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An appraisal of the Cardinal Hotel, 416 East Wilson Street, Madison, Wisconsin. July 20, 1982

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AN APPRAISAL OF
THE CARDINAL HOTEL
416 EAST WILSON STREET
MADISON, WISCONSIN

*Landmark
Research
Inc.*

AN APPRAISAL OF

THE CARDINAL HOTEL
416 EAST WILSON STREET
MADISON, WISCONSIN

AS OF

JULY 20, 1982

PREPARED BY
LANDMARK RESEARCH, INC.

Landmark
Research
Inc.

August 17, 1982

James A. Graaskamp, Ph.D., SREA, CRE
Tim Warner, MS, MAI, SREA
Jean B. Davis, MS

Mr. Bruce Zahn
DESCON
4609 Keating Terrace
Madison, Wisconsin 53711

Dear Mr. Zahn:

With this letter we are delivering to you the appraisal of the property known as the Cardinal Hotel located at 416 East Wilson Street, Madison, Wisconsin requested as a measure of fair market value as of July 20, 1982 for the purpose of assisting the City of Madison in evaluating the economic justification for renovation of the Cardinal Hotel with possible economic assistance from alternative community development assistance incentive programs.

Our estimate of fair market value assumes unencumbered fee simple title and a cash sale; it is further assumed that the property has the potential to be placed on the National Register of Historic Places, but does not currently have historic landmark status.

We inspected the building on July 20, 1982, the date of the appraisal and we discussed the condition of the property with Karl Tetzlaff of the Building Inspection Unit of the City Development Assistance Office. Descon provided us with floor plan sketches of the existing building and a copy of the original blueprints. A representative of the building owner, Marcia Clark, provided us with the rent schedule for Cardinal Hotel as it was before the January 1981 fire. Information regarding the remaining mortgage was provided by a spokesperson for Independence Bank Madison. Other information regarding liens on the property was obtained from Descon.

The Cardinal Hotel, completed in 1909, is currently unoccupied as the result of a fire in January 1981. Only the first floor Cardinal Bar has continued to operate; a management agreement between American Management Corporation/American Cardinal Corporation and Ricardo Gonzales is in place until August 31, 1986 and is considered an adverse influence on the property.

After screening several probable uses for legal/political acceptability, market demand risks, technical construction problems and capital cost risks, and relative investment power based upon revenue generation potential, it is concluded the

Mr. Bruce Zahn
Page Two
August 17, 1982

most probable use of the property is to rehabilitate the existing structure as residential rental units with the first floor as office or high quality restaurant space. Though office use is more compatible with a residential use, the placement of the Cardinal Hotel on the National Register of Historic Places may be dependent upon continued restaurant use of the first floor.

Primary reliance is placed on the market comparison approach which indicates a probable price of \$130,000 assuming a cash sale, unencumbered fee title without recourse to insurance escrows, liquor and restaurant permits, or seller financing. The sales data indicated a transaction zone of \$100,000 to \$160,000.

Value conclusions are most sensitive to the cash position of the seller, the attitude of City of Madison development agencies, and the relative alternatives available to the professional developer for acquisition of this type of property at the moment, given the tax shelter potential available for rehabilitated historic landmark properties. Other external factors affecting the most probable price are discussed in the body of the appraisal.

Since no funds were provided for architectural, legal, or engineering fact finding, the feasibility of the most probable use assumption, which is critical to a 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 and market value of the subject property which might be obtained as of January 1, 1982, with the historic landmark anticipated, but not in place, is the amount of:

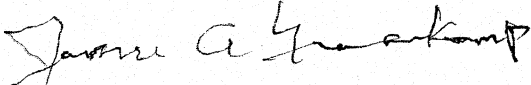
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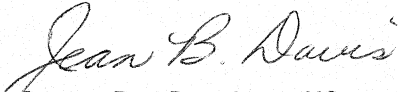
ONE HUNDRED FORTY THOUSAND DOLLARS
(\$140,000)

assuming a cash sale for the seller, but financing in the form of a mortgage available to the buyer with a blended interest rate of 14.5 percent, a 25 year term, and a debt cover ratio of 1.20.

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

FOR LANDMARK RESEARCH, INC.


James A. Graaskamp, Ph.D., SREA, CRE
Urban Land Economist


Jean B. Davis, MS

THE CARDINAL HOTEL
416 East Wilson Street



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I. PROBLEM ASSIGNMENT

The content of an appraisal is determined by the decision for which it will serve as a benchmark and by the limiting assumptions inherent in the property, the data base, or other factors in the decision context.

This appraisal is requested as a measure of fair market value as of July 20, 1981, of the property located at 416 East Wilson Street, in the City of Madison, for the purpose of assisting the City of Madison in evaluating the economic justification for renovation of the Cardinal Hotel with possible economic assistance from alternative community development incentive programs.

A. Legal Interest to be Appraised

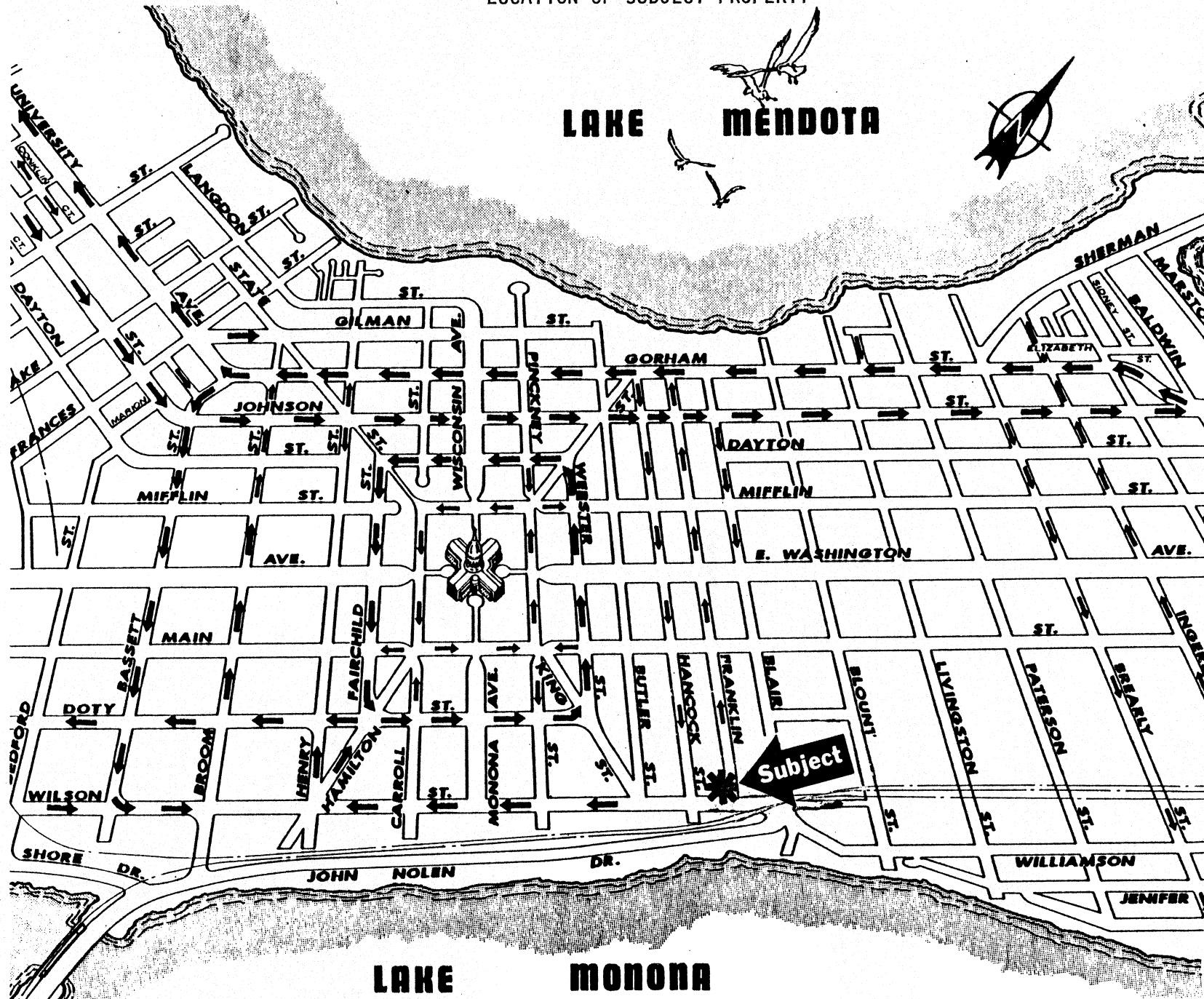
1. Property Identification

The subject of this appraisal is the property known as the Cardinal Hotel in downtown Madison, Wisconsin. It is identified as 416 East Wilson Street (See Exhibit 1 for location near the Capitol Square), and more specifically identified as tax parcel number 0709-133-1822-0.

