

Mid-town Mall Revitalization Proposals

Prepared for: City of Sanford, Maine & NYU

Prepared by: Anirban Saha, Jayneil Shah and Kevin Ye

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Executive Summary

The NYU Team envisions the revitalized the Mid-town Mall Block in Downtown Sanford, ME as a mixed-use transit-oriented development. Located in the heart of the Town of Sanford, steps away from the Number One Pond and adjacent to the picturesque mill yards, the Central Park and the Town Hall, the site is one of the most important elements that will bring about economic redevelopment to the Downtown area.

NYU Team conducted a Market Analysis, which studies the demographic and economic conditions of the Town, created a SWOT Analysis and thereafter designed two proposals. The first proposal brings about minimal changes, focuses on a short-term horizon and visualizes a retail development for the area with a transit lounge as the main cornerstone for the development. The second proposal will be built in two phases over ten years and focuses on a complete redevelopment into a mixed-use development that incorporates retail, medical, of-

fice and entertainment zones in addition to a transit lounge. Both the proposals promote retail as an important component of the proposals. Ground floor retail will support the overarching goal of activating street life and promote the urban fabric that the site currently lacks.

Our acquisition strategy involves partnering with the Town of Sanford, which owns the parking lot at the site and buying out remaining buildings in the block sans the contiguous buildings on the Main Street frontage. The Town will provide land for a period of 30 years to the developer along with tax abatements for 10 years to make the deal attractive while the developer bears the risks of developing the block and maintains the properties for that period, ending which he may sell the project to another investor.

By activating street life, providing community retail and building mixed-use 'green' development, we believe that this project can bring strong returns on investment. The Town of Sanford is endowed with natural beauty and a rich heritage- intrinsic

strengths that the NYU Team believes can be used to pioneer the economic revitalization of Downtown Sanford.

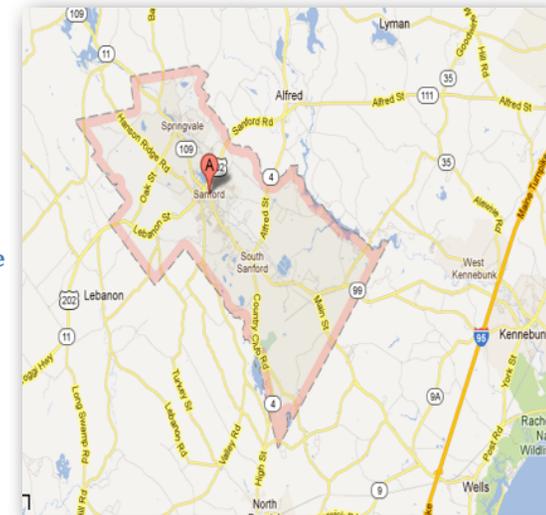
Introduction

The Town of Sanford is located in York County in the State of Maine. The town is spread over 50.4 square miles and is the seventh largest town in the State of Maine. It is the second largest town in York County and was a textile-manufacturing center.

Map 1: Location of Sanford in the State of Maine



Map 2: Location of Subject site relative to the Town



Market Analysis

Demographics

Population

The 2010 US Census indicated that Sanford residential population in Sanford decreased by an average of ten people per year since 2000. As this does not entail a significant decrease in population over ten years, it is indicative that the population growth in Sanford has been stagnant. On the other hand, the population of York County has increased by an average of 100 people per year. This can be seen in Table 1. Being the second largest town in York County, Sanford should possess a growth trends consistent with the rest of the county. However, the flat growth rate of Sanford, as opposed to the high growth rate of the county, implies a signal of an economic slowdown. Like York County, the State of Maine has also experienced a solid population

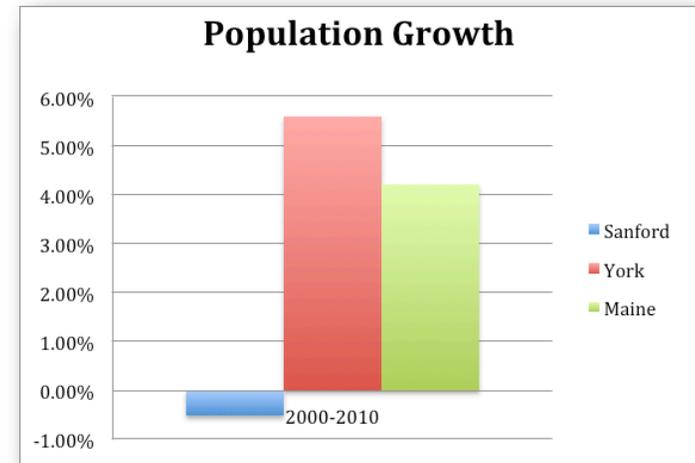


Chart 1: Relative Population Growth for Sanford, York County & Maine.

Source: US Census Bureau, 2000- 2010

increase the state grew by 4.2% between 2000 to 2010, while York County grew by 5.6% over the same time period as shown in Chart 1. Sanford, being the seventh largest town in the state of Maine, should reflect growth patterns of the state but , as with York Country, but the discrepancy between its growth rate and that of the state suggests a displacement from the state's progress. An increase in population, generally, indicates that an economy is vital while, on the other

Table 1: Population Summary.

Source: US Census Bureau, 2000- 2010

Population	Sanford town, York		York County, Maine		Maine	
	Number	Percent Change	Number	Percent Change	Number	Percent Change
2010	20,798	-0.05%	197,131	5.6%	1,328,361	5.2%
2000	20,806		186,742		1,274,923	

hand, a stagnant population growth is a sign of a stagnant economy with limited growth potential. From the current trend we can assume that the population in Sanford will continue to decrease at a slow rate unless exogenous factors spurt economic development.

Chart 2 reflects the age distribution of the Town of Sanford. 46% of the population is between the age of 20 and 54, which indicates that the current labor force in the town is small. Strong labor force is important to attract new industries and the lack of it often discourages large employers to consider an area as a potential investment opportunity. A quarter of the population is under the age of 19, and therefore the town has the possibility of promoting a new well-educated generation while encouraging them not to relocate with creating higher paid professional job opportunities. On the other

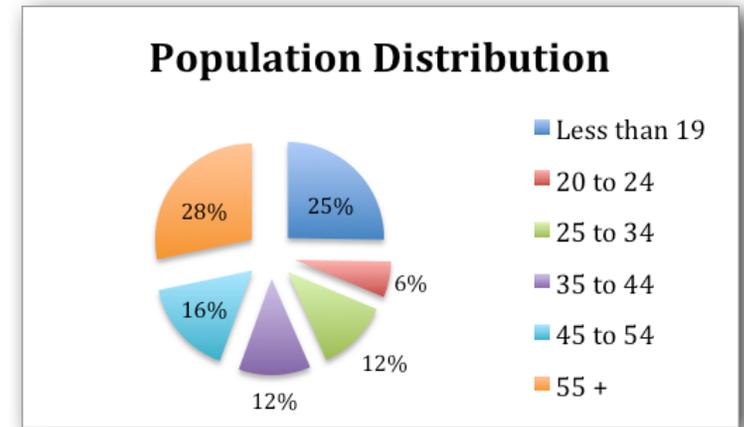


Chart 2: Population Distribution for Sanford.

Source: US Census Bureau 2000-2010

hand, the elderly share of the total population suggests that there will be an increasing need for the retirement services in the community. Additionally, drug stores and assisted care service can also foresee an increasing demand in this market due to the aging population. The

population is evenly distributed between males and females.

Households

Sanford's population is comprised of 8,500 households and 5,417 families, whereas in 2000, Sanford had 8,270 households and 5,448 families (shown in Chart 3). The average household size was 2.41, while the average family size was 2.91. Out of the 5,417 families, 593 families have Section-8 assistance, which entails 11% of total families. Due to the large Section-8 population, the town has a relatively high poverty

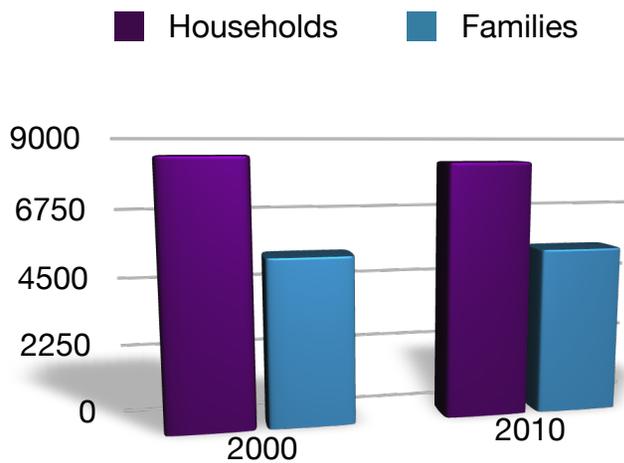


Chart 3: Sanford households & families. Source: US Census Bureau 2000-2010

level, reflecting a lack of jobs in the market and an overall low income of the population. As such, a big box discount retailer will be a great fit into this market.

Housing Market

Sanford had 8,807 housing units in 2000 and that number increased by 7.5% reaching 9,452 in 2010. While such an increase in housing stock would indicate a growth in the market, the 10% vacancy rate in Sanford's housing market doesn't support this growth that occurred over the past 10 years. As of 2010, only 8,500 units were occupied and the existing stock of 2000 could have fulfilled the need. The ownership rate has increased by 0.7% between 2000 and 2010. The homeownership rate in Sanford were 64.2% while the rates in York County and Maine overall are 75.2% and 73.1%, respectively (shown in Chart 4). The State and County both had a higher rate of ownership, leading to long-term residency. Homeownership directly correlates with expenditures for home furnishings and equipment; however, Sanford's lower homeownership rate discourages retailers from bringing products to

Sanford. The trend shows a slow increase in ownership that may be encouraging for small retailers entering this market.

Since the start of recession, the residential real estate market dropped 30% in value in Sanford, and the foreclosure rate has been high according to a local real estate agent. The average home sales price is \$135,000. In the past 3 years, only two houses were sold above \$400,000, and, currently, there is one property listed for \$636,000, which is a rarity in Sanford. There are 160 houses for sale in Sanford, and their demand is low. Before the 2007 recession, the volume of property trading was double than those of current volumes (shown in Chart 5). Between 2009 and 2010, 25 new homes and 7 new commercial properties were constructed. Besides this new stock, the remaining stock of houses is old and needs renovation. The rental market is stable because of low rents when compared to York County.

Overall, the residential real estate market is weak because of lack jobs and low income. Additionally the current home values are lower than the costs of building new homes. The cost to

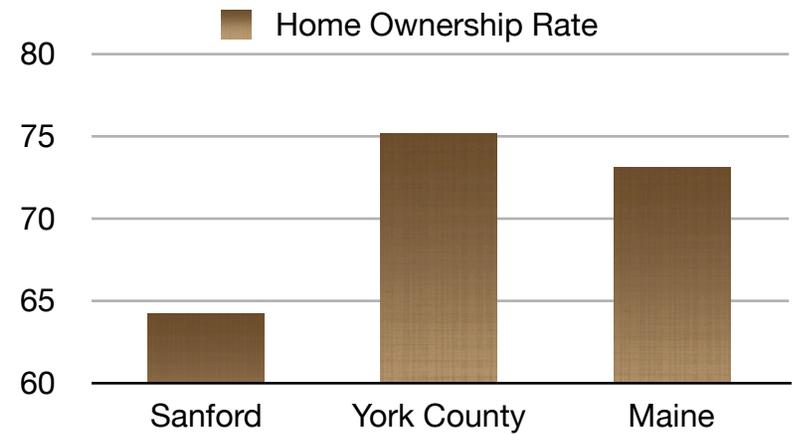


Chart 4: Home Ownership Rate for Sanford, York County & Maine.
 Source: US Census Bureau 2000- 2010

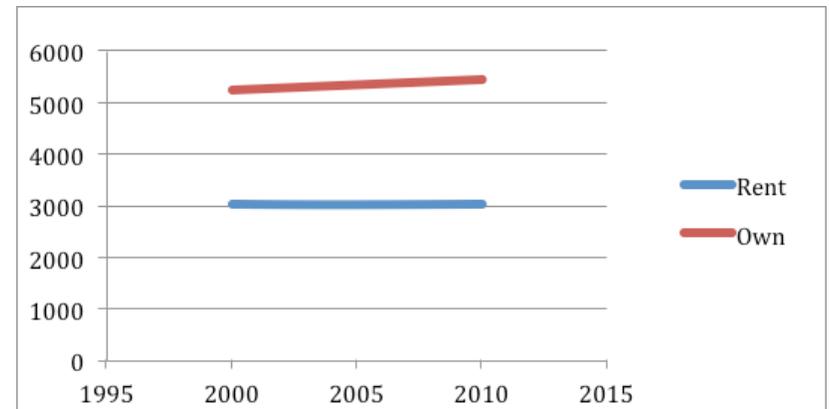


Chart 5: Home Ownership trends for Sanford.
 Source: US Census Bureau 2000- 2010

build an average quality tract home is \$90 per square foot. Thus a 1,600 square feet house would cost \$144,000 to build without the cost of land. On the other hand, comparable 1,600 square feet houses are listed at \$139,900.

Economics

Education

The Sanford public school system, which is ranked 6 (out of 10), educates 3,200 students a year and provides adult education program for 1,500. Last year the public school system received \$600,000 to enhance its education system. As of 2010, 14,103 of the population was 25 years and over. Out of this population 83% had a high school diploma or greater (v. 77% of population in 2000) and 16% had a bachelor degree or greater (v. 11.1% of population in 2000) as depicted in Chart 6. Yet this is less than the county average of 26.7% as well as the state average of 26.5%. The lower education metrics, which also incorporates the quality of education, makes it difficult to attract new industries.

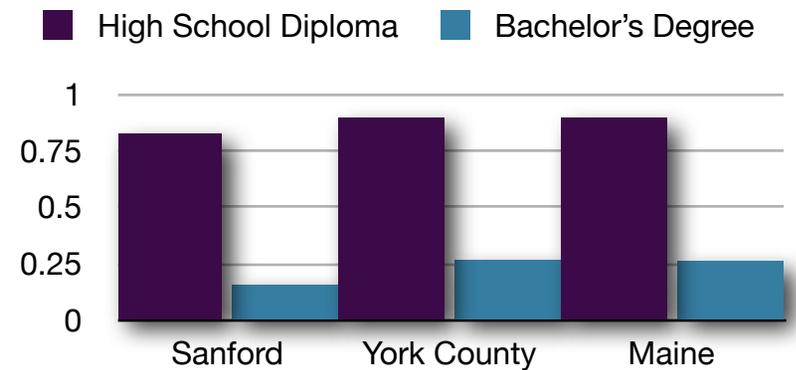


Chart 6: Education level Summary for Sanford, York County & Maine.

Source: US Census Bureau 2000- 2010

Employment

Depicted in Table 2 as of 2010, the town of Sanford's population at the age of 16 and above was 16,622. Out of this age group, about 65% (10,790) was actively involved in the labor force. The estimated unemployment rate for the total civilian labor force was 6%. Compared to 2000 census, this group has increased from 15,971 and the unemployment rate increased from 2.7%. This means that the number of employed workers more than doubled. The other parents employment categories remained fairly stable. Sanford's employment characteristics are a close representative of the York County and the State of Maine as a whole.

Depicted in Table 3 as of the 2010 census, about 67% of the population at the age of 16 and above was actively involved in the civilian labor force while 5.8% of them were unemployed in York County. At the State level, 64.5% of the population at the age of 16 and over was actively involved in the labor force and the unemployment rate was 5.3%.

Table 2: Employment Summary for Sanford, York County & Maine for 2010.

Source: US Census Bureau 2000- 2010

Subject	Sanford town, York County, Maine		York County, Maine		Maine	
	Estimate	Percent	Estimate	Percent	Estimate	Percent
EMPLOYMENT STATUS						
Population 16 years and over	16,622	16,622	161,056	161,056	1,088,605	1,088,605
In labor force	10,790	64.90%	108,858	67.6%	701,948	64.50%
Civilian labor force	10,743	64.60%	107,937	67.00%	699,827	64.30%
Employed	9,753	58.70%	98,653	61.30%	641,665	58.90%
Unemployed	990	6.00%	9,284	5.80%	58,162	5.30%
Armed Forces	47	0.30%	921	0.60%	2,121	0.20%
Not in labor force	5,832	35.10%	52,198	32.40%	386,657	35.50%
Civilian labor force	10,743	10,743	107,937	107,937	699,827	699,827
Females 16 years and over	9,218	9,218	84,046	84,046	563,193	563,193
In labor force	5,298	57.50%	53,366	63.50%	344,360	61.10%
Civilian labor force	5,298	57.50%	53,366	63.50%	344,160	61.10%
Employed	4,999	54.20%	49,640	59.10%	321,436	57.10%
Own children under 6 years	1,822	1,822	12,511	12,511	80,521	80,521
All parents in family in labor force	1,301	71.40%	8,978	71.80%	56,373	70.00%
Own children 6 to 17 years	2,896	2,896	27,691	27,691	180,890	180,890
All parents in family in labor force	2,168	74.90%	22,714	82.00%	141,691	78.30%

Table 3: Comparative Employment Summary for Sanford.

