



An analysis of Dane County Lakeview Sanitorium property, 1202-1206 Northport Drive, Madison, Wisconsin. March 1, 1982

Landmark Research, Inc.
[s.l.]: [s.n.], March 1, 1982

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AN ANALYSIS OF
DANE COUNTY LAKEVIEW
SANITORIUM PROPERTY

Landmark
Research
Inc.

Landmark Research, Inc.

AN ANALYSIS OF

DANE COUNTY LAKEVIEW
SANITORIUM PROPERTY
1202-1206 NORTHPORT DRIVE
MADISON, WISCONSIN

AS OF

MARCH 1, 1982

PREPARED BY
LANDMARK RESEARCH, INC.

Landmark
Research

Inc.

March 30, 1982

James A. Graaskamp, Ph.D., SREA, CRE

Tim Warner, MS, MAI, SREA

Jean B. Davis, MS

Mr. Clayton Dunn
Dane County Executive Office
City-County Building, Room 102
210 Monona Avenue
Madison, Wisconsin 53709

Dear Mr. Dunn:

With this letter we are delivering to you the analysis of the property known as the County Lakeview Sanitorium, located at 1202-1206 Northport Drive, Madison, Wisconsin, requested to make a preliminary determination of the most feasible use of the property and to determine the fair market value or most probable selling price, given the identification of the most probable buyer type.

My associate, Yvonne M. Schell, real estate appraiser and analyst, and I have inspected the buildings and grounds of the subject. Condition of the existing improvements and equipment were discussed with Beryle Bryant, building superintendent. Current building operating expenses and land surveys were supplied by Clayton Dunn, Assistant to the County Executive.

The Lakeview Sanitorium site consists of 46.21 acres. Improvements, all of brick construction, include a five-story main building, originally built and operated as a county tuberculosis sanitorium, a three-story nurses' dormitory structure, a seven-car garage and storage building, and a boiler plant. The main building and dormitory building are currently used as office space to house the county social service departments.

After screening several probable uses for justified investment value, political acceptability, construction risk and economic viability, it is concluded the most probable use of the property is demolition of the main sanitorium building, the garages and the boiler plant; rehabilitation of the nurses' dormitory into residential condominiums; and development of the remainder of the parcel with a planned community concept of townhouses, condominiums and limited commercial uses along Northport Drive.

As you will recall, no funds were provided for architectural, legal, or engineering fact finding, so the detailed land plan of the most probable use assumption, which is critical to a

Mr. Clayton Dunn
Page Two
March 30, 1982

value estimate, must be regarded as only preliminary. Your attention is called to the assumptions, limiting conditions, and controls on use that are included within this report.

Based upon the assumptions and limiting conditions presented in the attached report, it is the opinion of the appraisers that the highest probable price in dollars and market value of the subject property which might be obtained assuming a cash sale as of March 1, 1982, is the amount of:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS

(\$1,800,000)

We are pleased to have been of service and Ms. Schell and I remain available to answer any specific questions you may have regarding this report.

FOR LANDMARK RESEARCH, INC.

James A. Graaskamp, Ph.D., SREA, CRE

Yvonne M. Schell, MS

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COUNTY LAKEVIEW SANITORIUM PROPERTY

1202-1206 NORTHPORT DRIVE



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SUMMARY OF FACTS, ASSUMPTIONS, AND CONCLUSIONS

Property: 46.21 acres improved with several brick structures located at 1202-1206 Northport Drive, Madison, Wisconsin.

Type of Estate: Fee simple, encumbered by an easement to Madison water utility, and Madison zoning and subdivision regulations.

Present Owner: Dane County of the state of Wisconsin.

Age of Building: Built in 1930; 52 years old.

Neighborhood: Site is located on Northport Drive, approximately 1-1/2 miles south of the Yahara River and 1-1/2 miles west of Dane County Airport and immediately northwest of City of Madison Warner Park.

Lot Size: The parcel has 1,082 feet of frontage along Northport Drive and contains 2,013,080 square feet or 46.21 acres.

Improvements: The site contains four major structures, a five-story main building, approximately 62,000 square feet, a three-story annex building, approximately 17,500 square feet, a two-story seven-car garage and storage building, and a small boiler plant structure. All but the annex building will be demolished for purposes of this analysis.

Legal Constraints: R-1 Single-family Residence District Zoning, General Fire District regulations, and City and State building codes.

Most Probable Use: The demolition of the main building, garage structure and boiler plant, the rehabilitation of the annex building into residential condominiums, and development of the remainder of the parcel with a planned community concept of townhouses, condominiums and limited commercial uses along Northport Drive.

Most Probable Buyer: A local developer operating through a partnership which will purchase the property contingent upon receiving approval of a PCD plan which will include commercial frontage along Northport Drive of approximately nine acres and the balance approved for development of a planned multi-family community.

Terms of Sale: A cash sale is required by seller.

Market Transaction Inference: Comparable sales, ranked by a weighted point score method, predict a central tendency of \$1,810,000.

Fair Market Price or Most Probable Selling Price: As of March 1, 1982, the most probable selling price is \$1,800,000. In the appraiser's opinion, the market comparison approach to value is the most indicative of a fair market price for the property. This price is supported by the buyer simulation or income approach to value as well as a ratio guideline approach to value.

I. PROBLEM ASSIGNMENT

The content of an appraisal report is determined by the nature of the decision for which it will serve as a benchmark and the limiting assumptions inherent in the property, the data base, or other factors in the decision context. This analysis is made to determine the most feasible use of the property and to determine the most probable selling price, given the identification of the most probable buyer type.

A. Legal Interest to be Appraised

The Lakeview property, located at 1202-06 Northport Drive, is held in fee simple title by Dane County, Wisconsin. Exhibit 1 shows the location of the subject site. The subject was acquired in tracts beginning in June of 1929 and ending in November of 1945. (Exhibit 2 shows the chain of title.) A quit claim transfer of one lot to Lakeview Church left the county with its current ownership described as follows:

Part of the East one-half of the Southwest Quarter and the Northwest Quarter of the Southeast Quarter of Section 25, Township Eight (8) North, Range Nine (9) East (Town of Burke), Dane County, Wisconsin, as follows:

Beginning at the Northeast corner of the Southwest Quarter of said Section Twenty-Five (25), then South 00 degrees 59 minutes 26 seconds West, 990.73 feet to a point, then South 89 degrees 24 minutes 08 seconds East, 216.20 feet to a point; then South 01 degrees 00 minutes 21 seconds West, 126.16 feet to a point; then South 89 degrees 24 minutes 08 seconds East, 30.00 feet to a point; then South 01 degrees 00 minutes 21 seconds

EXHIBIT 1
SUBJECT SITE LOCATION MAP

CHAIN OF TITLE TRANSFERS

<u>Vol./Pg.</u>	<u>Date</u>	<u>Document</u>	<u>From</u>	<u>To</u>	<u>Comments</u>
342/525	6/26/29	QCD	↑	↑	<i>Seven Easement</i> Don't have spec. on this easement
342/526	6/7/29	WD	Lake View Heights, Inc.	Dane Cty., Wisconsin	Lots 9, 10, 11, 16 & Pt. 33 Hanover*
343/337	8/9/29	WD	Imhoff	Dane County	Lots 13, 14, 15 & 34 Hanover*
471/197	11/26/45	WD	Mahlkuch	Dane Cty., Wisconsin	Lots 15 & 16 Lakeview Hts. block 2
---	10/18/49 5/18/67	QCD	Dane County Cty. Bd resolution	Lake View Church	Lots Hanover*
130/144	8/8/69	Esmt.	Dane County	City of Madison	Water main easement

EXHIBIT 2

* Hanover Plot, Recorded Vol. B, Pg. 37, has been vacated.

West, 175.00 feet to a point; then North 89 degrees 41 minutes 30 seconds West, 30.00 feet to a point; then North 01 degrees 00 minutes 21 seconds East, 20.46 feet to a point; then North 89 degrees 41 minutes 30 seconds West, 216.04 feet to a point; then South 01 degrees 14 minutes 28 seconds West 357.78 feet to a point; then South 01 degrees 05 minutes 44 seconds West 548.24 feet to a point on the Northeast line of Northport Drive (S.T.H. 113); then North 65 degrees 55 minutes 11 seconds West, along said highway 1082.07 feet to a point; then North 01 degrees 23 minutes 42 seconds East 1077.19 feet to a point; then North 0 degrees 53 minutes 14 seconds East, 640.62 feet to a point; then Northeasterly along a curve to the left, whose long chord bears North 70 degrees 05 minutes 02 seconds East, 79.30 feet, and has a radius of 200 feet, to a point; then South 89 degrees 31 minutes 20 seconds East 917.34 feet to the point of beginning.

The property contains approximately 46.21 acres.*

Encumbrances of record on the property include an easement and grant to the City of Madison Water Utility and a private deed restriction involving street setbacks and side yards along the vacated Esch Lane. The private restriction (see Warranty Deed, Volume 471, Page 197, dated November 26, 1945, may no longer be enforceable, and in any event does not significantly constrain the uses to which the Lakeview property could be adapted. The permanent water main easement will, however, impart some limitations.

The City of Madison Water Utility holds a permanent easement for a water main and booster station, as well as title

*Area calculations made by Ken Koscik, P.E., per certified survey done by Tony Thousand. See Appendix A.

to the water tower now situated on the property. The location of this easement is shown in the plat attached to the easement document (see Exhibit 3). The exact location of the water tower and the main which serves it are not specified exactly. The main limitations presented in this easement are:

1. The Madison Water Utility will assume the repair and maintenance of all existing water mains on the easement and from the easement to the water tower. This does not include relocations required by new construction or alterations caused by the property owner.
2. If it is determined that the water tower has to be replaced in the future, the property owner must grant the Madison Water Utility the necessary easements for reconstruction of a storage reservoir of a capacity compatible with the Master Plan determination.
3. The Madison Water Utility has the right of vehicular and pedestrian ingress and egress, the right of excavation and the right to operate the necessary equipment to perform the maintenance as required in the special conditions included within the easement.

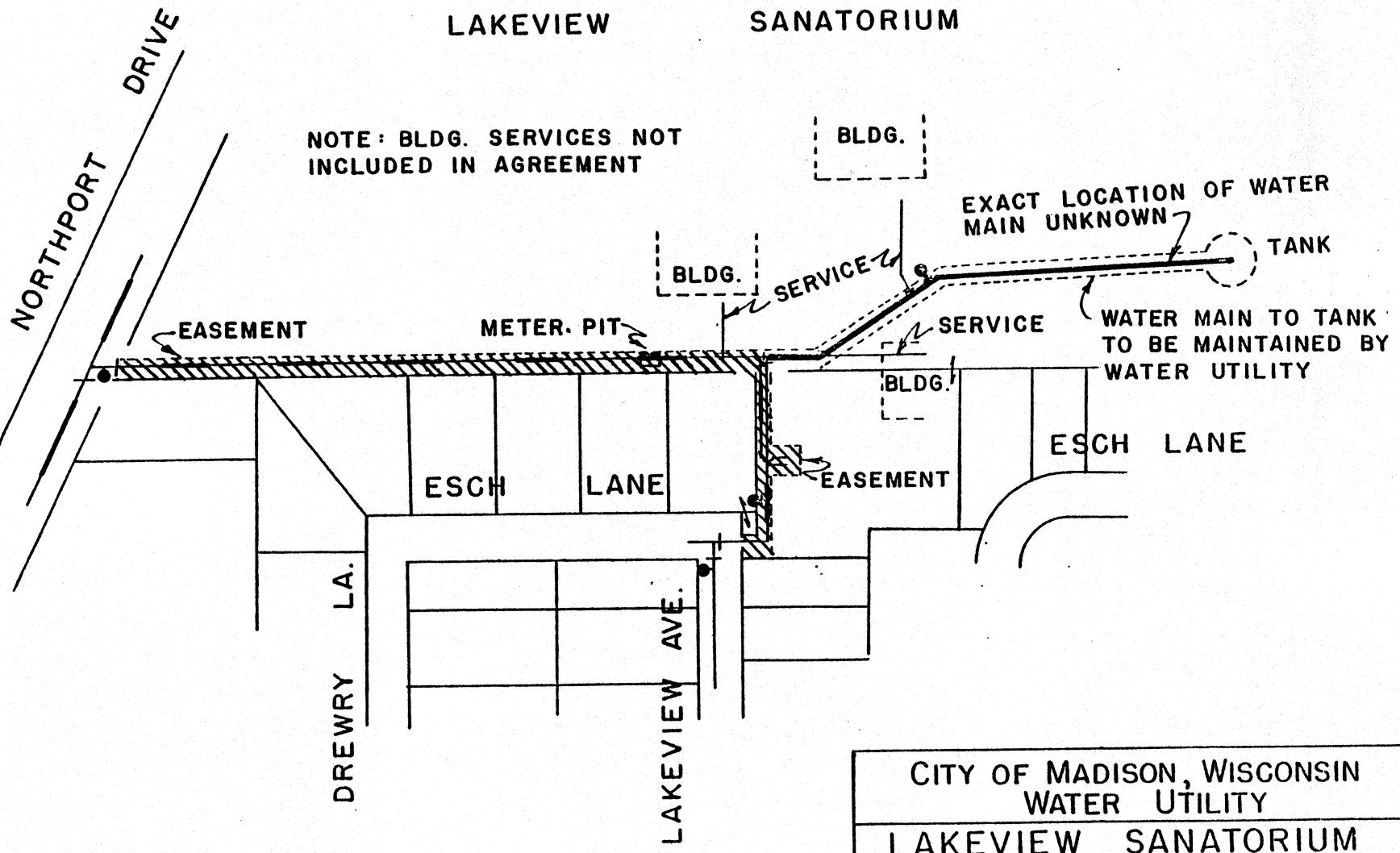
The indeterminable future land needs suggested by this agreement are expected to preclude development in close proximity to the existing easement area.

B. Value Definition

For the purpose of this appraisal, the following value definition is that of "market value," defined in Real Estate Appraisal Terminology, Revised Edition, 1981, pp. 160-161.

LOCATION OF WATER UTILITY EASEMENT

N



Denotes Water Utility Easement

CITY OF MADISON, WISCONSIN
WATER UTILITY
LAKEVIEW SANATORIUM
WATER MAIN EASEMENT

SCALE 1" = 200'

JAN 1969

MANAGER

Market Value

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated.
2. both parties are well informed or well advised, and each acting in what they consider their own best interest.
3. a reasonable time is allowed for exposure in the open market.
4. payment is made in cash or its equivalent.
5. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
6. the price represents a normal consideration for the property sold, unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.

C. Application to Subject

The present owner, Dane County, is requesting an estimate of fair market value to be used as a benchmark for government negotiation of the sale of the Lakeview Sanitorium property. In addition to fair market value we have provided a range of prices to be used as a guideline within which negotiation can take place. The estimate of value is based on a cash sale. The sale prices of the comparable properties used as benchmarks of value are adjusted as necessary to reflect a cash sale.

II. PROPERTY ANALYSIS TO DETERMINE MOST PROBABLE USE

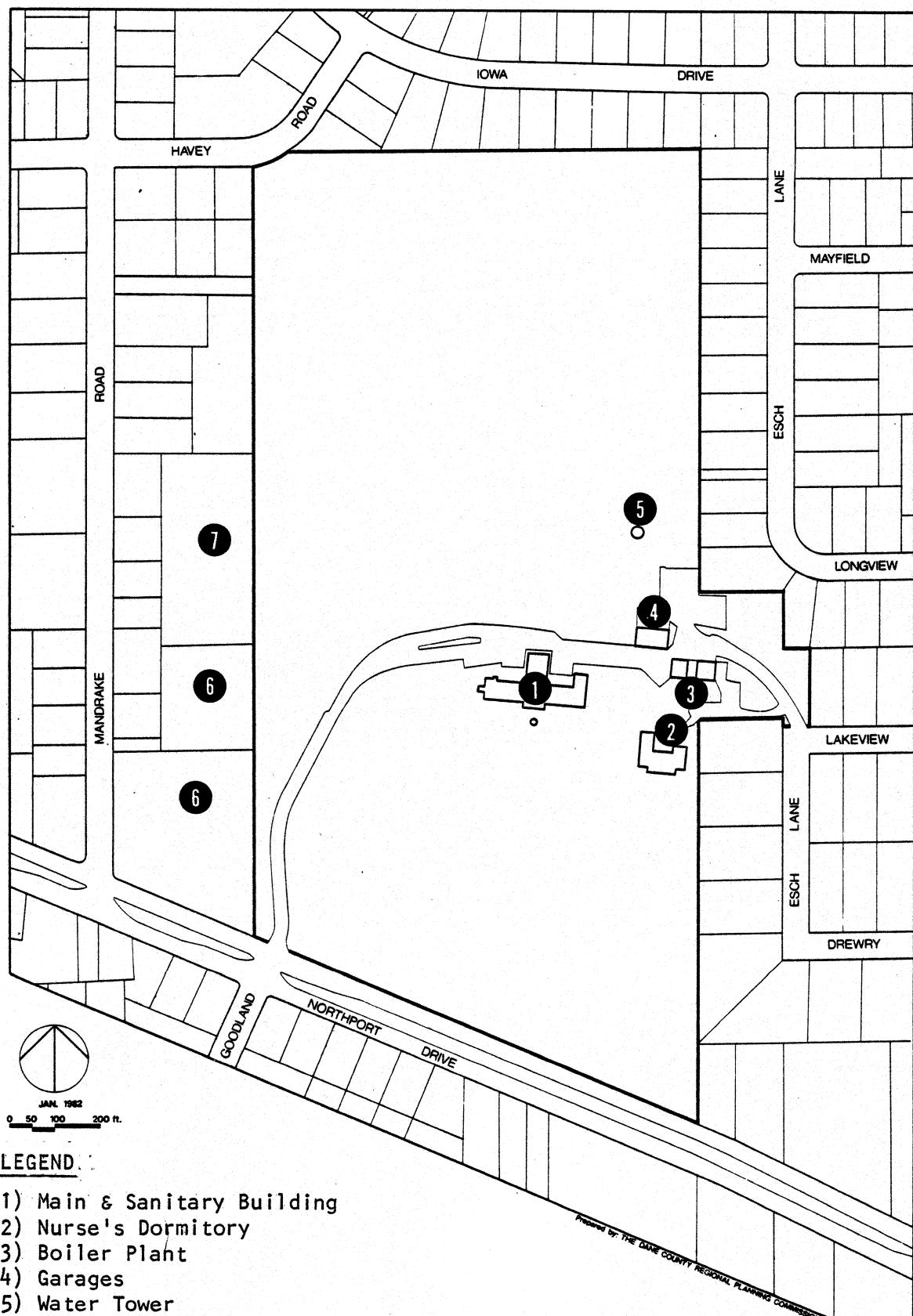
The identification of the most probable use begins with an analysis of the property attributes. An inventory of these attributes includes physical characteristics of the site and of the improvements thereon, the relationship (linkages) of the site to density centers that are generators of demand, and the perceptions of the site that are commonly held by citizens that might attract and/or repel users.

A. Physical Attributes

The subject site is located on the far north side of Madison, approximately one and one-half miles west of the Dane County Regional Airport and one and one-half miles south of the Yahara River. The site is bordered by Northport Drive to the south, with the remainder of the site bordered by single family residences, with the exception of two churches and a small graveyard bordering the southwest corner of the parcel. Exhibit 4 shows the configuration of the site and the placement of the existing improvements. The site is an irregular rectangle with approximate dimensions of 917 feet by 1958 feet and with 1082 feet of frontage along Northport Drive. The area of the parcel is estimated to be 46.21 acres.

Northport Drive provides access to the site from both the east and west. Goodland Road, which continues onto the site and

SUBJECT SITE CONFIGURATION AND LOCATION OF IMPROVEMENTS



PROPERTY LAKEVIEW

Source: Landmark Research, Inc.

ends at the parking area behind the existing improvements, provides access from the south.

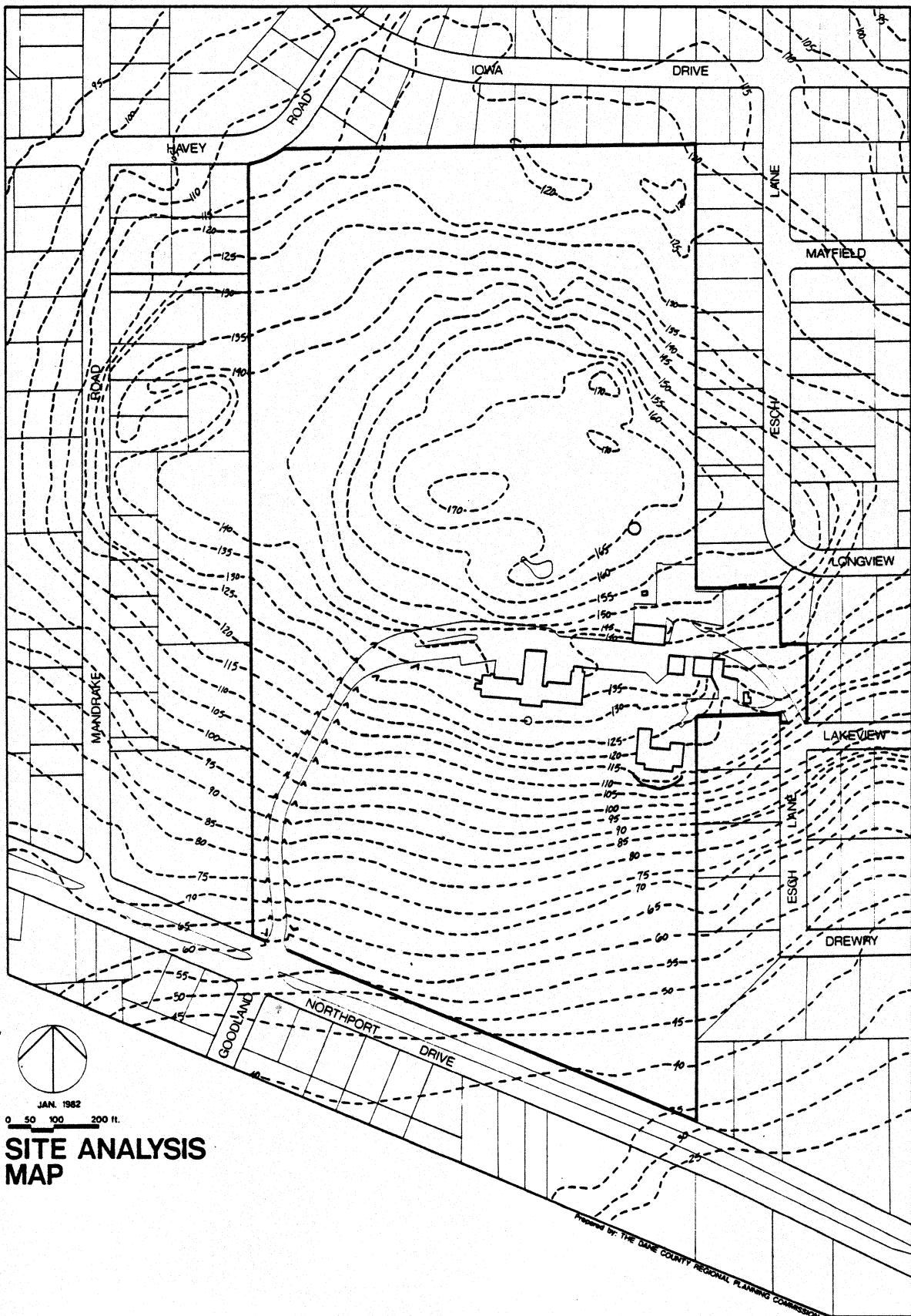
The site rises from an elevation of 900 feet above sea level at Northport Drive to 1040 feet above sea level two-thirds up the middle of the site, one of the highest points in the county. The hillside provides a captivating view of Madison and Lake Mendota to the south. The terrain, varying from 4 to 5 percent slopes up to 40 percent slopes in some areas, presents limitations to development in terms of site design. (See topographic map in Exhibit 5.)

The area of the parcel behind the existing improvements, approximately 60 percent of the site, or 28 acres, is heavily wooded with oak, hickory, and other hardwoods. This section, declared a wildlife reserve, is currently under the jurisdiction of the Dane County Parks Commission and is known as Lake View Park. The park is maintained in its natural state, having no improvements except for hiking trails.