2. Legal Description

According to the Warranty Deed (from the Cardinal Apartment Hotel, Inc., John T. Sandner, as Trustee for Michael J. J. Clark and Marcia A. Clark, individually, to

LOCATION OF SUBJECT PROPERTY



Sandwich Research, Inc.

EXHIBIT 1

John T. Sandner, Trustee) dated October 22, 1981, and recorded on November 2, 1981, in Volume 3198 on Page 96 in the Office of the Register of Deeds for Dane County, Wisconsin, the legal description of the subject property is as follows:

The Northeast 69 feet of the Southeast 52 feet of Lot 8 and the Northeast 69 feet of Lot 9, Block 268, in the City of Madison, according to the Pritchette Plat thereof.

3. Qualification of the Property to be Appraised

Fair market value appraisal assumes that a warranty deed title can be provided unencumbered by mortgage debt, financial liens, code violation liens or other encumbrances such as leases, special entitlements such as historic landmark status or entitlements to public subsidy. The Cardinal Hotel property title is subject to mortgage debt, financial liens, code violation liens, and a management agreement. The property has received preliminary State approval on July 16, 1982, for nomination to the National Register of Historic Places and has applied for assistance through tax increment financing. Therefore, fair market value as defined by appraisal does not represent the most probable price at which the encumbered title would sell. Instead, fair market value represents a base from which the probable buyer should subtract the estimated costs of settlement of liens and other claims; the probable

buyer might also add to the base the present value of special entitlements such as publically subsidized financing or income tax benefits. Therefore, the reader should be on notice that the assignment calls for fair market value but the issues remain as to the positive and negative adjustments which would reasonably be made by buyers and sellers who were both rational and knowledgeable about their bargaining position and the building's potential.

B. Selection of Fair Market Value Appraisal Methodology

1. Value Definition

The fundamental purpose of an appraisal assignment is usually to estimate value. Conventionally, the value required is Market Value, defined as:

The most probable price in terms of money which a property should bring in 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 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.(1)

This definition assumes a perfect market where a number of fully informed, reasonably prudent buyers and sellers act rationally and logically to maximize their financial well-being. It also assumes payment in cash if cash sales prevail.

For the purposes of this appraisal, the value sought is the fair market value assuming a cash sale. Therefore, any land contract selling prices of the comparable market transactions will be first adjusted to their cash equivalent values when used as benchmarks with which to estimate the subject property's value.

2. Organization of This Appraisal

This appraisal report will first analyze the subject property as a property in transition from its original use profile to some as yet to be determined reuse. Therefore, it is first necessary to define the property in terms of

(1) Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, (Ballinger, Cambridge, Mass., 1981), pp. 160-161.

its physical, legal, linkage, dynamic and environmental attributes in terms of the limitations and opportunities these present for reuse in order to define the most probable scenario for reuse of the property. That reuse concept will suggest the most probable buyer type for the property which, in turn, will permit the appraiser to infer purchase price parameters from past transactions involving deteriorated properties and simulation of buyer economics for similar properties. Primary reliance will be placed on the market comparison of actual sales with the income approach applied secondarily as a test of the preliminary appraisal estimate. Costs of construction, of services and of money are relevant factors but the traditional cost approach in appraisal is absolutely inappropriate to a property such as the Cardinal Hotel which is dominated by wear and tear, (physical), functional, and economic obsolescence.

II. PHYSICAL DESCRIPTION

The first step in the identification of the most probable use of a property is to inventory its attributes and analyze those that appear significant. These attributes include site attributes, improvement or building attributes, legal constraints, dynamic attributes, and linkages.

A. Site Analysis

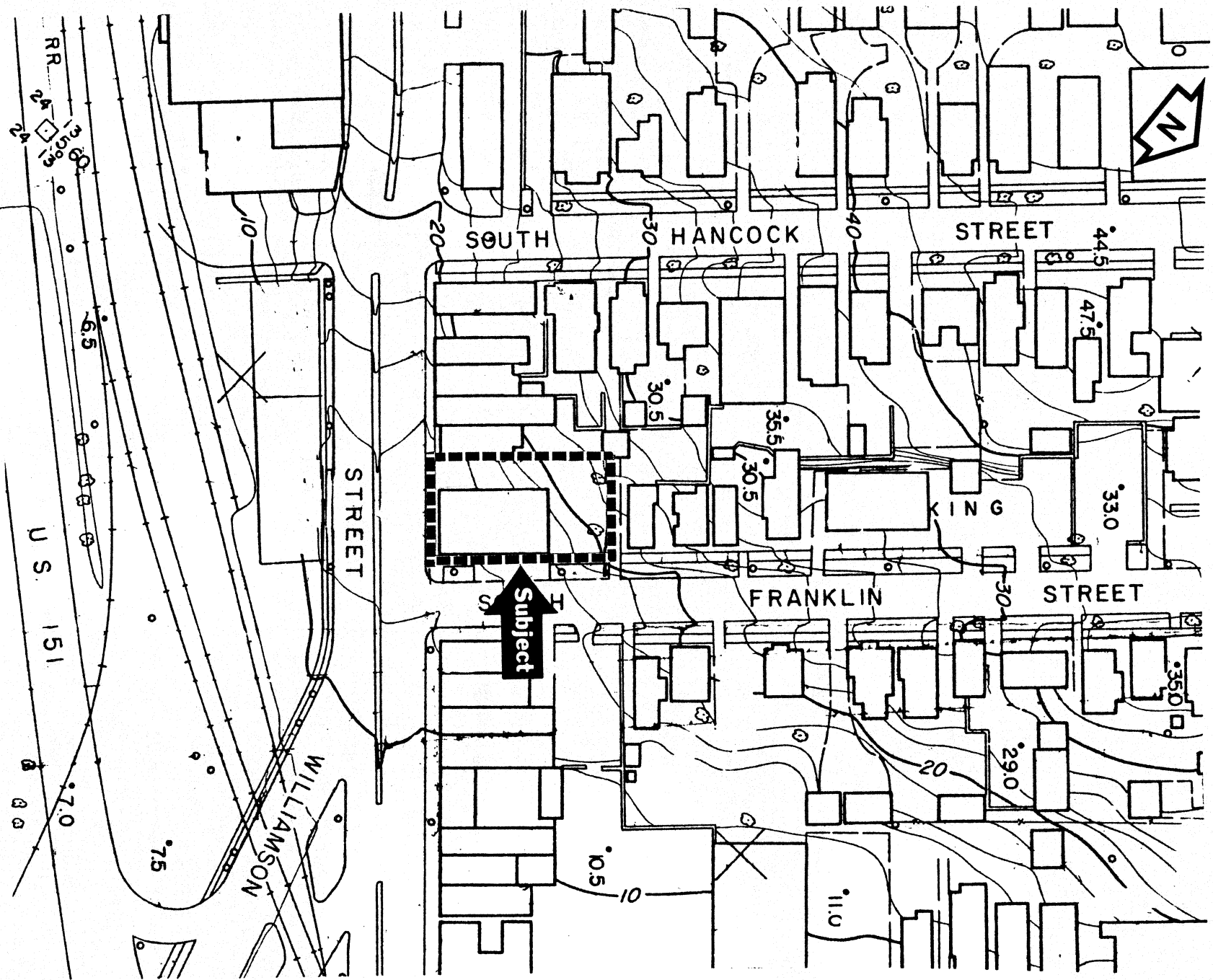
1. Physical

The subject site, located at 416 East Wilson Street, is rectangular in shape. It occupies a corner location with 69 feet of frontage on East Wilson Street and 118 feet of frontage on South Franklin Street. The total lot area is 8,142 square feet. The site slopes downward from the rear lot line toward East Wilson Street with a change in grade of about five feet. There is also a very slight slope across the lot from the southwest property line toward South Franklin Street. The front of the site has a southeast exposure on East Wilson Street. See Exhibit 2 for the Cardinal Hotel site map.