Source: US Census Bureau 2000- 2010

Subject	Sanford town, York County, Maine (2000)		Sanford town, York County, Maine (2010)	
	Estimate	Percent	Estimate	Percent
EMPLOYMENT STATUS				
Population 16 years and over	15,971	100%	16,622	16,622
In labor force	10,129	63.40%	10,790	64.90%
Civilian labor force	10,089	63.20%	10,743	64.60%
Employed	9,651	60.40%	9,753	58.70%
Unemployed	438	2.70%	990	6.00%
Armed Forces	40	0.30%	47	0.30%
Not in labor force	5,842	36.60%	5,832	35.10%
Females 16 years and over	8,372	100%	9,218	9,218
In labor force	4,787	57.20%	5,298	57.50%
Civilian labor force	4,783	57.10%	5,298	57.50%
Employed	4,596	54.90%	4,999	54.20%
Own children under 6 years	1,580	100%	1,822	1,822
All parents in family in labor force	954	60.40%	1,301	71.40%
Own children 6 to 17 years	(X)	(X)	2,896	2,896
All parents in family in labor force	(X)	(X)	2,168	74.90%

Commuting to work

The majority of workers in Sanford commute to work. Out of the 9,503 employed workers, close to 80% drive alone and 12.8% carpool. The remaining 8% of the workers walk to work, utilize the public transportation or work from home. The mean commuting time is 27.4 minutes. At the county level and State level, approximately 80% of all workers drive alone and about 10% of the workers use the carpool method. The rest of the people use public transportation or walk to work or work from home. The mean travel time is 27.2 and 23.3 minutes. This has been summarized in Table 4.

Subject	Sanford town, York County, Maine		York County,		Maine	
	Estimate	Percent	Estimate	Percent	Estimate	Percent
COMMUTING TO WORK						
Workers 16 years and over	9,503	9,503	96,857	96,857	627,588	627,588
Car, truck, or van -- drove alone	7,531	79.20%	77,769	80.30%	504,971	80.50%
Car, truck, or van -- carpooled	1,216	12.80%	8,821	9.10%	55,677	8.90%
Public transportation (excluding taxicab)	123	1.30%	516	0.50%	3,067	0.50%
Walked	247	2.60%	2,304	2.40%	21,874	3.50%
Other means	114	1.20%	1,983	2.00%	9,653	1.50%
Worked at home	272	2.90%	5,464	5.60%	32,346	5.20%
Mean travel time to work (minutes)	27	(X)	27.2	(X)	23.3	(X)

Table 4: Commuting Summary for Sanford, York County & Maine.

Source: US Census Bureau 2000- 2010

Industries

Nearly 20% of the residents work in the manufacturing industry, little over 20% work in the educational, health and social services sector and about 30% are employed in either retail or service industry. This has been summarized in Chart 7.

The largest employer in Sanford is the *Goodall Hospital* and its subsidiaries. This hospital is the center of the healthcare system for the Sanford region and provides local jobs as well as superior healthcare facilities. In addition to its central location,

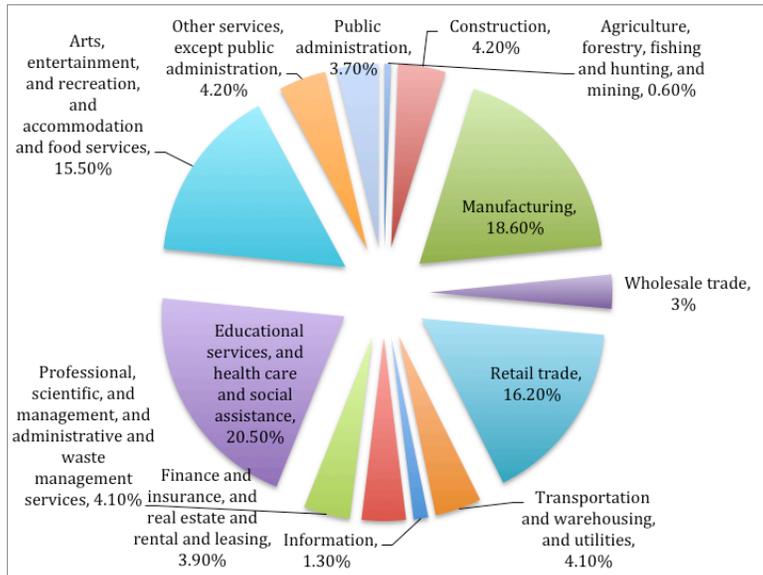


Chart 7: Industry Summary for Sanford. Source: US Census Bureau 2000- 2010

Goodall Hospital has several outpatient centers and physician group practices throughout Sanford and nearby cities. The total number of workers employed by the Goodall hospital falls into the 1,000 to 5,000 range.

The second largest employer in Sanford, *Pain Management*, employs over 500 people and also falls into the healthcare in-

dustry. The manufacturing industry is another strong player in the economy of Sanford. Companies like *Evonik-Cyro*¹ and *Backer Co.*, together employ anywhere from 350 to 800 workers, many of whom are local residents. The *Baker Company*² is the world leader and innovator in air containing technologies. Other well-known business names in the area: *Tom's of Maine*, *Pratt & Whitney*, *Maine Manufacturing*, *Applied Thermal Sciences*, among others.

Occupation

In terms of occupation, Sanford's residents are distributed in 6 main sectors classified on the table below. Out of the 9,753 employed workers of age 16 years or over, roughly one fourth work in the management, business, science, and arts sectors. As can be seen in Chart 8, the number of employees working in sales or office occupations consists of 28% from the whole pool. Another 21% of employed workers have occupations in

¹ Evonik-Cyro specializes in manufacturing acrylic sheet products. These sheets have a wide range of applications across industry and can be used as store fixtures, aquarium, security, aerospace/aviation, conservation glazing, green houses, among others.

² Their products range from biological safety cabinets, clean benches to individual fume hoods for a variety of research across discipline.

the service sector, 16.4% in the production, transportation, and material moving sectors and the remaining 10.1% work in the natural resources, construction, and maintenance sectors. This percentage composition is a closely mirrors that of both the County and the State.

Class of Workers

The majority of the employed residents work in the private sector and the remaining work primarily in the public sector. Private wage and salary workers encompass 81.8% of the entire working pool and another 15% are government workers. Only 3% of the whole pool is self-employed in owned but not incorporated businesses, and a very small fraction are unpaid family workers. At the state and county level, self employed in owned but not incorporated business comprise of nearly 10% of the total working population, whereas percentage distribution of government workers and unpaid family workers stay practically the same as that of Sanford's town level. This has been summarized in Chart 9.

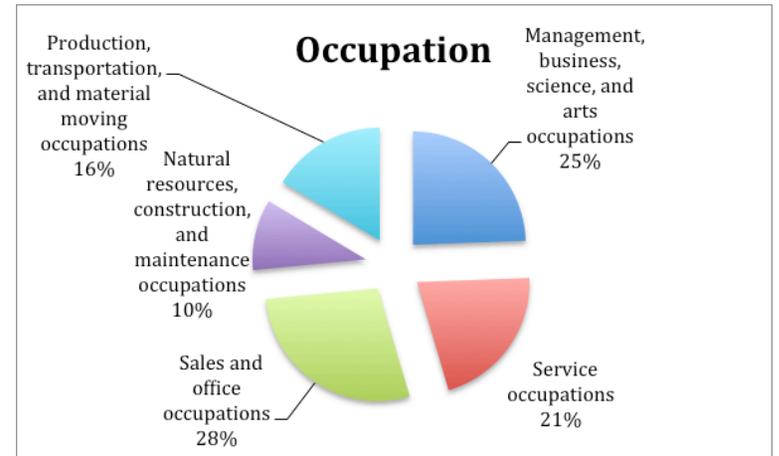


Chart 8: Occupation Summary for Sanford.
 Source: US Census Bureau 2000- 2010. See appendix for Detail Information.

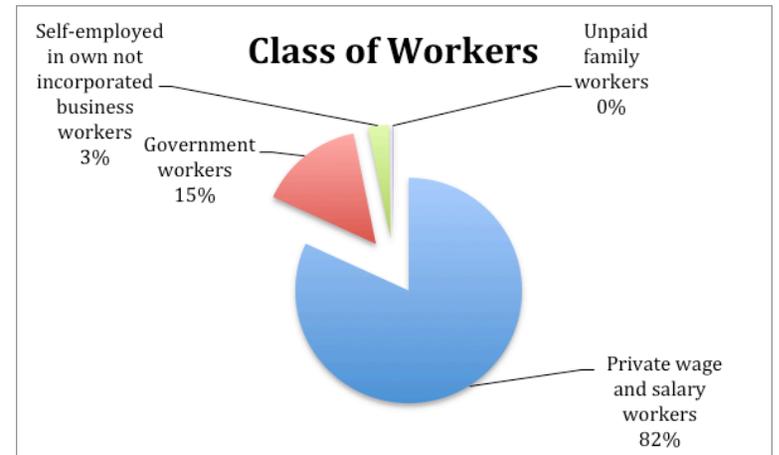


Chart 9: Class of Workers Summary for Sanford.
 Source: US Census Bureau 2000- 2010. See Appendix for Detail Information

Income

Based on the 2010 census, household income in Sanford is clustered in the lower to middle income range (Chart 10). The majority of the households makes less than \$150,000. About 70% of the households fall within the \$15,000 to \$99,999 income bracket. Of these households, 18% belong to the \$50,000 to \$74,999 income bracket, which constitutes the highest percentage of the income groups. The second highest percentage of the income groups is the \$25,000 to \$34,999 comprising of 14.9 % of households. It is also worth noting that 10.1% of the households have an income of less than \$10,000. These percentages have decreased from the 1999 census data with a few exceptions. The percentage in the income group between \$75,000 and \$99,999 has increased from 7.70% to 10.50%, and the percentage in the income group between \$100,000 and \$199,999 has increased from 3.60% to 9.5%.

Household income in York County presents a similar behavior as the town of Sanford's in 2010 with a slight shift towards the middle to high income range (Chart 11). Approximately 98.5%

of the households generate less than \$200,000 in income. About 74% of the households fall in the \$25,000 to \$149,999 income bracket. Of these households, the highest percentage of the income groups is the \$50,000 to \$74,999 bracket at 23.9%. The second highest percentage of the income groups is the \$35,000 to \$49,999 bracket at 14.4%. At the State level, household income for Maine is very similar to that of York County with the highest percentage groups at the same income brackets. Compared to Sanford, there is a slight percentage increase in the higher income bracket and a slight percentage decrease in the lower income bracket. (see appendix for income table)

The average household income in Sanford was \$49,962 in 2010. York County's average household income was \$62,791 whereas the State of Maine's average household income was \$59,300. Sanford's per capita income was \$20,931 (in 2010), an increase from \$16,951 in 1999. Per capita Income was, as of 2010, \$25,641 for York County and \$24,950 for the State of Maine. These have been depicted in Charts 12 & 13.

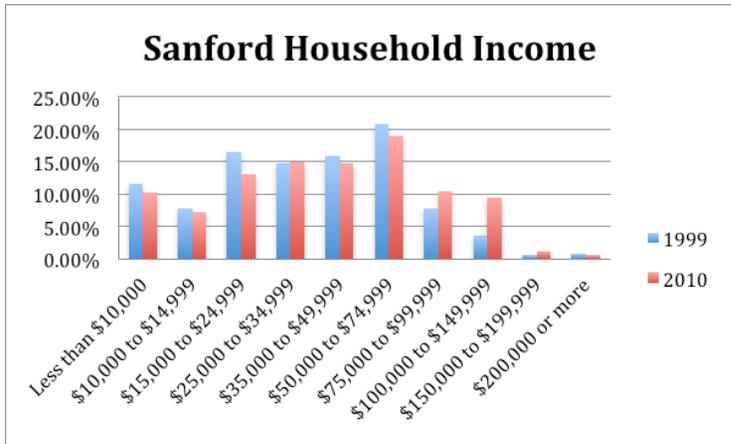


Chart 10: Sanford Household Income Summary. *Source: US Census Bureau*

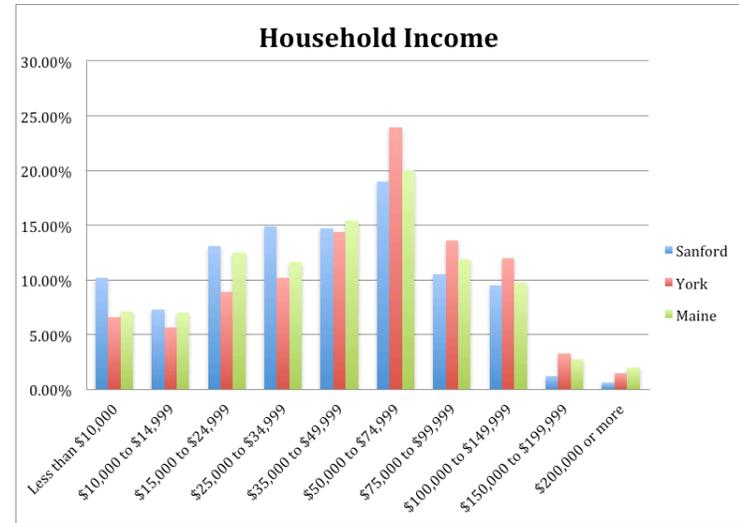


Chart 11: Comparative Household Income Summary for Sanford, York County & Maine. *Source: US Census Bureau 2000- 2010*

Chart 12: Comparative Per Capita Income Summary for Sanford, York County & Maine. *Source: US Census Bureau 2000- 2010*

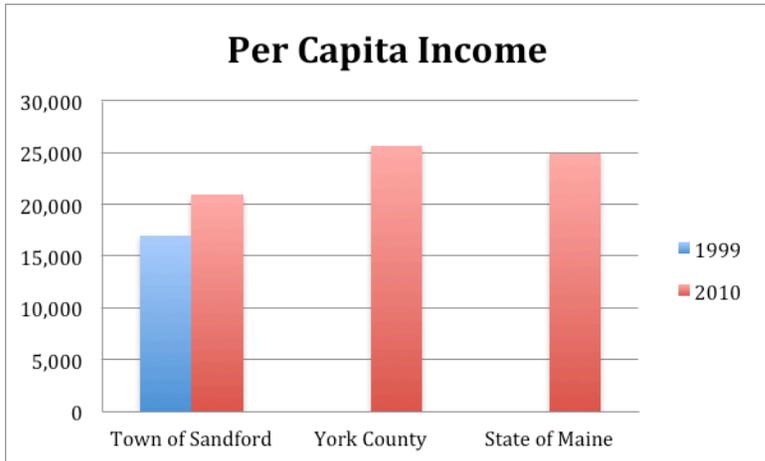
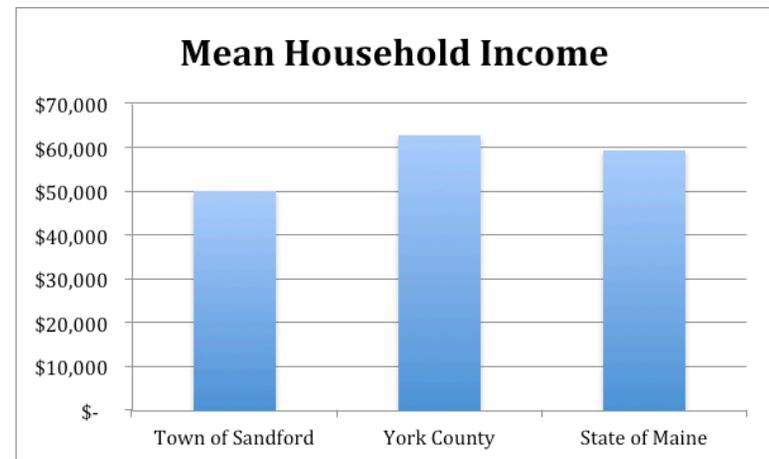


Chart 13: Comparative Mean Income Summary for Sanford, York County & Maine. *Source: US Census Bureau 2000- 2010*



Poverty Level Distribution

Table 5 below represents the percentage distribution of the type of families and people that constitutes the ones whose income falls below the poverty level in the past 12 months. The percentage allocation in the different categories is similar

across town, county and state. It is worth noting that within this income group, a large number (about 70%) of families have a female householder, no husband, and have related children under 5 years of age. This scenario stays the same across the studied geographic areas.