Existing utility lines servicing the subject are shown in Exhibit 6. Utilities include water, electric, natural gas, and phone lines. An eight-inch sanitary sewer main and storm sewer also serve the site. All utilities to existing buildings are provided from the east property line. Water and natural gas are accessed via Esch Lane. Overhead electric lines, overhead phone, and water mains extend from Northport Drive along the

EXHIBIT 5

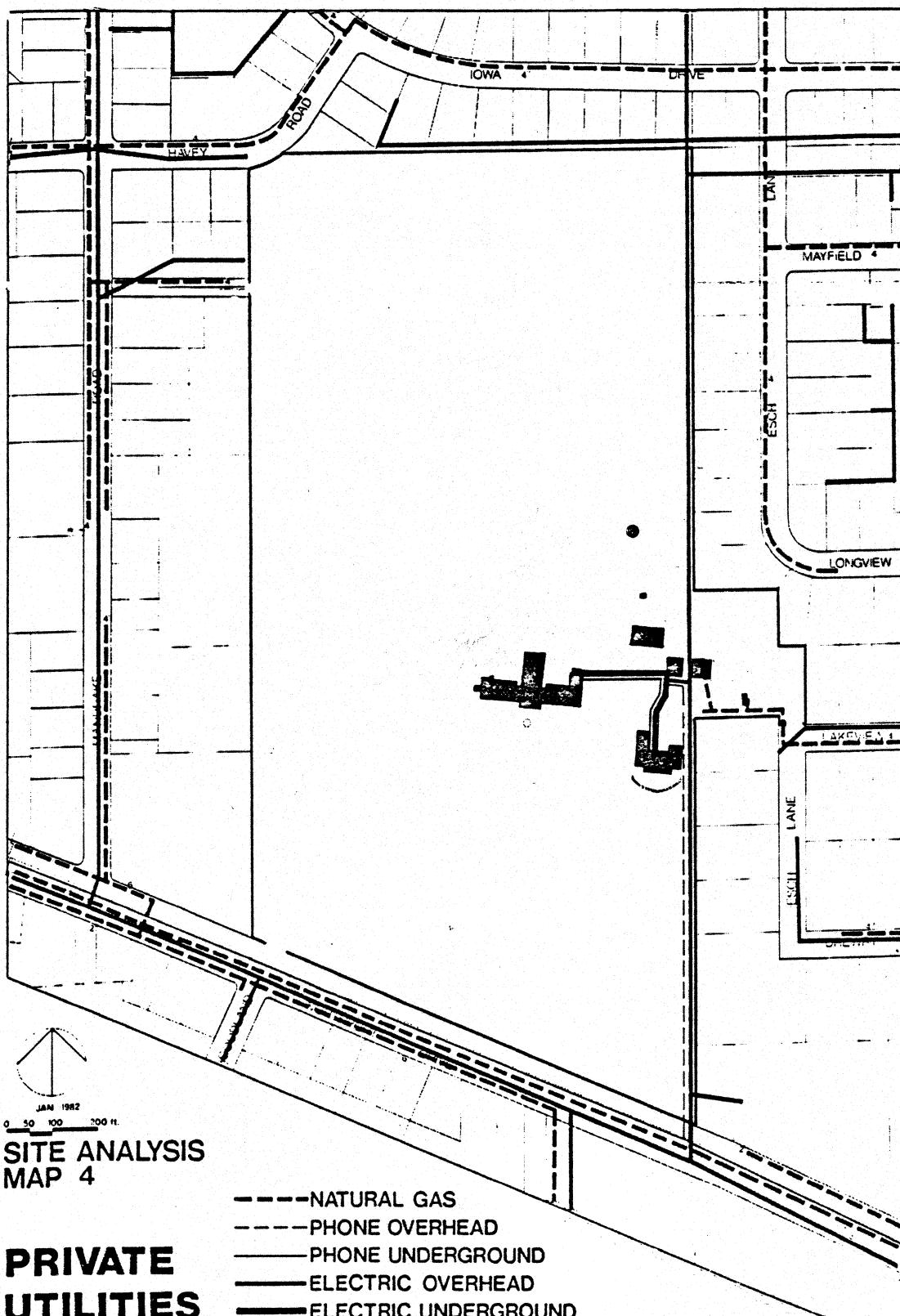
TOPOGRAPHIC MAP OF SUBJECT



PROPERTY BREAKER

EXHIBIT 6

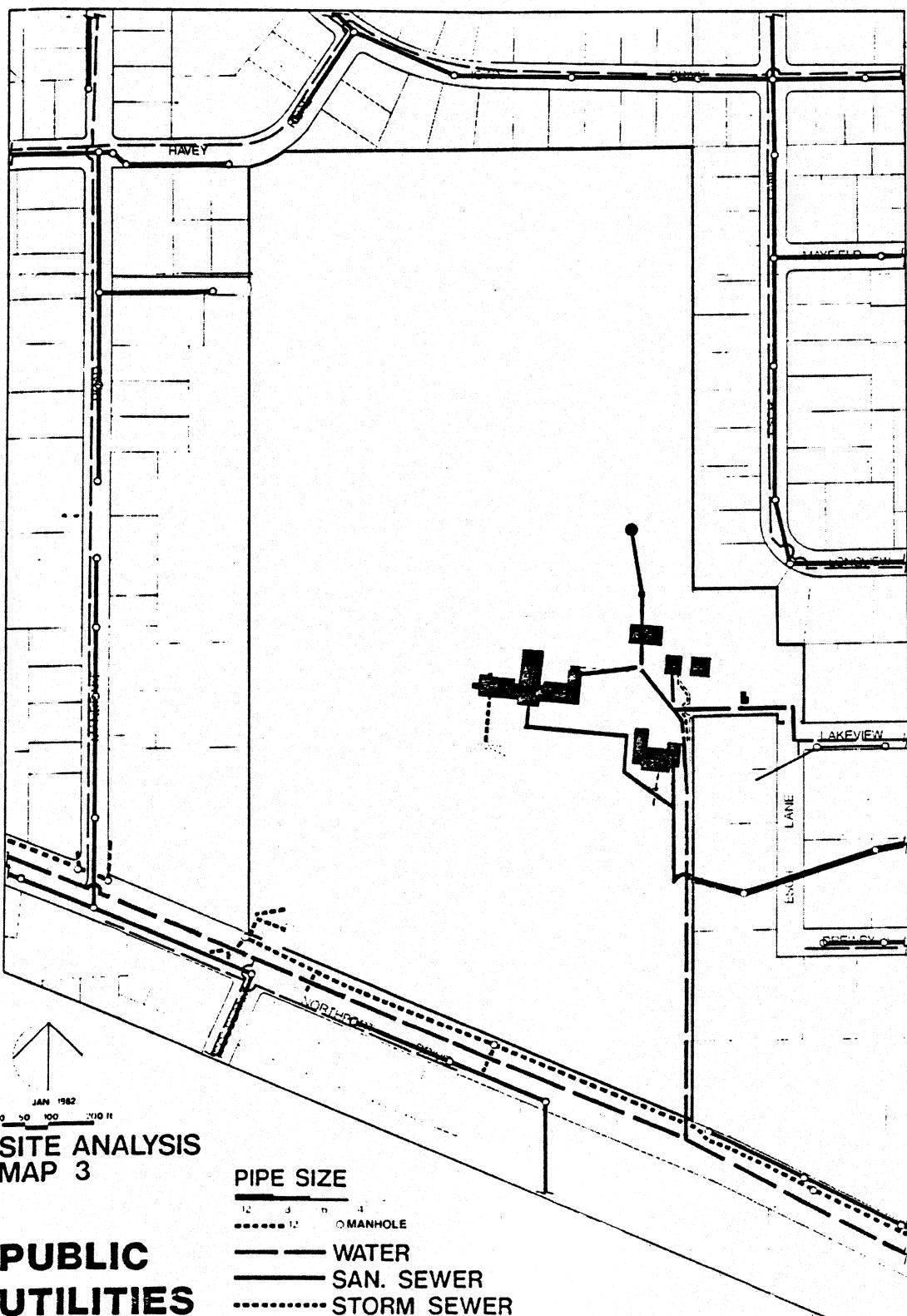
MAP OF EXISTING UTILITIES
ON SUBJECT SITE



Source: Dane County Regional Planning

LAKEVIEW PROPERTY

EXHIBIT 6 (Continued)



Source: Dane County Regional Planning

LAKEVIEW PROPERTY

eastern property line. Sanitary sewer is provided from southeast of the site with the easement running across Esch Lane.

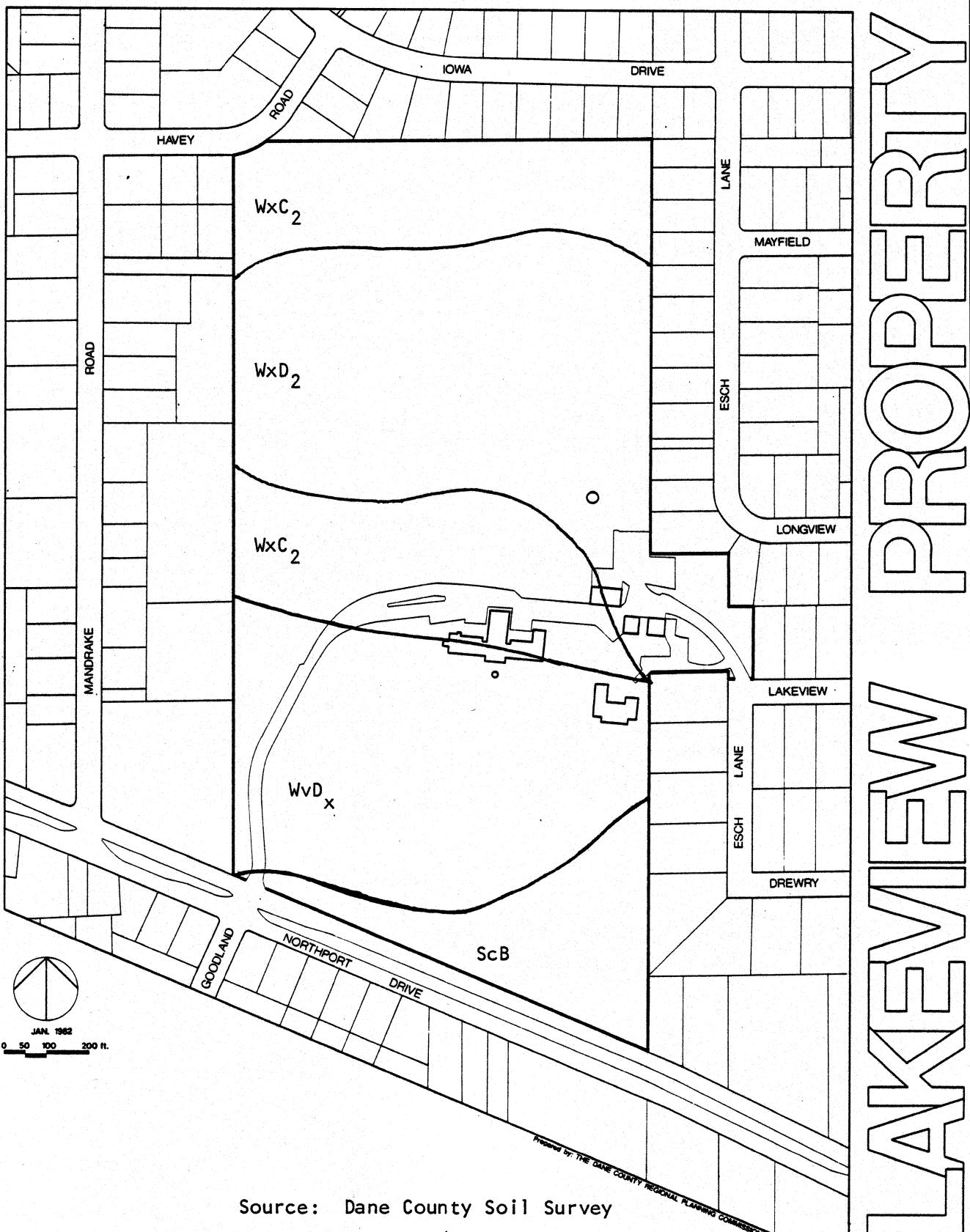
All utilities are provided along Northport Drive. Electric lines run along the entire eastern boundary and along most of the northern boundary of the site, providing ready access for development along these boundaries.

The Soil Survey of Dane County, Wisconsin, published by the U.S. Department of Agriculture, Soil Conservation Service, indicates three soils on the site. These soils are Whalan silt loam with six to twelve percent slopes (WxC2) and twelve to twenty percent slopes (WxD2); Westville silt loam with twelve to twenty percent slopes (WvD2); and St. Charles silt loam (ScB) with two to six percent slopes. Exhibit 7 indicates the location of these soils on the site.

The Whalen soils, comprising approximately 65 percent of the site, were formed by glacial till over dolomite bedrock. The major limitations to development of these soils are the moderate bearing capacity of the subsoil, causing them to be unstable when wet, and the soil erosion caused by rapid water runoff, particularly on the steeper slopes. Development is further complicated by shallow depth to bedrock, in places two to four feet or less, necessitating removal and increasing the costs for the construction of dwellings with basements,

EXHIBIT 7

SUBJECT SOILS MAP



Source: Dane County Soil Survey

placement of underground utility lines, and construction of highways, local streets, and roads.

The Westville soil, comprising approximately 30 percent of the site, was also formed by glacial till. The subsoil has a low bearing capacity and moderate shrink-swell potential which presents some limitation to development of local streets and roads. The steep slopes experienced on these soils result in rapid runoff and a severe hazard of erosion.

The St. Charles soil, located in the southeast corner of the property, is a well drained soil formed in deep glacial till. This soil poses only moderate limitations to development of local roads due to shrink-swell potential caused by subsoil with low bearing capacity.

The aforementioned limitations to development posed by the nature of the subject soils is not severe to the point of eliminating consideration of development on the site. However, the costs to control erosion and to remove bedrock must be considered in hypothesizing development scenarios for the subject site.

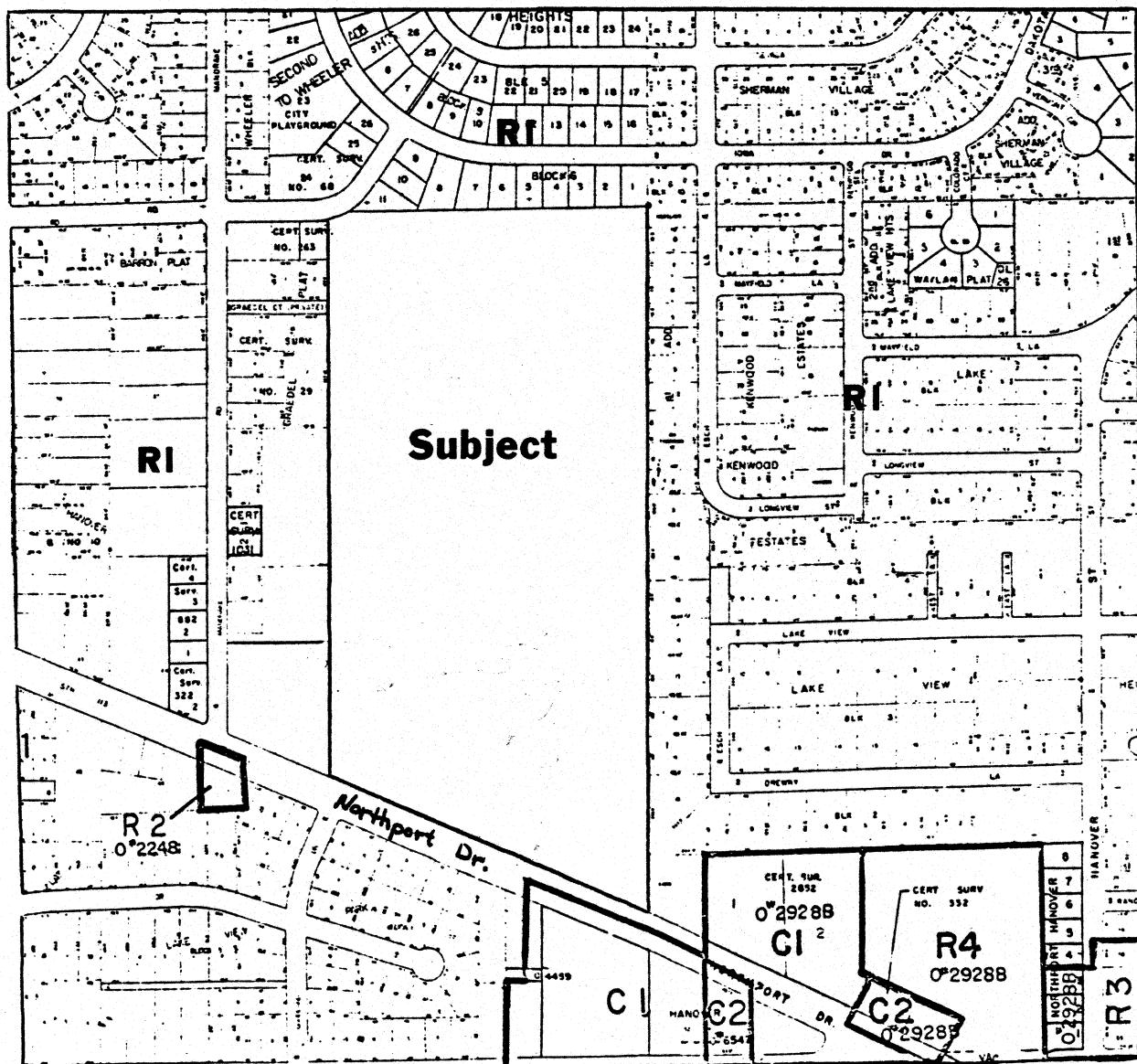
B. Legal Constraints

1. Zoning

The subject site is currently zoned R-1, Single Family Residence District. (See Exhibit 8 for zoning map.)

EXHIBIT 8

ZONING MAP OF SUBJECT AREA



Source: Madison Department
of Planning and Zoning

The R1 single-family residence district is established to stabilize and protect the essential characteristics of certain low density residential areas normally located in the outlying urban parts of the City, and to promote and encourage a suitable environment for family life where children are members of most families. Development in the R1 single-family residence district is limited primarily to single-family dwellings, low density multiple-family dwellings in planned residential developments, and certain community and recreational facilities to serve residents of the district.*

As shown in Exhibit 8, the subject site is completely surrounded by R1 zoned districts with the exception of one lot zoned R2 which lies south of the intersection of Mandrake Road and Northport Drive, and a commercial block lying south of the far eastern section of the site. This Commercial area extends to the east and to both sides of Northport Drive, and includes lots zoned C1, Limited Commercial District; C2, General Commercial District, and R4, Limited General Residence District. Encroachment by these commercial and higher density zoned districts in the direction of the subject represents a trend in rezoning along Northport as that street becomes more heavily traveled. Discussion with various city planning officials provides a variety of opinions as to the commercial rezoning possibilities along Northport for the subject property. The consensus seems to be that a well designed

*City of Madison, General Ordinances, Section 28.08 (2)(a).

plan for limited commercial uses would meet with favorable response by planners.

2. Political Constraints

The city's Land Use Plan, revised in May of 1980, shows the subject as a special institutional district.

The purpose of this land use designation is to identify those large or strategically located parcels now occupied or planned to be occupied by major institutional uses whose special characteristics would make classifications to one of the other land use categories misleading or inappropriate.*

The areas to the north and south of the subject are slated to retain their low density, single-unit residential character. The area to the southeast of the subject is earmarked neighborhood commercial, while strips along Northport to the southeast and northwest of the subject are designated medium density (16 to 25 units per acre) mixed housing and multi-unit housing districts.

Discussions with both county and city planning officials indicate an expectation of a change of zoning for the subject property to PUD, planned unit development, or PCD, planned community development. Section 28.07 (4) of the City of Madison's General Ordinances states that the intent of PCD zoning is to:

*Land Use Plan for Madison, Wisconsin, May 1980, Section A.5.

... allow diversification and variation in the relationship of uses, structures, open spaces and heights of structures in developments conceived and implemented as comprehensive and cohesive unified projects. It is further intended to encourage more rational and economic development with relation to public services, and to encourage and facilitate preservation of open land.*

The intention of the PUD zoning is very similar to that defined for PCD zoning. The major difference in the two plans is that land zoned PUD remains under one entity and entails only one use while land zoned PCD is platted into parcels and sold to different entities and may have different uses.

Specifications for design standards under these two zoning classifications is intentionally vague to allow for flexibility and negotiation between planning officials and developers. A copy of the specifications of these zoning districts is included as Appendix B.

The subject lies in the 18th aldermanic district in the City of Madison. The closest neighborhood association is the Sherman Village Citizens. This group represents approximately one square mile of single-family residences located directly north of the subject. The North Lake Mendota Association represents the state hospital to the

*City of Madison, General Ordinances, Section 28.07 (4). See Appendix B.

west and the surrounding residences in the area. These neighborhood groups have been very vocal in the past and will exert some influence over the type, density and design of improvements on the subject property.

The back portion of the site was placed under the jurisdiction of the Dane County Parks Commission on May 18, 1967, for the purpose of "maintaining and developing such land for park purposes." This area of the site is operated as Lake View County Park and is perceived by most residents as a permanent county park. County officials do not see a problem in obtaining jurisdiction from the Parks Commission to sell or develop as they see fit. However, local sentiment will pose a constraint on development of the parcel.

C. Linkages

Linkages are those attributes that relate the site to its immediate surroundings, its activity centers, and its periphery point. The subject property is located on Madison's far north side. Northport Drive to Aberg Avenue connects the subject to U.S. 151, Wis. 30, U.S. 51, and Interstate 90 and 94, the major routes through and away from Madison (refer to Exhibit 1). Northport Drive also connects the subject to the Dane County Regional Airport located approximately one and one-half miles to the east.

The predominant land use in the area is low density single-family homes. Two higher density residential complexes are located along Northport Drive less than one mile east of the subject. The linkages of the site for residential uses are excellent. Exhibit 10 is a listing of neighborhood facilities and amenities and their distances from the subject. Some of these amenities can be seen on the aerial photograph of the subject in Exhibit 9. These illustrate the subject's close proximity to various types of shopping and commercial establishments, public schools, parks, and large employment centers.

Warner Park, one of the city's largest parks, offers a variety of recreational activities including organized baseball, football, picnic areas, and waterfront activities. Sherman Plaza, located less than one mile southeast of the subject, provides neighborhood shopping as well as a laundromat, dry cleaner, barber, two banks, public library, travel service, optical service, and fast food restaurants. Limited commercial uses are allowed directly to the southeast of the subject and include a grocery, restaurant, and small commercial offices. In addition, another community shopping center is planned for a site near the Oscar Mayer Plant, slightly over a mile away. ShopKo, a national discount store chain, is scheduled for completion by year end 1982. The remainder of the center,

EXHIBIT 9

AERIAL PHOTOGRAPH OF SUBJECT AND
LAND USE MAP OF SUBJECT AREA



LEGEND

- 1 Warner Park
- 2 Lake Mendota
- 3 Sherman Plaza
- 4 Apartment Complexes
- 5 Limited Commercial
- 6 Single Family Residential

EXHIBIT 10

LINKAGES OF LAKEVIEW SANITORIUM SITE

	<u>Approximate Mileage</u>
U.S. 151 and Wis. 30 (to Interstate 90-94)	3.2
U.S. 51 and Wis. 30	3.7
Dane County Regional Airport	1.3
Wisconsin State Capitol	5.0
Shopping:	
Major Grocery	.5
Neighborhood shopping	.5
Community shopping (Sherman Plaza)	.7
Proposed community shopping (Northtown)	1.2
Schools:	
Mendota Elementary and Early Childhood	.5
Lindbergh Elementary	1.0
Lakeview Elementary	.6
Gompers Elementary and Middle	.6
East Side High	2.5
Central Wisconsin Training School	1.3
Proposed MATC Site	1.3
Recreation:	
Mendota Lakefront	.6
Warner City Park	.5
Neighborhood Parks (2)	.75-.9
Cherokee Marsh	1.0
Cherokee Golf Course and Tennis-Racquetball Club	1.0
Employment:	
Mendota State Hospital	(595 employees) 1.5
Oscar Mayer	(3600 employees) 1.2
Dane County Regional Airport	1.3
American Family Insurance	(1720 employees) 3.5
Ray-O-Vac	(850 employees) 5.0
Madison-Kipp Corporation	(600 employees) 5.0
Fire Stations	.5

including a major grocery chain, is scheduled for completion in 1983.

The Church of Christ and Lakeview American Lutheran Church abut the property on its western boundary. Other churches are located along Northport Drive.

Three major employers are located within a mile and a half of the subject: Mendota State Hospital, 595 employees; Oscar Mayer, 3,400 employees; and Dane County Regional Airport, number of employees not known. Other major employers located within five miles of the subject are: American Family Insurance, 1720 employees; Ray-O-Vac, 850 employees; and Madison Kipp Corporation, 600 employees.

D. Dynamic Attributes

The subject site is viewed by developers and citizens alike as one of the premier developable tracts of land within the City of Madison. The elevation of the site allows a commanding view of Lake Mendota and Madison to the south. The orientation allows for opportunities in solar design, with the hillside acting as a buffer to the brisk winter winds from the northeast. The varied topography and vegetation enhance the aesthetics and appeal of the site. The hillside offers high visibility to people viewing it from the lake, Northport Drive, or Sherman Avenue.

Convertibility of the existing building to residential use might be hampered by citizens' associations of the building with its prior use as a tuberculosis sanitorium. Carl Shifflebine, tuberculosis expert, Wisconsin State Department of Health, states that tuberculosis as an airborne disease is very sensitive to sunlight and that any organisms would have died long ago. Although he states that there is no danger in inhabiting a building such as Lakeview, public sentiment and affiliations might not be so rational.

