential district if visible therefrom.
- (2) Only one (1) business sign for each separate street frontage of each business establishment located on the street floor shall be allowed to project over the street property line. Such sign shall not extend more than three (3) feet beyond the street property line, except that a shopping center shall be permitted only one (1) freestanding sign per street frontage.
- (3) One (1) freestanding business sign shall be permitted for each separate street frontage of a business establishment located on the street floor. Such freestanding business sign shall not exceed 60 square feet in sign area, nor exceed 45 feet in height above ground level.
- (4) Marquee signs shall be allowed to project over an existing sidewalk, but in no event closer than eighteen (18) inches to the inner curbline, provided such marquee signs are mounted flat to the surface of the marquee.
- (5) General advertising signs shall be permitted subject to the following restrictions:
 - (a) General advertising signs are prohibited within 200 feet of any residential district boundary line. (Ord. No. 1984-35, Sec. 1, 6/6/84)
 - (b) All general advertising signs shall be restricted to the buildable area of the lot.

(c) A general advertising sign shall not be located within 500 feet of another general advertising sign on either side of the street as measured from the nearest edge of the sign or the proposed sign or signs. On streets which are a part of the interstate highway, limited-access freeway or expressway system within the city, no general advertising sign shall be located within 1,000 feet of another general advertising sign on the same side of the highway as measured from the nearest edges of the signs. On streets which are not a part of the interstate highway, limited-access freeway or expressway system within the city, the size on a commercial or industrial lot, if said commercial or industrial property is abutted on any side or directly across the street by residentially zoned property, will be limited to 12 by 25 feet. (Ord. No. 1981-95A, Sec. 1, 12/19/80; Ord. No. 1984-35, Sec. 3, 6/6/84)

Amendment Note: Section 1 of Ord. No. 1984-35, adopted 6/4/84, approved 6/6/84, amended subsection (5)(a) by prohibiting general advertising signs within 200 feet of any residential district boundary line, rather than 100 feet as previously stated. Section 3 amended subsection (5)(c) by prohibiting general advertising signs within 500 feet of each other, rather than the previously stated 200 feet.

Section 16-16.011 Off-street loading requirements.

The off-street loading requirements for this district are as shown in table of loading requirements, chapter 28, section 16-28.015. (Ord. No. 1981-96, Sec. 32, 12/15/81)

CHAPTER 17

I-2 Heavy Industrial District Regulations

Section 16-17.001	Scope of provisions.
Section 16-17.003	Permitted principal uses and structures.
Section 16-17.004	Permitted accessory uses and structures.
Section 16-17.005	Special permits.
Section 16-17.006	Transitional uses, structures, requirements.
Section 16-17.007	Development controls.
Section 16-17.008	Maximum height limitations.
Section 16-17.009	Off-street parking requirements.
Section 16-17.010	Limitations on signs.
Section 16-17.011	Off-street loading requirements.

Section 16-17.001 Scope of provisions.

The regulations set forth in this chapter, or set forth elsewhere in this part, when referred to in this chapter, are the regulations in the I-2 Heavy Industrial District. (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-17.002 Statement of intent.

The intent of this chapter in establishing the I-2 Heavy Industrial District is as follows:

- (1) To permit heavy manufacturing in addition to uses permitted in I-1 districts.
- (2) To create, expand or extend such districts only where there is adequate and direct access to major transportation facilities and where there is minimal conflict with residential districts.
- (3) To permit dwellings or lodging units only as accessory to permitted principal uses. (Ord. No. 1981-95A, Sec. 1, 12/19/80)

Section 16-17.003 Permitted principal uses and structures.

A building or premises shall be used only for the following principal purposes:

- (1) Adult businesses as defined in section 16-29.001(3). See section 16-28.016 for locational requirements.
- (2) Banks, savings and loan associations, and similar financial institutions.
- (3) Broadcasting towers, line-of-sight relay devices for telephonic, radio or television communication.
- (4) Business service establishments, including those providing duplicating, printing, maintenance,

Supp. No. 25, 6-84