Curbs and gutters on Franklin Street have been recently replaced up to the rear service door of the Cardinal. From there to Wilson Street there is a two foot poured concrete curb which can serve as a loading dock for bar suppliers.

EXHIBIT 2

SUBJECT SITE MAP



Source: City of Madison Planning Department

The building does not cover the entire site; contiguous to the sidewalks, the building leaves 23 feet of vacant frontage on East Wilson Street and 36 feet of rear yard on South Franklin Street. Side and rear yards are partially enclosed with an eight foot scalloped, cedar board fence. The rear yard features two large shade trees, a maple and an ash, both of which appear to straddle the northwest property line.

The Soil Survey of Dane County, Wisconsin, published by the United States Department of Agriculture Soil Conservation Service, lists the soil type to be Dodge silt loam, 2 to 6 percent slopes (DnB). This soil is in the Dodge series which consists of deep, well-drained, gently sloping and sloping soils on glaciated uplands. This particular soil is listed as having only slight limitations for dwellings with basements and moderate limitations for local streets and roads since the subsoil has low bearing capacity; moderate shrink-swell potential and moderate stability.

2. Legal - Zoning, Liens, Tax Incremental Financing (TIF)

The zoning governing the use of this site is City of Madison C2 - General Commercial District. Its purpose is to accommodate the shopping needs of a much larger population than that served by the C1 limited commercial district.

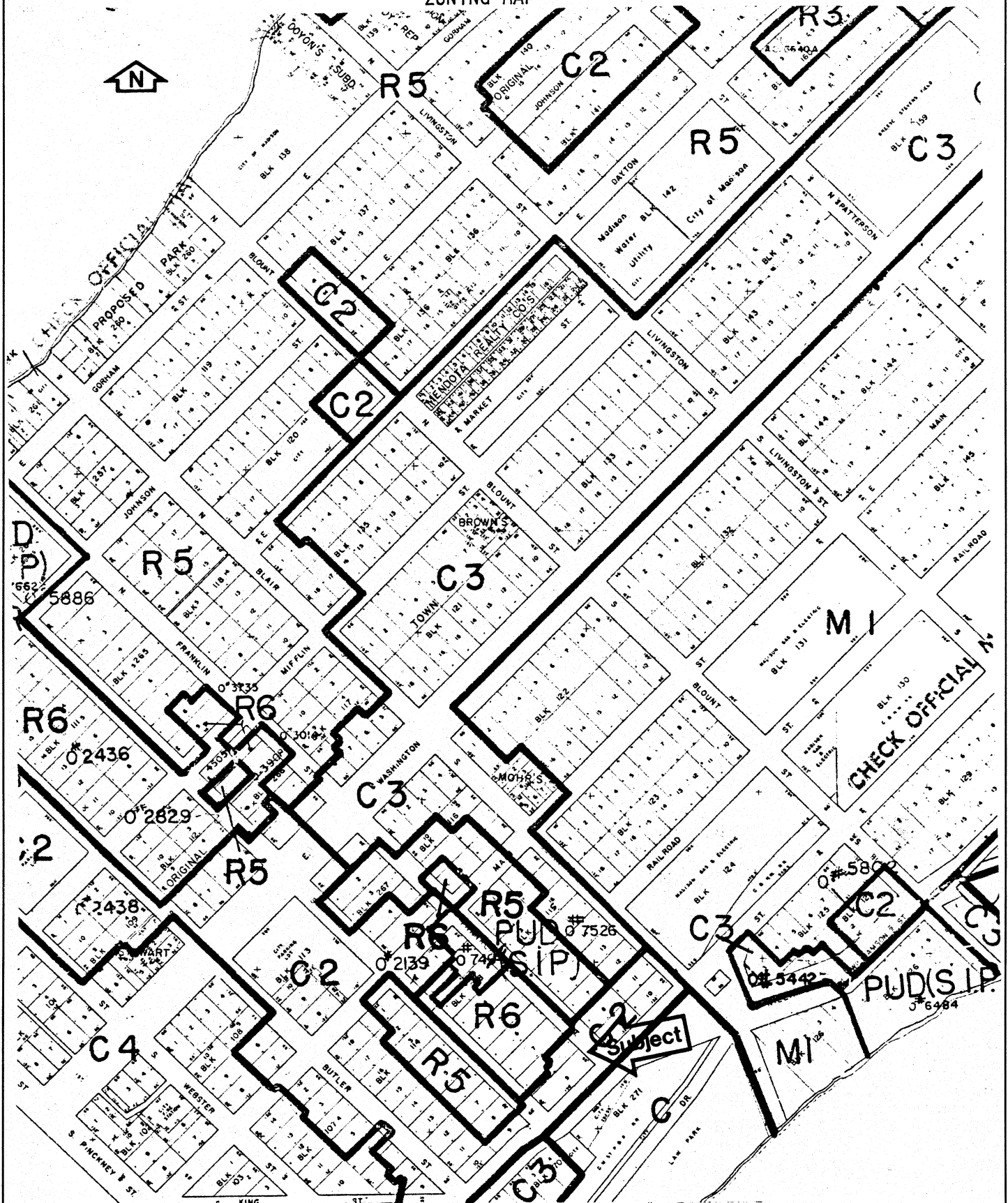
Among the permitted uses in this district are the retailing of convenience goods, durable goods and fashion goods; the furnishing of certain personal and other types of services, and office uses. See the Appendix for the text of the C2 zoning code and Exhibit 3 for the area zoning map.

Though the City of Madison prefers the creation of tax incremental finance (TIF) districts as opposed to TIF on a parcel by parcel basis, the subject property is presently being considered for such assistance.

3. Linkages

The subject parcel is tied to a major northeast-southwest traffic artery, East Wilson/Williamson Streets with a median permitting a left turn onto Franklin which is one way going northwest. The Wilson Street frontage sidewalk is a pedestrian link between King Street and the Capitol beyond and the Wilson/Williamson Street corridor and rail yard to the east. Thus there is a continual flow of pedestrians to and from the Square, State office buildings and the East side. John Nolen Drive to the south intersects with Wilson/Williamson and Blair Streets one block from the subject site to complete an outer road loop which bypasses the downtown area and interconnects with all the major traffic streets.

EXHIBIT 3
ZONING MAP



Madison Metro bus service is available virtually at the doorstep of the subject property. Three routes run along East Wilson Street. They are route B = Lansing/Meadowood, a primary East-West route; route C = Lakeview/Burr Oaks, a primary North-South route; and route E = Monona/Allied, a primary East-West route. The bus stop is at the corner of Franklin and East Wilson Streets for buses leading toward the Square and is across the street by the railroad tracks for outbound buses. These routes give the subject property outstanding transit access to the entire city.