E. Existing Improvements

1. Background and Classification

The Lakeview complex consists of four brick buildings: a 4-story main building, a 3-story annex building or nurses' dormitory, a power plant, and a 7-car garage and storage building. (See Exhibit 11.) An underground tunnel connects the main building with the power plant and the dormitory.

The main building currently houses the Dane County Social Services Department. It was constructed in 1930 under the Works Progress Administration as a tuberculosis sanitorium and general hospital. The general hospital was located on the fourth floor while the tuberculosis facilities were located on the first three floors and the ground floor. (This floor has no windows to the North but

EXHIBIT 11

**PHOTOGRAPHS OF IMPROVEMENTS
ON SUBJECT PROPERTY**

The Main Sanitorium Building



Front view, looking northwest
from the nurses' dormitory



Rear view, looking southwest
from parking lot

The Main Sanitorium Building



Interior office space,
note support column



Original open porch on third floor

The Nurses' Dormitory Building



Front view looking north



Rear view looking south

The Nurses' Dormitory Building

Interior Office Space





View of nurses' dormitory looking east
from the top of the main building



View of garages and boiler plant
from the top of the main building



Interior of boiler plant:
Kewanee boilers

has full-story exposure on the South.) The nurses' dormitory was constructed to house the sanitorium nurses and the resident physician.

Fresh air was prescribed for tuberculosis patients, hence the Lakeview Building, along with most tuberculosis sanitoriums built during this time, sits on expansive acreage offering plenty of area for long, fresh-air walks. This is also the reason for the typical large open porch areas found on the main building.

In fact, the settings chosen for most tuberculosis sanitoriums were so aesthetic and the patient population was so homogeneous (tuberculosis affected primarily people in their early to mid-twenties) that many patients did not want to leave once they were cured and in fact many remained on and became part of the medical staff. This might explain much of the reluctance of the nursing staff and resident physician to vacate the premises once the county decided to convert the buildings to office space.

2. Type of Construction

All buildings are of concrete and brick construction with stone trim. The main building, consisting of approximately 62,000 square feet, is of a simple institutional design. Decorative copper plating covering joints in the rock trim and the archways on the ground

floor add a touch of flair to the building, but the main physical feature of the building is its large south-facing windows. The original open porches running the full length of the building have been enclosed on most of the floors to provide for additional office space for the county. Windows are aluminum case single pane, double hung. Substantial air infiltration from these windows contributes to the building's high annual heating bills.

The major hallways in the main building were placed toward the north side of the building to allow for large south-facing patient rooms. Interior walls are plaster. Corridor floors are mostly terrazzo with some inlaid linoleum. The building was remodeled in the late sixties to adapt it to office use by the county. Many of the interior walls were removed to open up spaces. The space is broken up by foot square reinforced concrete support columns, spaced at varying widths from 12 to 20 feet apart. These columns limit the adaptability of the space to other uses. Another distinguishing characteristic of the building's interior is the existence of germ traps at the entrance to each of the south-side rooms. The germ traps are three and a half feet wide by the length of the room. Originally these rooms had two doors, oftentimes showers, and were

thought to help prevent transfer of germs from patient rooms to the building corridor.

Each floor has three enclosed staircases placed along the north side of the building. Staircases consist of terrazzo steps and hardwood bannisters. The building has two 400 pound passenger hydraulic elevators and one 2000 pound freight elevator.

The 3-story dormitory building, built five years after the sanitorium, is similar in construction to the main building. The building is U-shaped, consisting of approximately 17,500 square feet. Because it is a much smaller building than the main building, the heavy internal concrete support columns were not necessary.

The dormitory building sits down the hill to the southeast of the main building. Its large, south-facing windows provide plenty of sunshine as well as an excellent vista of Lake Mendota and Madison. The building overlooks an area heavily wooded with pine and a variety of deciduous trees. Windows are single pane and double hung, similar to the main building but are much tighter fitting and therefore experience much less air infiltration.

Interior walls are plaster and floors are terrazzo. The interior building design poses no major problems to renovation into residential dwelling units.

The power house supplies the main building and the dormitory with steam heat and hot water. The steam heat is provided by two 150 horsepower gas Kewanee boilers with an oil back-up system. The boilers have a rating of 6,270 MBH and a valve capacity of 6,000 pounds per hour. Although no major operating problems have been experienced with the system, a central boiler system is very inefficient because of the energy lost in transmitting the heat over any distance. Local mechanical engineers state that the current system probably loses between 30 to 40 percent of its heat by the time it gets to either of the two receiving buildings. Another problem with the boiler system is the lack of control of the heat distribution. If the boilers were maintained for any converted use of the building requiring individual thermostat controls, the steam heat would first have to be converted to water and then transported to different building areas. This conversion would further increase energy loss and increase costs of operation. Therefore it is concluded that any scenario for conversion of the subject buildings to regular rental or condominium would require complete replacement with a heating system internalized in the building or apartment unit.

The 100 gallon gas-fired Smith water heater is expected to fail soon because of its age. Therefore, a replacement has been purchased as a back-up. At this time the replacement is considered personal property.

Two vacuum pumps, 13 years old, and two water softeners, 15 to 20 years old, are also operated in the boiler room. These are believed to have little salvage value.

The garage has seven car stalls at the ground level and an upper floor which is used for storage and as a work area.

The very specialized medical layout of the main building and the inefficiency of the boiler plant pose substantial limitations to the convertability of the main building to residential use. These features along with possible prospective buyer identification of the building with a highly communicable disease and the stark institutional appearance of the building make marketability of the space after renovation questionable. The building has no significant historic or architectural reference and is not listed on the National Register of Historic Buildings or the city register of Historic Landmarks. For these reasons conversion of the building to a residential use does not appear feasible.

Conversion of the space to office use poses two major problems: 1) the absence of market demand for 62,000 square feet of Class B or C office space on the east side, and 2) the high operating costs of the building. Class B office space is available on the east side in the form of converted vacant school buildings. Hawthorne School, located at 3344 Concord Avenue, and Sherman School, at 1601 North Sherman Avenue, are two such buildings in the area that are offering low rent office space to the community. Hawthorne has a total of 20,000 net leaseable square feet, with 12,000 square feet available for lease at \$5.00 to \$5.50 a square foot, including all utilities and full janitorial services. Sherman School has 50,000 square feet available for lease out of a total of 80,000 net leaseable square feet. Rent is \$4.75 to \$5.50 per square foot and includes all utilities and full janitorial services. Rent-up of these buildings has been slow. The quality of space is comparable to that of the Sanitorium building. The latter would have the marketing advantage of the southern exposure and a view of the lake. However, even at full occupancy, which is extremely unlikely, a rental rate of \$5.00 a net useable square foot does not even cover operating expenses as a county office building which were

\$5.09 a gross square foot in 1981. This scenario is therefore discarded as financially unfeasible.

As can be seen, the main building does not appear financially feasible either for conversion to private market residential use or to private market office use. For this reason, demolition of the main building is assumed in each of the following scenarios analyzed in the determination of a most probable use of the site.

Conversion of the nurses' dormitory to residential use appears more feasible. Buyer perception of this building would not be subject to the same negative perceptions that might be associated with the main building because of its hospital past and its institutional design. The building is much more inconspicuous, nestled in a cluster of trees on the hillside southeast of the main building. The interior space would be fairly adaptable to residential unit division. The stairs and hallway along the north wall would remain in place, opening up adequately sized one bedroom apartments facing both the sun and the lake to the south. Both wings on each floor could be converted to larger two bedroom units with a minimum amount of demolition. For these reasons, conversion of this building to residential units is assumed in all the proposed alternative scenarios.

in the analysis of a most probable use of the subject property.

The inefficiencies of the heating system discussed previously do not make it viable to keep the power plant operating, either to supply the renovated nurses' quarters with heat or to warehouse heat to any of the single and multi-family residences proposed in the following scenarios. Therefore, demolition of the power plant is assumed in each of the following scenarios.

III. MOST PROBABLE USE

After completing an inventory of the positive and negative attributes of the property, of the legal and political constraints on future use, and of the immediate linkages of the location, the appraiser then must identify possible compatible uses. Each considered use must maximize the marketable attributes of the property, minimize its negative characteristics, and operate within the limits of a justified, prudent investment.

A. General Market Characteristics

When a site is in search of a use, a logical beginning point is the examination of the existing and potential markets for the several permitted, conditional and most probable uses of the site. The physical attributes of the site and the character of the surrounding neighborhood suggests subdivision into single-family residential lots, a planned community development including higher density residences, and limited commercial uses along Northport Avenue, or use by a single entity as a home office or office research complex.

To determine the type and corresponding potential market absorption of different housing possibilities, trends in Madison housing must first be examined. Review of Exhibit 12 shows that Madison's population has remained relatively

MADISON POPULATION AND HOUSING UNITS, 1970 AND 1980

Area	Population				Housing Units				Household Size			
	1970	1980	Change	% Change	1970	1980	Change	% Change	1970	1980	Change	%
Madison	171,869	170,616	(1253)	-.7	56,102	68,996	12,894	23.0	3.064	2.473	-19.3	
44 Neighborhood (a)	17,330	15,582	(1748)	-10.1	4,544	5,448	904	19.9	3.814	2.860	-25.0	
Subject Census Tract 24.01	2,817	2,938	121	4.3	799	951	152	19.0	3.526	3.089	-12.4	

(a) Census Tracts 22, 23.01, 23.02, 24.01, 24.02, See Exhibit 14
13

Source: U.S. Bureau of the Census, Preliminary Report, 1980

constant over the last ten years but that the total number of housing units has substantially increased (23%) over the same period of time. This translates into a decrease in the Madison average household size from 3.064 to 2.473 persons. This implies that total housing demand must increase commensurate with the decrease in family size given a stable population and absence of residential demolitions. The decreased household size will not only result in increased demand for housing units, but will result in a shift in demand for type of housing. Decreased family size along with increased concerns over energy consumption is translated into a shift in housing design from larger, detached, single family residences to smaller units and higher density residential living.

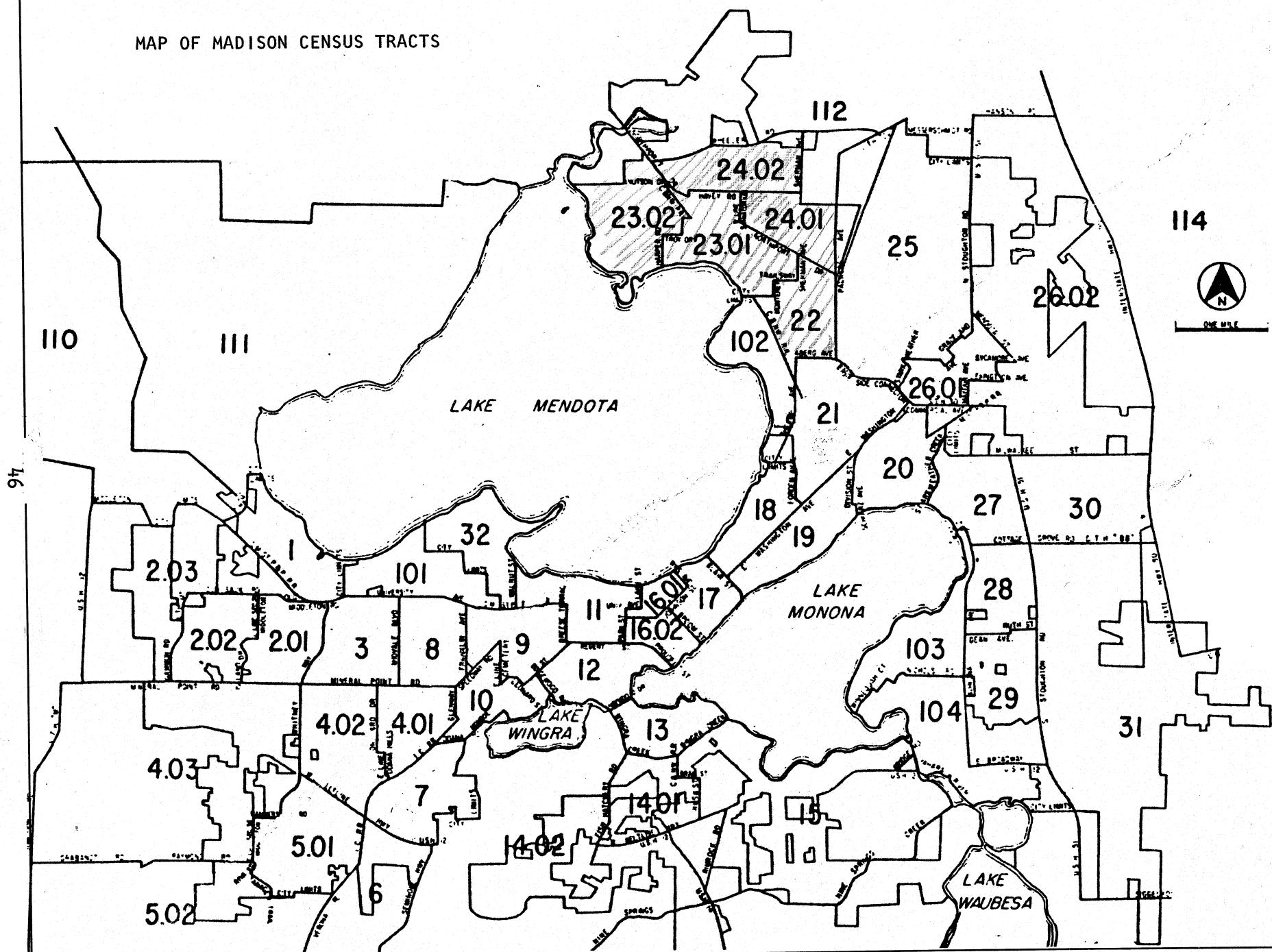
The chart in Exhibit 12 shows that the average household size for the subject area, Census Tract 24.01 (see Map in Exhibit 13), in 1980 was 3.089 compared with the city average of 2.473. To illustrate the impact of household size on housing demand, a decrease in the average number of persons per household in the subject area from 3.09 to the city average of 2.473 would translate into an increased demand for 237 dwelling units within that area alone.

To better estimate and quantify housing demand and absorption probabilities for residential scenarios on the subject site, building permits issued in Madison over the last

MAP OF MADISON CENSUS TRACTS

Landmark Research, Inc.

EXHIBIT 13



five years were reviewed. Exhibit 14 is a breakdown of these permits. The trends shown in this exhibit are the basis for the assumptions made in Exhibit 15, Residential Market Capture By Subject, 1981-1987. The major assumptions made in Exhibit 15 are that Madison's population will remain relatively constant over the next five years, and that the average household size will decrease six percent over that time. Demand for multifamily housing, as a percent of total housing demand, is expected to increase slightly over the next five years from 80 percent in 1981 to 85 percent in 1987. (Multifamily housing as a percent of total housing has experienced a steady increase from 53 percent in 1976 to 86 percent in 1981). Although a shift in demand to multifamily housing is expected, the increase in total multifamily housing is less than might be expected because of the offsetting effect of an anticipated decrease in subsidized housing programs in the future. Market capture by the subject is projected based on historic capture rates of east and northeast Madison (Exhibit 14) and the unique selling attributes of the subject site (that is, linkages and dynamic attributes).

Eastside development of two or more family units as a percent of total two or more family unit development in the city increased from 30 percent in 1976 to 73 percent in 1981. Total five or more family units as a percent of total

Need to define
East Side
Northeast side

BUILDING PERMITS ISSUED
MADISON, 1976-1981

Landmark Research, Inc.

	1976	1977	1978	1979	1980	1981
	# Units	% Increase or Decrease	# Units	% Increase or Decrease	# Units	% Increase or Decrease
Single Family						
East Side	197	84%	362	-14%	311	-21%
West Side	332	5%	348	-24%	265	-18%
Total	529	34%	710	-19%	576	-20%
East Side as % of Total	37%		51%		54%	
Northeast Side	157	50%	235	-28%	170	5%
Northeast Side as % of Total	30%		33%		30%	
Two or More Family						
East Side	182	47%	268	22%	328	71%
West Side	422	-4%	407	10%	446	-36%
Total	604	12%	675	15%	774	6%
East Side as % of Total	30%		40%		42%	
Northeast Side	182	46%	266	23%	326	72%
Northeast Side as % of Total	30%		39%		42%	
Total New Dwelling Units (DU)	1133	22%	1385	-3%	1350	-5%
Total Multifamily as % of Total Dwelling Units	53.3%		48.7%		57.3%	
					63.9%	
					72.7%	
						86.3%
Five or More Family						
Northeast Side					269 (b)	56
Total					409 (b)	347
Northeast Side as % of Total					66%	16%
Total Five or More Family as % of Total Two or More Family Units					62.1%	61.6%
						99.0%
Office and Professional Building						
Northeast Side					# Permits	# Permits
Total					1	3
Northeast Side as % of Total					9	18
					11%	17%
Residential Demolitions (in number of units)						
	9		20		23	
					125	
					18	
						23

(a) Includes 350 units for Capital Center Project

(b) Excludes 100 units of Elderly Housing on Londonberry Drive, 101 motel units on Hayes Road

Source: Madison Department of Building Inspection

EXHIBIT 14

$\frac{.06}{5} = .012$

$1.00 - .012 =$

*annual
factor* ,988

Landmark
Research, Inc.

RESIDENTIAL MARKET CAPTURE BY SUBJECT
1981 - 1987

	1980	1981	1982	1983	1984	1985	1986	1987
a Madison Population	170,616	170,000	170,000	170,000	170,000	170,000	170,000	170,000
b Household Size	2.473	2.443	2.414	2.385	2.356	2.328	2.300	2.272
c Dwelling Units	68,996	69,586	70,422	71,279	72,156	73,024	73,913	74,824
d Increased Demand for DUs		590	836	857	877	868	889	911
e + Demolitions		20	20	20	20	20	20	20
f Total New Units Needed		610	856	877	897	888	909	931
g Multi-Family Demand (% of f)	488 80%	702 82%	745 85%	762 85%	755 85%	773 85%	791 85%	
h East Side Demand (% of g)	220 45%	316 45%	335 45%	343 45%	340 45%	348 45%	356 45%	
i East Side Demand for Five or More Family Units (% of h)	110 50%	158 50%	178 53%	192 56%	201 59%	216 62%	231 65%	
j Multi-Family Market Capture by Subject (% of i)			71 40%	67 35%	60 30%	54 25%	58 25%	
k Single-Family Demand (% of f)	122 20%	154 18%	132 15%	135 15%	133 15%	136 15%	140 15%	
l East Side Demand (% of k)	49 40%	62 40%	53 40%	54 40%	53 40%	54 40%	56 40%	
m Single-Family Market Capture by Subject (% of l)			21 40%	19 35%	16 30%	14 25%	14 25%	

EXHIBIT 15

Source: 1980 and 1981 information - U.S. Bureau of the Census
1982 through 1987 information - Landmark Research, Inc., estimates

multi-family unit development in Madison increased from 62 percent in 1979 to 99 percent* in 1981. A stabilized 45 percent eastside capture of multi-family housing demand was used in projections in Exhibit 15, with 50 percent of this demand translated in five or more family unit demand in 1981, increasing to 65 percent in 1987. Multi-family market capture by the subject is projected to be 40 percent of the eastside demand for five or more family units in 1983 tapering off to 25 percent in 1987.

Projections of single-family market demand capture for the subject were also based on historic data in Exhibit 14, examination of which supports a 40 percent eastside market capture and a 40 percent market capture by the subject in 1983, decreasing to a 25 percent market capture in 1987.

To check for reasonableness of market absorption estimates, a survey was made of recent Madison condominium projects, particularly in east Madison. Review was also made of new office projects and large apartment projects. A listing of these projects is found in Exhibit 16, with a corresponding location map in Exhibit 17. Details of the larger of these projects are found in Exhibit 18. Examination of this exhibit

*This represents an unrealistically high rate because of the 350 unit capital center project. Future projections are made at a rate much lower than this.

**NON-PUBLIC OFFICE AND MULTI-FAMILY BUILDING PERMITS
ISSUED FOR NORTH AND EAST MADISON, 1979-1982**

East Slope of

Map Code Exhibit 17	Date	Applicant	Address of Project	Estimated Value	Type of Project
CONDOMINIUM OR APARTMENT					
NONE					
B	2/3	Cherokee Park	37-47 Golf Parkway	\$300,000	New Condo
F	5/6	Taff and Taff	10 Maple Wood Lane	\$1,800,000	Condos
A	6/25	Connery Building Corp.	Building #1 - 1782 Fordem Ave.	\$1,140,000	Apartments
A			#2 - 1766 Fordem Ave.	\$980,000	
A			#3 - 1626 Fordem Ave.	\$980,000	
	9/18	Structural Research	9, 11, 13, 15, 17 Oak Creek Dr.	\$155,040	Condos
A	9/23	Connery Building Corp.	1750 Fordem Ave.	\$1,800,000	Apartments
			1622 Fordem Ave.	\$1,800,000	
3	10/2	Madison Housing Ptn.	69-89 N. Wallbridge	\$165,000	Apartments
			102-118 Wittmer	\$137,500	
			117-133 N. Wallbridge	\$137,500	
B	11/7	John Fox	65-73 Golf Course Road	\$490,000	Condos
D	12/5	Insight Development	4318 Nakoosa Tr.	\$150,000	
			4326 Nakoosa Tr.	\$150,000	
			4322 Nakoosa Tr.	\$150,000	
F	1/3	Taff & Taff	1513 Steensland Drive	\$100,000	Condos
B	2/8	Cherokee Park	1410-14 Wheeler Road	\$300,000	Condos
C	20	Munz Investment	249-257 N. Thompson	\$130,000	Apartments
B	4/12	Cherokee Park	1442-47 Wheeler	\$300,000	Condos
C	5/9	Munz Invesment	237-41-45 N. Thompson	\$130,000	Apartments
B	6/11	Cherokee Park	1402-1406 Wheeler	\$300,000	Condos
E	9/17	Hillmark Realty	4845 Hayes Road	\$800,000	Motel
C	10/29	Munz Invesment	269, 265, 261 N. Thompson	\$388,449	Apartments
			233, 229, 225 N. Thompson	\$485,000	
			273, 277, 281 N. Thompson	\$388,449	
			213, 217, 221 N. Thompson	\$485,000	
			201, 205, 209 N. Thompson	\$485,000	
B	11/2	Cherokee Park	1434-38 Wheeler	\$300,000	Condos

Landmark Research, Inc.