Subject	Sanford town, York County, Maine	York County, Maine	Maine
	Percent	Percent	Percent
PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL			
All families	11.90%	6.90%	8.80%
With related children under 18 years	19.20%	13.10%	15.20%
With related children under 5 years only	28.80%	20.70%	18.70%
Married couple families	4.10%	1.30%	3.90%
With related children under 18 years	3.00%	0.70%	5.50%
With related children under 5 years only	0.00%	1.30%	3.90%
Families with female householder, no husband	33.60%	27.80%	30.30%
With related children under 18 years	47.00%	38.40%	39.20%
With related children under 5 years only	71.80%	61.60%	63.90%
All people	15.10%	10.20%	12.90%
Under 18 years	18.10%	13.80%	17.80%
Related children under 18 years	17.60%	13.40%	17.50%
Related children under 5 years	20.70%	21.20%	23.30%
Related children 5 to 17 years	16.20%	10.80%	15.60%
18 years and over	14.20%	9.20%	11.70%
18 to 64 years	14.00%	9.20%	12.20%
65 years and over	14.90%	9.10%	9.50%
People in families	10.90%	6.80%	9.60%
Unrelated individuals 15 years and over	28.20%	23.40%	24.30%

Table 5: Poverty Level Distribution for Sanford, York County & Maine.

Source: US Census Bureau 2000-2010

SWOT Analysis

Strengths

- i. **Locational Advantage of Sanford Regional Airport:** The Sanford Regional Airport, which is Maine's third busiest airport, is centrally located in the Southern Maine Economic Development District and is accessible to most of the surrounding cities and smaller towns. The driving times from the Sanford Regional Airport at 21- 30 minutes covers most of the cities in Maine and at 31- 45 minutes covers some of the cities that are also served by the Portsmouth International Jetport. The short commuting times and the recent \$8 million renovation and up-gradation of the airport makes it one of the core strengths of the Town of Sanford's Economy.
- ii. **Low Unemployment Rate:** The Town of Sanford at 6% civil labor unemployment rate fares much better than the national unemployment rate of 8-9%. Consequently we see a resilient economy that has fared the economic downturn better than the rest of the nation primarily because of the self-reliance of the local communities and the employed population working in services and resource-extraction industries locally.
- iii. **Good Medical Services:** Goodall Hospital, besides being the largest employer in the town of Sanford is also a major hub for medical services in the region. The good connectivity of the Town of Sanford via Routes 4, 109 and 202 ensures that it is well connected to the Southern Maine families and serves as their first medical stop. In case of advanced conditions the hospital itself refers patients to the more advanced Maine Medical Center (45 minutes away to the north) and the facilities in Boston (90 minutes to the south).
- iv. **Redevelopment of the Mill yard Space:** Residential Development targeted at more affluent people will diversify income expenditure bracket in the town.
- v. **Enhancement of the School System** via \$10 Million grant will attract more people to the improved school district. The improvements will also raise educational level of town to help compete better at a regional level.
- vi. **Location:** Center of town & accessibility– 2 main gateway bypass the site.

- vii. One Pond Park Redevelopment: It is a part of the town's efforts to beautify the downtown. New pedestrian facilities will help support a vibrant street life characteristic of a stable downtown.
- viii. Local Government Support: The local government is enthusiastic about revitalizing the downtown. It is willing to adjust the zoning regulations while working in conjunction with development efforts.

Weaknesses

- i. Large Aging population: Nearly 28% of the population of the Town of Sanford is aged 55 years or more. This is a drain for the town's local economy and is perceived as a weakness.
- ii. Local Housing Market: The local housing market is in a bad condition reporting the highest foreclosure rates (at 6.7%) in the entire county. Most of the housing stocks is aged and needs renovation. Peculiar factor in the market is the discrepancy between the costs to build versus the costs to buy with the former being higher.
- iii. No direct access to I-95: Even though Sanford is Maine's seventh largest municipality and is well-served by Routes 4, 109 and 202, it still does not have direct access to the Maine Turnpike (Interstate 95). The current connection passes through the Town of Wells before connecting Sanford. This lack of direct access to the Turnpike has caused many industries to shy away from setting up base in the Town.
- iv. Undereducated Population: Compared to the York County (90% of population has high school degrees & 27% of population has an undergraduate degree) and the State of Maine (89% of population has high school degrees & 26% of population has an undergraduate degree), the population in Sanford is undereducated (83% of population has high school degrees & 16% of population has an undergraduate degree). The lack of quality education has caused major employers to shy away from the Town.
- v. Low Average Per Capita Income: The average per capita income for the Town of Sanford (\$23,000) is lower than those of the York County (\$26,000) and the State of Maine (\$25,000).
- vi. No Public park-and-ride system: 92% of the people commute to work using carpools or their own automobiles. However the Town does not have public park-and-ride lots. Presently most of these commuters park their cars at informal park-and-ride lots situated along gas stations and road shoulders.
- vii. Dispersed Economic Activity: Economic activity is currently centered around the Sanford Regional Airport and the village of Springvale.

Opportunities

- i. Transit Oriented Development: The central location of Sanford to Routes 4, 202 and 109 and the proposed expansion plans to I-95 gives the town an opportunity to truly develop as a transit-oriented-development.
- ii. Financial Incentives: To promote economic development the Town of Sanford is providing 8 types of tax incentives, 6 types of business development incentives and 5 types of technical assistant incentives in the Town.
- iii. Assisted Living: The large aging population creates an opportunity to explore assisted living in the community of Sanford.
- iv. Large youth population: Nearly 25% of the local population of Sanford is currently pursuing their education in the local schooling system. We foresee that upon graduation they will add to the workforce and hopefully some of them will have quality education that will cause the overall quality of education metric to improve that will in turn attract bigger economic industries and employers.
- v. Proposed expansion of Service Centers: When the proposed I-95 connection to the Town of Sanford is completed, there is an opportunity for the services centers, which currently are situated in other cities where the people of Sanford commute to, to expand into the town in turn creating economic development of the economy.
- vi. Public park-and-ride system: Et citido, there are informal park-and-ride lots for the commuters that occupy road shoulders and spaces around gas stations. This gives the Local Government an opportunity to exploit by providing formal park-and-ride facilities.
- vii. Population Growth at state and county level.
- viii. New Market Tax Credit: NMTC can be received because the median income for the town is below 80% of the median income of the county and the state.

Threats

- i. Population migration: The slowing economy and the lack of economic diversity in the Town of Sanford poses a potential threat to the town. The current population may migrate to neighboring towns and cities with better employment opportunities.
- ii. Big Box Retailers located within town: Big box retailers may provide stiff competition to the retail proposed for the Midtown Mall Block.

Site Analysis

Site Overview

The Midtown Mall redevelopment addresses the need for a revitalization in the downtown of Sanford, Maine. This redevelopment is located at the heart of Sanford, ME. The town desires that this redevelopment be the basis to spur redevelopment within the town. Additionally, the town would like to locate the transportation hub within this midtown mall. The redevelopment area is shown in Map 3.

Uses surrounding the site

The site has many influences which will effect the redevelopment. The mill yard space, one pond park, and the transportation hub are the major factors that will influence and help revitalize this site. These three factors will create a large economic impact for the site.



Map 3: Subject Site Overview

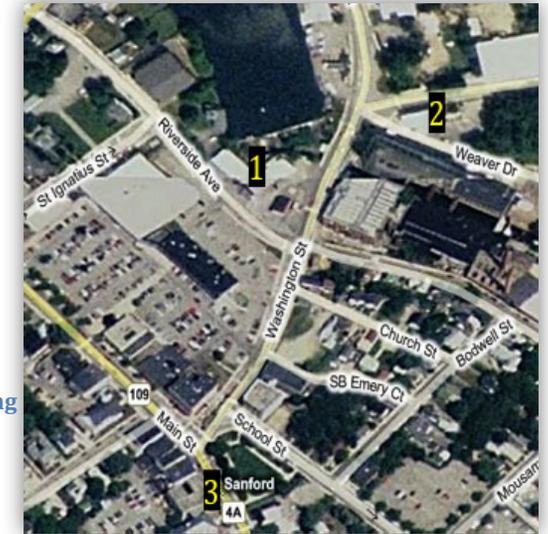
The Mill Yard redevelopment must be assessed in order to effectively plan for a redevelopment. The one million square feet of mill yard space is owned by six entities. Each of the entities has its own plan to redevelop the mill yard space. Currently, two of the entities have proposed and planned to convert the space into residential use. The mill yard entity that is located

opposite of One Pond Park and closest to the site has executed this plan to redevelop the space into 36 one-bedroom rental units with twenty-two thousand square feet of retail or office space. The developer is actively looking to fill his retail space so as to acquire finance to complete his development.

The creation of One Pond Park will greatly influence the site because it is located adjacent to site and will be an attraction for the town. The attraction will be created by the waterfalls, amphitheater, and green space that is to be developed. This park will be the center of town activity by serving as a host of the town parades and other activities that do not have a place of origin. Furthermore, One Pond Park (Map 4: Labeled 1) will be located centrally between the other two parks (Map 4: Labels 2 and 3). This park will become a connecting link and corridor for the town.

The strongest influence on the site will be from the transportation hub as it will be located within the site. The transportation hub will be the first of its kind within the town and will connect all the bus lines that operating throughout the city. Additionally,

through this creation, an official park-and-ride location will be established at this site. In sum, this hub will increase the daily visitors to the site and result in, correspondingly, a large economic impact.



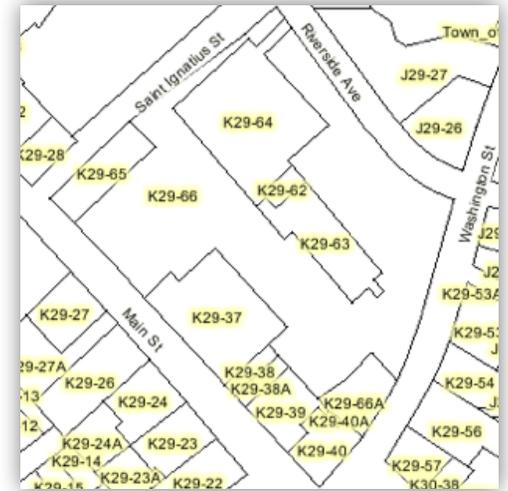
Map 4: Major uses surrounding Subject Site

Current Ownership at site

The Midtown Mall Site is owned by six different entities as shown in Map 5. The parking lot is in the possession of the local government who is attempting to work with the six owners to revitalize the area. Two of the buildings are for sale: Family Dollar building (Map 6: Labeled 1) for \$1.3 million and the building at the corner of Main Street and Washington Street is for sale, listed at \$1.7 million (Map 6: Labeled 2). Building 3 was recently renovated and expanded and is the location of SIS (bank). The owners of building 3, 4 and 5 (in Map 6) are ready and willing to work with the town to revitalize the area. The other two owners are satisfied with the current situation and don't wish to do an additional work. The Façade of building 1, 4 and 5 (in Map 6) is worn down and needs TLC.

The Downtown Legacy Board assists with the revitalization and upkeep of the Midtown Mall area. In 2011, the board started work to create a corridor between the family dollar building and the Main Midtown Mall Building (Map 6: Labeled 5). The work for the corridor will finish in summer 2012. The corridor will create easy access from the site to the park and to

parking on the lower level. Additionally, it will serve as a visual link between the park and retail.



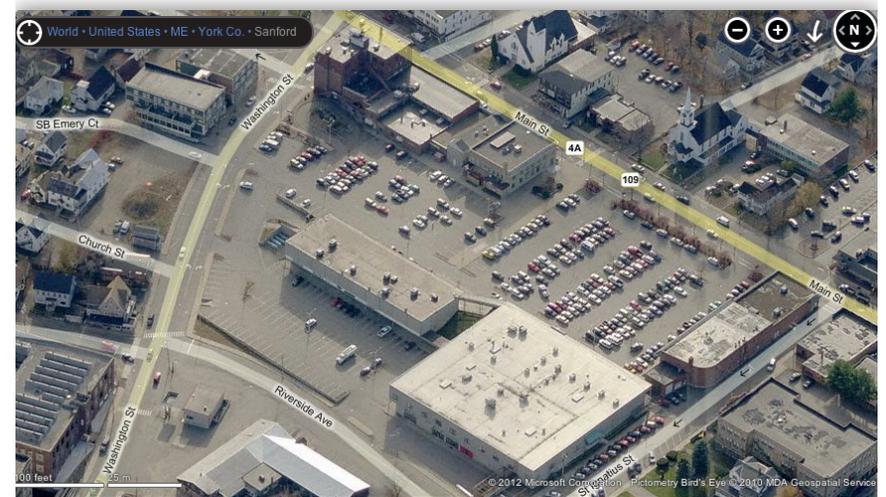
Map 5: Tax lots in Midtown Mall Block

Map 6: Separate Owners in Midtown Mall Block



Current Uses on Site

The site view in Map 7 shows the grade level difference from Main Street to Riverside Avenue in the general vicinity of the Family Dollar Building. This difference in grade is important to look at when understanding the site's development parameters. The slope of the site can be a hinderance, if it is not utilized. Currently, the two buildings affected by the slope are designed using the slope as an advantage, but, the design is inefficient for the entire site. The retail space located on the lower level is displaced from the public and, therefore, the business located there have a difficult time succeeding.



Map 7: Subject Site Analysis

Zoning on Site

The zoning for this site is downtown business and allows for commercial businesses and small retail. This can be seen in Map 8. The subject site inclusive of all the comprising tax lots is outlined in red. The township is flexible with rezoning the area, if the proposal requires rezoning.



Map 8: Downtown Zoning Map

Proposal Intent

Two proposals have been presented in this report to help revitalize the Midtown Mall Block. The two proposals analyze the site’s strengths, weakness, opportunities, and threats and accordingly design for the appropriate programming over different time horizons. Additionally, sustainable design has been incorporated and certain green technologies have been recommended.

The first proposal factors in the current financial and market conditions and suggests minimal changes. The changes include the adaptive reuse of the existing Main Midtown Mall building and rebuilding retail shops along the Main Street. The proposal, which represents a more realistic scenario over a shorter time horizon (~1 year), tries to use the least amount of resources to bring about the maximum economic impact.

The second proposal adopts a more optimistic approach and is based over a longer time horizon (10+ years). The proposal is based upon the Highest and Best Use Analysis and starts with the assumption of a completely ‘*blank slate*’. This enables a complete redevelopment of the entire block through a design that is optimized for size and use-mixes in the 10- year period and is built over two phases.

Quick facts from the two proposals have been summarized and contrasted with the current programming at the site in Table 6.

Table 6: Proposals Summary

	Current Site	Proposal 1	Proposal 2
	SF	SF	SF
Existing Retail	67,400	37,400	
New Retail	0	15,000	28,204
Total Retail	67,400	52,400	28,204
Flex Office Space	0	0	29,573
Medical Office Space	0	0	31,212
Total Office	0	0	60,785
Farmer's Market + Transit Lounge	0	0	12,500
Entertainment Zone	0	0	50,202
Parking	400	500	546

Proposal 1

Proposal 1 Overview

A layout plan for Proposal 1 is shown Figure 1 and a rendering for the proposal is shown in Figure 2. Proposal 1 addresses the need to revitalize the Midtown Mall site. The proposals takes into consideration the three influences and market supply and demand factors that effect the site.

This site plan proposes the following:

1. Demolition of the family dollar building to create additional parking which will fill the need for the transportation hub, retailer and One Pond Park.
2. The creation of a pedestrian corridor between One Pond Park (An extension of the current corridor created by the Downtown Legacy Board.) and Main Street, and St. Ignatius Street and Washington Ave. The pedestrian corridor will cre-



Figure 1: Proposal 1 Layout

ate a visual corridor from the the Church located on Main Street. This visual corridor will entice visitors from the church to visit One Pond Park and spend more time within the pedestrian corridor and, in turn, they will spend money at retail shops located at the site.

3. Locate the transportation hub within the main Midtown Mall building. Locating the hub within the building will increase the number of daily visitors to the building and, thereby, increasing the exposure of the retailers.
4. Relocate the retail space located on St. Ignatius Street to Main Street. This is necessary to fill the void that is felt on Main Street and to give more exposure to the retail space.

5. All the retail space located on Main Street should have dual access, both from Main Street and the pedestrian corridor. The dual access will increase visitor inflow.
6. The retail mix for the site the needs to support the demand of the new residential units, the park, and the transportation hub.
7. Finally, the facade of the main Midtown Mall Building needs to be updated to allow more light and air into the space.

Figure 2: Proposal 1 Rendering



Proposal Details and Programming

The current site has parking limitations because employees, commuters, and shoppers all use the parking that fills 95% of the site. After the completion of One Pond Park and the transportation hub, the demand for additional parking will increase and, additionally, 25 spaces have been promised to a Mill Yard redevelopment. The supply of parking has to be increased to keep up with demand and, thus, the demolition of the Family Dollar is proposed. This can create an estimated 52 spaces.



Figure 3: Current Parking Conditions

As mentioned earlier the family dollar building is located where the grade level changes (shown in Figure 3) and taking advantage of this will help in efficient construction. This advantage can be taken by creating a 1 level deck. This deck can be created by knocking down the upper level of family dollar building, creating above grade parking and converting the lower retail space into below grade parking. This will bring the total of new parking spaces to 104. Figure 4 shows the upper level of the deck with the pedestrian corridor.