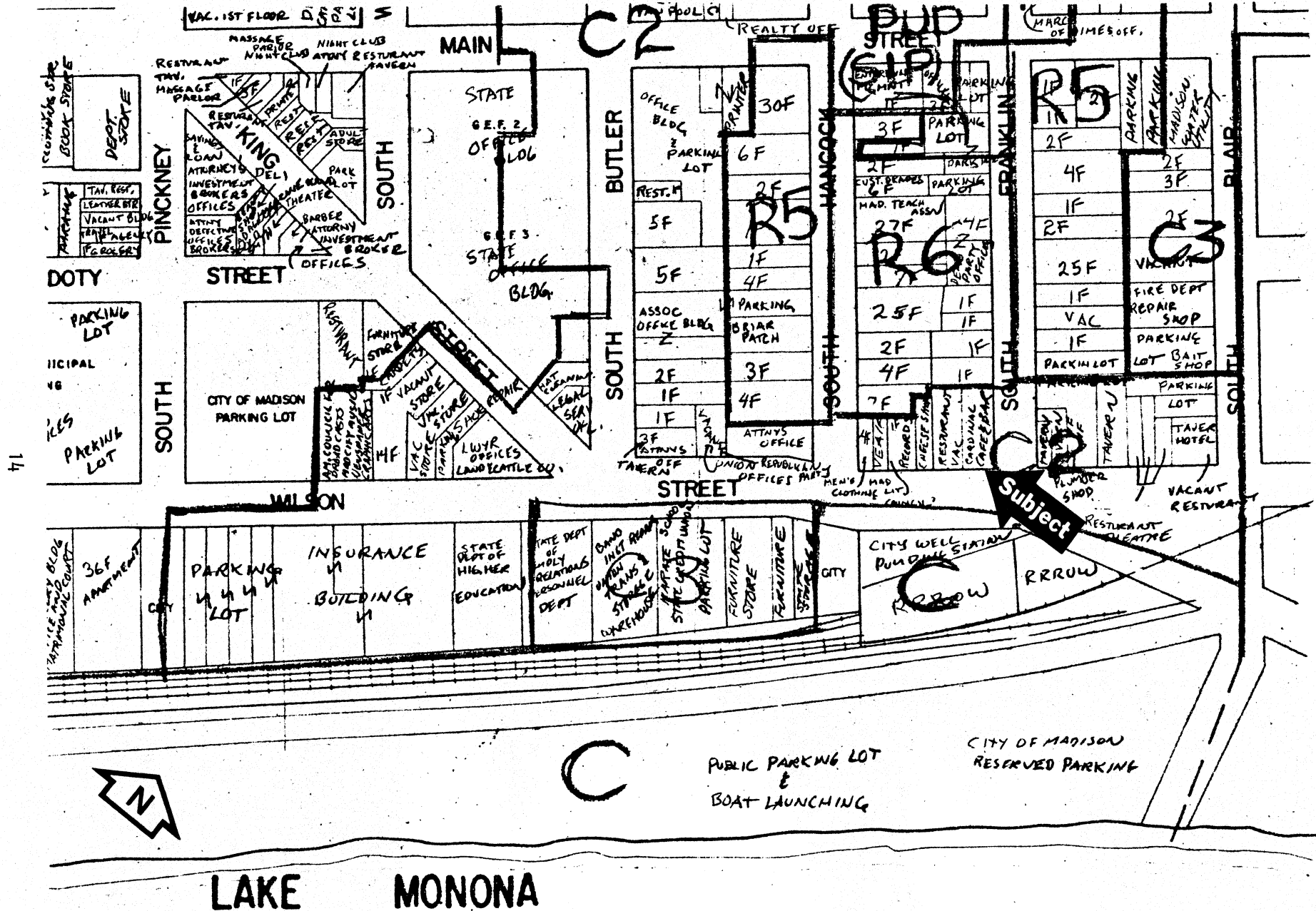
In the past the major employment areas for subject property neighborhood residents would have been the Capitol, or financial institutions on the Square. However today two new state office buildings, GEF II and III, exist a block away between Webster and Butler Streets while Madison Gas and Electric is constructing its own headquarters office two blocks to the east. In addition, older retail buildings on King Street are being converted to offices, but another large employer, General Casualty on East Wilson Street, is relocating to Sun Prairie which will temporarily disrupt the demand for apartments in the area. The maximum employee capacity of the three GEF buildings is as follows: GEF I maximum is 1,800, GEF II is 1,250, and GEF III is 750. At present these buildings are below their

maximum capacity. Approximately 450 employees presently work at the downtown General Casualty building but they will move to their new location in Sun Prairie in two stages, on August 13 and August 20, 1982. Madison Gas and Electric is building their new office facility on Blair and East Wilson Streets. When completed 370 general office workers and 145 field persons will move into the new space. Continuing to occupy the existing Blair Street facility are 108 power plant workers and 20 service workers for a total of 643 employees at that location. In the block to the east between Franklin and Blair there are two bars, a vacant dinner theatre together with a low-class transient hostel which affect the subject property adversely (see dynamic and environmental attributes). An area land use map is shown in Exhibit 4.

4. Dynamic Attributes

The subject site enjoys a protected view looking south over Lake Monona across its East Wilson Street frontage. A small park concealing an underground pumping facility and the more heavily trafficked John Nolen Drive are between the subject and Lake Monona itself. Distance and a small drop in grade reduce traffic noise from John Nolen Drive but are insufficient to mitigate freight car traffic on the waterfront rail lines. The protected view line from

AREA LAND USE MAP
(including zoning)



Landmarks Research, Inc.

EXHIBIT 4

Source: City of Madison Planning Department

street, park, and rail corridors guarantees excellent exposure to southern sun for long periods of the day, an important amenity for apartment or office occupants. Traffic noise will be greater by day and more of an irritant to office users while train sounds are spread randomly throughout the day. The site also enjoys a 23 foot side yard on the western exposure which provides upper floors with western sun and Capitol views. Street noise is mitigated, views improved, and solar access maintained as the building floors rise above the low rise neighbors. Views to the east along Williamson Street are probably the least desirable and the least sunny. See Exhibit 5 for photographs of views from the Cardinal Hotel.

This area is perceived as being in decline and has been associated with sleazy bars and run-down transient lodging. As Officer Sweeney of the Madison Police Department indicated, when an area has a number of bars mixed in with residential uses, there will be more calls for alcohol related problems such as drunk driving and violation of City ordinances (for example, walking out of a bar with an alcoholic drink in hand). In the past there have been some racial problems in this area between the Indians and the Blacks but this situation has improved. Also, the subject area is not far removed from the Main and King Street area

EXHIBIT 5

PHOTOGRAPHS OF SUBJECT PROPERTY
AND SURROUNDING AREA



Front view of Cardinal Hotel from East Wilson Street. Note curved corner of building and bar entrance at the South Franklin and East Wilson intersection.

Looking to the north from East Wilson Street. Note the indentation of building to provide light well if another building constructed on the contiguous lot.



EXHIBIT 5 (Continued)



View from South Franklin Street. Wood fence encloses back yard of Cardinal Hotel. Boarded window on third floor and blackened window on fourth floor pin point site of January 1981 fire.

EXHIBIT 5 (Continued)



Sign of times gone by in entry of Cardinal Hotel

EXHIBIT 5 (Continued)



Dizon's, Madison Literacy Center and Cleveland Lunch and Cheese Shop just southwest of the Cardinal Hotel along East Wilson Street.

Comic Strip Bar, O'Cayz Corral, vacant Limelight Playhouse and Wilson Hotel just northeast of the Cardinal Hotel across South Franklin Street



EXHIBIT 5 (Continued)



Looking toward the central business district of Madison from the Cardinal Hotel roof. The State office buildings GEF I, II, and III dominate the scene.



Looking toward Lake Monona from the Cardinal Hotel.

EXHIBIT 5 (Continued)



Looking across South Franklin Street to the new MG&E facility along Blair Street from the Cardinal Hotel rooftop.

Looking along East Wilson Street to southeast. Note the Blair, East Wilson, Williamson, John Nolen intersection and the Fauerbach condominium development in the distance along Lake Monona.



of the downtown which has a reputation for prostitution. The downtown area, including the subject site, is presently covered by walking police patrol until 2 a.m. Officer Sweeney felt this has helped to reduce calls, although they still have a significant number of calls in this area.

The rather recent closing of the Wilson Street East Dinner Theatre, less than a block northeast of the Cardinal Hotel, and the extremely short run of its successor, the Limelight Dinner Theatre, were attributed by many to be partially caused by the reluctance of upper income Madisonians to frequent the area. The block between Franklin and Blair Streets is in transition and decline as the majority of ownerships are for sale. However, the quality of housing on the Franklin Street block toward Main Street has been steadily upgraded with renovation, some new construction, and a proposal for a better class rental project on the southeast corner of Franklin and Main.