EXHIBIT 16

Map Code	Exhibit	Date	Applicant	Address of Project	Estimated Value	Type of Project
	17					

OFFICES, BANKS, AND OTHER PROFESSIONAL BUILDINGS

1982 Permits NONE

1981 Permits	2	1/6	Madsen	2802 International Lane	\$746,600	Offices
1980 Permits	1	3/19	Design Shelters	2902 Dryden	\$65,000	Office
	2	4/16	Madsen	2702 International Lane	\$608,000	Office rental
	2	30	American Lane Enterprises	2023 American Lane	\$175,000	Offices
1979 Permits	3	1/22	Madsen	302 N. Walbridge	\$3,000,000	Am. Family Ins.
	4	5/8	Vista Structure	3510 E. Washington Ave.	\$52,700	Office-business accounts
	5	8/2	John Detter Investment	4222 Milwaukee Street	\$98,800	Office & beauty salon
	1	10/23	Medical Investment Ltd.	2830 Dryden	\$150,000	Office
	6	11/1	Wisconsin Realtors	4801 Hayes	\$410,000	Office

Source: Madison Department of Building Inspection

EXHIBIT 17

LOCATION MAP OF PROJECTS LISTED IN EXHIBIT 16

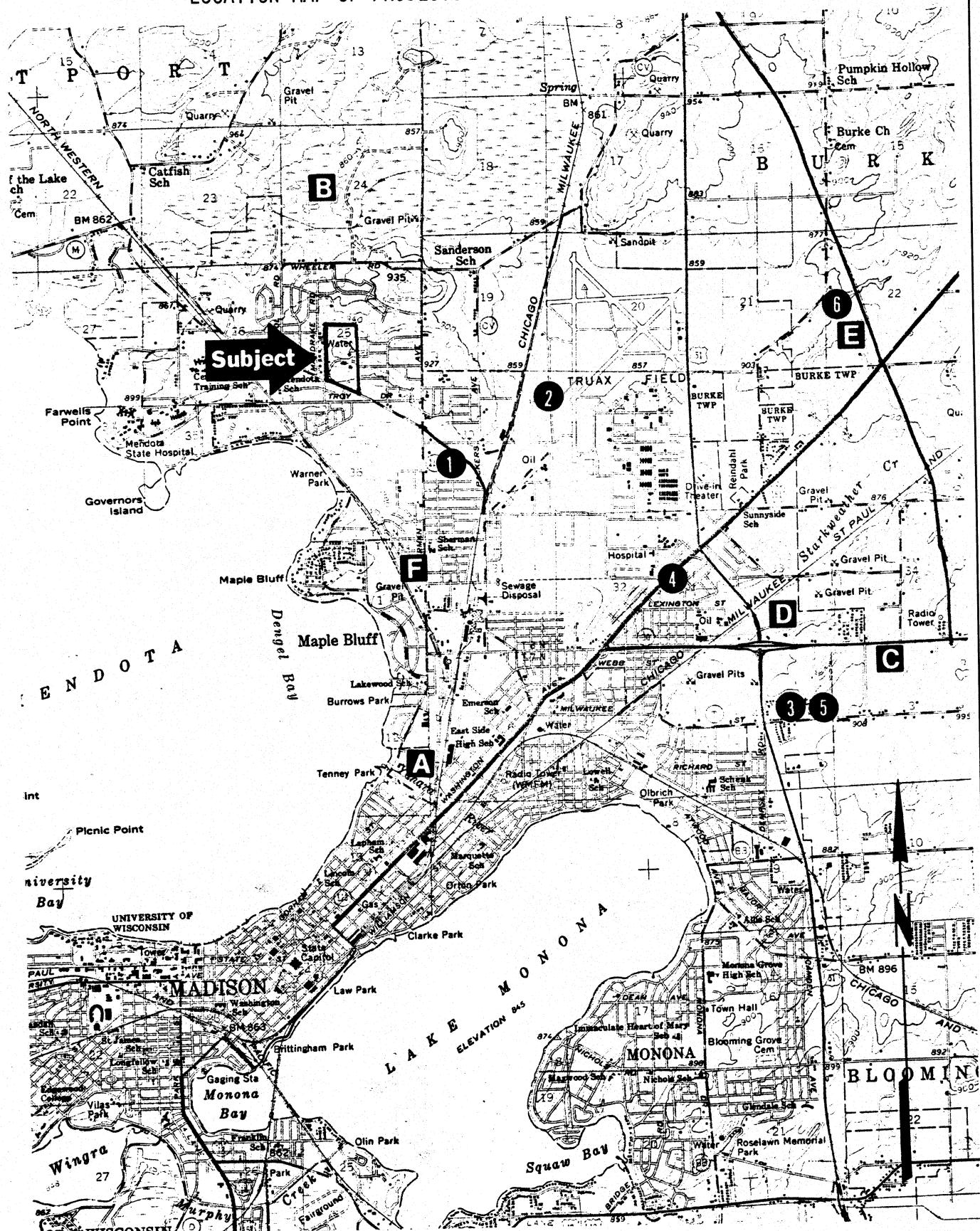


EXHIBIT 18

NEW OFFICE AND MULTI-FAMILY PROJECTS IN
NORTHEAST MADISON

APARTMENTS

Project Name: Rivers Edge

Address: Fordem Ave.

Developer: Munz Investment Corp.

Project Type: Apartments

Type Construction: Three 3-story buildings, frame construction

Approximate Construction Schedule:

Building #1 = February-March 1982

Building #2 = April-May 1982

Building #3 = June-July 1982

Number of Units: 120

Rental Information:

<u>Unit Mix</u>	<u>Rent/Month</u>	<u>Size</u>
36 1 BR, 1B	\$370	756 S.F.
84 2 BR, 2B	\$440	1018 S.F.

Land Area: 3.8 acres

Number of Units/Acre: 31.58

Comments: 7-1/2% HUD financing

EXHIBIT 18 (Continued)

APARTMENTS

Project Name: Fordem Towers

Address: Fordem Ave.

Developer: Munz Investment Corp.

Project Type: Apartments

Type Construction: Two 7-story towers

Approximate Construction Schedule:

Tower #1 = end of summer, 1982

Tower #2 = unknown

Number of Units: 108

Rental Information:

<u>Unit Mix</u>	<u>Rent/Month</u>
2 1 BR, 1B	?
52 2 BR, 1B	\$450
50 2 BR, 1.5B	\$465-490
4 3 BR, 2.5B	\$675

Land Area: 2.0 acres

Number of Units/Acre: 54

Comments: 7-1/2% HUD financing

EXHIBIT 18 (Continued)

APARTMENTS

Project Name: Meadows Apartments

Address: N. Thompson Dr.

Developer: Munz Investment Corp.

Project Type: Garden apartments

Type Construction: Frame construction

Approximate Construction Schedule: Completed 1980

Number of Units: 404

Rental Information: Caters to lower income residents,
stabilized vacancy = 5 percent

EXHIBIT 18 (Continued)

CONDOMINIUMS

Project Name: Maple Wood Condominiums

Address: Steensland Dr.

Developer: Taff and Taff

Project Type: Residential condominiums

Type Construction: 3-story frame construction, elevators, underground parking

Approximate Construction Schedule:

First 7 units completed 1979

Next 12 units completed 1981

Next 12 units to begin construction end of February 1982

Two 8-story towers to be built 1990

Number of Units: 235 by 1990

Sales Information: 2BR, 2B units ranging from 1100-1500 square feet in size, purchase price of \$70,000-\$110,000. Units include washer and dryer, individual meters and thermostats and fireplace. 9 out of the first 19 units have been sold.

Land Area: 10.97 acres

Number of Units/Acre: 21.42 (based on projected 235 units)

Comments: Financing is provided for purchasers. Terms vary according to buyer. Sale of units is geared toward the empty nester.

EXHIBIT 18 (Continued)

CONDOMINIUMS

Project Name: Cherokee Park

Address: Wheeler Road and Hayes Road

Developer: John Fox

Project Type: Garden condominiums, townhouse condominiums

Type Construction: Frame construction, underground heated parking for condos, single-car garages for townhouses

Approximate Construction Schedule: Built in phases as demand dictates.

Number of Units:

Most recently completed (1981) = 32 garden condominiums
11 townhouses

Total units to date = 144 garden condominiums
71 townhouses

Sales Information:

- 28 of the 32 garden condominiums have sold for prices between \$70,000-\$85,000. Size of the units range from 1270 to 1470 square feet. Monthly maintenance fees of \$65-\$85 includes gas heat and exterior maintenance.
- All of the 11 new townhouses (1981) have sold. Prices range from \$140,000-\$160,000 depending on degree of basement finish, etc. Size of the units ranges from 1600 to 1850 square feet. Monthly maintenance fees of \$65-\$85 include gas heat and exterior maintenance.
- 2 single family lots were sold in 1980, 2 single family lots were sold in 1981. Lots are 100 front feet by 140-160 feet. Prices range from \$19,000- \$35,000 depending on location and proximity to various amenities.

Land Area: 1200 acres, total

Number of Units/Acre: 5.58 presently (does not include single family lots)

EXHIBIT 18 (Continued)

Comments: Land Contract financing is provided by developer. Loans are reviewed on a year to year basis and balloons vary according to individual buyer circumstances. Down payments previously ranged from 5-10 percent, but recently the developer is requiring 15 percent down.

Amenities include:

Open space

Man-made lake

Golf course, tennis and raquetball courts, and country club
(membership available to public)

A major swimming pool and another 18 hole golf course are
planned to be built within the next 5-6 years

EXHIBIT 18 (Continued)

CONDOMINIUM CONVERSIONS

Project Name: Eastwood Park

Address: Northport Dr.

Owner: DiVall Corporation

Project Type: HUD financed apartment complex, 8 to 10 years old, 132 total units, all outside parking.

Unit Mix: 1BR, 1B
2BR, 1B
2BR, 1.5B, bi-level
3BR, 1.5B, tri-level

Comments: Conversion to condominium ownership was attempted in late 1980. The units were marketed for six months, with 30 contingent sales made. An insufficient number of sales were made to obtain the underlying financing for condominium purchases, therefore the conversion was unsuccessful.

EXHIBIT 18 (Continued)

CENTRAL AND WEST SIDE LARGE CONDOMINIUMS

Project Name: Fauerbach

Address: 404-428 S. Blount

Owner: Mollenhoff

Project Type: Condominium/townhouse

Unit Mix: 37 units, 1-4 bedrooms, 900-2800 square feet

Comments: Construction began November, 1979, was completed December, 1981. 25 units were sold the first summer of marketing. 4 units remain unsold to date.

EXHIBIT 18 (Continued)

OFFICE BUILDINGS

Project Name: International Lane Office Complex

Address: International Lane

Developer: Madsen Corp.

Project Type: Two commercial office buildings

Type Construction: 2-story masonry

Approximate Construction Schedule:

Building #1 = June 1980

Building #2 = June 1981

Net Leaseable Area: Building #1 = 20,000 square feet
Building #2 = 24,000 square feet

Rental Information:

Building #1 = \$5.50 triple net leases, 1-3 year term,
annual rent escalators. Building was 95%
leased within 3 months.

Building #2 = \$6.00 triple net leases, 1-3 year term,
annual rent escalator. Building was 50%
pre-leased, rent up of second half was slower
than absorption for Building #1. They expect
to be 95% leased by March 1, 1982.

Land Area: 2.30 acres, under 99 year lease from Dane County

Number of Units/Acre: Not applicable

Comments: Project caters to firms and business people
requiring frequent air travel. Space is leased to
predominately small companies. 2500 square feet represents
the largest amount of space to an individual lessee.

Land is leased from Dane County under a 99-year contract.

EXHIBIT 18 (Continued)

OFFICE BUILDINGS

Project Name: International Lane Office Building

Address: International Lane

Developer: American Structural General

Project Type: Commercial office building

Type Construction: Masonry

Approximate Construction Schedule: Completed 1980-1981

Net Leaseable Area: 15,000 square feet

Rental Information: \$9.25 net leases, 3 year term with annual rent escalators, some utilities paid, increases are passed through to tenants.

Land Area: 2.50 acres, under 99 year lease from Dane County

Number of Units/Acre: Not applicable

Comments: Project caters to companies requiring suites of 1000 square feet in size and greater. As of June 1981, space was 65 percent leased. Since that time another 2300 square feet (15 percent of total) has been leased. They currently have 3000 square feet available for lease.

Land is leased from Dane County under a 99-year contract.

indicates three major apartment complexes, comprising 632 units recently completed or under construction on Madison's east side, all constructed with HUD financing. 79 units in two condominium projects have been recently completed or are under construction on Madison's east side. Each condominium project offers low interest financing to qualified buyers. 59,000 net rentable square feet of office space has been built within the last two years in two projects (three buildings) located next to the Dane County Airport. Each project experienced slow lease-up periods despite pre-leasing efforts. Both office developers attributed leasing problems to the recent bad economy.

The conversion of Eastwood apartments to condominiums, located on Northport Drive, was attempted in late 1980. Although 30 preliminary sales were made within six months, the conversion was unsuccessful because of failure to secure an underlying mortgage commitment to enable the project to offer financing packages to prospective buyers.

In summary, large apartment projects have not been built without a subsidized financial commitment. Recent Federal cutbacks in subsidy programs significantly reduce the opportunities in building residential income property since high market interest rates and low rental rates have made new

residential income property financially unfeasible to the residential developer.

Examination of the residential condominium projects listed in Exhibit 18 indicates that condominium projects on Madison's east side have not been undertaken on a large scale (Cherokee Park, 43 units; Maplewood, 19 units). Further examination of recent condominium building elsewhere in Madison indicates that the largest project begun within the last three years has been the Fauerbach Condominiums with a total of 37 units (described in Exhibit 18). No other condominium projects consisting of 25 or more units have filed for building permits since 1978. Even of those larger projects, construction has been phased to allow for a test of market absorption and to reduce holding costs.

The poor economic condition experienced in 1981 and 1982 has manifested itself not only in residential building slowdowns but also in slowing commercial leasing activity. The only two major speculative office buildings recently built on the east side have experienced unusually long lease-up periods. The 24,000 square foot building built by Madsen in June 1981 has taken nine months to reach 95 percent occupancy. The 15,000 square foot building built by American General has taken 15 months to reach 80 percent occupancy.

Although the visual and aesthetic character as well as the transportation linkages of the subject site lend the site to

development as a home office or office research complex such as that of CUNA Insurance Company or American Family Insurance Company, these developments are few and far between. The recent economy in Madison and the nation has found many of Madison's major companies contracting rather than expanding. Further, there is no evidence to indicate that any major new firms will take up residency in Madison within the near future. Even if such a move was contemplated by a major company, the sale of the subject for this use does not appear to be the best economic alternative for the site. Companies seeking a large tract of land to build a campus concept facility would generally seek land at or past the fringe of development. The subject site is surrounded by residential development and enjoys the linkages required to be in place for such residential development. These factors will tend to push the price of the land higher than many such large companies are willing to pay. An illustration of this is found in examination of the recent purchase of 41.37 acres on North Walbridge Road by American Family Insurance Company for the purpose of building their office facility. The land, located on U.S. 30 northeast of the subject, was purchased late in 1978 for a price of \$.20 a square foot. For these reasons, sale of the subject for development as an office research complex is

discarded in the examination of the most probable uses of the site.

B. Alternative Uses

An analysis of the property attributes and the general market characteristics suggests the following alternative scenarios as the most probable uses of the subject property. Sketches for each of the following scenarios are found in Exhibit 19.

Scenario #1

The parcel is subdivided into individual ownership units consisting of 120 single-family residential lots with approximate dimensions of 80 feet by 120 feet each. The main building, boiler plant, and garages are demolished. The nurse's dormitory building is rehabilitated as 18 condominium units: 12 one-bedroom and 6 two-bedroom units. Parking is to the rear (north) of the dormitory.

Net density per acre is 4.0 dwelling units.

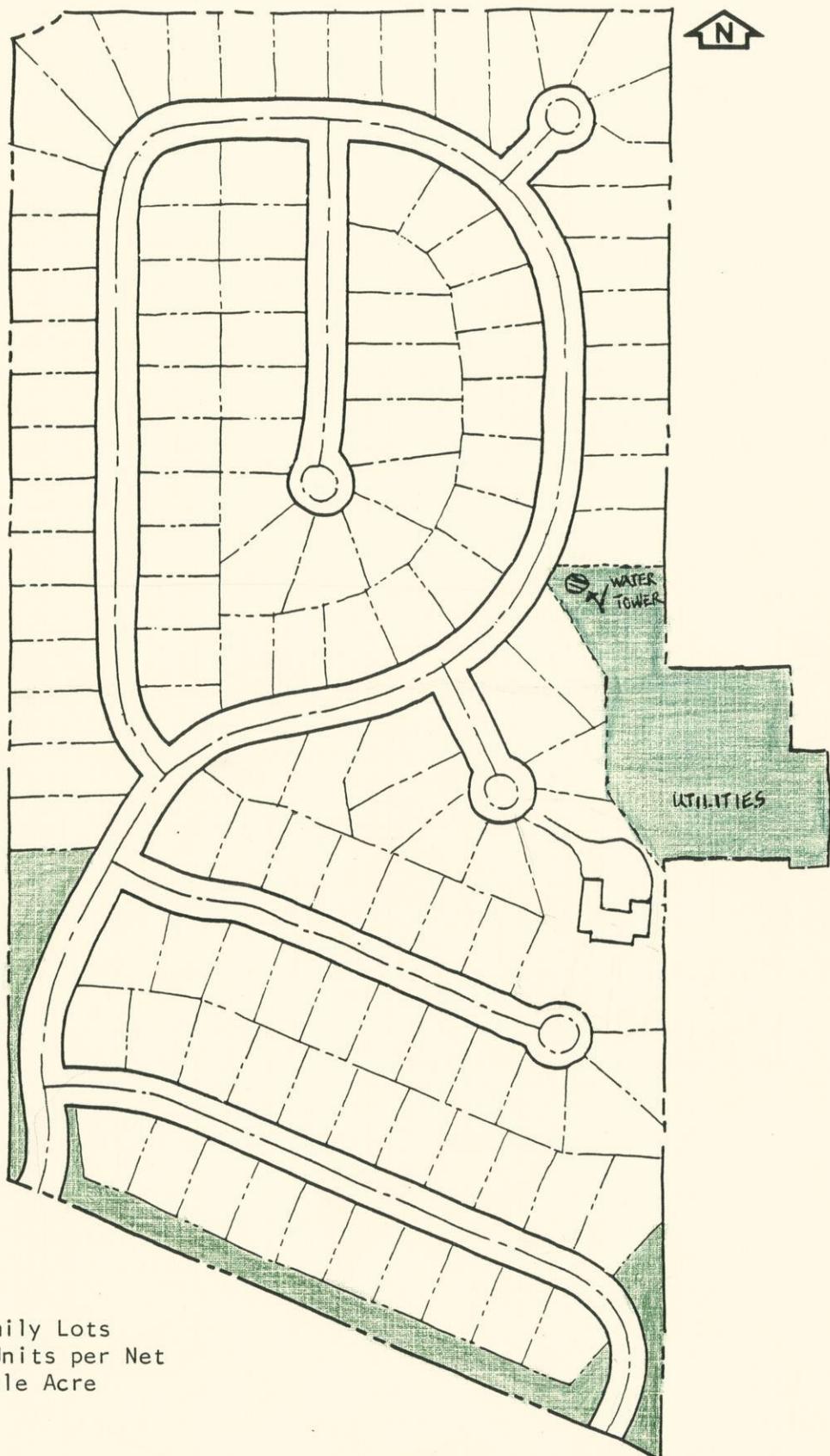
Scenario #2

The parcel is developed with 2 six-story residential condominium towers. Each tower has 150 units on floors two through six, consisting of 134 one-bedroom units (900 square feet each) and 166 two-bedroom units (1200 square feet each). The first one and a half floors of each tower are for parking and contain 235 stalls. A recreation center