Figure 4: Proposal-1 Rendering with Parking Deck (in grey) & Transit Lounge (in yellow)

The demolition of the Family Dollar building can be justified by understanding that by decreasing retail space it will increase demand. Also, the quality of tenants currently located within the Family Dollar building is low-end and does not spur economic activity. The highest and best use for this space is turning the space into parking.

As mentioned earlier, the transit hub will be an important addition to the City of Sanford. Locating the hub within the main Midtown Mall Building will be an ideal location because of the grade level change of the building. Buses can enter the lower level of the Midtown Mall where they can pick up passenger (Refer Figures 5 and 6). Having the transportation hub located within the mall will entice commuters to shop within the mall, thereby increasing the retail returns and value of the Midtown Mall. If the transit hub were located or built elsewhere within the site, it would block the views of the park, limit parking, and interrupt the pedestrian corridor between the streets and park.

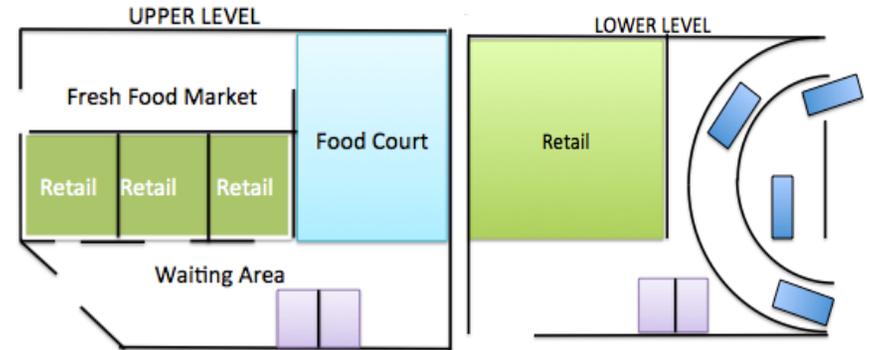


Figure 5: Schematics of Proposed Transit Lounge & Retail



Figure 6: Proposal-I rendering of Transit Lounge

The current retail space located on St. Ignatius Street is displaced from the rest of the development and, therefore, by lo-

cating the retail space on Main St., the space will become part of the development. Furthermore, the façade of the building is dated, and, as such, moving and building a new retail space will be an additional step for revitalizing the development. The new retail space will attract higher paying and better long-term tenants. The new building will be designed having two main entrances to allow pedestrians to enter from the pedestrian corridor and from the Main Street. The two entrances will allow retailers to capture a larger audience. The other two buildings on Main Street will follow the same retail format to create a pedestrian friendly environment.

The current retail tenant mix is random and does not attract a specific audience. In order to attract a specific audience, the retail mix has to be complimentary to the area and create demand. The tenant mix does not create a vibrant atmosphere; actually the mix is low-end and the properties are not well-maintained. The tenant mix needs to create a demand and be complimentary to the business and residential development that is being created in the area. A study by Bartram and Cochran in 2005 recommended the ideal retailers for the Midtown

Mall are niche bookstores, brewpubs/martini bars/wine bars, restaurants including tapas, specialty cuisines and other unique foods, specialty coffee shops, bakeries, nightclubs/dance clubs/jazz club/music clubs to help create night life in Downtown, art galleries, gourmet food stores, women's clothes/shoe retailers with unique items, children's clothes/shoes retailers with handmade and imported items, housewares/kitchen supplies, oriental carpets, boutique ice cream parlors, plant and florists shops. Over the last 7 years, many things have changed in Sanford and, therefore, only a few of these recommendation are still viable. Bookstores, restaurants, fast food shops, specialty coffee shops (currently located), bakeries, gourmet food stores, houseware/kitchen supply stores, boutique ice cream parlors and florist shops are all ideal retailers for the downtown area. These retailers would address the needs and demand of the public that would visit the downtown area.

Proposal Execution

The execution is vital to the success of this proposal. The complexity of construction, the ideal retail tenant mix, and the cost of acquisition are weaknesses for the town and, thus, partnering up with a private developer will be essential. The town will have to form a public private partnership to give the developer incentive to invest capital with the Midtown Mall site. Due to the current Sanford market, the town will need to provide developer sufficient financial incentive to invest capital. The Town of Sanford will benefit through the partnership by having a developer work on the project. Additionally, the town won't need to micro manage each owner for their portion of the site development rather it'll just deal with one developer.

The developer will be responsible for purchasing Buildings 1, 4, and 5 (Figure 7). The town will grant the parking lot (Figure 7: labeled 6) to the developer for 30 years as an incentive. Additionally, the town will give a full tax abatement for 10 years. The developer will suffer losses from the demolition of the

Figure 7: Site Acquisition Plan



Family Dollar Building (Figure 7: labeled 1) and, thus, the town should provide a low interest loan that covers total acquisition and construction costs of parking. Thus the town will receive the Family Dollar parcel after 30 years. The project also qualifies for new market tax credits, which further incentivizes the developer. To further incentivize and lower the developer's risk, the Transit Authority will lease the Midtown Mall building for 10 years, where they will locate the transportation hub. Additionally, the Transit Authority will retrofit the building with the \$1.1 million dollars grant that they have received for their transportation hub. The Transit Authority will be able to generate additional income through the leasing of retail spaces located within the transportation hub building. The developer will have a stable tenant and an easier time getting financing.

Proposal 1 Financials

The financials report below looks at a developer's return with the incentives they have been provided. Assumptions about the developer using debt has been used to calculate the returns.

Project Assumptions

The cost of construction has been assumed by speaking with Benchmark Construction, the local company that is currently working on the site to develop the pedestrian corridor. The total development cost is projected to be \$7.1 million. Assuming, the town provides 100% financing for the conversion of the Family Building, this brings the true development cost to \$5.6 million. Assuming 70% loan for the cost of \$5.6 million, the loan amount will be approximately \$3.9 million. The financing term for the \$3.9 million will be a 6% interest with a 25 year

term. The pedestrian corridor is projected to take 6 months to develop with a total cost of \$924,000.

An assumption of five percent vacancy and credit loss has been calculated. An annual rent of \$12.39 for the retail space in the midtown mall has been considered. This is \$1 below the current market rent for retail properties in the South Portland Area. The rent for the new retail space will be \$13.39 because it is new construction and therefore the property should receive market rents. An operating cost of 60% has been assumed for the new retail space and parking facility maintenance. The Midtown Mall building will have a net lease and thus zero operating cost. A reversionary cap rate of 7% will be used in year 5 sell out.

Financial Analysis

Equity and debt will be used get the highest and best return for the developer. Equity of \$1,680,000 will be required for the developer; this will be an attractive investment for the developer because the incentives received through the public private

partnership will lower risk and provide for an attractive return. The purchase price for site is the current assessed value and thus the providing a developer with incentives will make the development attractive. Detailed Financial Analysis can be found in the Appendix.

Projected Returns

Based on the mentioned information, the unlevered IRR is 9% and levered IRR is 19.2%. NPV is approximately \$1.1 million. This return may be low, but it is a safe investment and has low risk. The NOI for year 1 is \$530,000.

Sources of Funds

In term of funds, the developer will require \$ 1,680,000 cash for the total acquisition cost. In term of sources, the model plans to utilize a low interest loan provided by the town of Sanford for \$1.5 million. The developer will have to get an additional \$3.9 million in debt to acquire the parcel and completely the construction. The developer has the ability to apply for

New Market Tax Credits but the model doesn't assume an income from this credit.

Assumptions	
Cost of sale	4%
Discount Rate	7%
Residual Cap Rate	7%

Table 7: Financial Assumptions Summary

Return Summary	
NPV	\$952,537
IRR (unlevered)	9.0%
IRR (levered)	19.2%

Table 8: Financial Returns Summary

Sensitivity Analyses

To mitigate financial risk, we performed sensitivity analysis on rental rates, vacancy, LTV, cap rates and discount rate. The sensitivity analysis illustrates how the IRR yields fluctuate based on the different scenarios (Table 9).

As mentioned previously, different rental rates have been assumed for each building, to get a more accurate return. We are confident in the rental rates but if the rent for the New Retail space decrease by \$1/SF per year, the IRR would decrease to 18.32% assuming a 5% vacancy. Similarly, if the rent for the Midtown Mall building drops by \$1/SF per year, the IRR would decrease to 13.60% assuming a 5% vacancy as well. Below is the sensitivity for different rental rates.

Similar Sensitivity Analysis for Vacancy, LTV, Cap Rate and Discount Rate are also shown in Tables 10- 12:

New Retail Sensitivity - Rental Rate				
IRR Leveraged	\$10.39	\$11.39	\$12.39	14.39
19.2%	16.60%	17.47%	18.32%	19.98%

Midtown Mall Rent Sensitivity Rental Rate				
IRR Leveraged	\$10.39	\$11.39	13.39	14.39
19.2%	7.15%	13.60%	24.10%	29.00%

NPV Cap Rate			
\$952,537	6%	8%	10%
6%	\$1,973,042	\$394,706	-\$552,295
8%	\$1,648,008	\$237,122	-\$609,410
10%	\$1,363,802	\$100,002	-\$658,278

Cap Rate			
IRR Leveraged	6%	8%	10%
19.2%	26.8%	11.7%	-5.2%

LTV			
IRR Leveraged	75.0%	80.0%	90.0%
19.2%	21.2%	24.1%	35.8%

Vacancy			
IRR Leveraged	7%	10%	12%
19.2%	16.9%	13.2%	10.6%

Tables 9, 10, 11 & 12: Sensitivity Analyses Summary

Proposal 2

Overview

Based on previously conducted studies³ and local market analysis, our team proposes a complete demolition of the existing Midtown Mall structures and the Brick Building on the corner of St Ignatius St. and Main Street. The proposal entails the creation of (a) retail pedestrian corridors along the site of the proposed Mid-Town ‘Linear Park’ that will be populated on either side by local businesses along the ‘High-Street Market’ model on the ground floor and the construction of office spaces on the higher level, a transit hub (essentially a waiting lounge), a farmer’s market, medical offices zone, an entertainment zone and two parking structures. Each component is further described in detail in the diagram of the layout.

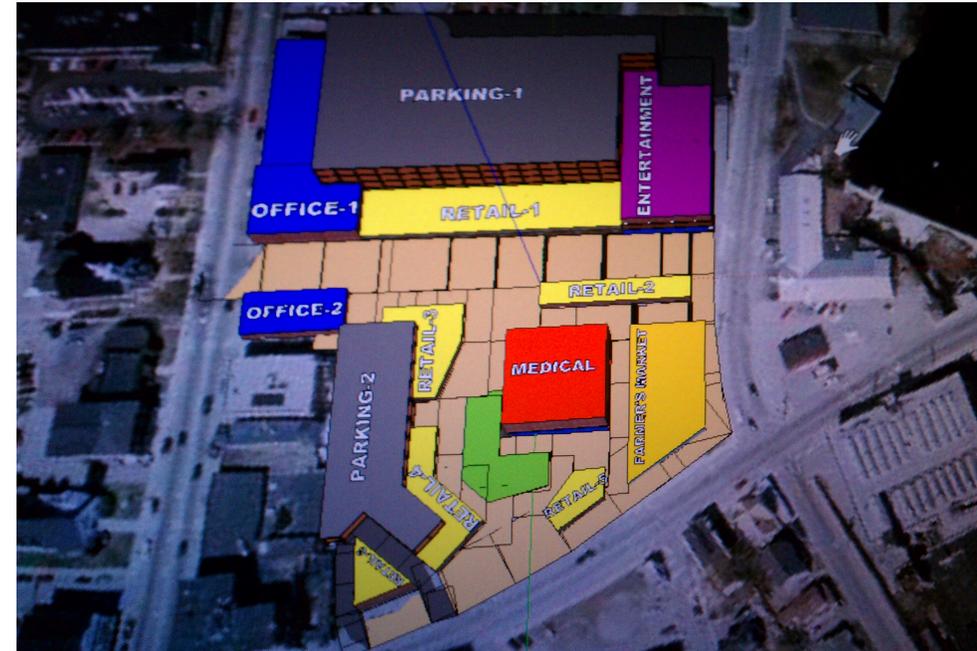


Figure 8: Proposal 2 (Combined Phases) Layout. The pedestrian corridor connecting Main Street to Riverside Boulevard also serves as a visual link between the Church and the soon to be formed One Pond Park.

The design of the layout shown above in Figure 8 revolves around two central elements- a pedestrian corridor and a public square. These are the focal point of the design because these elements integrate the project to the revised streetscape and primarily contribute to the urban fabric of the block at the

³ Previous studies include the ‘Blue Ribbon Community’ and the various alternatives given by GLA Landscape Architects, Wright-Pierce Engineering and Kent Associates Planning & Design.

street level. At a secondary level, the pedestrian corridor serves two main functions. The first is to provide a visual access from Main Street to Riverside Avenue, and the second is to better break the expanse of the frontage along the two roads without sacrificing the character of the neighborhood. The corridor will provide a direct visual link from the church across the Main Street to the Riverside Park and Number One Pond that lie across Riverside Avenue. The layout has been further divided geographically into use zones to give a sense of context to the site. This is further explained in the programming section.

Proposal Details and Programming

Parking

After much deliberation, the design team decided to implement two standalone parking structures that runs from the corner of the Main Street and St. Ignatius Street almost to the end of the site at Riverside Avenue and behind the existing office buildings at the corner of Main Street and Washington Street. The first parking building will have a floor plate of 53,181 SF and will have 4 stories.

The second parking building will have a floorplate of 16,660 SF and will have 2 stories. With the assumption that on an average a vehicle requires 450 SF of space (parking stall and lanes included), the floor plates yield about 118 and 37 spaces. The parking structures will provide parking for the employers and customers of the Mid-town Block as well as for the people visiting the transit lounge. Phase-I of the project will see the 4-storey parking building while Phase-II will see the second (2-storey) parking building.

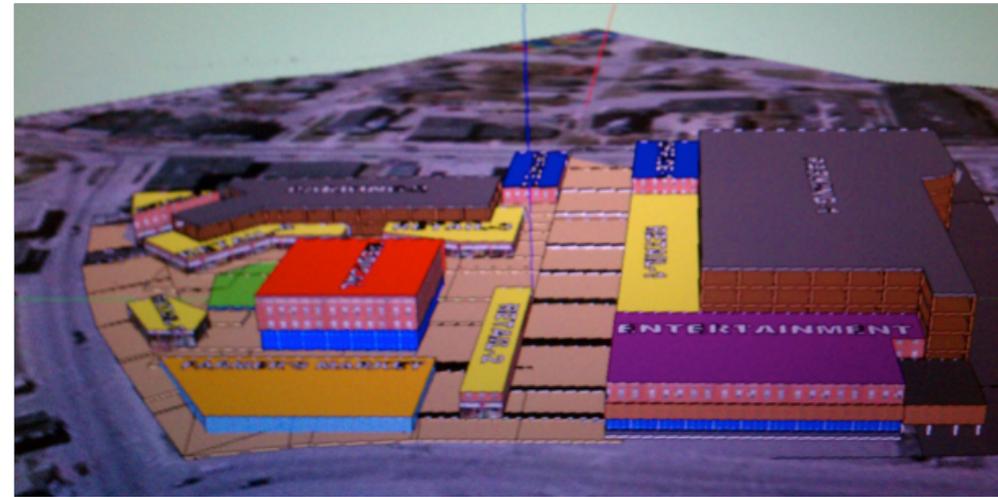


Figure 9: Phase-I Parking-1 Building (4 Levels) as seen from Riverside Boulevard



Figure 10: Phase-II Parking-2 (2 levels) as seen from Washington Street

Transit lounge

The transit lounge, which has a floor plate of 2,500 SF, is appended to the parking structure at the frontage of Riverside Avenue and St. Ignatius Street. This has been deliberated because it has been seen historically that people using the transit facilities essentially require a park-and-ride service where they can conveniently and safely park their cars⁴. Another point of interest in the design is that the transit lounge is a single storey structure but has been built on stilts/ pillar design. This has been done for two reasons. The first reason is to keep the Transit Lounge at the same level as the ground floor of remaining site by accommodating the difference in elevation from the Main Street side to the Riverside Avenue, which is almost the height of a level. The second reason is to provide enough open space for the buses that enter from St. Ignatius Street (one-way street) to Riverside Avenue without causing a traffic snarl. The idea envisions that the buses simply enter from St. Ignatius Street, drop off/ pick up passengers and exit from the Riv-

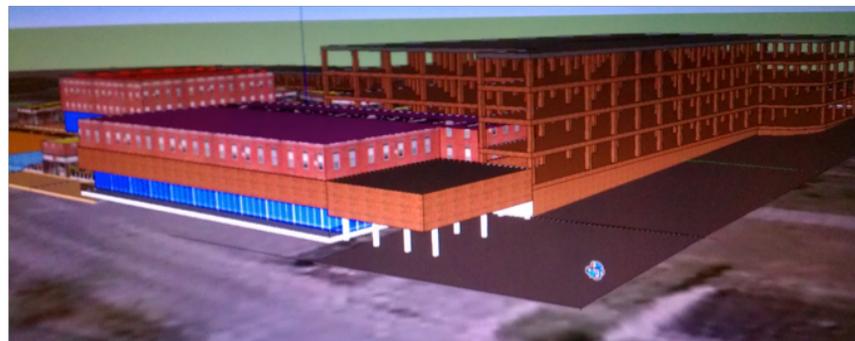


Figure 11: Transit Lounge can be seen with its stilt/pillar design as viewed from the corner of St. Ignatius Street and Riverside Boulevard.

erside Avenue. The passengers can then take an escalator/ stairs to the waiting lounge in the transit hub above, which is further connected to other facilities that are on the same level. Figure 11 helps to visualize this idea. For the sake of simplicity and to minimize operational uncertainty we propose to build the transit lounge for the city in Phase-I and sell it to the YC-CAC.