Similarly, the other commercial frontages contiguous to the subject property on Wilson Street moving toward the Square are stable and supportive uses, including the old, established and camp Cleveland Lunch and Cheese Shop, a store front housing the Madison Literacy Council, a vocational counseling agency, and a men's wear store called Dizon's. Behind Dizon's on Hancock is a center for Viet Nam

veterans seeking counseling. With the closing of the Cardinal Hotel operation and the modest popularity of the Cardinal Hotel Bar with selected sectors of the counter culture, the street image is only undermined by the pedestrian flows generated by the abandoned buildings along the rail yards to the east and the downhill traffic from King Street spas and red light proclivities. Certainly the social decline of the area has bottomed out and shortages of housing and inexpensive office space are causing stronger renter budgets to displace poverty level occupancies. It remains to be seen whether the political tolerance of Madison for social diversity to the extreme will slow down the current slow, but gradual gentrification of the area between Hancock and Blair Streets, East Washington and Wilson-Williamson. A restoration of the Cardinal which breaks with its traditional image would place this gentrification trend at the tip over point for the neighborhood but a real change in the public perception will only follow completion of the Madison Gas and Electric office complex east of Blair and replacement of the current occupancies (the Comic Strip Bar, O'Cayz Corral, and the Wilson Hotel Bar) between Blair and Franklin. Ideally, retrofitting of the Cardinal should be supported by renewal

of the 500 block frontage of East Wilson Street to confirm the tip over of the neighborhood toward gentrification.

5. Environmental Attributes

The Cardinal Hotel in its current state of disfunction and legal limbo is retarding further enhancement of the neighborhood in the gentrification process mentioned above. To that degree any well considered restoration or refurbishment will have a positive environmental impact on the economic and social characteristics of the block. The result will be to make reuse of the 500 block of East Wilson Street a critical factor in a gradual resurgence of economic and social values perceived for this micro-neighborhood. Physical environmental impacts in terms of storm water runoff, solar screening, or potential casualty damage to other properties are not relevant.

B. Improvements

1. History

The Cardinal Hotel, designed by Ferdinand Kronenberg and built in two stages in 1908 and 1909 by its proprietor, Ernest Eckstedt, was the last and largest of the railroad hotels in Madison. At that time the Milwaukee and St. Paul railroad depot was located directly across East Wilson Street from the Cardinal and the hotel quickly became a popular resting and eating place for railroad and

commercial clientele. One of the tallest hotels in the area, the Cardinal provided visitors an unobstructed view of Lake Monona and provided traveling folks with hot and cold running water and showers and tubs. An elevator was an added amenity to this popular hotel.

The second floor corner unit at Franklin and East Wilson Streets was designed as Eckstedt's family apartment complete with fireplace. When he and his son died in 1928 and 1932, respectively, the hotel began a series of ownerships. In the 1930s weekly and monthly rates were offered and as rail travel diminished, the hotel's popularity declined. A fire in January 1981 ended its long history as a hotel in Madison.

The Cardinal Bar continues to operate and the original stained glass windows, high wainscoted walls and handsome bar remain in place. The ceramic tile floor, though cracked in several places, still reflects the original character of the tavern. It has been noted that the Craftsman-style interior of the tavern is probably singular among Madison public places both in its style and the high degree of integrity of original construction.

2. Type of Structure

The Cardinal Hotel building was originally built in 1908 as a three story building with a full basement. In

1909 two more floors were added to bring it to its present five story height. The resulting structure is 46 feet wide by 82 feet long. The second through fifth floors are recessed about four feet on the west side of the building creating a shallow light well which would help assure some protection should a tall structure be built on adjacent lands. The three exterior walls along East Wilson Street, Franklin Street and the rear property line are of double brick construction with the floor joists seated on the inside row of bricks. The red brick facades are highlighted by light colored stone lintels and coignes accenting the window frames. The recessed portion of the west wall is frame bearing covered with a deteriorated simulated brick metal siding. The center partitions are load bearing on a double row of posts. The brick and stone foundations divide the basement into three long parallel sections with the center section containing the stairways, elevator core and utility chases. Pictures of the building are in Exhibit 5 and the current floor plan sketches for each floor can be found in the Appendix.

The gross building area (GBA) is approximately 21,672 square feet, calculated as follows:

	<u>Square Feet</u>
Basement: 46 feet x 82 feet	= 3,772
First floor: 46 feet x 82 feet	= 3,772
Second through fifth floors:	
4 floors x [(46 feet x 82 feet) -	
(4 feet x 60 feet)] = 4 x 3,532	= <u>14,128</u>
Total GBA	21,672

The full basement is divided into a number of smaller rooms which, according to original blueprints, were used to supplement the restaurant operation, to house the boiler, and to provide a barber shop below the hotel lobby. No evidence of the barber shop remains. The various food cellars are now used to store personalty left by the former hotel residents. The old ice box/cooler remains in use today by the operators of the Cardinal Bar.

The first floor of the building is divided into an operational bar area, a kitchen, two bathrooms, and a registration and former lobby area which has been cut in half with a temporary plywood partition. Behind this partition is a dance or disco area with a small bar toward the rear. The first floor has a well-maintained mosaic tile floor throughout. The dark stained hardwood bar and back bar area dominate the major saloon room which is also enhanced by wainscoted walls. The back bar has a built-in ice box which has been converted to a refrigerator. Stained glass windows complete the interior bar room decor. The

separate kitchen area, presently used for storage, does not meet current code requirements and has a large hole in the ceiling. There is a usable stove in the kitchen but this is personalty and will not be valued in this appraisal. The dance or disco area is presently used for storage also.

The upper floors contain a total of 63 hotel or sleeping rooms as follows:

	<u>Number of Rooms</u>
Second Floor	14
Third Floor	17
Fourth Floor	16
Fifth Floor	<u>16</u>
Total	63

Most of these rooms do not have private bathrooms. Typically there is a sink in the room with a bathroom down the hall.

Typically the interior walls are plaster on wooden lath and floors are generally hardwood. The windows are primarily double hung type units, many with broken panes. The electric wiring system is knob and tube with some patching and some circuit breakers in the corridors. There has been very little upgrading of the electrical system. Much of the existing wiring could be used in renovation although it will require considerable upgrading. The water pipes are limed and need replacing. The waste system seems sufficient and appears functional but the existing plumbing

system is poorly located for any adaptive reuse of the building. It is estimated that about 50 percent of the plumbing on the first floor could be used when renovating the building.

A summary of the improvements is found in Exhibit 6.

3. Special Features

There is one small elevator in the building which is inoperative and unlicensed. According to a man who has helped care for the building in recent years, the elevator did not work for the last six months that the upper floors of the building were being used, before the fire in January of 1981.

Also, there is a fireplace in the room on the southeast corner of the second floor in the apartment home of the original builder and proprietor, Ernest Eckstedt. It is not known if this is operative.

The building has separate entrance points for the bar area and the residential area as well as a service entrance to the rear to help separate these two types of uses. Also, there is an exit from the bar to the rear yard in addition to the regular rear exit door.

Other special features such as the mosaic tile on the first floor and the decor of the bar area have been previously described.

EXHIBIT 6

DESCRIPTION OF IMPROVEMENTS IN THE CARDINAL
HOTEL BUILDING, 416 EAST WILSON STREET

NUMBER OF STORIES:	Five stories
AGE:	Approximately 74 years
ROOMS:	
1st floor	4 main rooms (bar, kitchen, lobby, dance or disco room)
2nd floor	14 sleeping rooms
3rd floor	17 sleeping rooms
4th floor	16 sleeping rooms
5th floor	16 sleeping rooms
EXTERIOR:	
Foundation	Brick and stone
Walls	3 walls are brick with west wall (4th wall) being simulated brick metal siding
Roof	Pitched from front to rear; built-up tar & gravel over a wood deck
CONSTRUCTION:	
Floors	Wood joists with wood floor with 2"x12" joists on porches and 2"x10" else- where
Rafters	Wood clad with wood subroof
Beams	Main brick bearing walls plus steel beam system with wood columns on porch at roof and between 3rd & 4th floors
BASEMENT:	Full basement; unfinished; concrete floor

EXHIBIT 6 (Continued)

HEATING:

Non-functioning one pipe low pressure steam system with boiler in basement.