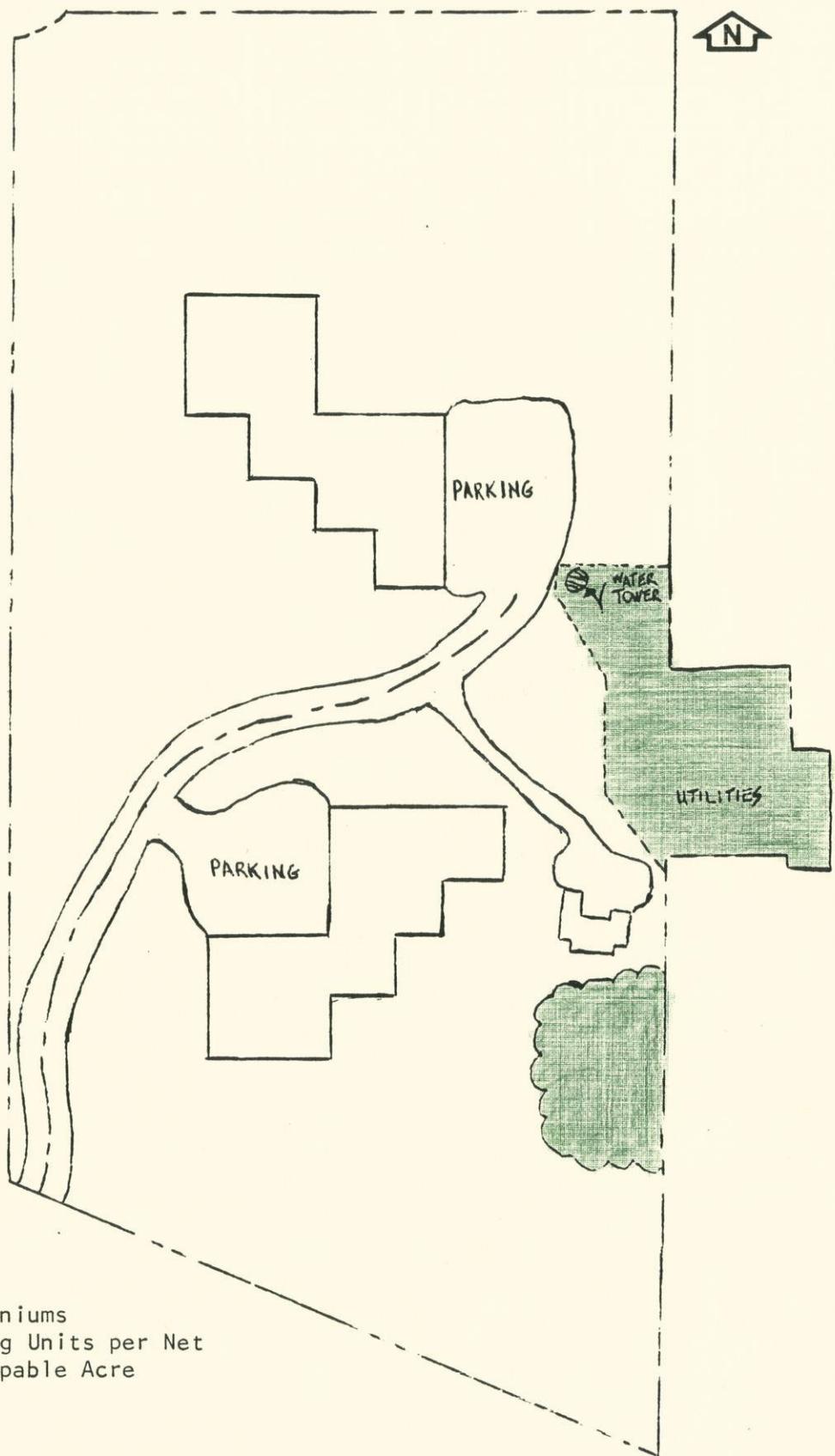
EXHIBIT 19

SKETCHES OF ALTERNATIVE
USE SCENARIOS

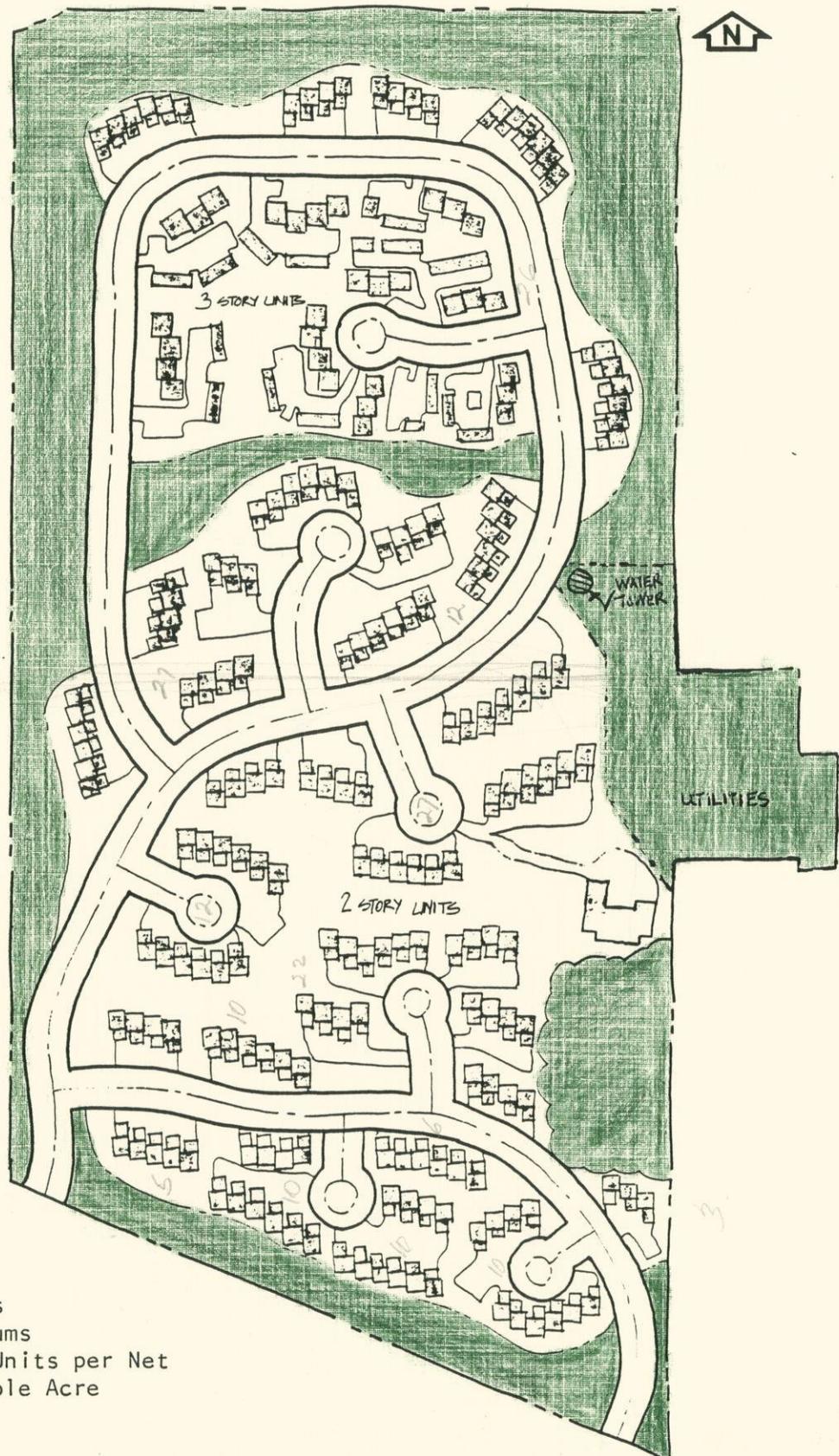
SCENARIO 1



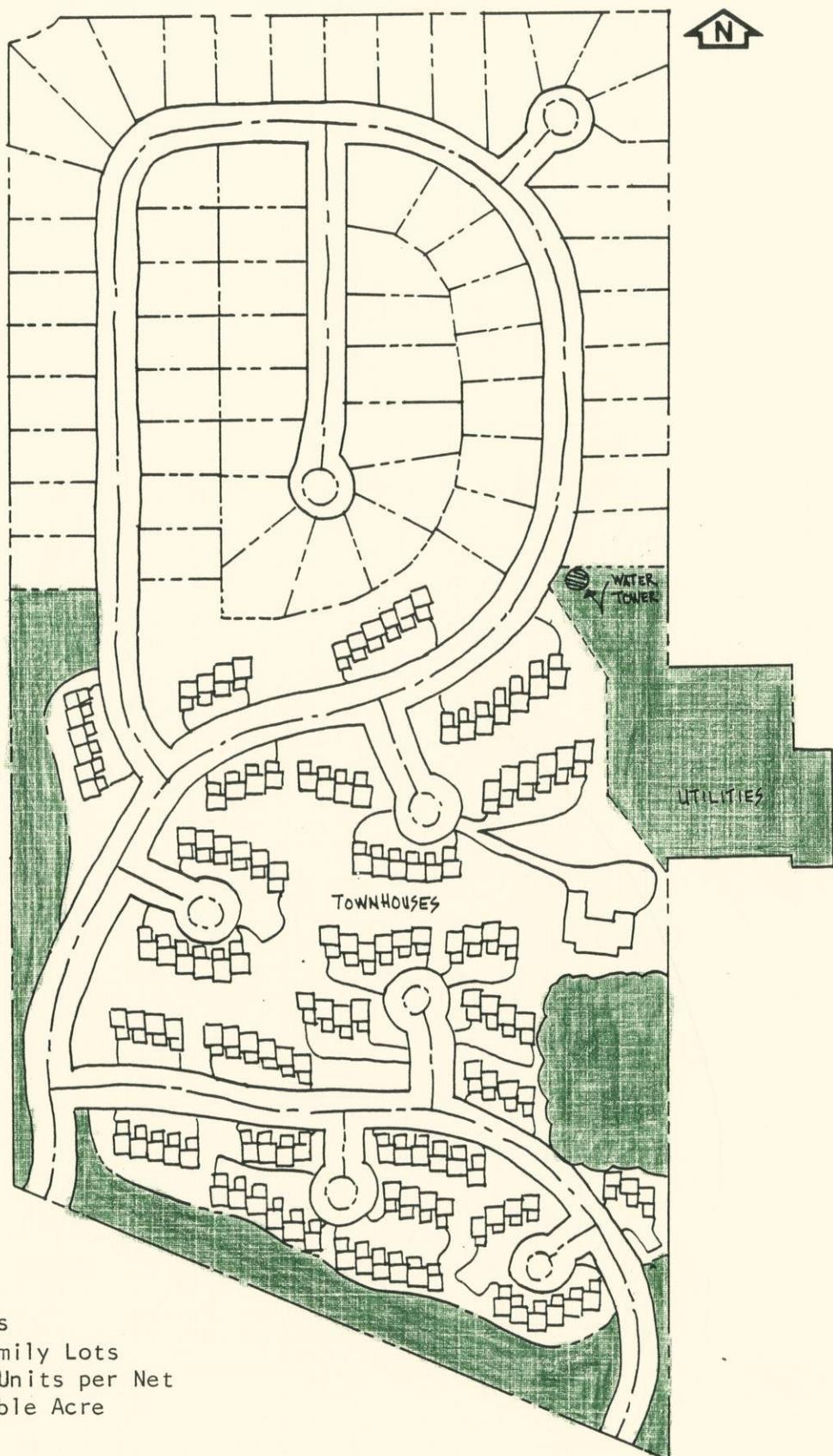
SCENARIO 2



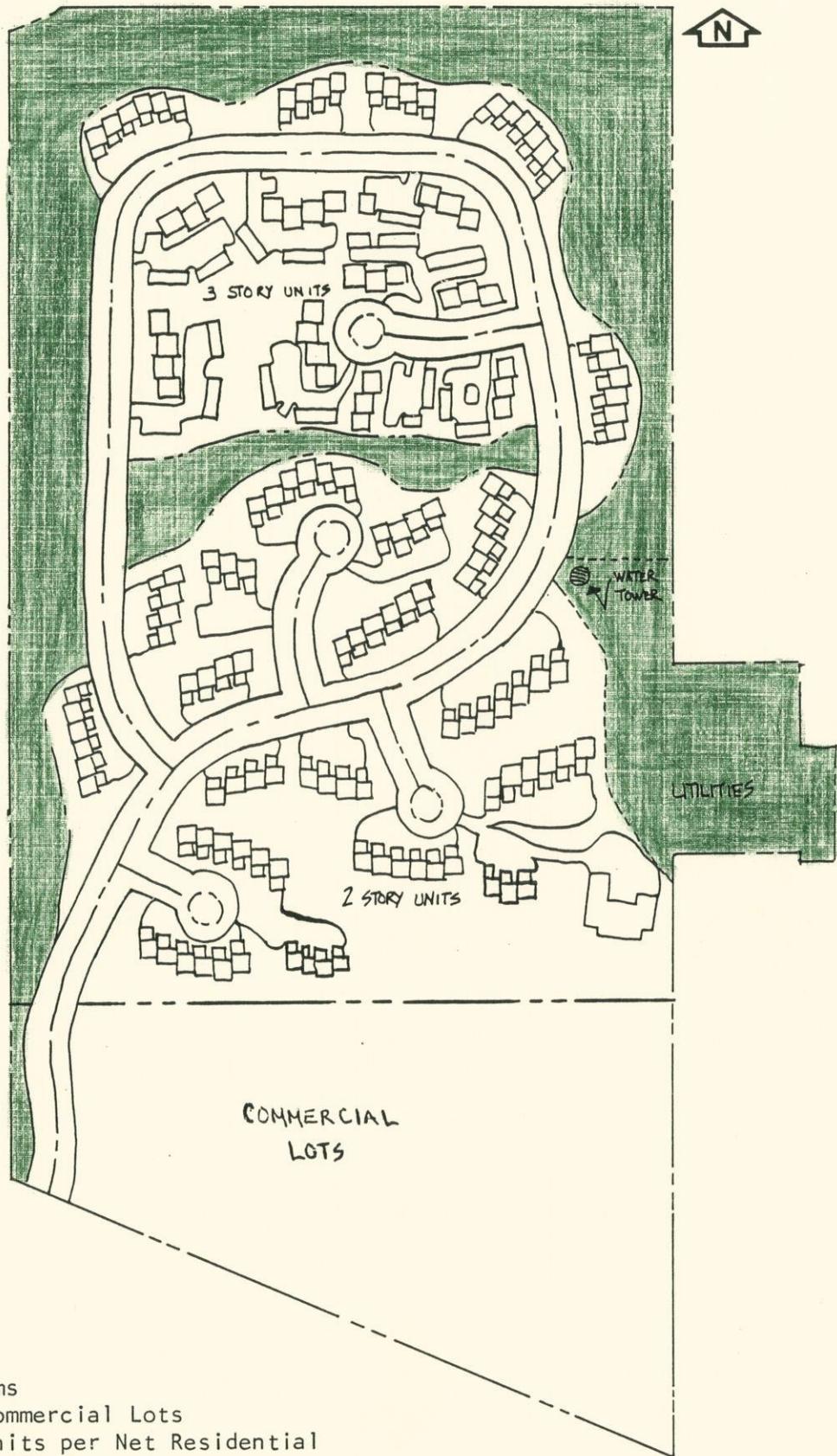
SCENARIO 3



SCENARIO 4



SCENARIO 5



and office occupy the remaining half of the second floor. 57 stalls of outdoor parking are provided for each tower.

The main building, boiler plant, and garages are demolished. The nurses' dormitory is remodeled as in Scenario 1. The remainder of the parcel is left undeveloped, with the bulk of the existing county park left in its natural state.

Even though the woods at the rear of the property are saved along with additional open space the net density per acre is 7.5 dwelling units.

Scenario #3

The parcel is developed into 276 low rise townhouse and condominium dwelling units consisting of 186 two-story townhouse units (1200 square feet each) and 90 three-story condominium units (900 square feet each) arranged in three-story buildings of varying sizes. Each townhouse has a double-car attached garage and each condominium has a single-car detached garage. A total of 142 stalls are provided for outdoor parking.

Townhouse buildings are configured with four, five, and six units per building: condominium buildings contain nine to twelve units.

The main building, boiler plant, and garages are demolished. The nurses' dormitory is rehabilitated as in Scenario 1.

A greenway encompasses the development, buffering it from the surrounding single-family residences. Total units are 304 with a net density of 8.8 units per acre.

Scenario #4

The parcel is developed into 136 townhouses on the front portion of the property and subdivided into 60 single family lots on the back portion of the parcel. Each townhouse has an attached double-car garage. A total of 68 outdoor parking stalls is provided. Single family lots are approximately 80 feet by 120 feet.

The main building, boiler plant, and garages are demolished. The nurses' dormitory is rehabilitated as in Scenario 1.

The net density per acre is 5.6 dwelling units.

Scenario #5

The front 9.2 acres of the site is developed into commercial lots for limited commercial use. The remainder of the hill is developed into 112 two-story townhouses and the back portion is developed into 90 three-story condominium units, configured as in Scenario 3. The townhouses and condominium homes on the back portion of the

site are buffered from the surrounding single family developments by a greenbelt of dense trees and shrubbery.

The main building, boiler plant, and garages are demolished. The nurses' dormitory is rehabilitated as in Scenario 1.

The net density per acre on the residential portion of the site is 4.2 dwelling units.

C. Economic Ranking of Alternatives

The probable alternative uses for the subject property can first be ranked in terms of the general budget parameters inherent in the revenue and expenses for each. The alternatives that offer the greatest financial return are then screened for effective demand, political acceptability, and risk. The property residual, or back-door approach, is used to convert expected cash flow to a justified land investment.

Exhibit 20 illustrates cash flow projections for each of the alternative scenarios. Sale prices for the different products offered and absorption rates were determined by examination of the market and projections made in Exhibit 15. Sale prices are assumed to increase at a rate of 5 percent per year over the holding period. Expenses were determined by local contractors and developers as well as by national standards. Variable expenses are assumed to increase 8 percent per year over each holding period. Interviews with local developers

CASH FLOW PROJECTIONS, SCENARIOS 1 - 5

SCENARIO 1

SINGLE-FAMILY SUBDIVISION
CASH FLOW PROJECTIONS

	1982 Year 0	1983 Year 1	1984 Year 2	1985 Year 3	1986 Year 4	1987 Year 5
INCOME:						
Sales (S.F.)		10	19	16	14	14
Average Price	\$15,000	\$15,750	\$18,000	\$18,900	\$19,845	
Proceeds	315,750	150,000	299,250	288,000	264,600	277,830
Sales (Condominiums) (a)			630,000	388,500	0	0
Total Revenue from Sales	315,750	150,000	929,250	676,500	264,600	277,830
Development-Loan Advance (8%)	215,750	233,010	251,651	271,783	0	0
Construction Loan Advance	680,000	0	0	0	0	
Total Revenues	0	1,045,750	1,162,260	928,151	536,383	277,830
EXPENSES:						
Development Costs (b)	\$185,454	\$200,290	\$216,314	\$233,619	\$35,677	0
Soft Costs	42,500	0	0	0	0	0
Construction Costs (c) (includes interest)	680,000	0	0	0	0	0
Sales Expense (6%)	18,900	9,000	55,755	40,590	15,876	16,670
Development Loan Interest (d)	23,301	25,165	27,178	29,353	0	0
Demolition Expense	175,000	0	0	0	0	
Marketing and Administration	30,000	111,510	78,300	29,150	30,660	112
Real Estate Taxes	36,250	40,710	34,950	30,896	27,837	25,081
Fee for Take-Out (Buy down)	13,600	122,400	61,200	0	0	0
Interest on Take-Out (18%)	78,750	1,143,465	563,670	454,478	335,835	72,411
Total Expenses						
NET INCOME	(78,750)	(97,715)	598,590	473,673	200,548	205,419
Development Loan Repayment		+ 57,385	215,750	233,010	251,651	271,783
Construction Loan Repayment			340,000	+ 340,000	0	0
CASH FLOW	(78,750)	(97,715)	42,840	(99,337)	(51,103)	(66,364)
Residual Land Value	(350,429)			(13,321)		

(a) Assumes sale price in 1984 of \$55,000 for 1 BR and \$65,000 for 2 BR

(b) Exhibit 21

(c) Exhibit 23

(d) Exhibit 22

EXHIBIT 20

SCENARIO 2

PLANNED COMMUNITY DEVELOPMENT - CONDOMINIUM TOWERS
CASH FLOW PROJECTIONS

	1982 Year 0	1983 Year 1	1984 Year 2	1985 Year 3	1986 Year 4	1987 Year 5	1988 Year 6
INCOME:							
Sales (2 BR)			37	33	30	31	35
Average Price (5%)	\$78,000	\$81,900	\$86,000	\$90,300	\$94,800	\$99,550	\$104,525
Proceeds			3,182,000	2,979,900	2,844,000	3,086,050	3,658,375
Sales (1 BR)			30	27	24	25	28
Average Price	58,500	61,425	64,500	67,725	71,100	74,650	78,380
Proceeds			1,935,000	1,828,575	1,706,400	1,866,250	2,194,640
Rehab Condo Sales			630,000	388,500			
Total Revenue from Sales			5,747,000	5,196,975	4,550,400	4,952,300	5,853,015
Development Loan Advance	43,704	0		34,880	0	0	0
Construction Loan Advance	11,260,253	0		0	13,328,072	0	0
Short Term Commitment Advance			11,260,253	0	0	13,328,072	0
Total Revenues	11,303,957	17,007,253	5,231,855	17,878,472	18,280,372	5,853,015	
EXPENSES:							
Development Costs (a)		\$43,704	0	\$34,880	0	0	0
Title Ins. & Recording Fee	\$10,000	0	0	0	0	0	0
Construction Costs (b) (includes interest)		11,260,253	0	0	13,328,072	0	0
Demolition Expense	175,000	0	0	0	0	0	0
Real Estate Taxes	36,250	45,000	224,525	150,037	127,050	106,770	87,124
Development Loan Interest (c)		4,720	0	3,767	0	0	0
Take-Out Loan Interest			2,026,845	1,013,423	0	2,399,053	1,199,526
Fee for Take-Out Loan			225,205	0	0	266,561	0
Marketing & Administration	12% of Total Revenue Gross Sales		689,640	623,637	546,048	594,276	702,362
Sales Expense			344,820	311,818	273,024	297,138	351,181
Total Expenses	46,250	11,528,677	3,511,035	2,137,562	14,274,194	3,663,798	2,340,193
NET INCOME	(46,250)	(224,720)	13,496,218	3,094,293	3,604,278	14,616,574	3,512,822
Development Loan Repayment			43,704	0	34,880	0	0
Construction Loan Repayment		11,260,253	0	0	13,328,072	0	0
Repayment of Take-Out		5,630,126	5,630,127	0	6,664,036	6,664,036	
CASH FLOW	(46,250)	(224,720)	(3,437,865)	(2,535,834)	3,569,398	(5,375,534)	(3,151,214)
Residual Land Value		(11,202,019)					

EXHIBIT 20 (continued)

(a) Exhibit 21
(b) Exhibit 23
(c) Exhibit 22

SCENARIO 3

PLANNED COMMUNITY DEVELOPMENT - TOWNHOUSES AND CONDOMINIUMS
CASH FLOW PROJECTIONS

	1982 Year 0	1983 Year 1	1984 Year 2	1985 Year 3	1986 Year 4	1987 Year 5	1988 Year 6
INCOME:							
Sales - Townhouse			67	30	32	34	23
Average Price	\$78,000	\$81,900	\$86,000	\$90,300	\$94,800	\$99,550	104,525
Proceeds			5,762,000	2,709,000	3,033,600	3,384,700	2,404,075
Sales - Condominiums			0	30	22	22	16
Average Price	58,500	61,425	64,500	67,725	71,100	74,650	78,380
Proceeds			0	2,031,750	1,564,200	1,642,300	1,254,080
Rehab Condo Sales			630,000	388,500			
Total Revenue from Sales			6,392,000	5,129,250	4,597,800	5,027,000	3,658,155
Development Loan Advance		26,093	42,271	22,826	24,652	0	0
Construction Loan Advance		3,896,000	2,721,600	2,715,612	3,053,634	2,285,690	0
Short Term Commitment Advance							
Total Revenues	-0-	3,922,093	9,155,871	7,867,688	7,676,086	7,312,690	3,658,155
EXPENSES:							
Development Costs (a)		\$26,093	\$42,271	\$22,826	\$24,652	0	0
Title Ins. & Recording Fee	\$10,000						
Construction Costs (b) (includes interest)		\$3,896,000	\$2,721,600	\$2,715,612	\$3,053,634	\$2,285,690	0
Demolition Expense		175,000	0	0	0	0	0
Real Estate Taxes	36,250	45,000	34,750	27,700	22,900	\$18,600	16,300
Development Loan Interest (c)		2,818	4,565	2,465	2,662	0	0
Take-Out Loan Interest							
Fee for Take-Out Loan							
Marketing & Administration	10% of Total Revenue from Sales		639,200	512,925	459,780	502,700	365,815
Sales Expense (6%)			383,520	307,755	275,868	301,620	219,489
Total Expenses	46,250	4,144,911	3,825,906	3,589,283	3,839,496	3,108,610	601,604
NET INCOME	(46,250)	(222,818)	5,329,965	4,278,405	3,836,590	4,204,080	3,056,551
Development Loan Repayment			26,093	42,271	22,826	24,652	0
Construction Loan Repayment			3,896,000	3,110,100	2,715,612	3,053,634	2,285,690
Repayment of Take-Out			315,237				
CASH FLOW	(46,250)	(222,818)	1,092,635	1,126,034	1,098,152	1,125,794	770,861
Discounted at 28%		(36,133)	(135,997)	521,009	419,480	319,604	255,976
Residual Land Value	=	\$1,480,871					

(a) Exhibit 21
(b) Exhibit 23
(c) Exhibit 22

SCENARIO 4

PLANNED COMMUNITY DEVELOPMENT - TOWNHOUSES AND SINGLE FAMILY
CASH FLOW PROJECTIONS

Landmark Research, Inc.

EXHIBIT 20 (continued)

	1982 Year 0	1983 Year 1	1984 Year 2	1985 Year 3	1986 Year 4
INCOME:					
Sales - Townhouse			67	52	17 = 134
Average Price	\$78,000	\$81,900	\$86,000	\$90,300	\$94,800
Proceeds			5,762,000	4,695,600	1,611,600
Sales - Single Family Lots		10	19	16	15 = 60
Average Price		15,000	15,750	18,000	18,900
Proceeds		150,000	299,250	288,000	283,500
Rehab Condo Sales			630,000	388,500	
Total Revenue from Sales	(150,000)	6,691,250	5,372,100	1,895,100	
Development Loan Advance	285,882	154,376	166,726	0	
Construction Loan Advance	3,896,000	2,695,680	951,782	0	
Total Revenues	4,331,882	9,541,306	6,490,608	1,895,100	
EXPENSES:					
Development Costs (a)		\$285,882	\$154,376	\$166,726	-0-
Title Ins. & Recording Fee	\$10,000				
Construction Costs (b) (includes interest)		3,896,000	2,695,680	951,782	
Demolition Expense		175,000			
Real Estate Taxes	36,250	45,000	34,750	27,700	22,900
Development Loan Interest (c)		30,875	16,673	18,006	0
Marketing & Administration		18,000 ^{12%}	669,125 ^{10%}	537,210 ^{10%}	191,400 ^{10.1%}
Sales Expense (6%)		9,000	401,475	322,326	114,840
Total Expenses	46,250	4,459,757	3,972,079	2,023,750	329,140
NET INCOME	(46,250)	(127,875)	5,569,227	4,466,858	1,565,960
Development Loan Repayment			285,882	154,376	166,726
Construction Loan Repayment			3,896,000	2,695,680	951,782
CASH FLOW	(46,250)	(127,875)	1,387,345	1,616,802	477,452
Discounted at 28%	(36,133)	(78,049)	661,538	602,306	130,226
Residual Land Value =	\$1,279,888				

(a) Exhibit 21
(b) Exhibit 23
(c) Exhibit 22

EXHIBIT 20 (Continued)

SCENARIO 5

PLANNED COMMUNITY DEVELOPMENT - LIMITED COMMERCIAL, TOWNHOUSE AND CONDOMINIUM
CASH FLOW PROJECTIONS

	1982 Year 0	1983 Year 1	1984 Year 2	1985 Year 3	1986 Year 4	1987 Year 5
INCOME:						
Sales - Townhouse Average Price	\$78,000	\$81,900	67	30	15	
Proceeds Sales - Condominiums Average Price			\$86,000 5,762,000	\$90,300 2,709,000	\$94,800 1,422,000	
Proceeds Rehab Condo Sales Sales - Commercial SF Average Price (b)	58,500	61,425	64,500	67,725	71,100	74,650
Proceeds Total Revenue from Sales				30	39	21
Development Loan Advance				2,031,750	2,772,900	1,567,650
Construction Loan Advance						
Total Revenues	-0-	4,238,107	9,477,265	7,992,962	5,391,804	1,567,650
EXPENSES:						
Development Costs (c)		\$131,712	\$142,250	\$153,630	-0-	-0-
Title Ins. & Recording Fee	\$10,000					
Construction Costs (d) (includes interest)		3,896,000	2,721,600	2,477,646	952,446	-0-
Demolition Expense	36,250	45,000	34,750	27,700	22,900	\$18,600
Real Estate Taxes		175,000				
Development Loan Interest (e)		14,225	15,363	16,592	443,936	156,765
Marketing & Administration		42,080 (a)	661,342	536,169	321,701	266,361
Sales Expense (6%)		12,624	396,805	321,701	266,361	94,059
Total Expenses	46,250	4,316,641	3,972,110	3,533,438	1,685,643	269,424
NET INCOME	(46,250)	(78,534)	5,505,155	4,459,524	3,706,161	1,298,226
Development Loan Repayment			131,712	142,250	153,630	-0-
Construction Loan Repayment			3,896,000	2,721,600	2,477,646	952,446
CASH FLOW	(46,250)	(78,534)	1,477,443	1,595,674	1,074,885	345,780
Discounted at 28%	(36,133)	(47,933)	704,500	594,435	312,833	78,621
Residual Land Value =		\$1,606,323				

(a) Includes expense of rezoning efforts
 (b) Refer to Exhibit 24, Comparable Commercial Land Sales
 (c) Exhibit 21
 (d) Exhibit 23
 (e) Exhibit 22

indicated that they apply a 16 to 18 percent discount rate (1) to expected future income to determine a justified investment amount in a given project. Tacked onto this rate is a 10 percent rate for a total discount rate of 28 percent to cover the developer fee or developer profit for putting a project together and for undertaking the risks inherent in any land development project.

A preliminary ranking based upon a cash justified investment or residual land value demonstrates that Scenario 3, 4, or 5 offers the most profitable use.

D. Legal/Political Compatibility of Alternatives

Each of Scenarios 3, 4, and 5 require rezoning from R-1 to PCD. As discussed earlier, the city anticipates a zoning change for the property, probably to PCD. This does not, however, imply that any PCD plan would obtain approval. PCD zoning is granted on an individual project basis, therefore public and private reaction to proposed plans will have a bearing on approval or rejection of the requested zoning.

As mentioned previously, the back portion of the subject has been operated as a county park since 1967. Needless to say,

(1) Defined by Real Estate Appraisal Terminology, The American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers as "the annual percentage rate that reflects the competitive rate of return on an investment."

surrounding residents would prefer to keep this area as undeveloped as possible. However, recent press about the sale of the property has prepared most for some change in land use. Single family lots would blend best with the surrounding single family residences and might present the least opposition by neighborhood residents. Single family development of the back portion, as in Scenario 4, would require substantial clearing of existing trees. A more condensed development such as Scenario 3 or Scenario 5 allows for larger areas of undisturbed woods and green space and might experience less opposition by abutting property owners.

Because of the nature of the single-family neighborhood surrounding the subject, it is assumed that the lower the density of the proposed project, the higher would be the acceptability to the surrounding residents as well as to public officials. Because the area of highest density townhouse development is discarded in Scenario 5 and replaced with commercial lots, the net density per remaining acre is 4.2 dwelling units, compared with 5.6 dwelling units per net acre in Scenario 4 and 8.8 dwelling units per net acre in Scenario 3. Thus, Scenario 5 might be favored over the other two scenarios. Density by itself would not set the criteria for acceptance of a project however. Discussion with city planning officials indicates that commercial zoning on the premises

would probably be approved only for limited commercial uses as allowed in zoning districts C-1 and C-2. Non-retail commercial uses that would generate the least amount of traffic would most likely be the most amenable to residents and zoning officials. Some of these uses might include:

Banks and financial institutions.