⁴ Currently people awaiting the bus services park along the streets and fuel stations due to the lack of a public park-and-ride facility.

Medical Office Space

Continuing in the layout, the next major use zone is the medical offices block. The building is located on the other side of the pedestrian corridor in an effort to promote pedestrian traffic. The building will have floor plates of 10,404 SF and at three stories each will provide 31,212 SF of space. The rationale behind incorporating the medical offices is threefold. The first rationale is grounded in the local demand. Last year, Goodall Hospital added 30,000 SF of outpatient facility to accommodate hospital's rapid growth. A recent report published by CBRE announced that the hospital will continue to demand extra space over the next few years. The second rationale is its contribution to making the redevelopment a semi-destination area. The creation of other uses will attract more people to frequent the area; amongst those will be patients/ people requiring quick medical services that do not require overnight stays. In addition, the development of the transit hub will provide easier access to those who need to go to the doctor. The last rationale is the increasing demand for medical services that will be required when the redevelopment of the mill yards into residential units is completed. The two buildings will be built in dif-

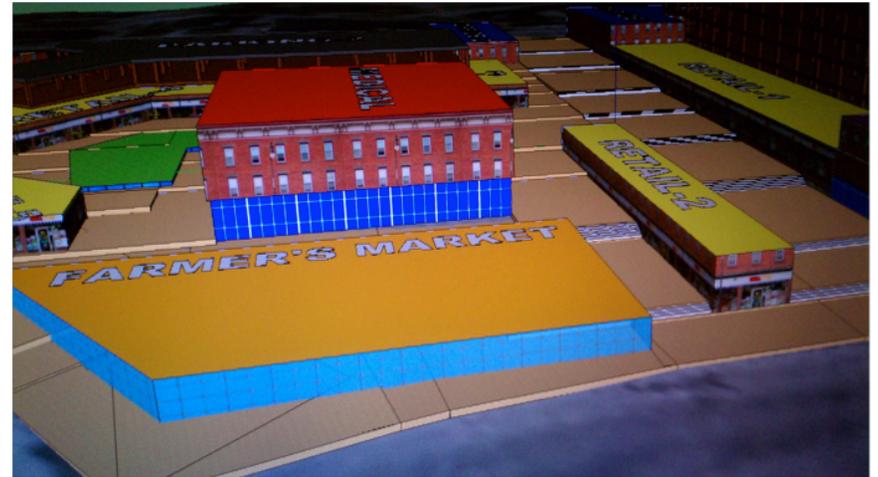


Figure 12: Medical Offices (shown in Red) as seen from Riverside Boulevard. The square block will be 3-storeyed.

ferent phases to mitigate potential risks that we may face at the onset of the project.

Farmer's Market

The next major use zone is the Farmer's Market, which is located along the corner of Washington Street and Riverside Avenue. We believe that this location is the most visible location of the entire site because of major road access, the visual link created by Washington St. from Central Park to the Riverside Park, proximity to the mill yards and Heritage Crossing,

and the declining elevation of the Mid-town Mall Block. With so many factors into play our design team wanted to create a design that is simple, appealing and serves a broader purpose. Therefore, we created a Farmer's Market, which is part of Phase-I, that will not only serve the existing residents⁵ but also the newcomers who are expected to shift into the repositioned

mill yard space. Farmer's market will be a simple trapezoidal structure with a glass façade and a floor plate of 10,000 SF⁶. Glass is chosen as the final façade material because of its impact at a visual, psychological and functional level. Visually, glass façade will offer optimum isolation from the street while offering views to either side of the wall. This will also not completely obstruct the visual link, which extends from the Central Park to the Riverside Park and the Number One Pond, at the corner. At a psychological level, we believe, that views from either side of the glass wall allow pedestrians to see and feel engaged to the indoor activities and attract them shop. Glass will also provide for plenty of natural light and heat, reduce the dependence on artificial sources of lighting during the day and provide for a better indoor environment in the market.



Figure 13: Farmer's Market (Glass façade) as seen from the corner of Riverside Avenue & Washington Street.

⁵ Currently Farmer's Market is held at Central Park and does not house a permanent structure.

⁶ The current demand for the Farmer's Market is approximately 10,000 SF.

Retail Spaces

Tying in with the Farmer's Market Location is Retail, which is split between Phase-I & Phase-II. The High Street Retail will be comprised of six buildings will cover a total of 28,204 SF and will house local businesses such as gourmet restaurants, fast-food restaurants niche bookstores, brewpub/martini bar/wine bars, bakeries, women's clothes/shoes retailers with unique items, children's clothes/shoes retailers with handmade and imported items, housewares/kitchen supplies, oriental carpets stores, plants and florists shop, coffee houses and small businesses such as the *Dairy Queen Ice Cream Shop*.

The retail areas will be distinguished from the remaining areas of the site by the presence of arcade. This has been done keeping in mind that the area receives a lot of snow and by providing arcade, we make it easier for the pedestrians to travel around whenever it snows.

A summary of the retail spaces and distribution has been shown in Table 13 and Figure 14.



Figure 14: Different Retail blocks that will be built in two phases. Retail-1, Retail-2 and Retail-5 will be built in Phase-I. Retail-3, Retail-4 and Retail-6 will be built in Phase-II and will be contiguous to PArking-2 building.

Flex Office Spaces

The flexible office spaces will be built in Phase-II and will comprise of two buildings. Both buildings will be have frontage along Main Street and will flank the pedestrian corridor. Targeting the local small businesses in the area, the two buildings will offer flexible room configurations. The Office-1 building will be

a 2-storey structure that will be attached to the Parking-1 building and will not only provide convenient entries from the Main Street and the parking bay itself but also help the overall development by visually hiding the parking structure. Level 1 of this building will cover 17,918 SF while level 2 of the building will cover 7,245 SF. The second parking structure will be built in Phase-II and cover 33,320 SF spread equally over two levels (each level will be 16,660 SF). This 2-storey structure will give convenient parking for the existing businesses along the Main Street and Washington Street intersections and flanked by retail buildings (Retail-3, Retail-4 and Retail-6) that will be built in Phase-II as well. The 2-storey retail building (Retail-6) will also help hide the parking building from the Washington Street frontage. The total area provided for flexible office spaces will be 29,573 SF. We believe that bringing flex offices into the mix will give the downtown the diversity it needs for the long run. The Flex Offices have been illustrated in Figure 15 and details shown in Table 14.

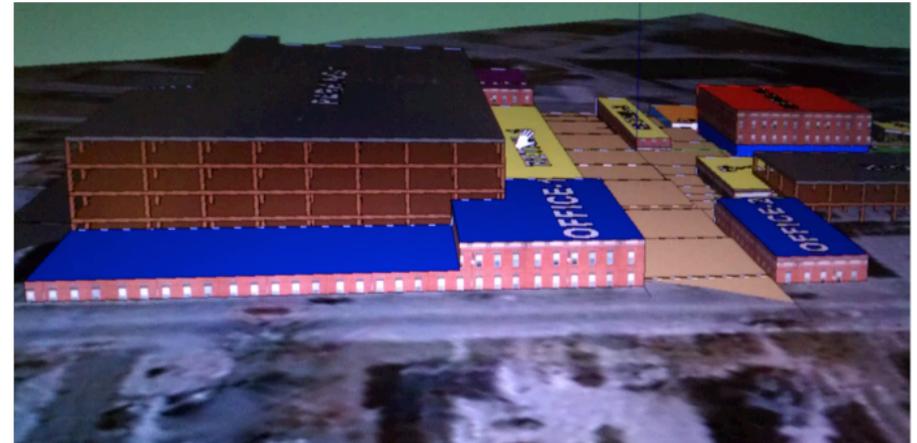


Figure 15: The two Office Buildings will be built in Phase-II and will have Main Street Frontage.

Retail Details					
	Retail Phase-I		Retail Phase-II		Total Retail
Retail-1	14,310	Retail-3	4,601		
Retail-2	4,000	Retail-4	4,277		
Retail-5	2,175	Retail-6 (2 floors)	3,442		
Total	20,485	Total	7,719		28,204

Table 13- Summary of Retail Distribution

Entertainment Zone

The final component of the design as illustrated in Figures 16 is the Entertainment Zone. We felt that the presence of some recreation/entertainment component was necessary to make the Midtown Mall block redevelopment a year-round destination. The rectangular block will be located along the Riverside Boulevard (later Riverside Avenue) frontage; it will be a 3 storey structure and cover cumulatively 50,202 SF split in three stories. We believe that a good mix of tenants in this building can be a nightclub or a sports bar⁷ along with an arcade zone. Previously, we were hopeful of having another floor on top of the existing ground floor that would have catered to performing arts and a cinema multiplex along with a Jazz Club/Music Club but because of uncertain demand patterns have reserved it for further phases in the future.

A construction schedule⁸ has also been prepared to give a better sense of the timeline for execution of the project.



Figure 16: Entertainment Zone (in purple) in Phase-II as seen from Riverside Boulevard. The rectangular block will have 3 storeys.

Flexible Offices Details	
Office-1 Floor-1	17,918
Office-1 Floor-2	7,245
Office-2	4,410
Total	29,573

Table 14- Summary of Flex Office Distribution

⁷ Night clubs and sports bar require 5,000 SF- 10,000 SF and 2,000 SF of space respectively.

⁸ Presented in the Appendix Section.

Proposal 2 Financials

Project Assumptions

The cost of acquisition of the parcels in the Midtown mall block is based on data found on the Town of Sanford's GIS system. The town assessor was also able to provide further information regarding the market value of the acquired properties. The acquisition cost for the parcels to be developed is about \$3.5 million.

The data for demolition cost and construction cost for each component of the project was either provided by the local contractor who has recently worked on the mill yard site adjacent to midtown mall or based on our research and various reports that the team came across during due diligence. The total development costs for both Phase-I and Phase-II are estimated to be around \$31,791,237. The equity expected from the developers for the entire project is approximately \$6,747,366.

Table 15: Summary of Tax Lots Acquisition

Property Acquisition	Price
Family Dollar	\$ 900,000
Main Midtown Mall Building	\$ 1,800,000
Building on St Ignatius	\$ 700,000
Staircase parcel	\$ 22,500
Closing Cost (2%)	\$ 68,000
Total	\$ 3,490,500

Rent Estimates

The rent estimates were based on prices charged in suburban markets in the vicinity of Portland, Maine metro area⁹. All estimates are on an annual basis. The retail space is projected to produce \$15 per SF on year one of operation, farmers’ market \$10 per SF, medical office¹⁰ \$18 per SF and the entertainment zone \$24 per SF. Rents for phase two components will be based on the escalation price at year 4 of operation. The transit lounge will be built to the YCCAC specific requirements and sold to them once construction is finalized.

Table 16: Phase-I rent estimates

Phase 1-Rent (\$/SF/year)	
Retail Space	15
Farmer’s Market	10
Medical Offices	18

Table 17: Phase-II rent estimates

Phase 2-Rent (\$/SF/year)	
Retail Space	17.55
Flex Offices	18.00
Entertainment Zone	27.01

⁹ Source: The CoStar Retail Report Year-end 2011 Portland/South Portland Retail Market

¹⁰ Source: The CoStar Office Report Year-end 2011 Portland/South Portland Office Market

General Assumptions

The model assumes a 3% escalation for revenue and expense, a 5% for soft costs, and 8% for the residual capitalization rate. Vacancy has been estimated at 10% for the parking structure, 7% for the entertainment zone, 5% for flex office space, and 5% for medical office. We expect the retail spaces to be 80% leased out in year one of operation, 85% leased out in year 2 and stabilized at 5% vacancy rate at year 3 of operation. All lease types will be expected to be NNN with the exception of the farmers' market and the flex space.

Table 18: Proposal 2 General Assumptions

Vacancy	
Parking	10%
Retail	
Year 1	20%
Year 2	15%
Year 3	5%
Entertainment Zone	7%
Medical Office	5%
Flex Office	5%
Farmers Market	2.6%

During Phase-I, the model intends that the developer build a portion of the total planned retail space and parking. The farmers' market, medical offices and the transit lounge constructions will be completed in Phase-I. The developer will build the flex office, entertainment zone and the remaining portion of the retail and parking in Phase-II.

Sources and Uses

In term of uses, the developer will require \$ 4,486,590 for the total acquisition cost. The total development cost for the Phase-I is \$21,513,253. The developer will also require \$1,027,402 for the first year interest on the construction loan until the project starts to produce cash flow. The total development cost for Phase-II is \$6,787,484.

In term of sources, the model plans to utilize the existing TIF resource to fund a fraction of the initial project cost and also a part of our Phase-II. We also estimate approximate \$7.8 million will come from the New Market Tax Credit and will provide funding for both phases of the project. This is based on the assumption that the developer can sell the tax credits for 75

cents on the dollar. The model intends to obtain an overall construction loan of \$18,667,158 and provide a total of \$5,751,276 in equity. The cost to build the transit lounge in Phase-I will be provided by YCCAC.

Loan Details

The model assumes a 70% LTC for the construction loan. The duration of the construction period for Phase-I is estimated to be 18 months and for Phase-II is 12 months. The 8% interest rate is assumed for both 30-year self-amortizing loans. The construction loan will be divided into several sections. For Phase-I, the developer will be borrowing 70% LTC of the hard cost, 75% of which will come from conventional construction at 8% and will rollover into a permanent loan at 5%, once construction is completed. The remaining 25% of the loan will be financed at a lower 3% rate provided by the Town of Sanford through the issuance of muni-bonds. The Phase-II loan structure is identical to that of Phase-I, which will occur at year 5 of the project.

¹¹ Based on Local and Federal incentives.

Financial Returns

Project Returns

The target time duration for the project is 10 years. At the end of year 2023, the model suggests a sell off of the entire project at year 11 based on an NOI of \$3,984,361 at a 8% cap rate. This translates to a project value of \$49,804,518. The project generates a unlevered IRR of 8.17%, a levered IRR of 9.55% and a Developer's IRR¹¹ of 25.87%.

Table 19: Project Returns Summary

Project	IRR	Equity Multiple
Unlevered	8.17%	1.92x
Levered	9.55%	2.20x
Developer	25.87%	7.68x

Sensitivity Analyses

In order to reassure the feasibility of the proposal a series of sensitivity analyses were conducted. Amongst the variables studied are the IRR based on different terminal capitalization rates, rental rate fluctuations for the various components of the proposal, and variation of the vacancy rates for those components. We obtain developer's IRR of 28.2% at 7% cap rate, 23.8% at 10% cap rate and 30.1% at a 6% cap rate. In terms of rental rates at an increment of \$5, the IRR fluctuates by 1-3% for retail and 1% for farmer's market. The change is similar for the medical office, flex space and the entertainment zone where the rent changes by \$2 in the analyses. The vacancy levels at different rates have similar impacts to the developer's IRR. The variation in the entertainment zone portion in which if vacancy were to increase from 10% to 30%, the IRR decreases from 25.9% to 21.7%. However, the IRR does not fall below 21%.

Tables 20- 25: Phases- I & II Vacancy Sensitivity Analyses

Parking Vacancy			
IRR Leveraged	10%	20%	30%
26.5%	26.5%	26.1%	25.8%
Retail Vacancy			
IRR Leveraged	30%	40%	50%
26.5%	26.5%	26.4%	26.4%
Entertainment Vacancy			
IRR Leveraged	10%	20%	30%
26.5%	25.9%	23.9%	21.7%
Medical Office Vacancy			
IRR Leveraged	10%	20%	30%
26.5%	26.2%	25.6%	24.9%
Farmer's Market Vacancy			
IRR Leveraged	20%	25%	30%
26.5%	26.4%	26.4%	26.3%
Flex Office Vacancy			
IRR Leveraged	10%	20%	30%
26.5%	26.4%	26.0%	25.7%

Tables 26- 31: Phases- I & II Rental Sensitivity Analyses

Retail Rent Sensitivity Phase-I				
IRR Leveraged	\$ 10.00	\$ 15.00	\$ 20.00	\$ 25.00
26.5%	25.18%	26.52%	27.81%	29.04%
Farmer's Market Rent Sensitivity				
IRR Leveraged	\$ 5.00	\$ 10.00	\$ 12.00	\$ 15.00
26.5%	26.03%	26.52%	26.72%	27.01%
Medical Office Rent Sensitivity				
IRR Leveraged	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00
26.5%	25.17%	25.85%	26.52%	27.19%
Retail Rent Sensitivity Phase-II				
IRR Leveraged	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00
26.5%	26.30%	26.52%	26.75%	26.96%
Flex Space Rent Sensitivity				
IRR Leveraged	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00
26.5%	25.87%	26.20%	26.52%	26.84%
Entertainment Zone Rent Sensitivity				
IRR Leveraged	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
26.5%	25.72%	26.02%	26.31%	26.59%

Sustainability on Site

Why Sustainable Design or Green Buildings?