Ineffective electric baseboard in Cardinal Bar (Max. temperature = 62 degrees on a cold day)

AIR CONDITIONING AND VENTILATION: Individual wall unit in bar area

UTILITIES:

2" water service; 8" sewer line (City) on Wilson St.; 6" sewer line (City) on Franklin Street; electrical service from Madison Gas & Electric

4. Special Problems

As previously stated, the elevator in the building is inoperative and unlicensed.

The fire in January of 1981 started on the third floor, in a room in the middle of the northeast side of the building (the Franklin Street side). From there it moved horizontally along the third floor to the west wall of the building and moved vertically up that exterior wall. The fire also traveled up to the fourth floor along a central bearing wall between the third and fourth floors. The fire damage was primarily contained in a 10 to 12 foot length of the building (front to rear) across the whole width of the third and fourth floors. There was some minor fire damage on the fifth floor. Smoke damage was extensive, especially on the third and fourth floors.

Inspection of the building revealed much physical depreciation. There are many broken windows, holes and cracks in the plaster and other signs of misuse, neglect, and disrepair. Personal belongings of all sorts were strewn over the furniture and floors of most of the rooms in a state of great disarray. Other than a few bugs and dead mice, the only upper floor occupants of the building that were found were a mother pigeon who flew out of a

window on the fifth floor as we entered, revealing two squab nesting in the armchair left behind by previous occupants.

5. Legal Problems

As stated previously, the first floor kitchen does not meet present code requirements so any anticipated reuse of a kitchen would have to be budgeted appropriately to bring the kitchen up to code.

Although there are two separate stairways between the first and second floors of the building, all other floors only have one stairway. Since present regulations require two stairways in buildings such as the Cardinal Hotel, the stairs above the second floor are non-conforming.

The C2 zoning of the subject property permits:

Dwelling units and lodging units above the ground floor not not [sic] to exceed four (4) dwelling units and not exceeding fifty percent (50%) of the total building floor area.

However, two of the scenarios which will be set forth project residential units in excess of this permitted use. Such uses would be classified as a conditional use under C2. The related conditional use is stated as:

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.

A conditional use to permit this more extensive residential use has been applied for and George C. Carran, Assistant Zoning Administrator for Madison, felt that such use would be in line with City plans for the downtown area.

Though we are valuing the real estate, the real estate is owned by a corporation which has agreed to a management contract with Ricardo Gonzales which expires in 1986. The appraisal is of a fee simple title as a convention of fair market value, but from a practical standpoint the existence of the management contract, in our opinion, has an adverse influence on the value of the property (See comparison of Scenarios 4 and 5).

Application has been made for nomination of the Cardinal Hotel building to the National Register of Historic Places. Such nomination would permit substantial tax benefits to be realized upon renovation of the building providing such renovation meets the United States Secretary of Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

The size and validity of the existing liens have not been documented, since the appraisal assumes free and clear title to the property.

6. Public Image and Public Impact

Architectural character of the Cardinal Hotel exterior as an element of satisfaction in the streetscape depends primarily on contrast of red brick material with stone lintels and coignes accenting paired window frames, rhythm of a repetitive window pattern, and the absence of significance cosmetic alterations to its exterior (with the unfortunate exception of two panels of striped carrara glass at the ground level). Detailing shifts slightly with the addition of floors four and five to the original three-story structure. The southeast corner is highlighted with an attractive curve treatment and the facade is topped with a well-proportioned cornice and parapet wall. The west side of the structure is characterized by a deteriorated simulated brick metal siding recessed from the second floor up to create a shallow light well should a tall structure be built on adjacent lands.

Interior aesthetics and architectural character depend on a well-maintained mosaic tile floor throughout the first floor area, characteristic of buildings of this era. Although the tile is laid on a sand-cement bed on wood girders, it is relatively free of cracks. The other interior attributes of merit are the stained glass windows above a wainscoted bar room, the dark stained bar and back

bar which dominates the major saloon room, and an architectural fireplace mantle in the southeast corner room on the second floor.

None of these elements, by themselves or in combination, are of architectural significance, but the current market and political nostalgia for anything old means these elements will command a premium in the marketplace and are likely to secure landmark status for this otherwise average commercial and uninspired product of its time. The potential for landmark status brings nostalgia to an emotional rush among today's developers.

III. ALTERNATIVE USES AND MOST PROBABLE USE

A review of site and improvement attributes leads to a tentative conclusion that there are six general scenarios for use of the Cardinal structure to be considered, albeit, tentatively, in the determination of the most probable use:

A. Alternative Uses

Scenario 1

Repair fire damage and other code violations to return the Cardinal Hotel to its previous use as a low class transient hotel and bar. There are generous insurance proceeds which might be applied. There is a demand for such hotel space and much of it is funded by social agencies.

Scenario 2

The shortage of acceptable housing for clients of social agencies could suggest actual purchase of the building by a charitable institution. For precedent the Salvation Army has created temporary sleeping (hotel) rooms within its headquarters on East Washington. The Methodist Hospital has converted a defunct motel on West Washington Avenue to efficiency units for the partially dependent elderly. There is a lease of a house near the Cardinal to Briar Patch, a temporary shelter for runaway young people. The bar area would be converted to a food facility for the residents and parking would replace the back yard area.

Scenario 3

The existing structure could be extensively remodeled for conversion to Class C office space and the first floor used for retail or restaurant purposes. Lake views would probably not counteract the soft demand for Class C office space which is further handicapped by the lack of adequate parking.

Scenario 4

The Cardinal Hotel could be remodeled to a middle class apartment structure with sixteen 2-bedroom apartments or a mix of eight 2-bedroom, four 1-bedroom, and four efficiency units. The first floor could be converted, preferably to office space, or to a quality restaurant to utilize the existing bar decor and enhance the attainment of historic landmark status for the property.

Scenario 5

If the presence of the existing bar under the current lease is retained, damage would be done to the potential rent structure for middle class apartments.