Offices for professional persons, for insurance or real estate organizations, and for nonprofit civic, fraternal, governmental research, labor, political, religious and service organizations or associations.

Service shops such as beauty parlors.

Private club or lodge.

Florist shops and conservatories employing not more than five persons.

Bakeries or specialty food stores employing not more than eight persons.

Public library.

Medical, dental and optical clinics.

Nursery schools.

Photography studios.

Restaurants.

Funeral parlors.

Attractive low-rise buildings housing any of the above commercial uses would allow natural commercial expansion along Northport Drive and would provide special services for surrounding residents. Greenbelts along the perimeter of the

commercial area would serve as buffers and transitions into the residential area to the east.

Because of the lower density of housing units in Scenario 5 and the nature of the low traffic generating commercial uses, the traffic impact along Northport Drive might be lower than that posed by Scenario 3 or Scenario 4. This would also make Scenario 5 more politically acceptable.

E. Risk Ranking of the Alternatives

All construction costs calculated in each of the scenarios are for new buildings and therefore can be projected fairly accurately for the present period. Increases in construction costs over the period of the projection present a somewhat greater risk since they can only be guessed at, based on past trends. For this reason, the scenario with the least amount of construction or with the soonest anticipated construction completion represents the least risk of construction cost increases. Therefore, Scenario 4 ranks the least risky in terms of construction costs, and Scenario 3 ranks as the most risky, both in terms of amount of proposed construction and in timing of construction. Risks of demolition costs and rehabilitation costs of the nurses' dormitory are the same for all scenarios.

The greatest financial risk is posed by the market absorption of the different products. Scenario 3 presents the greatest amount of market risk because of the size of the

project and the lack of diversification of the product offered. The offering of two-bedroom townhouses and one-bedroom condominiums presents some diversification of the target market--particularly with reference to amount of income and size of household. However, both products are catering to a market that has accepted the concept of higher density, maintenance-free living. The market risks and extended time frame of this scenario are considered great enough to discard it as viable at this time.

Scenarios 4 and 5 represent a greater diversification of product and thus reduced market and financial risks compared to Scenario 3. Both scenarios cater to the "maintenance-free living" market. Because Scenario 5 makes use of the woods and hills in the back portion of the lot, has a greater amount of open space, and avoids residential frontage along Northport Drive, these residential units might have a greater overall marketing appeal over those posed in Scenario 4. Scenario 5 is also better diversified because it offers both townhomes and condominiums, whereas Scenario 4 offers only townhouse units.

The major difference in the two scenarios is single family development versus commercial development. Both present unknown market risks. Demand for single family lots has dropped significantly in recent years. Although there will always be a demand for single-family detached housing, it is

difficult to quantify in lieu of recent trends in the housing market.

Commercial development on Madison's east side has also been slow in recent years. Although speculative office building has not been great (59,000 net leaseable square feet in the last two years) on Madison's east side in recent years, there has been activity on a private, individual basis. This includes two small office buildings on Dryden Lane, one office at 3510 East Washington, an office and beauty salon on Milwaukee Street, the Wisconsin Realtors Association office building on Hayes Street, and the Jackson Medical Clinic on East Towne Boulevard. The stable residential population in the area of the subject along with site linkages to Northport, the Interstate system, the airport, nearby Sherman Plaza, and the heavily traveled Sherman Avenue suggest that the site would have appeal to specific commercial uses. Not only is the site very accessible but it is highly visible to east and westbound Northport Drive traffic and to northbound Sherman Avenue traffic.

F. Conclusions

Upon review of legal/political risks, market risk and financial risk, the most feasible scenario for the subject property is Scenario 5. The greatest risk posed in this scenario is a rezoning to C-1 or C-2, commercial use, but with proper restrictions placed on permitted commercial uses and

allowable types of construction by the developer, this risk is substantially reduced. Therefore, given the above constraints and risk factors, the most probable use of the subject property, in the opinion of the appraisers, is Scenario 5.

THE MOST PROBABLE USE OF THE SUBJECT PROPERTY WOULD BE DEMOLITION OF THE SANITORIUM BUILDING, THE POWER PLANT AND THE GARAGES, REHABILITATION OF THE NURSES' DORMITORY INTO 18 RESIDENTIAL CONDOMINIUM UNITS, AND DEVELOPMENT OF THE REMAINDER OF THE PARCEL WITH 112 TWO-STORY TOWNHOMES, 90 THREE-STORY CONDOMINIUM UNITS, AND 9.2 ACRES OF LIMITED USE COMMERCIAL LOTS ALONG NORTHPORT DRIVE. TOTAL DENSITY OF DWELLING UNITS PER NET BUILDABLE RESIDENTIAL ACRE WOULD BE 4.2.

IV. PREDICTION OF PRICE FROM MARKET SALES

Market transactions offer the appraiser the most reliable predictor in determining the most probable buyer. A determination of the most probable buyer will lead to insights as to the most probable price of another property of the same type in the same area. By applying the market comparison approach, an estimate of value for the subject property can be derived and tested.

A. Most Probable Buyer

An analysis of comparable tracts of land having similar attributes reveals that the purchasers are usually local developers with intentions to develop the tract with multi-family complexes such as apartment buildings, condominium buildings or townhouse complexes. Where a major traffic thoroughfare or commercial lots exists, a partial rezoning of the property to commercial is sought. Where PCD or PUD zoning is required, the land sale is generally contingent upon the prospective purchaser receiving approval of a PCD or PUD plan, at the purchaser's expense.

THEREFORE, THE MOST PROBABLE BUYER WILL BE A LOCAL DEVELOPER OPERATING THROUGH A PARTNERSHIP WHICH WILL PURCHASE THE PROPERTY CONTINGENT UPON RECEIVING APPROVAL OF A PCD PLAN WHICH WILL INCLUDE COMMERCIAL FRONTAGE ALONG NORTHPORt DRIVE OF

APPROXIMATELY NINE ACRES AND THE BALANCE APPROVED FOR DEVELOPMENT OF A PLANNED MULTI-FAMILY COMMUNITY.

B. Most Probable Price or Fair Market Value Determination

The search for comparable sales from which to infer a most probable selling price or a fair market value for the subject property included unimproved sites located in and around Madison which were greater than five acres in size and were sold within the last three years. Although all properties were purchased to build multi-family housing complexes or communities, there are significant differences among them. To account for these differences, a weighting system is used. This system takes into account those characteristics which are price-sensitive such as zoning, lot aesthetics, contiguous environs or immediate linkages, financing terms, site improvements, and buyer image and associations with the site and the area in general. The differences among the comparables can then be reduced to a common denominator by deriving a weighted point score for each property. The selling price for each comparable is reduced to a price per square foot of land so that this number divided by the weighted point score results in a price per point score. A weighted average price per point score to allow for the impact of size on the unit price is computed by allowing the greatest weight to sale parcels greater than 25 acres in size, a lesser weight to sale parcels

10 to 25 acres in size, and the least weight to sale parcels less than 10 acres in size. The weighted average price per point score is used to determine the central tendency or fair market value for the subject property. The standard deviation of the price per point is calculated to determine the range of possible prices.

C. Market Comparison Approach to Probable Price

The first step in the market comparison approach is the selection of the comparable sales. Criteria used to select comparables included lack of building improvements, size of parcel, intended use of parcel, zoning, site aesthetics, location and date of sale.

The properties which were selected as comparable sales are described in Exhibit 25 and located on the map in Exhibit 26. The comparable properties and the subject property are scored based upon the scale detailed in Exhibit 27. The weighted matrix which details the ranking of the comparable properties and the subject and the calculation of the price per point score are found in Exhibit 28. Exhibit 29 shows the calculation of a weighted average price per point score by weighting the comparables according to size and comparability to the subject. Comparable sales #4 and #5 were weighted 25 percent each, sales #1 and #3 were weighted 17 percent each, and sales #2 and #6 were weighted 8 percent each. The size adjusted central

EXHIBIT 25

Land Comparable Sale Sheets

COMPARABLE SALE #1

Address: 1702 Fordem Avenue

Grantor: Horning Investment Real Estate Inc.

Grantee: Landtek Development Corporation

Recording Vol/Pg: 1100/497

Date of Sale: 9/20/79

Sale Price: \$500,000

Acreage: 11.6

Price per Square Foot: \$.99

Zoning: PCD

Units Planned: Not applicable

Number of Units per Gross Acre: Not applicable

Land-Price per Proposed Unit: Not applicable

Document: Land Contract

10% down, \$450,000 @ 9% interest. Interest payable
3/1 and 9/1 by 3/1/80. All principal and interest
due 8/31/82.

Improvements: None

Comments: 5.8 acres were sold to Munz Investment Co., which is
building 238 units on the site. The other 5.8 acres
is under option to Munz Investment Co. The sale to
Munz was made in two parts, the first at 2.41 a SF,
the second at 3.17 a SF. Sale price included legal
footwork and secured HUD 7.5% long term financing.

EXHIBIT 25 (Continued)

COMPARABLE SALE #2

Address: 1914 Post Road - Southridge Apartments

Grantor: Post Road Enterprises

Grantee: Flad Development

Recording Vol/Pg: 1402/27

Date of Sale: 11/21/79

Sale Price: \$279,000

Acreage: 5.70

Price per Square Foot: \$1.12

Zoning: R-4

Units Planned: 90

Number of Units per Gross Acre: 15.8

Land-Price per Proposed Unit: \$3,100

Document: Land Contract

Only a 6 month contract until WHFA financing came through. For all practical purposes, transaction was a cash sale.

Improvements: None

Comments: The property lies just west of Fish Hatchery Road and North of Post Road. The site is flat and has no trees. A neighborhood strip shopping center including grocery is located directly across Post Road from the subject. The area is densely developed with apartments and condominiums.

EXHIBIT 25 (Continued)

COMPARABLE SALE #3

Address: 6401 Offshore Drive

Grantor: Gary DiVall

Grantee: Fiori Coal & Oil Company

Recording Vol/Pg: 3376/0009

Date of Sale: 2/2/81

Sale Price: \$600,000

Acreage: 10.53

Price per Square Foot: \$1.31

Zoning: R-4

Units Planned: 207

Number of Units per Gross Acre: 19.7

Land Price per Proposed Unit: \$2,899

Document: Warranty Deed

Improvements: Offshore Road bordering site is in, some utilities

Comments: Land was sold to Fiori Coal & Oil for \$600,000 cash. DiVall has the option to buy back the property for \$1,100,000 on 2/1/83. Fiori has the option to joint venture with DiVall for 50% of the project at that time.

EXHIBIT 25 (Continued)

COMPARABLE SALE #4

Address: 5652 Schroeder Road - Westridge Highlands Apartments

Grantor: Marshall Erdman

Grantee: Gary DiVall

Recording Vol/Pg: 2898/61

Date of Sale: 6/18/81

Sale Price: \$970,915

Acreage: 27.9

Price per Square Foot: \$.80

Zoning: R-4

Document: Land Contract

60% down, \$388,866 at 10%. Total principal and interest due 6/18/84. Purchaser has option to extend the contract two years, but interest rate will rise to the prevailing market rate.

Improvements: None

Comments: Site is densely wooded and hilly. Interstate 12-18 runs to the north of the property. The Vic Tanny Health Club and limited commercial uses lie to the east of the property. Across Schroeder Rd. to the south are single family residences. The property is improved with an old frame farmhouse and two wood sheds of no value to the property.

This sale was part of a three-way trade. Gary DiVall immediately assigned the Land Contract to Phillip Kessel, recorded 6/29/81 in Vol. 2898 Pg. 64. All parties to the transaction, including the real estate broker have confirmed that it was an arm's length transaction.

The sale was made contingent upon the parcel being annexed by the City of Madison. Subsequent to the sale the parcel was zoned 7 acres C-3, 20.9 acres R-4.

EXHIBIT 25 (Continued)

COMPARABLE SALE #5

Address: 801 Pebble Beach Road

Grantor: William Dallman

Grantee: Woodlands Partnership

Recording Vol/Pg: 2527/51

Date of Sale: 1/15/81

Sale Price: \$767,000

Acreage: 31.5

Price per Square Foot: \$.56

Zoning: Not zoned at time of sale

Units Planned: 299

Number of Units per Gross Acre: 9.5

Land Price per Unit: \$2,565

Document: Land Contract

39% down, \$467,000 at 9%. Annual principal payments made 1/15/82 - 1/15/85. Accrued interest payable upon each installment of principal. Final principal payment of \$233,500 due 1/15/86.

Improvements: Pebble Beach Road and water utility

Comments: 8.5 acres were released upon signing of contract. Each remaining acre is to be released at a price of \$12,500 per acre. Approximately 3.0 acres were zoned R-1 prior to sale, the rest were not zoned but the city land use map had it designated as R-1. Later a PUD zoning was approved. The site is elevated, overlooking residential development to the southeast. There is little vegetation on the building site but undeveloped woods border the property on the west and north.

EXHIBIT 25 (Continued)

COMPARABLE SALE #6

Address: 7922 Tree Lane

Grantor: Jim Burkhard

Grantee: Westside Investors

Recording Vol/Pg: 3280/60

Date of Sale: 11/10/81

Sale Price: \$473,800

Acreage: 5.5

Price per Square Foot: \$1.99

Zoning: PCD

Units Planned: 96

Number of Units per Gross Acre: 17.5

Land-Price per Proposed Unit: \$4,935

Document: Warranty Deed

Improvements: None

Comments: Price included all legal work, plans, design and approval of PCD plat. Site has some hills, trees are located on the back portion of the site. The parcel is located at the west end of Tamarack Trails Condominium Development.

LOCATION MAP OF COMPARABLE SALE PROPERTIES

Landmark Research, Inc.

EXHIBIT 26

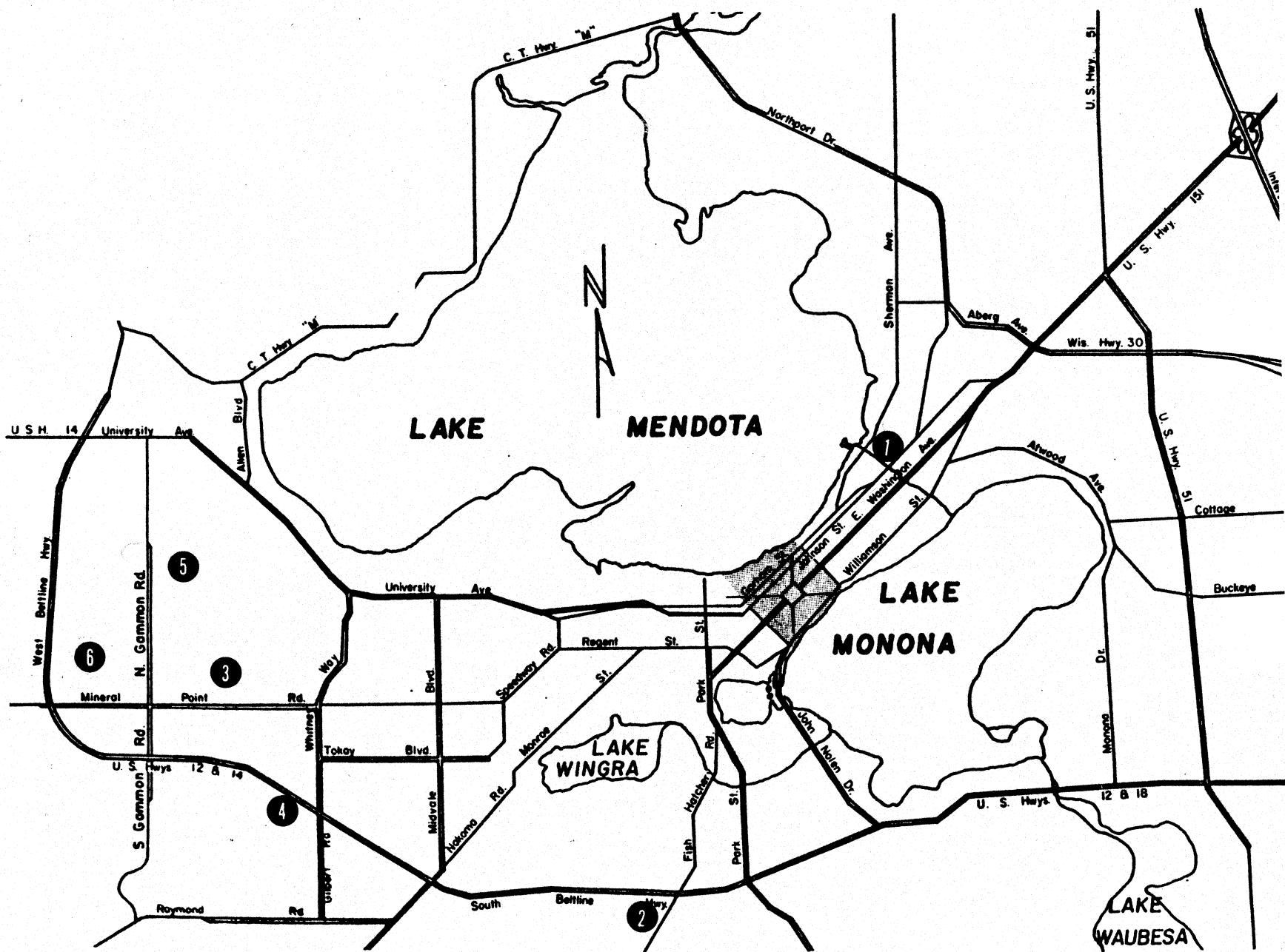


EXHIBIT 27

Scale for Scoring Comparable Sale Property Attributes

I. Zoning

7 = PCD or PUD plan approved
5 = R-4
3 = Sale contingent on purchaser obtaining PUD or PDC
 approval
1 = Unzoned

II. Lot Aesthetics

7 = Wooded hilly terrain, aesthetic views
5 = Wooded and some hills, no view
3 = Site relatively flat and unwooded, but bordered by
 natural, undeveloped property
1 = Lot flat with few trees, neighboring properties
 developed

III. Contiguous Environs

7 = Lot surrounded by low density residential zoned
 property and close to neighborhood shopping
 (including grocery)
5 = Lot bordered partially by low density residential
 property and partially by higher density property and
 close to neighborhood shopping
3 = Lot surrounded by low density residential zoned
 property but not close to neighborhood shopping
1 = Lot surrounded by higher density property and close
 to neighborhood shopping

EXHIBIT 27 (Continued)

IV. Financing Terms

- 9 = WHFA or HUD low interest, long term financing
- 7 = Land Contract with low downpayment (<25%), below market rate, term of 3 or more years
- 5 = Land contract with large downpayment (>25%), below market rate, term of 3 or more years
- 3 = Land contract with large downpayment (>25%), below market rate, term less than 3 years
- 1 = Cash sale
- 0 = Cash sale with option of purchaser to buy back

V. Site Improvements

- 3 = Some roads and utilities on site
- 1 = Roads and utilities to site line but not on site

VI. Image and Associations of Site

- 5 = Established middle-upper income, restricted residential neighborhood with supporting amenities such as parks, and open spaces
- 3 = Established residential neighborhood with some limited mixed uses in area, with supporting amenities such as parks and open space
- 1 = Mixed uses in neighborhood, highest density, limited open space

Source: Landmark Research, Inc.

WEIGHTED MATRIX FOR COMPARABLE PROPERTIES

		Fordem Avenue	Post Road	Offshore Drive	Schroeder Road	Pebble Beach	Tree Lane	Subject
Feature	Weight	#1	#2	#3	#4	#5	#6	
Zoning	20%	3/.60	5/1.00	5/1.00	5/1.00	1/.20	7/1.40	1/.20
Lot Aesthetics	10%	1/.10	1/.10	3/.30	5/.50	3/.30	5/.50	7/.70
Contiguous Environ	20%	1/.20	1/.20	5/1.00	5/1.00	3/.60	7/1.40	7/1.40
Financing Terms	20%	7/1.40	9/1.80	0/0	7/1.40	5/1.00	1/.20	1/.20
Site Improvements	20%	1/.20	3/.60	3/.60	1/.20	3/.60	1/.20	3/.60
Image and Associations	10%	1/.10	1/.10	3/.30	1/.10	5/.50	5/.50	3/.30
Total Weighted Score		2.60	3.80	3.20	4.20	3.20	4.20	3.40
Selling Price		500,000	279,000	600,000	970,915	767,000	473,800	
Lot Size in Sq. Ft.		505,769	248,293	458,800	1,217,066	1,373,534	238,452	2,012,908
Price per Sq. Ft. of Lot		.99	1.12	1.31	.80	.56	1.99	
Price Per Sq. Ft./ Total Weighted Score		.38	.29	.41	.19	.18	.47	

EXHIBIT 28

Source: Landmark Research, Inc.

EXHIBIT 29

CALCULATION OF MOST PROBABLE PRICE USING
MEAN PRICE PER POINT EQUATION METHOD

<u>Comparable Property</u>	<u>Selling Price per SF of Lot</u>	<u>Weighted Point Score</u>	<u>x = Price per SF/ Weighted Point Score</u>	<u>Adjustment for Size and Comparability</u>	<u>Weighted Average</u>
1	.99	2.60	.38	.17	.0646
2	1.12	3.80	.29	.08	.0232
3	1.31	3.20	.41	.17	.0697
4	.80	4.20	.19	.25	.0475
5	.56	3.20	.18	.25	.0450
6	1.99	4.20	.47	.08	.0376
			TOTAL 1.92		.2876

$$\text{Central Tendency} = \frac{\sum x}{n} = \frac{1.92}{6} = .32$$

Adjusted Central Tendency = .2876 or .29

$$\text{Dispersion} = \sqrt{\frac{\sum (x-\bar{x})^2}{(n-1)}} = \sqrt{\frac{.0716}{5}} = .1197 \text{ or } .12$$

where:

<u>x</u>	<u>\bar{x}</u>	<u>$(x-\bar{x})$</u>	<u>$(x-\bar{x})^2$</u>	<u>n</u>	<u>$n-1$</u>
.38	-.32	.06	.0036	6	5
.29	-.32	.03	.0009		
.41	-.32	.09	.0081		
.19	-.32	.13	.0169		
.18	-.32	.14	.0196		
.47	-.32	.15	.0225		
			.0716		

Value range: size adjusted $x \pm s = .29 \pm .12$

Lot size (SF) * Weighted Point Score * (Size adjusted Central Tendency \pm Dispersion)

$$2,012,908 * 3.40 * (.29 \pm .12)$$

High Estimate = \$2,806,000

Central Tendency = \$1,985,000

Low Estimate = \$1,163,000

All value estimates are rounded

tendency indicates a price estimate for the subject property of \$1,985,000, and a range of \$1,163,000 to \$2,806,000.

All of the comparable sales were vacant land or land with insignificant improvements. Because the most probable purchaser of the subject property is a developer with intentions to build a planned community of commercial and multi-family dwelling units utilizing the entire site, the demolition cost of the existing buildings must be subtracted from the derived market comparison price. The demolition cost of the main building, boiler plant and garages is estimated by Curt Hastings, Findorff & Son, Inc. to be approximately \$175,000. Therefore the market comparison price estimate for the subject property is \$1,810,000 and a range of price estimates from \$988,000 to \$2,606,000.

The market comparable approach is sensitive to the appraiser's ability to predict buyer perceptions in a constantly changing market. The limited number of comparable properties and the available information are scored in the weighted matrix to attempt to capture these perceptions. This initial transaction zone must be adjusted in light of certain external factors and then tested to see if the most probable selling price estimate would provide an acceptable yield from income when related to the most probable use, total cost to the most probable buyer, and typical financing.

D. External Influences on Most Probable Price

The most probable price an investor will be willing to pay for the property will be dependent upon his perception of development risks. External influences on the most probable price include the timing, availability and cost of financing to the developer. Calculations to determine the most probable use of the property were based on current day financing terms and charges. Because of the extended time frame of the development scenario, the risk of increased financing costs as well as increased construction costs must be considered by the developer. Individual developer perceptions of future financial and economic conditions will influence the amount that he is willing to pay for the property.

Another external risk posed to the developer is prolonged approval of PCD zoning of the parcel due to public and neighborhood opposition. This would cause the developer extra time, money and effort. This perceived risk will also impact the price the developer is willing to pay.

At the same time that buyer perceptions of potential economic and political problems might influence the purchase price downward, the unique aesthetic attributes and residential linkages of the subject add a mystic and desirability that is not found in many other vacant tracts in the Madison area will influence the price upward.

Market comparison is considered the most reliable predictor of market price, therefore the central tendency price of \$1,810,000 derived from analysis of market sales is relied on more heavily than the \$1,606,000 price indicated by the buyer simulation model illustrated in Scenario 5 in the determination of the most probable use. Therefore, in the opinion of the appraisers, the market price or most probable selling price of the subject property in its present condition is \$1,800,000 or \$.89 per square foot of land.

E. Test of Preliminary Market Price Determination

Since actual market sales are used for the valuation approach, it is useful to test the probable price based on the marketplace for compatibility with investment valuation in terms of basic yields and risk ratios.