Sustainable design takes a holistic approach to development that is integral to environmental stewardship and the conservation of natural resources. Green buildings concern itself with energy efficiency and the environmental considerations of the built environment. Compared to conventional construction, green buildings rely, to varying degrees, on environmentally sensitive materials and construction processes that deliver energy efficient structures that also provide for a healthy living environment. Green-building designs can incorporate sun, wind, water filtration and airflow patterns and can be built with renewable materials, recycled and recyclable materials or materials salvaged from deconstruction sites, and construction techniques that reduce the amount of waste on-site. A green building is designed primarily to maintain healthy indoor tem-

peratures and air quality and is outfitted with technically advanced appliances and systems that conserve energy.

Sustainable Design for the Site

The site has immense scope for incorporating sustainable features and green technologies. Some of these features can be readily utilized while others require a more Integrated Design Approach during the design phase. These are further elaborated in the following sections under four aspects- location and linkage, construction, design and green features and operations.

Location and Linkage Aspect

The most important cornerstone of the two development proposals is that both are designed as transit oriented developments (TODs). The current greyfield site will be redeveloped to incorporate in its design a Transit Lounge that will enable the community using the bus services to get a single point access to multiple locations, which are served by the town's bus system. Additionally, the site is well connected by a network of

roads that connect the site to the remaining town and outside cities. The site is also in close proximity to the Central Park and the Riverside Park¹² and is less than 0.2 miles from Heritage Crossing. All these open spaces along with the design of the two proposals ensure that the site will be pedestrian friendly. The site is also a part of the broader Downtown Redevelopment Plan that will revitalize the downtown area by redeveloping the old mill yards, focusing on the parks in the area and redeveloping the streetscape. This broader integration follows the principals of New Urbanism and will not only help in revitalizing the Downtown but also provide a lively atmosphere that will create excitement in the town, which in turn will draw more people to the center of the town.

Construction Aspect

We suggest that during the construction phase, an environ-

mental site assessment be conducted to determine the presence of any hazardous materials and if found be remediated on site. We also suggest that during the entire construction phase, strict erosion and sedimentation control measures be implemented along the lines of EPA's Best Management Practices. The construction shall also utilize environmentally friendly or preferred products such as ceramic tiles, non-vinyl, non-carpet flooring, composite wood products that emit low/no formaldehyde and low/no VOC paints, primer, adhesives and sealants for most of the common areas in the interior of the buildings. If carpets are to be used, they shall be selected in order to comply with strict standards¹³. All the products utilized in framing materials, exterior material, concrete, cement, masonry, drywall, interior sheathing and flooring materials shall be sourced from within 500 miles of the project location so as to promote the use of regional materials. The use of such carefully selected materials in construction will ensure a healthy In-

¹² Riverside Park proposal has been approved. The park will come up on the former sites of the gas station and bowling alley that overlooks Number One Pond.

¹³ Carpeting materials will either meet Carpet and Rug Institute's Green Label or Green Label Plus Certification or comply with Scientific Certification System's FloorScore Program criteria.

door Air Quality (IAQ) and a healthy Indoor Environmental Quality (IEQ). The benefits of a healthy IAQ and IEQ are not directly tangible¹⁴. However they are important factors for the health of the occupants/tenants and customers who will frequent the development.

Design Aspect

The design of the two proposals can be adapted to incorporate features such as green roofs, efficient irrigation and water-reuse system. In either design, the roofs of the buildings can incorporate an extensive pattern green roof that will house native and adaptive (non-invasive) plants and shrubs. The common pedestrian areas will be landscaped and will utilize light-colored, high albedo materials¹⁵ for paving. The combined effect of a green roof and light-colored paving helps reduce the

heat island effect in the area and will significantly reduce the cooling costs of the building. The green roof allows the capture and retention of stormwater¹⁶, which is further utilized for irrigation of the green spaces as well as in a greywater system that will meet the needs of the building operations and electricity generation through cogeneration plant (discussed later).

Operations Aspect

The operations side of the project shall incorporate many energy efficient lighting, electric and water efficient appliances. Efficient lighting fixtures that are Energy Star certified will be utilized to meet at least 80% of interior and exterior lighting units and 100% of common area and emergency lighting units. The building will also utilize water-conserving appliances and fixtures¹⁷ in all medical and flex-office units and common ar-

¹⁴ Benefits of a healthy IAQ and IEQ can be realized in terms of increased productivity and lower sick-leaves for the employees.

¹⁵ The light-colored paving materials will have a minimum solar reflectance of 0.3.

¹⁶ Sanford annually receives on average 129 days of rain and 17 days of snow. Source: http://www.clrsearch.com/Sanford_Demographics/ME/Weather-Forecast-Temperature-Precipitation

¹⁷ Water-conserving fixtures will have the following specifications: Toilets — 1.2 gpf; Showerheads — 1.5 gpm; Kitchen faucets — 1.5 gpm; Bathroom faucets — 0.5 gpm.

eas. The net effect of using energy efficient and water efficient appliances will reduce the operating expenses for the buildings.

Suggested Green Technologies¹⁸

We suggest the use of any or a combination of cogeneration plants and geothermal plant in the actual development. On a broader sustainable scope, however, these individual technologies can be utilized on a larger scale to provide energy solutions for the entire downtown.

A cogeneration (Combined Heat-Power) plant is a viable option given the climate conditions for Maine. The power produced by the plant will meet the electricity requirements for the project while the heat produced can be utilized during the colder times of the year. A biomass/wood pellet based reciprocating type cogeneration plant can be utilized for this purpose. Several modular and scalable solutions¹⁹ for cogeneration exist.

¹⁸ Implementation of these systems requires energy and water modeling.

¹⁹ Aegis Energy Services and EnefTech are some companies specializing in cogeneration plants.



Figure 17: Landscaped Green Roof Example

With broader support from the community a cogeneration plant can be expanded into a district heating plant.

A geothermal plant on the site can utilize the temperature gradient from the Number One Pond to produce electricity at a very low cost. However the plant will require higher initial costs in the form of digging and steel requirements but will have extremely low operations and maintenance costs. Mr. Rex Bell of Northern Enterprise LLC, who is redeveloping one of the mill

yard buildings, is exploring the viability of a geothermal plant. If mutual interests align, there can be a partnership on the geothermal plant development. Sample costs involved in geothermal plants have been provided from the Document 'A Spreadsheet for Geothermal Energy Cost Evaluation'²⁰.

Unit Capital Cost	1.77 \$/MMBTU	3.41 ¢/kWh
Unit Maintenance Cost	0.49 \$/MMBTU	0.20 ¢/kWh
Unit Electricity Cost	0.43 \$/MMBTU	0.14 ¢/kWh
Total Unit Cost	2.69 \$/MMBTU	3.75 ¢/kWh

Table 32: Sample Unit Costs for a Geothermal Plant.
 Source: 'A Spreadsheet for Geothermal Energy Cost Evaluation'

²⁰ 'A Spreadsheet for Geothermal Energy Cost Evaluation' from the Geo-Heat Center Quarterly Bulletin Vol. 16, No.2, February 1995

Support for Green Technologies

The main premise behind the support for green technologies is that green buildings can qualify a developer for incentives, rebates and certifications that reduce costs and attract investment. There have been major policy initiatives at Federal and State levels to promote green technologies, water and energy efficient equipment. At the Federal Level, the Government has mandated Federal buildings to reduce fossil fuel consump-

tion²¹ and to promote development, improve vitality and livability of the communities in which Federal buildings are located²². To this end the Government has a Green Power Purchasing Program that aims at buying at least 7.5% energy from renewable sources²³. At the State Level, the State of Maine mirrors the Federal Government in green power purchase policy²⁴ and energy efficiency targets²⁵. The '*Efficiency Maine Trust*' is re-

²¹ **The Energy Independence and Securities Act of 2007**- '*New & remodeled federal buildings reduce fossil fuel consumption by 55% as compared to 2003 and 100% by 2030.*'

²² **Executive Order 13,514 (FN6)** - "*Federal agencies shall increase energy efficiency; measure, report, and reduce their greenhouse gas emissions from direct and indirect activities; conserve and protect water resources through efficiency, reuse and storm water management; eliminate waste, recycle and prevent pollution; leverage agency acquisitions to foster markets for sustainable technologies and environmentally preferable materials, products and services; design, construct, maintain and operate high performance sustainable buildings in sustainable locations; strengthen the vitality and livability of the communities in which federal facilities are located; and inform federal employees about and involve them in the achievement of these goals.*"

²³ Renewable Energy Sources include Solar Thermal Electric,

²⁴ As of March 2007, Maine's State Government was purchasing 30% of its energy from renewable energy sources and renewable energy credits (RECs) from the Rumford Falls hydropower project for the remaining 70%.

²⁵ '*Act Regarding Maine's Energy Future*' in June 2009 created the '*Efficiency Maine Trust*' .

responsible for the creation of plans to achieve the following energy targets²⁶:

- 100 MW reduction in peak-electricity consumption by 2020
- 30% reduction in electricity and natural gas consumption
- 20% reduction in heating oil consumption
- Weatherization of 100% of homes and 50% of businesses by 2030
- Capturing all cost-effective efficiency resources available for utility customers

The trust has also created the '*Renewable Resource Fund*'²⁷ that supports grants for renewable-energy demonstration projects, amongst other entities²⁸, to consumer-owned electric transmission and distribution utilities. Thus if the developer implements the suggested green technologies of either co-generation (CHP) plant(s) or a geothermal plant, they will be reimbursed by the Fund up to 0.145 ¢/kWh. Additionally, the Trust gives additional performance-based incentives for community-based renewable energy production up to 10 ¢/kWh or the cost of the project, whichever is lower.

²⁶ Data collected from: <http://www.energymaine.com>

²⁷ Revenue for the fund comes from the State's Renewables Portfolio Requirement and voluntary donations. The Fund collected nearly US\$ 70 million in FY2011.

²⁸ Other entities include: Maine-based nonprofits, community-based nonprofit organizations, community action programs, municipalities, quasi-municipal corporations or districts, and school administrative units.

Tax Implications

Interestingly, the cost of electricity²⁹ in Central Maine for residential sector is 15.89 ¢/kWh, which includes 9 ¢/kWh for supply and an additional 6 ¢/kWh for transmission losses; the cost of electricity for commercial sector is 7.89 ¢/kWh. Borrowing the costs from the ‘A Spreadsheet for Geothermal Energy Cost Evaluation’ for the purpose of comparison, one realizes that this is an opportunity to not only save in utility costs but also generate profit³⁰.

Both proposals discussed in this report will generate considerable amount of extra tax revenue as compared to the existing properties in its current assessed value. Based on the analysis done by the town’s local assessor, the combined value for the family dollar building, the main midtown mall building and the building at the intersection of St. Ignatius and Main St. are \$3,400,000 dollars. The current Mil rate for 2011/2012 is \$17.52 (assumed the same rate for future years), which translates into total annual tax revenue of \$396,870 for a 5 year analysis.

Assuming 8% exit capitalization rate, 3% inflation rate and

²⁹ Costs are based on Fall 2010 estimates. Source: <http://www.maine.gov/tools/whatsnew/index.php?topic=puc-faq&id=192153&v=article>

³⁰ Value Realization **Sample** Table (Table 33) using Geothermal Plant:

Unit cost of Electricity		7.89 ¢/kWh
Unit Cost of Production (Geothermal)		3.75 ¢/kWh
Cost Savings	7.89 ¢/kW – 3.75 ¢/kW	4.14 ¢/k
Cost Reimbursed	1.45 ¢/kW + 10 ¢/kW	11.45 ¢/kW
Value Realized	4.14 ¢/kW + 11.45 ¢/kW	15.59 ¢/kW

based on year one net operating income, we have estimated that the combined property value for all three parcels to be \$7,425,390. Performing a 5 year tax analysis, proposal one will bring in overall tax revenue of \$663,770. This means an additional \$266,900 in tax revenue for the Town of Sanford in the span of 5 years.

Following the previous assumptions, proposal two shows a much larger revenue escalation given the magnitude of the project. Since the proposal two is done in two phases, the properties are assessed in two instances. The first assessment is done at the end of year two where is first stream of cash flow is projected to come in and the second assessment is done at the end of year 6 where is cash flow for the second phase comes in. The combined estimated tax revenue for all properties acquired totals \$767,984 in a period of 10 years if left in the current condition. However, proposal two will produce \$8,220,449 in tax revenue for the same time span. This results an additional \$7,452,465 in tax revenue for the town if proposal two were to take place.

Appendix A

Demographics

Occupation Details

Subject	Sanford town, York County, Maine	
	Estimate	Percent
Occupation		
Civilian employed population 16 years and over	9,753	9,753
Management, business, science, and arts occupations	2,382	24.40%
Service occupations	2,051	21.00%
Sales and office occupations	2,731	28.00%
Natural resources, construction, and maintenance	985	10.10%
Production, transportation, and material moving	1,604	16.40%

Appendix B

Demographics

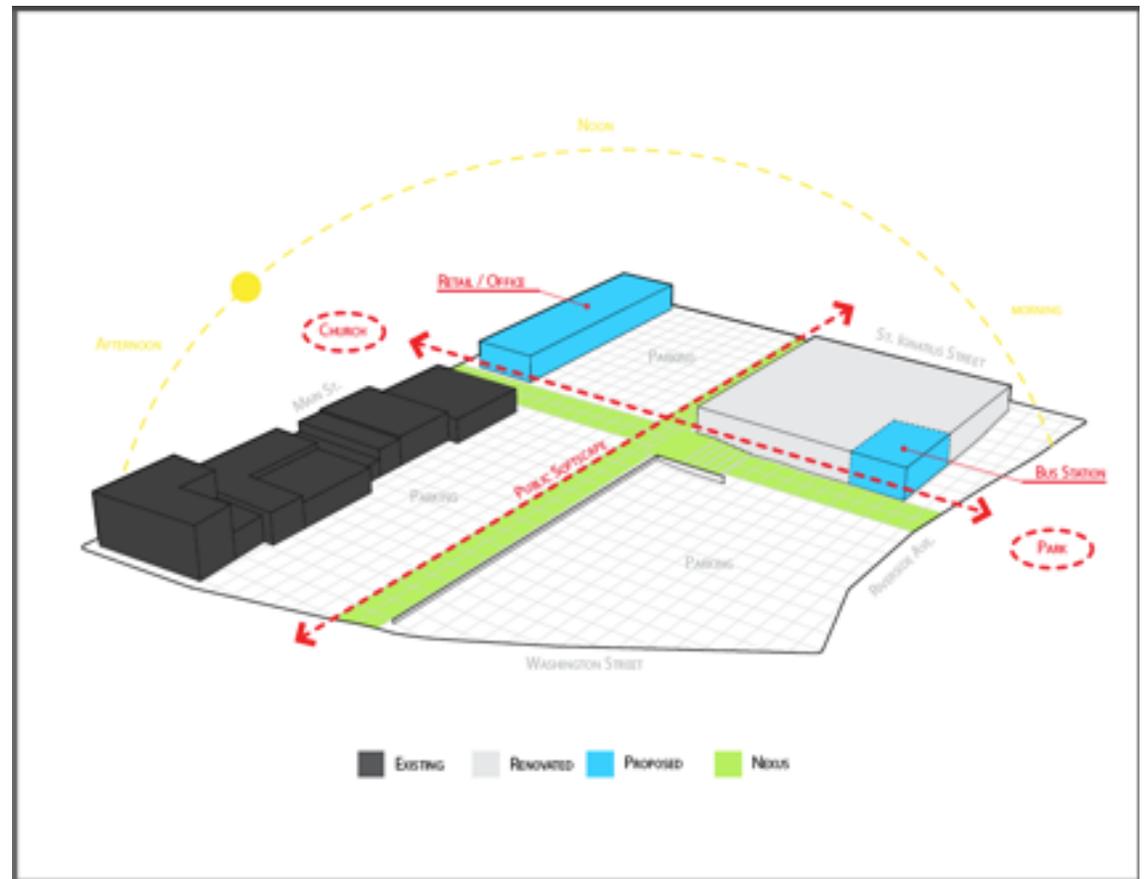
Class of Workers

Subject	Sanford town, York County, Maine	
	Estimate	Percent
CLASS OF WORKER		
Civilian employed population 16 years and over	9,753	9,753
Private wage and salary workers	7,978	81.8%
Government workers	1,460	15.0%
Self-employed in own not incorporated business workers	297	3.0%
Unpaid family workers	18	0.2%