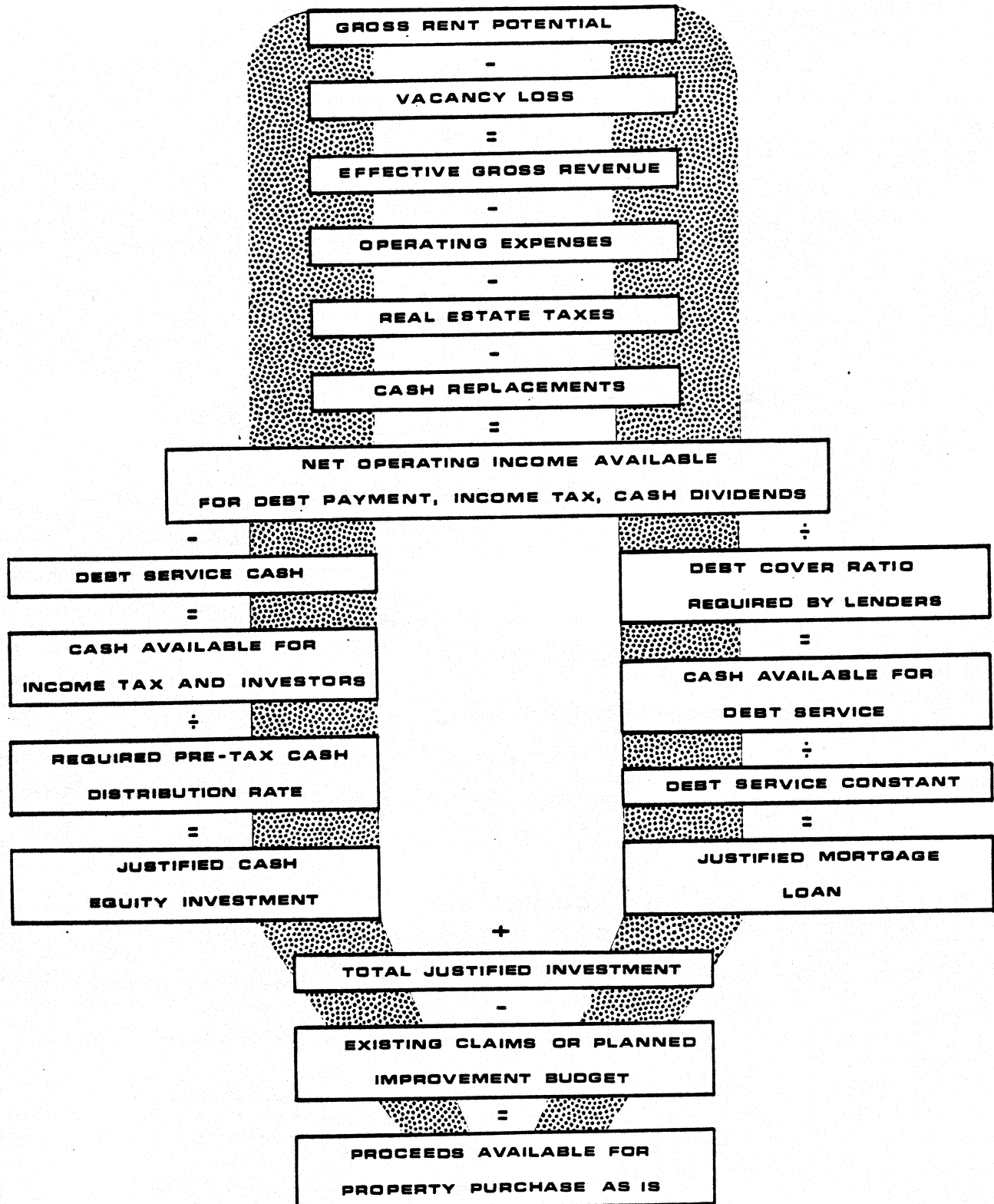
Scenario 6

Demolition of the building and resale of the lot to a commercial/residential developer in the area could be an option where the owner chose to pocket the insurance claim proceeds, treat the building as a total constructive loss, and recover the balance from the lot assuming it were free and clear.

B. Economic Ranking of the 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 revenues to a justified investment for all but Scenario #2. The logic for the back door approach or conversion of rents into a cash dividend flow and a debt service flow by the use of the lender's debt cover ratio is demonstrated in Exhibit 7. The

REVENUE JUSTIFIED CAPITAL BUDGET DEBT COVER RATIO APPROACH



cost assumptions and calculations for each scenario are provided in Exhibit 8. Market rental information for units located in or close to the downtown area and used to determine comparable rents for the Cardinal is found in Exhibit 9. A preliminary economic ranking of the scenarios indicate that Scenario #1, #2, or #4 offer the most profitable use.

C. Most Probable Use Conclusion

Reference to the matrix of alternative use considerations in Exhibit 10 suggest that a return of the Cardinal Hotel to its pre-fire tacky transient hotel status would be the most profitable short term exploitation of the opportunity. An escrow of insurance proceeds would make it financially viable, but in the long run, reversion value of the structure would be wasted, advantageous subsidies available would be ignored, and the impact on neighborhood and management (new ownership) would be negative. Moreover, in the past eighteen months no one has offered to exploit this opportunity and the present ownership is apparently unwilling to do so. Therefore the option must be discarded in favor of another scenario.

Similarly, demolition of the building for conversion to interim parking as a land speculation is not only unprofitable to the investor, but is also politically unacceptable and suggests a transaction price well below the minimum acceptable to the seller.

EXHIBIT 8

SUMMARY OF COST ASSUMPTIONS AND REVENUES
AND EXPENSES FOR ALTERNATIVE USE SCENARIOS

SCENARIO 1

1. PROGRAM

Repair existing fire damaged interior and correct code violations for use as transient hotel rooms with the existing first floor bar retained

Construct parking area

2. REVENUE UNITS

First floor bar

Residential rooms on second through fifth floors

Parking stalls

3. CAPITAL OUTLAYS

Fire repair and renovations	
(15,088 SF - 3,772 SF) x \$10/SF	\$113,160
.5 x 3,772 SF x \$25/SF	47,150

Furnishings 63 rooms x \$500/room	<u>31,500</u>
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TOTAL OUTLAYS	\$191,810
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4. POTENTIAL ANNUAL REVENUE

1st floor existing bar of 3,400 SF	\$ 12,000
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63 rooms @ \$54 per week	176,904
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6 parking stalls @ \$35 per month	<u>2,520</u>
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GROSS POTENTIAL REVENUE	\$191,424
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Less: Vacancy/bad debt losses	
30% vacancy and/or uncollected rents	
in residential rooms (.3 x 176,904)	<u>(53,071)</u>

EFFECTIVE GROSS REVENUE	\$138,353
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EXHIBIT 8 (Continued)

5. PROJECTED ANNUAL EXPENSES

Operating expenses--	
35% of effective gross revenue	\$48,423
Management & services--	
25% of effective gross revenue	34,588
Real estate taxes--	
5% of effective gross revenue	<u>6,918</u>
TOTAL ANNUAL EXPENSES	(\$89,929)
NET OPERATING INCOME	\$48,424

6. TERMS OF FINANCING AND JUSTIFIED INVESTMENT

Mortgage based on 14.5% interest, 25 year term and debt cover ratio of 1.6:	
Debt Service \$30,265	
+ Mortgage Constant of .1491 = Mortgage	\$202,985
Plus	
60% of NOI is available to equity but 25% of this goes to mortgage lender as participation. The equity dividend rate is 12%:	
(.6 x .75 x \$48,424) ÷ .12 = Equity	<u>\$181,590</u>
	\$384,575
Less: Total capital outlays	<u>(191,810)</u>
JUSTIFIED INVESTMENT	\$192,765

EXHIBIT 8 (Continued)

SCENARIO 2

1. PROGRAM

Purchase by a charitable institution for housing of clients of social agencies with first floor reading room, cafeteria, offices

2. REVENUE UNITS

Owned by non-profit organization for charitable purposes

3. JUSTIFIED INVESTMENT

Capital costs:

63 rooms (beds) @ \$7,500/bed \$472,500

Less:

Remodeling of first floor as reading room, cafeteria, offices
3,772 SF x \$40/SF (150,880)

Fire repair
.5 x 3,772 SF x \$30/SF (56,580)

Fire cleanup to State standards
(15,088 SF - 3,772 SF [3rd floor]) x \$10/SF (113,160)

Furnishings 63 rooms x \$500/room (31,500)

JUSTIFIED INVESTMENT \$120,380

EXHIBIT 8 (Continued)

SCENARIO 3

1. PROGRAM

Remodel first floor for retail or restaurant

Remodel second through fifth floors for class C office space

Construct parking area

2. REVENUE UNITS

First floor retail or restaurant

Office space on second through fifth floors

Parking stalls

3. CAPITAL OUTLAYS

Improvement budget
18,000 SF x \$25/SF \$450,000

4. POTENTIAL ANNUAL REVENUE

First floor retail or restaurant
3,600 SF x \$8/SF 28,800

Office space
4 floors x 3,000 SF x \$6.50/SF 78,000

6 Parking stalls @ \$35/month 2,520

GROSS POTENTIAL REVENUE \$109,320

Less Vacancy @ 10% of gross potential revenue (10,932)

EFFECTIVE GROSS REVENUE \$98,388

EXHIBIT 8 (Continued)

5. PROJECTED ANNUAL EXPENSES

Operating expenses--	
12% of gross potential revenue	\$13,118
Real estate taxes--	
11% of gross potential revenue	<u>12,025</u>
TOTAL ANNUAL EXPENSES	(\$25,143)
NET OPERATING INCOME	\$73,245

6. TERMS OF FINANCING AND JUSTIFIED INVESTMENT

Mortgage based on 14.5% interest,
25 year term and debt cover ratio
of 1.25:

Debt Service \$58,596

+ Mortgage Constant of .1491 = Mortgage \$392,998

Plus

25% of NOI is available to equity
(\$18,311) but 25% of this goes to
mortgage lender as participation.
The equity dividend rate is 10%:

$(.25 \times .75 \times \$72,173) \div .10 = \text{Equity}$ \$137,333

\$530,331

Less: Total capital outlays (450,000)

JUSTIFIED INVESTMENT (before tax
benefits or appreciation) \$80,331

Note: Investment tax credit for older commercial structures is
\$90,000 $(.20 \times \$450,000)$ the first year.