A computer cash flow program which calculates a before tax yield forecast (internal rate of return) is used to test the value estimate of \$1,800,000, based upon Scenario 5 assumptions regarding sale absorption rates, sale prices, construction and administrative costs and financing costs. Exhibit 30 shows the input parameters and a calculated internal rate of return of 20.8 before tax. This return is considered a minimum threshold which indicates that the test value estimate of \$1,800,000 is fully priced and that the developer who purchases at that price would be anticipating that financing terms, sale and absorption

EXHIBIT 30

TEST OF MARKET PRICE DETERMINATION

INPUT PARAMETERS

1. ENTER PROJECT NAME ? NORTHPORT
2. ENTER PROJECTION PERIOD ? 6
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
TO REPEAT PREVIOUS YEARS NOI OR EGR FOR BAL OF PROJECTION ENTER 0
N.O.I. YEAR 1? -46250
N.O.I. YEAR 2? -78534
N.O.I. YEAR 3? 1477443
N.O.I. YEAR 4? 1595674
N.O.I. YEAR 5? 1074885
N.O.I. YEAR 6? 345780
4. ACQUISITION COST: ? 1800000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N? N
ENTER ORIGINAL MORTGAGE BALANCE: 0
ENTER MORTGAGE TERM: 99

ENTER INTEREST PAYMENTS:

INTEREST PAYMENT YEAR 1? 0
INTEREST PAYMENT YEAR 2? 0
INTEREST PAYMENT YEAR 3? 0
INTEREST PAYMENT YEAR 4? 0
INTEREST PAYMENT YEAR 5? 0
INTEREST PAYMENT YEAR 6? 0

ENTER PRINCIPAL PAYMENTS:

PRINCIPAL PAYMENT YEAR 1? 0
PRINCIPAL PAYMENT YEAR 2? 0
PRINCIPAL PAYMENT YEAR 3? 0
PRINCIPAL PAYMENT YEAR 4? 0
PRINCIPAL PAYMENT YEAR 5? 0
PRINCIPAL PAYMENT YEAR 6? 0

6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? 0, 99
IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ? N
IS PROPERTY RESIDENTIAL? Y OR N? Y
8. IS OWNER A TAXABLE CORPORATION? Y OR N ? N
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
70% (PRE-1981 LAW)
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)

ENTER:

- 1) EFFECTIVE ORDINARY RATE .2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
? .4. .4
9. RESALE PRICE (NET OF SALE COSTS) ? 0
10. IS THERE LENDER PARTICIPATION ? N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 15
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 18

AFTER TAX CASH FLOW PROJECTION

NORTHPORTE

DATE 3/24/82

DATA SUMMARY

寒風集

ACQUISTIN COST: \$1,800,000.	MTG. AMT.:	\$0.
NOI 1ST YR: \$-46,250.	MTG. INT.:	ALTERNATE FORMAT
ORG. EQUITY: \$1,800,000.	MTG. TERM:	99. YRS
CTD 1ST YEAR: \$-46,250.	DEBT SERVICE 1ST YEAR:	\$0.
	MTG. CONST.:	ALTERNATE FORMAT
IMP. #1 VALUE: \$0.	IMP. #1 LIFE:	99.
INC. TX RATE: 40%		
SALE YR RATE: 40%	OWNER:	INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE

RESIDENTIAL PROPERTY

LENDER PARTICIPATION: CASH THROU-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS PROVIDED BY SCHELL ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT A RATE EQUAL TO 50% OF THE ORDINARY RATE AT THE TIME OF SALE.

FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS COVERED BY A CONTRIBUTION FROM EQUITY IN THAT PERIOD

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	-46250.	0.	0.	-46251.	-18501.	-27749.
2.	-78534.	0.	0.	-78535.	-31415.	-47119.
3.	1477443.	0.	0.	1477443.	590977.	886466.
4.	1595674.	0.	0.	1595674.	638270.	957404.
5.	1074885.	0.	0.	1074885.	429954.	644931.
6.	345780.	0.	0.	345780.	138312.	207468.
	\$4368998.	\$0.	\$0.	\$4368996.	\$1747597.	\$2621401.

IF PURCHASED AS ABOVE, HELD 6 YEARS & SOLD FOR \$0.
THE MODIFIED I.R.R. BEFORE TAXES IS 20.7840%

rates, as well as political processing would all be more favorable than the current realities and the conservative projections made in Scenario 5.

Another less sophisticated test of the \$1,800,000 purchase price is a rule of thumb measurement of a land value to total value ratio of 1 to 8 used by some local developers. This rule states that the developer should not pay more than 1/8th of the total project value toward the raw land. Assuming the 1982 sale price of \$65 a square foot, as applied in the Scenario 5 cash flow projections, the 112 townhouses and 90 condominiums translate to a \$14,001,000 1982 value. Adding the \$1,000,000 1982 purchase value for the rehabilitated nurses' dormitory suggests a total 1982 value of \$15,001,000 for the multi-family project. This indicates a raw land value of \$1,875,125. Subtraction of demolition costs indicates a raw land value of \$1,700,125 for the residential portion of the site. Added to this price would be a value attributed to the commercial land. This suggests that \$1,700,125 would be a minimum justified amount for the property. This test also supports the market price of \$1,800,000 for the subject property.

Reconciliation of the market, cash flow, and ratio guideline approaches to value leads us to the conclusion that the fair market value of the subject property, assuming a cash

sale as of March 1, 1982, is One Million Eight Hundred Thousand Dollars or the equivalent of \$.89 per square foot of land.

V. VALUE CONCLUSION

The market comparison approach to value which uses cash or cash equivalent selling prices as benchmarks suggested a central tendency value estimate of \$1,810,000 for the subject property. The buyer simulation or land residual approach suggests a minimum justified investment value of \$1,606,000.

It is the opinion of the appraisers that the market comparison indication of value is more relevant in this case than the justified investment value.

THEREFORE, THE FAIR MARKET VALUE OF THE SUBJECT PROPERTY,
ASSUMING A CASH SALE AS OF MARCH 1, 1982, IS:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$1,800,000)

TOTAL DEVELOPMENT COST
SCENARIOS 1 - 5
(Expressed in 1982 Dollars)

	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>	<u>Scenario 5</u>
Development Costs:					
Streets (a)	\$481,700	\$13,800	\$361,700	\$361,700	\$236,700
Water Lines	96,340	12,260	69,340	69,340	47,340
Sanitary Sewer	96,340	7,000	69,340	69,340	47,340
Storm Sewer	-0-	1,900	2,030	2,030	2,030
Natural Gas	-0-	-0-	-0-	-0-	-0-
Electricity	-0-	-0-	-0-	-0-	-0-
Outdoor Parking (includes striping)	-0-	29,129	36,284	17,375	25,805
Landscaping	-0-	3,000	-0-	-0-	-0-
Contingency (10%)	<u>67,438</u>	<u>6,709</u>	<u>53,870</u>	<u>51,978</u>	<u>35,922</u>
Total Development Cost	<u>\$741,818</u>	<u>\$73,798</u>	<u>\$592,564</u>	<u>\$571,763</u>	<u>\$395,137</u>

(a) Includes curb and gutter, sidewalks, grading and clearing

Sources: Madison City Engineers, Madison Gas and Electric Engineers, Madison Water Utility Engineers, Private Engineers and Contractors

CALCULATION OF DEVELOPMENT FINANCING COSTS
FOR ALTERNATIVE SCENARIOS

SCENARIO 1

	1982 <u>Year 0</u>	1983 <u>Year 1</u>	1984 <u>Year 2</u>	1985 <u>Year 3</u>	1986 <u>Year 4</u>	1987 <u>Year 5</u>
Phased Development Loan						
Begin Period Balance		0	215,750	233,010	251,651	271,783
Loan Advance		215,750	233,010	251,651	271,783	0
Repayment		0	215,750	233,010	251,651	271,783
End of Period Balance		215,750	233,010	251,651	271,783	0
Average Balance		129,450	139,806	150,991	163,070	0
Interest at 18%		23,301	25,165	27,178	29,353	0

EXHIBIT 22

972,174

SCENARIO 3

	1982 <u>Year 0</u>	1983 <u>Year 1</u>	1984 <u>Year 2</u>	1985 <u>Year 3</u>	1986 <u>Year 4</u>	1987 <u>Year 5</u>
Phased Development Loan						
Begin Period Balance		0	26,093	42,271	22,826	24,652
Loan Advance		26,093	42,271	22,826	24,652	0
Repayment		0	26,093	42,271	22,826	24,652
End of Period Balance		26,093	42,271	22,826	24,652	0
Average Balance		15,656	25,363	13,696	14,791	0
Interest at 18%		2,818	4,565	2,465	2,662	0

$6,741,818 \div 4 = 1,685,454.50$
 $1,685,454.50 \times 18\% = 30,093$
 $30,093 \div 4 = 7,523$

EXHIBIT 22 (Continued)

SCENARIO 4

	1982 <u>Year 0</u>	1983 <u>Year 1</u>	1984 <u>Year 2</u>	1985 <u>Year 3</u>	1986 <u>Year 4</u>
Phased Development Loan					
Begin Period Balance		0	285,882	154,376	166,726
Loan Advance		285,882	154,376	166,726	0
Repayment		0	285,882	154,376	166,726
End of Period Balance		285,882	154,376	166,726	0
Average Balance		171,529	92,626	100,036	0
Interest at 18%		30,875	16,673	18,006	0

SCENARIO 5

	1982 <u>Year 0</u>	1983 <u>Year 1</u>	1984 <u>Year 2</u>	1985 <u>Year 3</u>	1986 <u>Year 4</u>
Phased Development Loan					
Begin Period Balance		0	131,712	142,250	153,630
Loan Advance		131,712	142,250	153,630	0
Repayment		0	131,712	142,250	153,630
End of Period Balance		131,712	142,250	153,630	0
Average Balance		79,027	85,350	92,178	0
Interest at 18%		14,225	15,363	16,592	0

EXHIBIT 23

CALCULATION OF CONSTRUCTION COSTS

BUILDING COSTS FOR SIX-STORY APARTMENT TOWERS
MASONRY CONSTRUCTION

Base Cost for good quality: (a)	\$28.72/SF
Plus Sprinklers	<u>.82</u>
	<u>\$29.54</u>
Total Base building cost: 399,848 x \$29.54	\$11,811,510
Total Adjusted for inflation: x 1.429	\$16,878,648
Appliances and Extras:	
Range & oven	560
Exhaust fan & hood	150
Refrigerator	530
Dishwasher	475
Garbage disposer	<u>185</u>
Total per unit	1900
Total appliance cost: 1900 x 300	570,000
Total appliance cost adjusted for inflation: x 1.17	666,900
Enclosed Parking:	
164,500 SF x \$10.10/SF (includes fireproofing)	1,661,450
Total adjusted for brick facade: x 1.11	1,844,210
Total Parking adjusted for inflation: x 1.429	<u>2,635,375</u>
Total Building Costs	\$20,180,923
Total Adjusted for building height: x 1.018	20,544,180
Total Adjusted for local prices: x 1.03	<u>\$21,160,505</u>

(a) Costs include architect's and engineer's fees, normal interest on building funds during construction, lender's processing charge, normal site preparation including excavation and backfill, utilities from structure to lot line, contractor's overhead and profit including insurance and bonding.

Construction quality: Includes brick, metal or concrete and glass panels, some trim. Interior is drywall or plaster, good carpet, hardwood, vinyl. Good electrical and plumbing, good baths and kitchens. Zoned warm and cool air. Includes elevators.

Source: Marshall & Swift Residential Cost Manual

EXHIBIT 23 (Continued)

BUILDING COSTS FOR TOWNHOUSES
WOOD CONSTRUCTION, NON-ELEVATOR

Base Cost for good quality, (a)	
1200 square feet units	\$25.00/SF
Plus carpet	<u>1.35</u>
	25.35
* 1.11 for face brick or native stone	<u>\$29.25/SF</u>
Appliances and Extras	
Fireplace	1500
Attached garage	2200
Porch	175
Electric range & oven	465
Garbage disposal	125
Range hood & fan	120
Dishwasher	360
Wall air conditioning	<u>410</u>
	5355 1200 SF =
	4.46/SF
Total construction cost	\$33.71
* 1.17 cost update	39.44
* 1.03 local cost multiplier	40.63 Say \$40.00/SF

(a) Costs include architect's and engineer's fees, normal interest on building funds during construction, lender's processing charge, normal site preparation including excavation and backfill, utilities from structure to lot line, contractor's overhead and profit including insurance and bonding.

Construction Quality: Cost includes wood shingle roof, wood subfloor, gas forced air heat. Interior includes sound control, drywall, some paneling and wallpaper.

Source: Marshall & Swift Residential Cost Manual

List of Comparable Commercial Land Sales

<u>Zoning</u>	<u>Parcel Number</u>	<u>Address</u>	<u>Volume per Page</u>	<u>Grantor</u>	<u>Grantee</u>	<u>Date</u>	<u>Price</u>	<u>Size (SF)</u>	<u>Document</u>	<u>Price per Square Foot</u>
C-1	0708-362-0011-2	6929 Schroeder Road	1922/28	Atlantic Richfield	Galvez	5/20/80	60,000	79,980	Warranty Deed	\$.75/SF
C-1	0710-103-0232-2	4509 Cottage Grove	943/92	Vogts	Stark Enterprises	5/4/78	45,000	38,646	Warranty Deed	\$1.16/SF
C-1	0809-254-1596-4	1414 Northport	944/495	Montei	Foster and Colby	5/5/78	99,500	79,866	Warranty Deed	\$1.25/SF
C-2	0810-223-0126-2	4801 Hayes	1040/187	Munz	Wisconsin Realtors	2/23/79	105,500	46,888	Warranty Deed	\$2.25/SF
C-2	0810-223-0127-0	4825 Hayes	1089/211	Munz	Hillmark	8/15/79	111,100	43,341	Warranty Deed	\$2.56/SF
C-2	0810-223-0219-6	4863 Hayes	1026/274	Munz	Madsen	12/26/78	154,653	51,551	Warranty Deed	\$3.00/SF
C-2	0810-223-0233-5	4862 Hayes	1566/22	Munz	Red Roof	1/15/80	250,000	118,395	Warranty Deed	\$2.11/SF
C-2	0810-302-0801-2	2010 Scott Lane	2250/34	Heisig	McGittigan	9/23/80	49,000	21,747	Warranty Deed	\$2.25/SF
C-2	0810-303-0219-5	2902 Dryden	1103/378	Sherman Plaza	Great Midwest Savings and Loan	10/1/79	110,000	34,780	Warranty Deed	\$3.16/SF

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EXHIBIT 24

STATEMENT OF LIMITING CONDITIONS

This appraisal has been made subject to certain conditions, caveats, and stipulations, either expressed or implied in the prose as well as the following:

1. Contributions of Other Professionals

- Because the budget did not provide for a consulting engineer or architect, the appraisers applied limited structural analysis to the problem of building conservation, demolition, or alternative site plans so that cost estimates must be considered preliminary.
- Upon instruction by the County, a title search was not performed for the subject. It is assumed that legal documents supplied by the county represent all interests and encumbrance thereof to be appraised.
- Because no legal advice was available, the appraisers assume no responsibility for legal matters nor has any opinion of title been submitted.
- Sketches in this report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

2. Facts and Forecasts Under Conditions of Uncertainty

- All information furnished regarding existing improvements, financing, construction and development costs, demolition costs, sale prices and developer calculus is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of prices or other conditions.
- The comparable sales data relied upon in this appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

- Forecasts of the effective demand of multi-family housing units, single-family lots and commercial lots are based upon the best available data concerning the Madison market, but are projected under conditions of uncertainty.
- Information furnished by others in this report, which believed to be reliable, is in no sense guaranteed by these appraisers. Although the before-tax arithmetic of the computer output has been hand checked for accuracy, no guarantee is made of the program's infallibility.

3. Controls on Use of the Appraisal

- Values for various components of the subject parcel and improvements as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
- Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraisers or the applicant and, in any event, only in its entirety.
- Neither all nor any part of the contents of this report shall be conveyed to the public though advertising, public relations, news, sales, or other media without the written consent and approval of the authors, particularly regarding the valuation conclusions, and the identity of the appraisers, or of the firm with which they are connected or any of their associates.

CERTIFICATE OF APPRAISAL

We hereby certify that we have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions.

Based upon the information and subject to the limiting conditions contained in this report, it is our opinion that the fair market value, as defined herein, of this property as of March 1, 1982, assuming a cash sale is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS

(\$1,800,000)

James A. Graaskamp, Ph.D., SREA, CRE

Yvonne M. Schell, MS

Date

JAMES A. GRAASKAMP

PROFESSIONAL DESIGNATIONS

SREA, Senior Real Estate Analyst, Society of Real Estate Appraisers

CRE, Counselor of Real Estate, American Society of Real Estate
Counselors

CPCU, Certified Property Casualty Underwriter, College of Property
Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin
Master of Business Administration Security Analysis - Marquette University
Bachelor of Arts - Rollins College

ACADEMIC HONORS

Chairman, Department of Real Estate and Urban Land Economics,
School of Business, University of Wisconsin

Urban Land Institute Research Fellow

University of Wisconsin Fellow, Omicron Delta Kappa

Lambda Alpha - Ely Chapter

Beta Gamma Sigma, William Kiekhofer Teaching Award (1966)

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, a subsidiary of First Bank Minneapolis. He is the co-designer and instructor of the EDUCARE teaching program for computer applications in the real estate industry. His work includes substantial and varied consulting and valuation assignments to include investment counseling to insurance companies and banks, court testimony as expert witness and the market/financial analysis of various projects, both nationally and locally, and for private and corporate investors and municipalities.

Y V O N N E M . S C H E L L

EDUCATION

Master of Science - Real Estate Appraisal and Investment Analysis,
University of Wisconsin - Madison

Bachelor of Business Administration - Double major in Finance and
in Real Estate, Colorado State University, Fort Collins (with
honors)

ACADEMIC HONORS

Beta Gamma Sigma, National Honorary Business Society

Financial Management Association, National Honorary
Finance Society

University of Wisconsin Real Estate Alumni Scholarships,
1980 and 1981

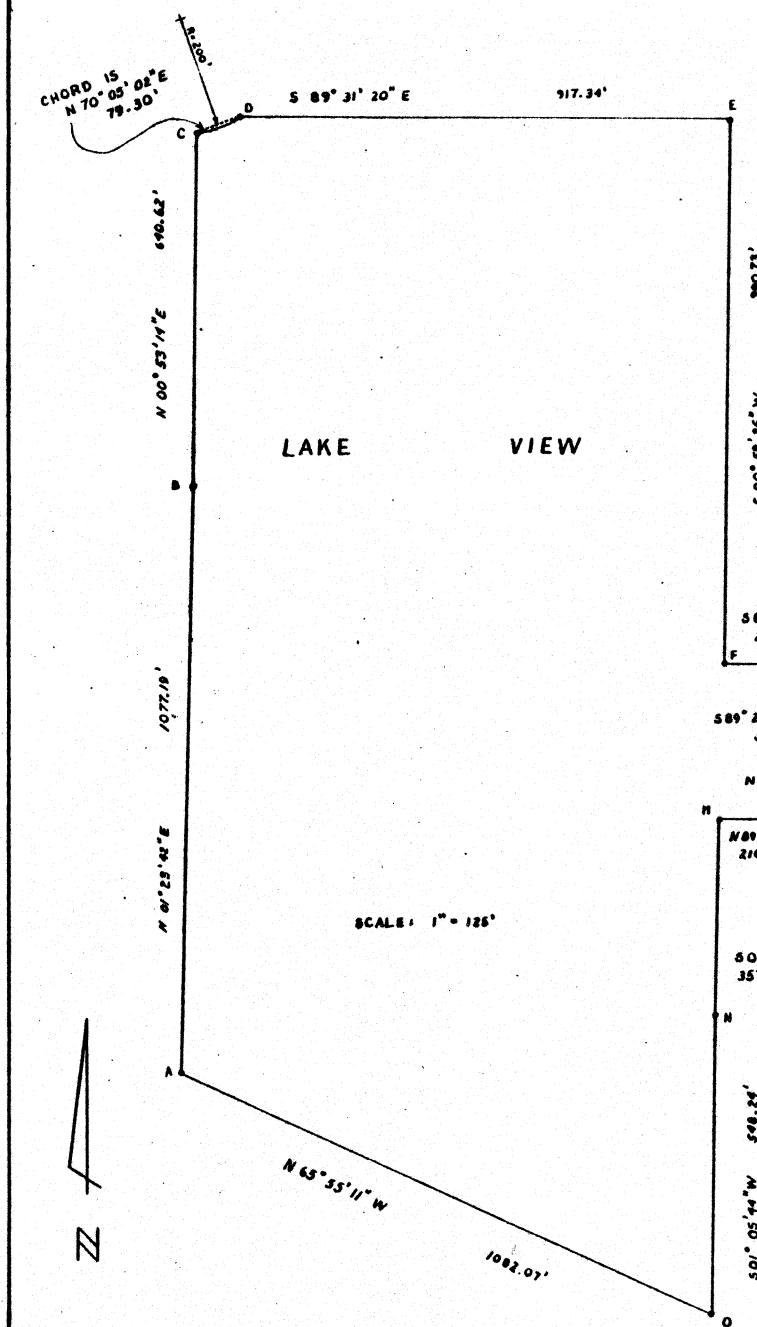
PROFESSIONAL EXPERIENCE

Ms. Schell is currently associated with Landmark Research, Inc. Her experience previously includes involvement as a National Bank Trust Examiner and Commercial Examiner with the Comptroller of the Currency and subsequently as a real estate analyst and broker in Colorado with additional appraisal experience in several other states. Her experience includes the appraisal and analysis of commercial and residential income properties, also feasibility and development potential studies including market and financial analysis.

AREA CALCULATIONS OF SUBJECT PROPERTY
BY KEN KOSCIK, P.E.

BY KEN KOSCIK, P.E.

APPENDIX A



CALCULATION OF LAKE VIEW PROPERTY AREA - USING
THE DOUBLE MERIDIAN DISTANCE METHOD

LINE	DISTANCE	BEARING	LATITUDES		DEPARTURES		CORRECTED DEPARTURES		SOURCE MERIDIAN DISTANCE		DOUBLE AREAS	
			N	S	E	W	+	-	+	-	+	-
AB	1077.19	100° 25' 55" E	1076.73		26.43		+ 1076.99	+ 24.22	26.22		282,35-79	
BC	640.62	100° 03' 44" E	1054.26		9.92		+ 1050.55	+ 9.92	6.23		39,944.70	
CD	70.30	100° 00' 00" E	1054.26		70.00		+ 1051.31	+ 70.00	106.89		2,900.15	
DE	917.39	100° 31' 00" E	1051.21		1.16		+ 1051.32	+ 0.16	1058.72			0,711.21
EF	190.73	100° 25' 20" E	1050.90		17.13		+ 1050.57	+ 17.13	2038.91		2,019,682.00	
FG	216.20	100° 28' 00" E	1050.10		2.45	216.19	+ 2.45	216.19	2237.97		5,185.	
GH	126.16	100° 00' 20" E	1050.10		126.16		+ 126.19	+ 126.19	2681.95		309,288.91	
HT	30.00	100° 00' 00" E	1050.10		30.00		+ 30.00	+ 30.00	2479.79		760.11	
IJ	175.00	100° 00' 00" E	1050.10		175.00		+ 175.07	+ 0.07	2506.67		428,552.00	
JK	30.00	100° 00' 00" E	1050.10		30.00		+ 30.00	+ 30.00	2973.60		399.76	
HL	20.46	100° 00' 00" E	1050.10		20.46		+ 20.46	+ 0.46	2243.96		50,002.42	
LM	216.00	100° 00' 00" E	1050.10		216.00		+ 216.00	+ 216.00	2229.28		2,064.60	
MN	357.70	100° 11' 00" E	1057.70				+ 357.70	+ 357.70	2006.99		71,700.61	
NO	548.24	100° 11' 00" E	1050.10		548.24		+ 548.24	+ 548.24	1986.26		4,068,782.00	
OA	1082.17	100° 35' W	1050.10		1082.17		+ 1082.17	+ 0.17	987.09		436,153.43	
	1650.13		1050.10		1650.13		+ 1650.13	+ 0.13			561,285.00	1,021,610.00
			1050.10		1650.13		+ 1650.13	+ 0.13				
					+ 0.04	- 0.02						
ERROR: E. = $\frac{1}{2}(10,001.7 + 10,002.3)$											- 4,997,914.22	
E. = 0.0047											3,001,434.07	
ERROR OF CLOSURE: E. or C. = $\frac{4,000.07}{65,017.0}$											4,006,630.15	8,012,000.00
E. or C. = $\frac{1}{150,000} \times 0.000007$											2.00	
											2,012,265.07	4,024,000.00

ERROR: $E = \sqrt{(-0.01)^2 + (-0.01)^2}$

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ERROR OF CLOSURE : E. or C. = $\frac{0.047}{65.0211}$

$$E \approx C_0 = \frac{1}{150,000} = 0.000007$$

- 1,507,014.22

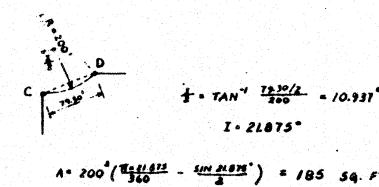
1,026,630

2.00

2,675,263.07 - 7,400

CALCULATION OF AREA NEEDED TO BE
SUBTRACTED FROM THE ABOVE AREA DUE
TO THE CURVED PROPERTY LINE IN THE
NORTHWEST CORNER OF THE LOT.

$$A = R^2 \left(\frac{\pi i}{360} - \frac{\sin i}{2} \right)$$



TOTAL AREA OF LAKE VIEW PROPERTY

$$2,013,265.97 - 185 = 2,013,079.92$$

TOTAL AREA :

2,013,079.93 SQ. FT. = 46.21 ACRES

(4) Planned Community Development District (PCD).