Appendix C

Proposal 1 Designs

Layout & Solar Orientation



Appendix D

Proposal 1 Design

Rendering of proposal layout



Appendix E

Proposal 1 Design

Site Layout with parking & Linear Parks



Appendix F

Proposal 1 Design

Details of Transit Lounge & Parking Deck. View from Riverside Avenue



Appendix G

Proposal 1 Design

Transit Lounge as seen from Riverside Avenue & St. Ignatius Street



Appendix H

Proposal 1 Financials

Cash Flow

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
		1	2	3	4	5
Development Cost	\$7,097,360					
Mall Rent		\$463,386	\$463,386	\$463,386	\$463,386	\$477,288
New Retail		\$200,850	\$206,876	\$213,082	\$219,171	\$226,058
Parking		\$69,000	\$71,070	\$73,202	\$75,398	\$77,660
Gross Revenues		\$733,236	\$741,332	\$749,670	\$758,258	\$781,006
Less: vacancy		\$36,662	\$37,067	\$37,483	\$37,913	\$39,050
Net revenues		\$696,574	\$704,265	\$712,186	\$720,345	\$741,956
Less: operating expenses		\$161,910	\$166,767	\$171,770	\$176,923	\$182,231
NOI		\$534,664	\$537,498	\$540,416	\$543,422	\$559,725
Proceeds from sale						\$7,998,067.06
Less: cost of sale						\$319,843
Net proceeds from sale						\$7,678,224
Cash flow before debt service	-\$7,097,360	\$534,664	\$537,498	\$540,416	\$543,422	\$8,235,949
Debt service						
Principal	\$3,918,152	\$71,415	\$75,700	\$80,242	\$85,056	\$90,160
Interest		\$235,089	\$230,804	\$226,262	\$221,448	\$216,344
Total		\$306,504	\$306,504	\$306,504	\$306,504	\$306,504
Balloon Payment						\$3,515,579
Sanford Low Interest Loan						
Principal	\$1,500,000	\$34,166	\$35,021	\$35,896	\$36,794	\$37,713
Interest		\$37,500	\$36,646	\$35,770	\$34,873	\$33,953
Total		\$71,666	\$71,666	\$71,666	\$71,666	\$71,666
Balloon Payment						\$1,320,410
Cash flow before tax	-\$1,679,208	\$156,494	\$159,327	\$162,245	\$165,251	\$3,021,790

Appendix I

Proposal 1 Financials

Financial Returns

ROA		9.6%	9.6%	9.7%	9.7%	10.0%
ROE		9.3%	9.5%	9.7%	9.8%	
DSCR		1.74	1.75	1.76	1.77	1.83
Breakeven Ratio		63.9%	63.8%	63.8%	63.8%	62.6%
Expense Ratio		23.2%	23.7%	24.1%	24.6%	24.6%

Appendix J

Proposal 1 Financials

NOI

Midtown Mall Building Sq/ft	37,400
Midtown Mall Rent / Year	\$12.39
Rent Midtown Building	\$463,386
New Retail Building Sq/ft	15,000
New Retail Building Rent / Year	\$13.39
Rent New Retail Space	\$200,850
Parking	\$69,000
Vacancy and collection loss	5%
Revenue escalation	3%
Expense escalation	3%
Total Development & Acquisition	\$7,097,360
Total development cost	\$5,597,360
LTV	70%
Loan amount	\$3,918,152
Loan term (years)	25
Interest rate	6.0%
Debt service (monthly)	\$25,245
Debt service (annual)	\$302,936
Sanford Loan (Family Dollar Building)	\$1,500,000
LTV	100%
Loan amount	\$1,500,000
Loan term (years)	30
Interest rate	2.5%
Debt service (monthly)	\$5,927
Debt service (annual)	\$71,122
Equity contribution	\$1,679,208
Cash Flow (Year 1)	
Gross revenues	\$733,236
less: vacancy	\$36,662
Net revenues	\$696,574
less: operating expenses	\$161,910
NOI	\$534,664
Debt service	\$302,936
Sanford Debt	\$71,122
Cash flow before tax	\$160,606
ROA	7.5%
ROE	9.6%
DSCR	1.76

Appendix I

Proposal 1 Financials

Total Development Cost

Land Acquisition	Price
Family Dollar	\$ 900,000
Main Midtown Mall Building	\$ 1,800,000
Building on St Ignatious	\$ 700,000
Closing Cost	\$ 68,000
Total	\$ 3,468,000
Predevelopment Cost	
Engineering Cost	\$ 45,000
Architect	\$ 30,000
Misc	\$ 25,000
Total	\$ 100,000
Construction Cost	
Demolition Cost	\$ 120,000
New Retail Space	\$ 2,250,000
Retrofit Current Retail Space	\$ -
Parking Deck 1 floor	\$ 525,000
Pedestrian Corridor	\$ 634,360
Total	\$ 3,529,360
Development Cost	\$ 7,097,360
Family Dollar Funding	\$ 1,500,000
Total Development Cost	\$ 5,597,360

Appendix K

Proposal 1 Financials

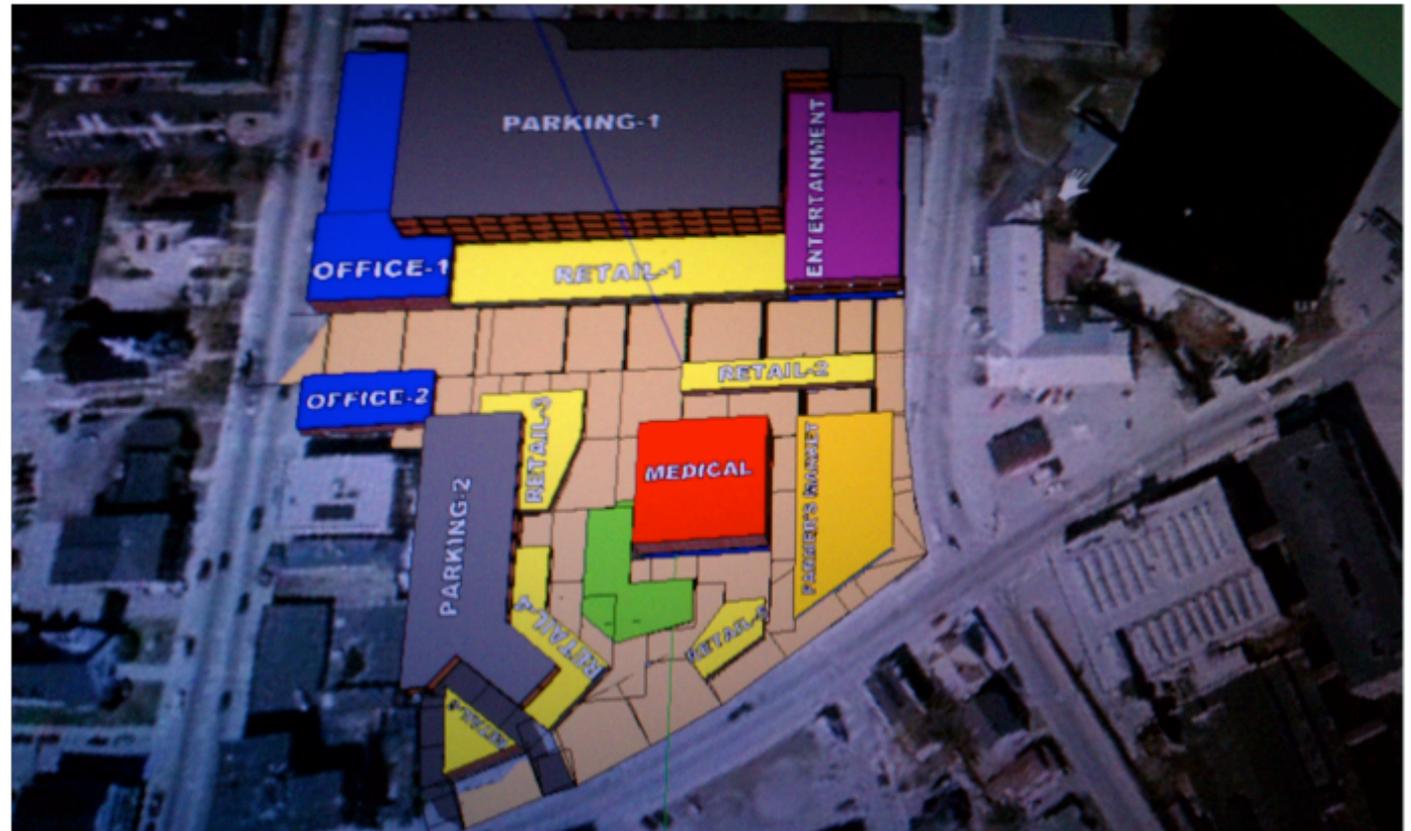
Financial Assumptions

Assumptions	
Cost of sale	4%
Discount Rate	7%
Residual Cap Rate	7%

Appendix L

Proposal 2 PHASE-I Design

Layout for Proposal 2 Phase-I

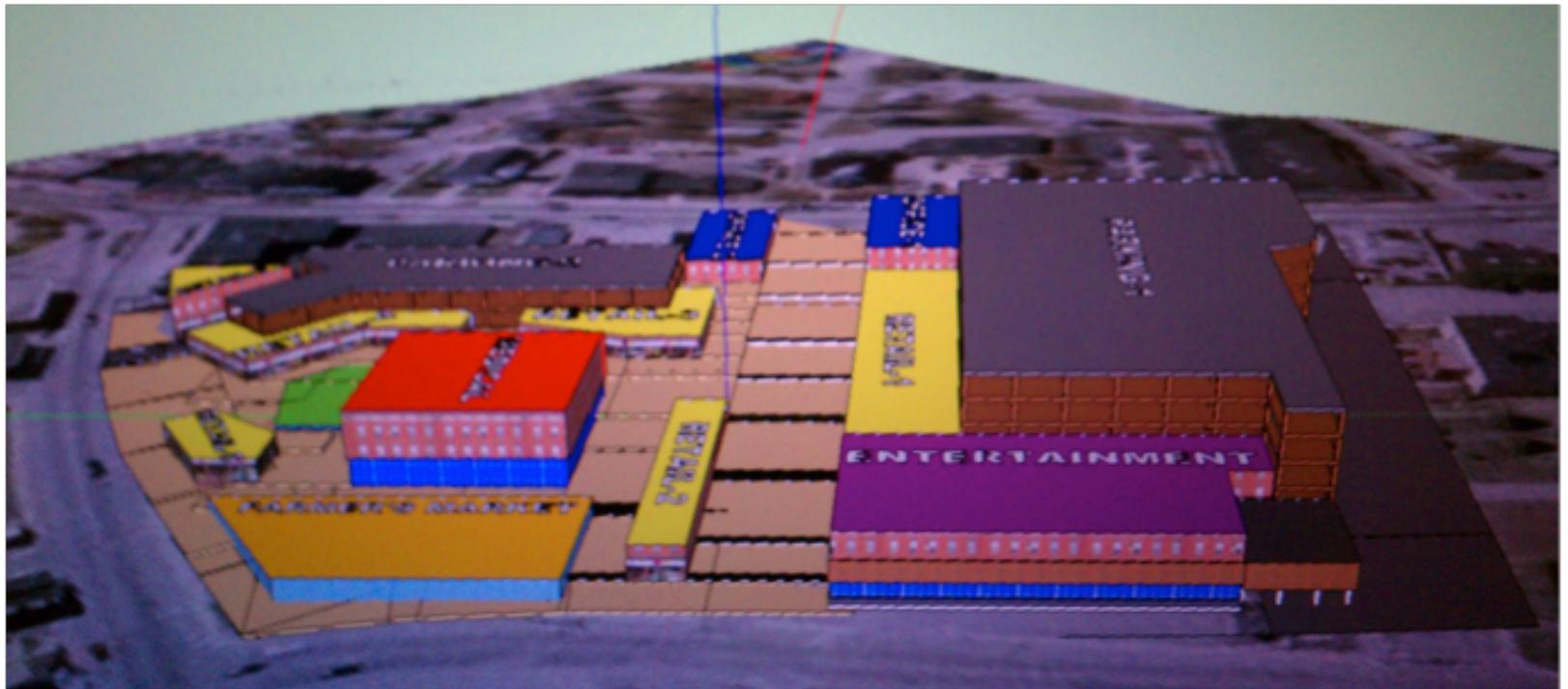


Appendix M

Proposal 2 PHASE-I Design

Riverside Boulevard Frontage

The Farmer's Market (orange), Retail-2 Building (yellow), Entertainment Zone Building (purple) and Transit Lounge (black) will be visible.

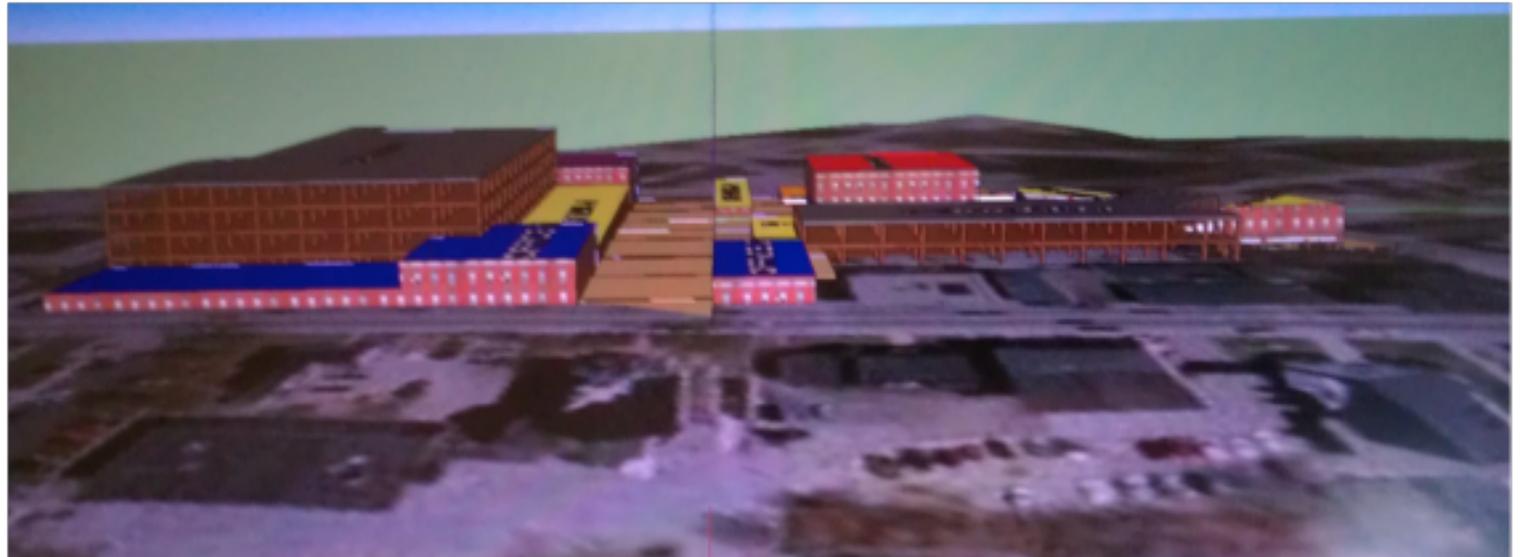


Appendix N

Proposal 2 PHASE-II Design

Main Street Frontage

The Flexible Office buildings- Office-1 and Office-2 (blue) and the descending Pedestrian Corridor (terra-cotta) will be visible from the Main Street. The corridor will visually link the church (white spire on the other side of Main Street) with the One Pond Park (on other side of Riverside Boulevard). Parking-1 building will be partially visible and Parking-2 building will be located behind the existing office buildings of Main Street.

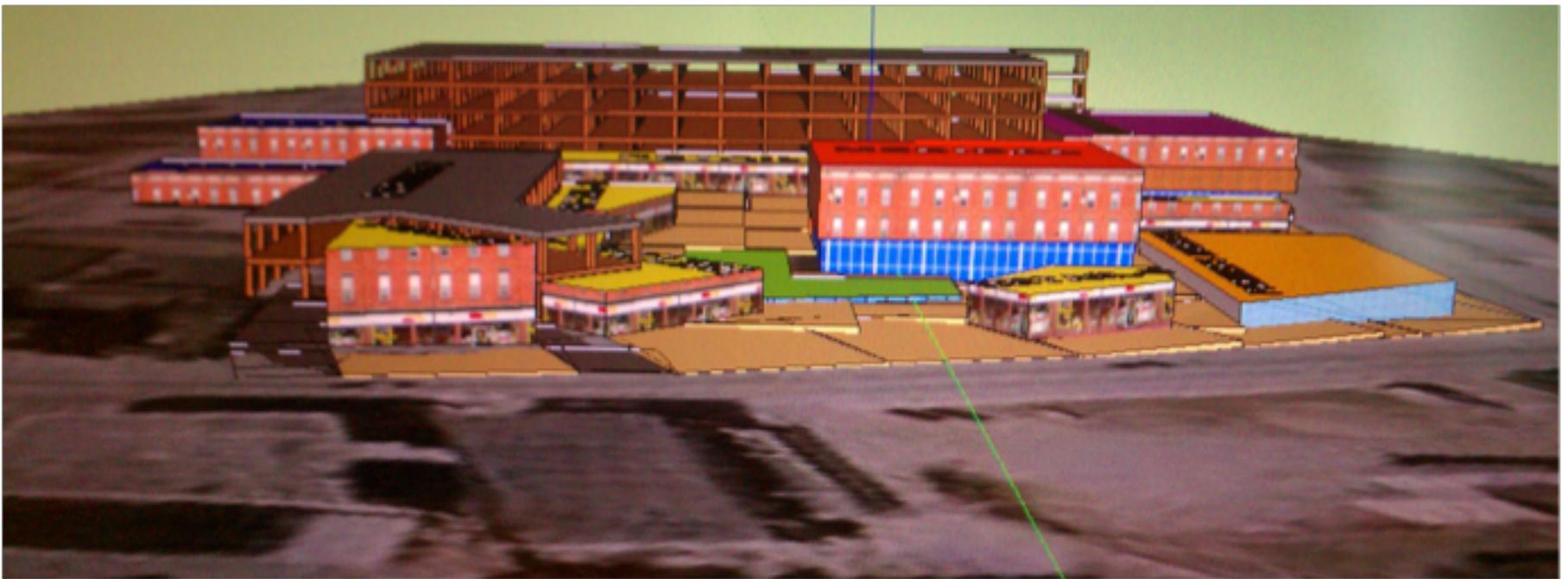


Appendix O

Proposal 2 PHASE-II Design

Washington Street Frontage

The Retail-1, Retail-3, Retail-4, Retail-5, Retail-6 buildings (all in yellow), Medical Offices building (red), Public Square (green) & Farmers' Market (orange roof and glass façade) can be seen. The two Parking Buildings will be partially visible as well.



Appendix P

Proposal 2 Financials

Phases- I & II: Total Development Cost Details-
Loans & Sources of Fundings

General	
Loan to value	70%
Discount Rate	8%
Cost of Sale	2%
Revenue Escalation	4%
Expense Escalation	3%
Residual Capitalization Rate	8%
Soft Cost	5%
Total Development Cost-Pha	\$ 25,003,753

Construction Loan	
LTC	70%
Principal Amount	\$ 17,502,627
Interest Rate	8%
Construction Interest	\$ 1,400,210
Total Construction Loan	\$ 18,902,837

Phase 1	
Construction Loan-Total 70%	
Interest rate	8%
LTC	53%
Loan amount	\$ 10,606,626
Debt Service (Annual)	\$ 848,530
Permanent Loan	
Amortization (years)	30
Loan term (years)	10
Interest rate	5%
LTV	53%
Loan amount	\$ 10,606,626
Debt service (Annual)	\$683,264
Equity Contribution	\$ 11,571,739
PHASE 1	
Low Interest Financing - Sanford	
Amortization (years)	30
Loan term (years)	10
Interest rate	3%
LTC	18%
Loan amount	\$ 3,535,542
Debt service (Annual)	\$178,872

Phase 2 Construction begins at 2017	
Construction Loan- Total 70%	
Interest Rate	8%
LTC	53%
Loan Amount	\$ 3,393,742
Debt Service (Annual)	\$ 271,499
Permanent Loan	
Amortization (years)	30
Loan term (years)	5
Interest rate	5%
LTV	53%
Value (year 1)	
Loan amount	\$ 3,393,742
Debt service (Annual)	\$218,620
Equity Contribution	\$ 2,585,708
PHASE 2	
Low Interest Financing - Sanford	
Amortization (years)	30
Loan term (years)	5
Interest rate	3%
LTV	18%
Loan amount	\$ 1,131,247
Debt service (Annual)	\$57,233

NOTE: 25% of Loan Will come from Low Interest Financing

Appendix Q

Proposal 2 Financials

Total Space & Rents

Comparison: Phases- I & II

Phase-I: Components (SF)	
Retail Space	20,485
Farmers Market	10,000
Transit Lounge	2,500
Medical Office-Phase-I	31,212
Parking	
Phase-I	472
Phase-II	74
Cost per day/space	\$ 2
Year (# of days)	360
Phase-I: Rent (\$/SF/yr)	
Retail Space	15
Farmets Market	10
Medical Office-Phase 1	18

Phase-II: Components (SF)	
Retail Space- Phase-II	7,719
Flex Office- Phase-II	29,573
Entertainment Zone- Phase-II	50,202
Phase-II: Rent (\$/SF/yr)	
Retail Space- Phase-II	17.55
Flex Office- Phase-II	18.00
Entertainment Zone- Phase-II	27.01

Appendix R

Proposal 2 Financials

Vacancy & Operating Expense Assumptions

Vacancy	
Parking	10%
Retail	
Year 1	20%
Year 2	15%
Year 3 and on	5%
Entertainment Zone	7%
Medical Office	5%
Flex Office	5%
Farmers Market	2.6%

Operating Expenses	
Parking	5%
Farmers Market	10%
Flex Office	5%

Appendix S

Proposal 2 Financials

Cash Flow
& NOI

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PGI												
Parking			\$ 339,840	\$ 353,434	\$ 367,571	\$ 382,274	\$ 397,565	\$ 413,467	\$ 430,006	\$ 447,206	\$ 465,095	\$ 483,698
Medical Office			\$ 561,816	\$ 584,289	\$ 607,660	\$ 631,967	\$ 657,245	\$ 683,535	\$ 710,876	\$ 739,312	\$ 768,884	\$ 799,639
Retail			\$ 307,275	\$ 319,566	\$ 332,349	\$ 345,643	\$ 359,468	\$ 373,847	\$ 388,801	\$ 404,353	\$ 420,527	\$ 437,348
Farmers Market			\$ 100,000	\$ 104,000	\$ 108,160	\$ 112,486	\$ 116,986	\$ 121,665	\$ 126,532	\$ 131,593	\$ 136,857	\$ 142,331
Retail Space- Phase 2							\$ 135,452	\$ 140,870	\$ 146,505	\$ 152,365	\$ 158,460	\$ 164,798
Flex Office- Phase 2							\$ 532,314	\$ 553,607	\$ 575,751	\$ 598,781	\$ 622,732	\$ 647,641
Entertainment Zone- Phase 2							\$ 1,355,956	\$ 1,410,194	\$ 1,466,602	\$ 1,525,266	\$ 1,586,277	\$ 1,649,728
Total PGI			\$ 1,308,931	\$ 1,361,288	\$ 1,415,740	\$ 1,472,369	\$ 3,554,986	\$ 3,697,186	\$ 3,845,073	\$ 3,998,876	\$ 4,158,831	\$ 4,325,184
Vacancy Loss												
Parking			\$ (33,984)	\$ (35,343)	\$ (36,757)	\$ (38,227)	\$ (39,756)	\$ (41,347)	\$ (43,001)	\$ (44,721)	\$ (46,509)	\$ (48,370)
Medical Office			\$ (28,091)	\$ (29,214)	\$ (30,383)	\$ (31,598)	\$ (32,862)	\$ (34,177)	\$ (35,544)	\$ (36,966)	\$ (38,444)	\$ (39,982)
Retail			\$ (61,455)	\$ (47,935)	\$ (16,617)	\$ (17,282)	\$ (17,973)	\$ (18,692)	\$ (19,440)	\$ (20,218)	\$ (21,026)	\$ (21,867)
Farmers Market			\$ (2,600)	\$ (2,704)	\$ (2,812)	\$ (2,925)	\$ (3,042)	\$ (3,163)	\$ (3,290)	\$ (3,421)	\$ (3,558)	\$ (3,701)
Retail Space- Phase 2							\$ (6,773)	\$ (7,044)	\$ (7,325)	\$ (7,618)	\$ (7,923)	\$ (8,240)
Flex Office- Phase 2							\$ (26,616)	\$ (27,680)	\$ (28,788)	\$ (29,939)	\$ (31,137)	\$ (32,382)
Entertainment Zone- Phase 2							\$ (94,917)	\$ (98,714)	\$ (102,662)	\$ (106,769)	\$ (111,039)	\$ (115,481)
Total Vacancy Loss			\$ (126,130)	\$ (115,197)	\$ (86,570)	\$ (90,032)	\$ (221,939)	\$ (230,817)	\$ (240,049)	\$ (249,651)	\$ (259,637)	\$ (270,023)
Op Ex												
Parking			(16,992)	(17,672)	(18,379)	(19,114)	(19,878)	(20,673)	(21,500)	(22,360)	(23,255)	(24,185)
Farmers Market			(10,000)	(10,400)	(10,816)	(11,249)	(11,699)	(12,167)	(12,653)	(13,159)	(13,686)	(14,233)
Flex Office							(26,616)	(27,680)	(28,788)	(29,939)	(31,137)	(32,382)
Total Op Ex			\$ (26,992)	\$ (28,072)	\$ (29,195)	\$ (30,362)	\$ (58,193)	\$ (60,520)	\$ (62,941)	\$ (65,459)	\$ (68,077)	\$ (70,800)
NOI before DS			\$ 1,155,809	\$ 1,218,020	\$ 1,299,976	\$ 1,351,975	\$ 3,274,855	\$ 3,405,849	\$ 3,542,083	\$ 3,683,766	\$ 3,831,117	\$ 3,984,361
Debt Service		\$ (1,027,402)	\$ (944,769)	\$ (862,136)	\$ (862,136)	\$ (1,190,868)	\$ (1,137,989)	\$ (1,137,989)	\$ (1,137,989)	\$ (1,137,989)	\$ (1,137,989)	
Tax Credit	\$ 5,909,406					\$ 1,890,799						
TIF	\$ 100,000					\$ 100,000						
YCCAS-Grant	\$ 400,000											
Transit Lounge Construction Cost	\$ (300,000)											
Equity Contribution	\$ (11,571,739)					\$ (2,585,708)						
Closing Cost	\$ (69,810)										\$ (996,090)	
Acquisition Cost	\$ (3,490,500)											
Construction Loan	\$ 14,142,169					\$ 4,524,989						
Hard Cost	\$ (20,503,098)					\$ (6,464,270)						
Soft Cost	\$ (1,010,155)					\$ (323,214)						
Sale Proceeds											\$ 49,804,518	
Debt Repayment											\$ (15,179,807)	
Unlevered Cash Flow	\$ (30,535,896)	\$ -	\$ 1,155,809	\$ 1,218,020	\$ 1,299,976	\$ (6,030,418)	\$ 3,274,855	\$ 3,405,849	\$ 3,542,083	\$ 3,683,766	\$ 52,639,545	
Levered Cash Flow	\$ (16,393,727)	\$ (1,027,402)	\$ 211,040	\$ 355,884	\$ 437,840	\$ (2,696,297)	\$ 2,136,866	\$ 2,267,860	\$ 2,404,094	\$ 2,545,778	\$ 36,321,749	
Developer Cash Flow	\$ (5,479,580)	\$ -	\$ 211,040	\$ 355,884	\$ 437,840	\$ (271,696)	\$ 2,136,866	\$ 2,267,860	\$ 2,404,094	\$ 2,545,778	\$ 36,321,749	

Appendix T

Tax Implications

Proposal 1

			Tax Revenue 5 Yr Projection						Total 5 yr tax Revenue
			Year 0 2012	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017	
Property (as is)	Assessed Value (2012)	Property Tax							
Family Dollar	\$ 900,000	\$ 15,768	\$ 17,029	\$ 18,392	\$ 19,863	\$ 21,452	\$ 23,168	\$ 25,022	
Main Midtown Mall Building	\$ 1,800,000	\$ 31,536	\$ 32,482	\$ 33,457	\$ 34,460	\$ 35,494	\$ 36,559	\$ 37,656	
Building on St Ignatious	\$ 700,000	\$ 12,264	\$ 12,632	\$ 13,011	\$ 13,401	\$ 13,803	\$ 14,217	\$ 14,644	
Total	\$ 3,400,000	\$ 59,568	\$ 61,355	\$ 63,196	\$ 65,092	\$ 67,044	\$ 69,056	\$ 71,127	\$ 396,870
Proposal 1	Assessed Value (2013)	Property Tax							
Main Midtown Mall Building	\$ 5,502,709	\$ 96,407	\$ -	\$ 96,407	\$ 96,407	\$ 96,407	\$ 96,407	\$ 99,300	
New Retail on Main St	\$ 1,431,056	\$ 25,072	\$ -	\$ 25,072	\$ 25,824	\$ 26,599	\$ 27,397	\$ 28,219	
Parking	\$ 491,625	\$ 8,613	\$ -	\$ 8,613	\$ 8,872	\$ 9,138	\$ 9,412	\$ 9,694	
Total	\$ 7,425,390	\$ 130,093	\$ -	\$ 130,093	\$ 131,103	\$ 132,144	\$ 133,216	\$ 137,213	\$ 663,770
Proposal 1 would result a total tax revenue of \$663,770 in 5 years									

Appendix U

Tax Implications

Proposal 2

Property (as is)	Assessed Value (2012)	Property Tax	Tax Revenue 10 yr Projection											
			Year 0 2012	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017	Year 6 2018	Year 7 2019	Year 8 2020	Year 9 2021	Year 10 2022	
Family Dollar	\$ 900,000	\$ 15,768	\$ 15,768	\$ 16,241	\$ 16,728	\$ 17,230	\$ 17,747	\$ 18,279	\$ 18,828	\$ 19,393	\$ 19,974	\$ 20,574	\$ 21,191	
Main Midtown Mall Building	\$ 1,800,000	\$ 31,536	\$ 31,536	\$ 32,482	\$ 33,457	\$ 34,460	\$ 35,494	\$ 36,559	\$ 37,656	\$ 38,785	\$ 39,949	\$ 41,147	\$ 42,382	
Building on St Ignatius	\$ 700,000	\$ 12,264	\$ 12,264	\$ 12,632	\$ 13,011	\$ 13,401	\$ 13,803	\$ 14,217	\$ 14,644	\$ 15,083	\$ 15,536	\$ 16,002	\$ 16,482	
Staircase parcel	\$ 22,500	\$ 394	\$ 394	\$ 406	\$ 418	\$ 431	\$ 444	\$ 457	\$ 471	\$ 485	\$ 499	\$ 514	\$ 530	
Total	\$ 3,422,500	\$ 59,962	\$ 59,962	\$ 61,761	\$ 63,614	\$ 65,522	\$ 67,488	\$ 69,513	\$ 71,598	\$ 73,746	\$ 75,958	\$ 78,237	\$ 80,584	\$ 767,984
Proposal 2	Assessed Value (2014)	Property Tax												
Parking	\$ 3,610,800	\$ 63,261	\$ -	\$ -	\$ 63,261	\$ 65,159	\$ 67,114	\$ 69,127	\$ 71,201	\$ 73,337	\$ 75,537	\$ 77,803	\$ 80,137	
Medical Office	\$ 6,671,565	\$ 116,886	\$ -	\$ -	\$ 116,886	\$ 120,392	\$ 124,004	\$ 127,724	\$ 131,556	\$ 135,503	\$ 139,568	\$ 143,755	\$ 148,067	
Retail	\$ 3,072,750	\$ 53,835	\$ -	\$ -	\$ 53,835	\$ 55,450	\$ 57,113	\$ 58,826	\$ 60,591	\$ 62,409	\$ 64,281	\$ 66,210	\$ 68,196	
Entertainment Zone	\$ 19,530,000	\$ 342,166	\$ -	\$ -	\$ 342,166	\$ 352,431	\$ 363,003	\$ 373,894	\$ 385,110	\$ 396,664	\$ 408,564	\$ 420,821	\$ 433,445	
Farmers Market	\$ 1,092,500	\$ 19,141	\$ -	\$ -	\$ 19,141	\$ 19,715	\$ 20,306	\$ 20,915	\$ 21,543	\$ 22,189	\$ 22,855	\$ 23,541	\$ 24,247	
	Assessed Value (2018)	Property Tax												
Retail- Phase 2	\$ 1,608,493	\$ 28,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,181	\$ 29,026	\$ 29,897	\$ 30,794	\$ 31,718	
Flex Office- Phase 2	\$ 5,988,533	\$ 104,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,919	\$ 108,067	\$ 111,309	\$ 114,648	\$ 118,087	
Entertainment Zone- Phase 2	\$ 15,762,989	\$ 276,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,168	\$ 284,453	\$ 292,986	\$ 301,776	\$ 310,829	
	\$ 57,337,630		\$ -	\$ -	\$ 595,288	\$ 613,146	\$ 631,541	\$ 650,487	\$ 1,079,269	\$ 1,111,647	\$ 1,144,997	\$ 1,179,347	\$ 1,214,727	\$ 8,220,449
<p>Proposal 2 would generate a total tax revenue of \$8,220,449 in 10 years.</p>														