(a) Statement Of Purpose. The planned community development district is established to provide a regulatory framework designed to encourage and promote improved environmental design in the City of Madison by allowing for greater freedom, imagination and flexibility in the development of land while insuring substantial compliance to the basic intent of the Zoning Code and the general plan for community development. To this intent it allows diversification and variation in the relationship of uses, structures, open spaces and heights of structures in developments conceived and implemented as comprehensive and cohesive unified projects. It is further intended to encourage more rational and economic development with relation to public services, and to encourage and facilitate preservation of open land.

(b) Permitted Uses. The following uses are permitted in the planned community development district. Provided, however, that no use shall be permitted except in conformity with a specific and precise development plan pursuant to the procedural and regulatory provisions as hereinafter set forth.

Any use permitted by right or as a conditional grant in any of the other districts of this ordinance may be permitted subject to the criteria as established in 28.07(4)(f) following, but such requirements as are made a part of an approved recorded precise development plan shall be, along with the recorded plan itself, construed to be enforced as a part of this ordinance.

(c) Lot Area, Lot Width, Height, Floor Area Ratio, Yard And Usable Open Space Requirements. In the planned community development district there shall be no predetermined specific lot area, lot width, height, floor area ratio, yard and usable open space requirements, but such requirements as are made a part of an approved recorded precise development plan shall be, along with the recorded plan itself, construed to be and enforced as part of this ordinance.

(d) (R. by Ord. 5831, 5-6-77) 125-21441

(e) Off-Street Parking. In the planned community development district, off-street parking facilities shall be provided in accordance with applicable regulations as herein set forth in Section 28.11, and such requirements as are made a part of an approved recorded precise development plan shall be, along with the recorded plan itself, construed to be and enforced as a part of this ordinance.

(f) Criteria For Approval. As a basis for determining the acceptability of a planned community development district application, the following criteria shall be applied to the precise development plan for such district with specific consideration as to whether or not it is consistent with the spirit and intent of this ordinance, has been prepared with competent professional advice and guidance, and produces significant benefits in terms of environmental design.

1. Character And Intensity Of Land Use. In a planned community development district, the uses proposed and their intensity and arrangement on the site shall be a visual and operational character which:

a. Are compatible with the physical nature of the site with particular concern for preservation of natural features, tree growth and open space.

Sec. 28.07(4)(f)1.b.

ZONING CODE

- b. Would produce an attractive environment of sustained aesthetic and ecological desirability, economic stability and functional practicality compatible with the general development plans for the area as established by the community.
- c. Would not adversely affect the anticipated provision for school or other municipal services.
- d. Would not create a traffic or parking demand incompatible with the existing or proposed facilities to serve it.

2. Economic Feasibility And Impact. The proponents of a planned community development district application shall provide evidence satisfactory to the Common Council of its economic feasibility, of available adequate financing, and that it would not adversely affect the economic prosperity of the City or the values of surrounding properties.

3. Engineering Design Standards. The width of street right-of-way, width and location of street or other paving, outdoor lighting location of sewer and water lines, provision for storm water drainage or other similar environmental engineering consideration shall be based upon determination as to the appropriate standards necessary to implement the specific function in the specific situation; provided, however, that in no case shall standards be less than those necessary to insure the public safety and welfare as determined by the City.

4. Preservation And Maintenance Of Open Space. In a planned community development district, adequate provision shall be made for the permanent preservation and maintenance of common open space either by private reservation or dedication to the public.

- a. In the case of private reservation, the open area to be reserved shall be protected against building development by conveying to the City as part of the conditions for project approval an open space easement over such open areas restricting the area against any future building or use except as is consistent with that of providing landscaped open space for the aesthetic and recreational benefit of the development. Buildings or uses for noncommercial, recreational or cultural purposes compatible with the open space objective may be permitted only where specifically authorized as part of the development plan or subsequently, with the express approval of the Common Council following approval of building, site and operational plans by the Plan Commission.
- b. The care and maintenance of such open space reservation shall be assured by establishment of appropriate management organization for the project. The manner of assuring maintenance and assessing such cost to individual properties shall be included in any contractual agreement with the City and shall be included in the title to each property.
- c. Ownership and tax liability of private open space reservation shall be established in a manner acceptable to the City and made a part of the conditions of the plan approval.

ZONING CODE

Sec. 28.07(4)(f)5.

5. Implementation Schedule. The proponents of a planned community development district shall submit a reasonable schedule for the implementation of the development to the satisfaction of the Common Council including suitable provisions for assurance that each phase could be brought to completion in a manner which would not result in adverse effect upon the community as a result of termination at that point.

(g) Procedure. The procedure for rezoning to a planned community development district shall be as required for any other zoning district change under this chapter, except that in addition thereto, the rezoning may only be considered in conjunction with the development plan, and shall be subject to the following additional requirements:

1. General Development Plan. The applicant shall file with the Plan Commission a general development plan which shall include the following information:
 - a. A statement describing the general character of the intended development.
 - b. An accurate map of the project area including its relationship to surrounding properties and existing topography and key features.
 - c. A plan of the proposed project showing at least the following information in sufficient detail to make possible the evaluation of the criteria for approval as set forth in 28.07(4)(f) of this section.
 - i. The pattern of proposed land use including shape, size and arrangement of proposed use areas, density and environmental character.
 - ii. The pattern of public and private streets.
 - iii. The location, size and character of recreational and open space areas reserved or dedicated for public uses such as schools, parks, greenways, etc.
 - iv. A utility feasibility study.
 - d. Appropriate statistical data on the size of the development, ratio of various land uses, percentages of multifamily units by number of bedrooms, economic analysis of the development, expected staging, and any other plans or data pertinent to evaluation by the City under the criteria of 28.07(4)(f) of this section.
 - e. General outline of intended organizational structure related to property owner's association, deed restrictions and private provision of common services.
2. Referral And Hearing.
 - a. Within sixty (60) days after completion of the filing of the petition for approval of a general development plan, the Plan Commission shall forward the petition to the Common Council with a recommendation that the plan be approved as submitted, approved with modifications or disapproved.

(6) Planned Unit Development District (PUD).

(a) Statement Of Purpose. The planned unit development district is established to provide a voluntary regulatory framework designed to encourage and promote improved environmental and aesthetic design in the City of Madison by allowing for greater freedom, imagination and flexibility in the development of land while insuring substantial compliance to the basic intent of the zoning code and the general plan for community development. To this intent it allows diversification and variation in the bulk and relationship of uses, structures and spaces in developments conceived as comprehensive and cohesive unified plans and projects. It is further intended to encourage developments consistent with coordinated area site planning.

(b) Permitted Uses. Other than the existing use, no use shall be permitted in the planned unit development district except in conformity with a specific and precise development plan pursuant to the procedural and regulatory provisions hereinafter set forth. Any use permitted by right or as a conditional grant in any of the other districts of this ordinance.

(c) Lot Area, Lot Width, Height, Floor Area Ratio, Yard, Usable Open Space Requirements, Signs And Off-Street Parking Requirements. In the planned unit development district there shall be no predetermined specific lot area, lot width, height, floor area ratio, yard, usable open space, sign and off-street parking requirements, but such requirements as are made a part of an approved recorded precise development plan agreed upon by the owner and the City shall be, along with the recorded plan itself, construed to be and enforced as a part of this ordinance.

(d) Criteria For Approval. As a basis for determining the acceptability of a planned unit development district application the following criteria shall be applied with specific consideration as to whether or not it is consistent with the spirit and intent of this ordinance and has the potential for producing significant community benefits in terms of environmental and aesthetic design.

1. Character And Intensity Of Land Use. In a planned unit development district the uses and their intensity, appearance and arrangement shall be of a visual and operational character which:
 - a. Are compatible with the physical nature of the site or area.
 - b. Would produce an attractive environment of sustained aesthetic desirability, economic stability and functional practicality compatible with the general development plan.
 - c. Would not adversely affect the anticipated provision for school or other municipal service unless jointly resolved.
 - d. Would not create a traffic or parking demand incompatible with the existing or proposed facilities to serve it unless jointly resolved.
2. Economic Impact. Planned unit development district shall not adversely affect the economic prosperity of the City or of surrounding properties.

Sec. 28.07(6)(d)3.

ZONING CODE

3. Preservation And Maintenance Of Open Space. In a planned unit development district adequate provision for the improvement and continuing preservation and maintenance of attractive open space shall be made.
4. Implementation Schedule. A planned unit development district shall include suitable assurances that each phase could be completed in a manner which would not result in an adverse effect upon the community as a result of termination at that point.

(e) Procedure. The procedure for rezoning to a planned unit development district shall be as required for any other zoning district change in this chapter, except that in addition thereto the rezoning may only be considered in conjunction with a development plan, and shall be subject to the following additional requirements.

1. General Development Plan. The proponents shall file the following with the City Plan Commission:
 - a. A statement describing the general character of the intended development.
 - b. An accurate map of the project area including its relationship to surrounding properties and existing topography and key features.
 - c. A plan of the proposed project showing sufficient detail to make possible the evaluation of the criteria for approval as set forth in Section 28.07(6)(d).
 - d. When requested, a general outline of intended organizational structure related to property owner's association, deed restrictions and private provision of common services.
2. Referral And Hearing.
 - a. Within sixty (60) days after completion of the filing of the petition for approval of a general development plan, the City Plan Commission shall forward the petition to the Common Council with recommendations that the plan is to be approved as submitted, approved with modifications or disapproved.
 - b. Upon receipt of the recommendations, the Council shall determine whether or not to initiate a proposed zoning change to establish the proposed planned unit development district and to schedule the required public hearing. If the Council fails to initiate such a change within thirty (30) days, the petitioner may file a petition directly with the City Clerk as provided by law.

(b) General Regulations. Uses permitted in the C1 district are subject to the following conditions:

1. Business uses are not permitted on any floor above the ground floor except in those buildings where dwelling units and lodging rooms are not established.
2. All business establishments shall be retail or service establishmnnts which deal directly with the customers. All goods produced on the premises shall be sold at retail on the premises where produced unless approved as a conditional use. (Am. by Ord. 6113, 1-26-78)
3. All business, servicing or processing, except for off-street parking, off-street loading, display of merchandise such as garden, lawn and recreational supplies and equipment for sale approved as a conditional use by the Plan Commission, shall be conducted within completely enclosed buildings. (Am. by Ord. 4310, 8-29-73)
4. Establishments of the "drive-in" type are not permitted, except in the case of automobile service stations.
5. Business establishments are restricted to a maximum gross floor area of ten thousand (10,000) square feet each, exclusive of any floor area devoted to off-street parking or loading facilities, except that food stores, containing two (2) or more uses, and offices as herein permitted below, may have a maximum floor area of not more than twenty-three thousand (23,000) square feet. (Am. by Ord. 5125, 9-3-75)
6. Parking of trucks as an accessory use, when used in the conduct of a permitted business listed hereinafter, shall be limited to vehicles of not over one and one-half (1 1/2) tons capacity when located within one hundred fifty (150) feet of a residence district boundary line.

(c) Permitted Uses. The following uses are permitted in the C1 district:

1. Accessory uses, including but not limited to the following:
 - a. Signs as regulated in this section.
 - b. Temporary buildings for construction purposes, for a period not to exceed the duration of such construction.
2. Art and school supply stores.
3. Barbershops.
4. Beauty parlors.
5. Bedding sales but not including furniture stores, provided that the zoning lot shall either be located on a heavy traffic route system or on a collector street with a right-of-way width not less than eighty (80) feet, and further provided that in no case shall the total floor area exceed three thousand (3,000) square feet.
6. Bicycle sales, rental and repair establishments.
7. Book, magazine and stationery stores.
8. Candy and ice cream stores.
9. Churches.
10. Clubs and lodges, private.
11. Drugstores.
12. Dry cleaning and laundry establishments employing not more than eight (8) persons, including drive-up service windows if the zoning lot has direct vehicular access to either the heavy traffic system or a collector street via a driveway approach where the Traffic Engineer has determined that this site will properly accommodate such an operation and that traffic problems will not be created in the street. (Am. by Ord. 7407, 5-7-81)
13. Dwelling units and lodging units located above the ground floor not to exceed four (4) dwelling units and not exceeding fifty percent (50%) of the total building floor area. (Am. by Ord. 7142, 11-7-80)

APPENDIX B (Continued)

Sec. 28.09(2)(c)14.

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14. Fire stations.
15. Florist shops and conservatories employing not more than five (5) persons.
16. Food stores--grocery stores, meat stores, fish markets, bakeries employing not more than eight (8) persons, and delicatessens.
17. Gift shops.
18. Hardware stores.
19. Hobby shops.
20. Libraries, municipally owned and operated.
21. Liquor stores, packaged goods only.
22. Medical, dental and optical clinics, including accessory laboratories.
23. Nursery schools.
24. Offices for professional persons, for insurance or real estate organizations, and for nonprofit civic, fraternal, governmental research, labor, political, religious and service organizations or associations.
25. Outpatient housing facilities.
26. Paint and wallpaper store, provided it is located in a shopping center containing eight (8) or more retail businesses.
27. Parks and playgrounds.
28. Pet shops, including boarding of dogs, cats and other household pets when conducted as an incidental use and in an enclosed building.
29. Photography studios, including the development of films and pictures when conducted as part of the retail business on the premises.
30. Post offices.
31. Recreational buildings and community centers, not operated for profit.
32. Restaurants, except adult entertainment taverns. (Am. by Ord. 6101, 1-6-78)
33. Schools--elementary, junior high or high.
34. Shoe and hat repair stores.
35. Toy shops.
36. Variety stores.
37. Wearing apparel shops.
38. Banks and financial institutions including drive-up service windows provided that the zoning lot shall be part of a contiguous Commercial Zoned District with an area larger than five (5) acres; provided that the zoning lot shall have direct vehicular access to either the heavy traffic route system or a collector street via a driveway approach where the Traffic Engineer has determined traffic problems will not be created in the street and further provided that in no case shall the total floor area exceed five thousand (5,000) square feet. (Cr. by Ord. 4456, 2-1-74)
39. Community living arrangements provided:
 - a. That the loss of any state license or permit by a community living arrangement be an automatic revocation of that facility's use permit.
 - b. That the applicant disclose in writing the capacity of the community living arrangement.
 - c. That the community living arrangement be located above ground floor.

(Sec. 28.09(2)(c)39. Cr. by Ord. 5636, 11-3-76)

APPENDIX B (Continued)

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Sec. 28.09(2)(c)40.

40. Camera and photographic supply stores. (Cr. by Ord. 5638, 11-3-76)
41. Reserved For Future Use.
42. Travel bureaus and transportation ticket offices, provided that the zoning lot is located on a heavy traffic route system or on a collector street with a right-of-way width not less than eighty (80) feet, and further provided that in no case shall the total floor area exceed one thousand five hundred (1,500) square feet. (Cr. by Ord. 6076, 1-6-78)
43. Art galleries. (Cr. by Ord. 6111, 1-26-78)
44. Reserved For Future Use.
45. Sporting goods stores, including the sale of live bait, provided that in no case shall the total floor area exceed three thousand (3,000) square feet, and further provided that hours of operation be limited to the hours between 7:00 a.m. and 9:00 p.m. unless approved as a conditional use. (Cr. by Ord. 6261, 5-24-78)
46. Small home appliances, sales and service, not including stoves, refrigerators, freezers, washers or dryers, provided that the zoning lot shall either be located on a heavy traffic route system or on a collector street with a right-of-way width not less than eighty (80) feet, and further provided that in no case shall the total floor area exceed three thousand (3,000) square feet. (Cr. by Ord. 6866, 12-28-79)
47. Mission house. (Cr. by Ord. 7372, 3-27-81)

(d) Conditional Uses. The following conditional uses may be allowed in the C1 district subject to the provisions of Section 28.12(10):

1. Automobile laundries, provided:
 - a. That the zoning lot shall be located within a C1 district which, as one district or in combination with other commercial or manufacturing districts, extends continuously for at least five hundred (500) feet on one side of a street.
 - b. That the hours of operation shall be limited to the hours between 7:00 a.m. and 9:00 p.m.
2. Automobile service stations for the retail sale and dispensing of fuel, lubricants, tires, batteries, accessories and supplies, including installation and minor services customarily incidental thereto, and facilities for chassis and gear lubrication and for washing of motor vehicles only if enclosed in a building, provided that the provisions set forth in 1.a. above shall apply.
3. Buildings in which there are five (5) or more dwelling units and where dwelling units occupy more than fifty percent (50%) of the total building floor area. (Am. by Ord. 7142, 11-7-80)
4. Greenhouses and nurseries, provided that such establishments shall be located on a major highway and further provided that adequate screening shall be provided on the premises.
5. Hotels and motels, provided that the zoning lot shall be not less than one (1) acre.
6. Outdoor eating areas of restaurants. (Am. by Ord. 5198, 10-31-75)
7. Parking facilities, open and accessory, for the storage of private passenger automobiles only, when located elsewhere than on the same zoning lot as the principal use served, subject to the applicable provisions of Section 28.11.
8. Parking facilities, accessory and located outside of the central area, subject to the applicable provisions of Section 28.11.
 - a. Accessory off-street parking facilities for a residential

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building where the proposed total number of spaces will exceed that required by this ordinance for such use or for an equivalent new use by more than fifty percent (50%) or four (4) spaces, whichever number is greater.

b. Accessory off-street parking facilities for any building, other than a residential building, where the proposed total number of spaces will exceed that required by this ordinance for such use or for an equivalent new use by more than one hundred percent (100%) or fifteen (15) spaces, whichever number is greater.

9. Parking facilities, accessory and located within the central area, where the number of parking spaces in such facilities exceeds the requirement set forth in Section 28.11(3)(b) for similar uses.

10. Parking lots, garages and structures, nonaccessory and publicly owned and operated, for the storage of private passenger automobiles only, subject to the applicable provisions of Section 28.11.

11. Printing and publishing establishments, including newspaper, letter press, business cards, mimeographing and other similar job printing service, provided that there shall be not more than five (5) employees, and further provided that the hours of operation shall be limited to the hours between 7:00 a.m. and 9:00 p.m.

12. Public service signs.

13. Public utility and public service uses as follows:

- a. Electric substations.
- b. Gas regulator stations, mixing stations and gate stations.
- c. Radio and television towers.
- d. Railroad rights-of-way, but not including railroad yards and shops, freight and service buildings, or rights-of-way for switch, lead, spur or team tracks.
- e. Sewerage system lift stations.
- f. Telephone exchanges, microwave relay towers and telephone transmission equipment buildings.
- g. Water pumping stations and water reservoirs.

14. Radio and television studios and stations, provided that the zoning lot shall be not less than one and one-half (1 1/2) acres.

15. Temporary parking lots for a total period not to exceed three (3) years, provided such lot complies with the provisions of Section 10.08(6)(d), driveway and parking facility ordinance.

16. Undertaking establishments and funeral parlors, provided that the zoning lot shall be not less than one (1) acre and further provided that where such zoning lot abuts a church site, the combined areas of both zoning lots shall be not less than one and one-half (1 1/2) acres regardless of the zoning district of the church site.

17. Banks and financial institutions including drive-up service windows provided that the zoning lot shall have direct vehicular access to either the heavy traffic routes system or a collector street via a driveway approach where the Traffic Engineer has determined traffic problems will not be created in the street and further provided that in no case shall the total floor area exceed five thousand (5,000) square feet. (Cr. by Ord. 4457, 2-1-74)

18. Furniture stores provided that the zoning lot shall either be located on an arterial street or on a collector street with a right-of-way not less than eighty (80) feet and further provided that in no case shall the total floor area exceed five thousand (5,000) square feet. (Cr. by Ord. 4647, 8-2-74)

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ZONING CODE

Sec. 28.09(2)(d)19.

19. Business offices, machine sales and services establishments provided that the zoning lot shall be located on an arterial street with a right-of-way not less than eighty (80) feet and further provided that in no case shall the total floor area exceed five thousand (5,000) square feet. (Am. by Ord. 5252, 12-24-75)
20. Parking facilities, nonaccessory and publicly or privately owned and operated for parking of private passenger automobiles only, subject to the provisions of Section 28.11 and limited to those areas paved as of January 1, 1977, or those owned by the City Parking Utility as of January 1, 1977. (Cr. by Ord. 5946, 8-15-77)
21. Upholstery shops, provided that the zoning lot shall be located on an arterial highway or collector street and further provided that in no case shall the total floor area exceed five thousand (5,000) square feet. (Cr. by Ord. 5801, 3-28-77)
22. Artisan workshops, including production for sale off the premises, provided that the Plan Commission shall find:
 - a. That the specific activities proposed, at that location, are consistent with the recommendations of the adopted Land Use Plan for the City; and
 - b. That the specific activities proposed will comply with the provisions of Section 28.04(17), with particular consideration given to the potential effects of heat producing equipment, power driven tools, and operations involving pounding or hammering; and
 - c. That the specific activities and hours of operation proposed will create no traffic or other impact detrimental to the purposes of the zoning district or the use and enjoyment of surrounding properties.

(Sec. 28.09(2)(d)22. Cr. by Ord. 6113, 1-26-78)

23. Live bait stores, where hours of operation exceed those permitted under Section 28.09(2)(c). (Cr. by Ord. 6261, 5-24-78)

(e) Lot Area Requirements. In the C1 district, lot areas shall be provided in accordance with the following requirements:

1. Dwelling units.

Minimum Lot Area <u>Per Dwelling Unit</u>	Type of <u>Dwelling Unit</u>
700 square feet	Efficiency
1,000 square feet	One bedroom
1,300 square feet	Two bedroom

plus an additional three hundred (300) square feet of lot area for each additional bedroom in excess of two (2) in a dwelling unit.

2. Lodging rooms--minimum lot area of four hundred (400) square feet per lodging room.

(f) Height Regulations. In the C1 district, no building or structure shall exceed three (3) stories nor forty (40) feet in height.

Sec. 28.09(2)(g)

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(g) Yard Requirements. In the C1 district, minimum yards shall be provided as follows:

1. A yard shall be provided where the extension of a front or side lot line abutting a street coincides with a front lot line of an adjacent lot located in a residence district. Such yard shall be equal in depth to the minimum front yard required by this ordinance on such adjacent residential lot. Such yard shall be provided along such front or side lot line abutting a street for a distance of at least fifty (50) feet, including the width of any intervening alley, from such residential lot.
2. A yard shall be provided where a side lot line coincides with an alley right-of-way line or a side or rear lot line in an adjacent residence district. Such yard along such side lot line shall be equal in dimension to the minimum side yard which would be required under this ordinance for a residential use opposite such alley right-of-way line or on the adjacent residential lot.
3. A yard shall be provided where a rear lot line coincides with an alley right-of-way line or a side lot line or rear lot line in an adjacent district. Such yard along such rear lot line shall be twenty (20) feet in depth for buildings not exceeding one story in height, and thirty (30) feet for buildings exceeding one (1) story in height.
4. For residential uses, there shall be provided side and rear yards as established in the R5 district regulations. For residential uses located above the ground floor, such yards shall begin at a level no higher than the level of the finished floor of the lowest residential unit.

(h) Usable Open Space Requirements. In the C1 district, there shall be provided a usable open space of not less than one hundred sixty (160) square feet for each lodging room, efficiency unit or one bedroom unit, plus an additional one hundred sixty (160) square feet for each additional bedroom in excess of one in a dwelling unit.

(3) (i) (R. by Ord. 5831, 5-6-77)
 (3) C2 General Commercial District.

(a) Statement Of Purpose. The C2 general commercial district is established to accommodate the shopping needs of a much larger consumer population and area of residency than that served by the C1 limited commercial district. Within this district, which is located in relative proximity to residential areas and to major thoroughfares, is permitted a wider range of uses than in the C1 limited commercial district. Uses permitted in this district include not only the retailing of convenience goods and the furnishing of certain personal services, but also the retailing of durable and fashion goods and the furnishing of other types of services. Also permitted are all types of office uses. Within this district, there is no limitation on the size of establishments as provided in the C1 limited commercial district.

(b) General Regulations. Uses permitted in the C2 district are subject to the following conditions:

1. All goods produced on the premises shall be sold at retail on the premises where produced unless approved as a conditional use. (Am. by Ord. 5982, 9-30-77)