EXHIBIT 8 (Continued)

SCENARIO 4

1. PROGRAM

Convert first floor to office space or quality restaurant

Remodel to apartments on second through fifth floors

Construct parking area

2. REVENUE UNITS

First floor office space

Apartments on second through fifth floors

Parking stalls

3. CAPITAL OUTLAYS

Improvement budget

18,000 SF x \$35/SF \$630,000

4. POTENTIAL ANNUAL REVENUE

Office space 3,600 SF GLA x \$8.50/SF \$30,600

Residential Apartments

16 - 2 BR apts. @ 800 SF x \$0.60/SF 92,160

6 Parking stalls @ \$35/month 2,520

GROSS POTENTIAL REVENUE \$125,280

Less Vacancy @ 5% of gross potential revenue (6,264)

EFFECTIVE GROSS REVENUE \$119,016

EXHIBIT 8 (Continued)

5. PROJECTED ANNUAL EXPENSES

Operating expenses--	
20% of gross potential revenue	\$25,056
Real estate taxes--	
12% of gross potential revenue	<u>15,034</u>
TOTAL ANNUAL EXPENSES	(\$40,090)
NET OPERATING INCOME	\$78,926

6. TERMS OF FINANCING AND JUSTIFIED INVESTMENT

Mortgage based on 13.5% interest, 25 year term and debt cover ratio of 1.2 plus annual adjustment added to principal of 150 basis points over commercial paper rate per year:

Debt Service	\$65,772
÷ Mortgage Constant of .1399 = Mortgage	\$470,133
Plus	

20% of NOI is available to equity.
The equity dividend rate is 6%:

$(.2 \times \$78,926) \div .06 = \text{Equity}$	<u>\$263,087</u>
	\$733,220

Less: Total capital outlays	<u>(630,000)</u>
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JUSTIFIED INVESTMENT (before tax benefits or appreciation)	\$103,220
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EXHIBIT 8

SCENARIO 5

1. PROGRAM

Existing first floor bar remains

Remodel to apartments on second through fifth floors

Construct parking area

2. REVENUE UNITS

First floor bar

Apartments on second through fifth floors

Parking stalls

3. CAPITAL OUTLAYS

Improvement budget

15,088 SF x \$36/SF \$543,168

4. POTENTIAL ANNUAL REVENUE

Existing Bar/Restaurant on first floor

3,600 SF GLA \$15,000

Residential Apartments

8 - 2 BR apts. @ 700 SF x \$0.55/SF x 12 \$36,960

6 - 1 BR apts. @ 550 SF x \$0.55/SF x 12 21,780

8 - Eff. apts. @ 400 SF x \$0.60/SF x 12 23,040

81,780

6 Parking stalls @ \$35/month

2,520

GROSS POTENTIAL REVENUE

\$99,300

Less Vacancy @ 8% of gross potential revenue

(7,944)

EFFECTIVE GROSS REVENUE

\$91,356

EXHIBIT 8 (Continued)

5. PROJECTED ANNUAL EXPENSES

Operating expenses--	
22% of gross potential revenue	\$21,846
Real estate taxes--	
12% of gross potential revenue	<u>11,916</u>
TOTAL ANNUAL EXPENSES	(\$33,762)
NET OPERATING INCOME	\$57,594

6. TERMS OF FINANCING AND JUSTIFIED INVESTMENT

Mortgage based on 13.5% interest, 25 year term and debt cover ratio of 1.3:

Debt Service	\$44,303	
+ Mortgage Constant of .1399 = Mortgage		\$316,677

Plus

30% of NOI is available to equity. The equity dividend rate is 8%:

$(.3 \times \$57,594) \div .08 = \text{Equity}$	<u>\$215,978</u>
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\$532,655

Less: Total capital outlays	(543,168)
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JUSTIFIED INVESTMENT (before tax benefits or appreciation)	(\$10,513)
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EXHIBIT 8 (Continued)

SCENARIO 6

1. PROGRAM

Demolish existing structure

Construct parking lot on site

2. REVENUE UNITS

Parking stalls

3. CAPITAL OUTLAYS

Demolition of Existing Building
21,600 SF x 10 ft. x \$0.13/cu.ft.

\$28,080

Paving of Parking Lot
8,142 SF x \$1.00/SF

8,142

Landscaping, Screening & Marking

2,000

TOTAL OUTLAYS

\$38,222

4. POTENTIAL ANNUAL REVENUE

20 parking stalls @ \$35/month

\$8,400

5. PROJECTED ANNUAL EXPENSES

Real estate taxes

\$1,320

Management @ 10% of potential
annual revenue840

TOTAL ANNUAL EXPENSES

(\$2,160)

NET OPERATING INCOME

\$6,240

EXHIBIT 8 (Continued)

6. TERMS OF FINANCING AND JUSTIFIED INVESTMENT

Cash on cash return of 12% on NOI:

$\$6,240 \div .12 =$ \$52,000

Less: Total capital outlays (38,222)

JUSTIFIED INVESTMENT (property as is) \$13,778

MARKET RENTAL ANALYSIS
Apartment Buildings in Central Madison
as of August, 1982

	<u>Capitol Centre</u> 255-2525 344 W. Dayton	<u>126 S. Franklin</u> 251-3173 126 S. Franklin	<u>Baskerville Apartments</u> 274-4833 121 S. Hamilton	<u>Sumner Apartments</u> 257-2657 17 S. Hancock	<u>121 S. Hancock</u> 251-3173 121 S. Hancock	<u>Kennedy Manor</u> 256-3206 1 Langdon
Number and Type of units	85 - 1 BR 29 - 1 BR w/Den 36 - 2 BR	12 - Eff 12 - 1 BR (3 floors, each w/ 4 Eff & 4 - 1 BR)	1 - Studio 23 - 1 BR 1 - 2 BR 1 - 4 BR	6 - 2 BR	27 units Mix of Eff & 1 BR (9 apts on each of 3 floors)	16 - Eff 38 - 1 BR 6 - 2 BR
Residential Vacancy Rate	Under construction	0%	N/A	N/A	0% [2]	0% [3]
Rental Rates	1 BR = \$335-385 1 BR w/Den = \$380-400 2 BR = \$410-480	Eff = \$230 1 BR = \$285	Studio = \$250 1 BR = \$280-310 2 BR = \$395 4 BR = \$595	2 BR = \$415 [1]	Eff = \$230 1 BR = \$285	Eff = \$230 1 BR = \$295-303 2 BR = \$425 [4]
Utility Payment	T = Heat & Electric	L = All Utilities	L = Heat T = Electric	L = Heat T = Electric	L = All Utilities	L = Heat & Electric
Locational Attributes	3 1/2 blocks from Square	4 1/2 blocks from Square	1/2 block from Square	3 1/2 blocks from Square	3 1/2 blocks from Square	Across street from Edgewater Hotel & Lake Mendota, 3 1/2 blocks from Square
Building Security	Closed circuit TV entry system	Each floor has lock allowing admission to that floor only	Resident manager on 1st floor, building not security locked	Entrance is controlled (not intercom however)	Each floor has lock allowing admission to that floor only	Security guard on duty, each apartment security locked
Amenities	Underground parking at \$35/month, wall A/C units, price varies w/ height, laundry room in building	Furnished, laundry room in lower level, outside parking at \$15/month, unit A/C in apartments	Price varies with with view	Remodeled 2 years ago, washer & dryer in building, separate storage lockers in building	Furnished, laundry room in lower level, outside parking at \$15/month, unit A/C in apartments	Rent includes maid service, dining room in lower level, some apartments have Lake Mendota view
Year Built	1982	13 years old = 1969	1913	Over 50 years old	13 years old = 1969	1920's
Tenant Mix	Mix of students & downtown workers with a few retired persons	Mix of elderly, leg- islators, grad students & state/ city employees	Tenants are a mix of students, legislators, working persons, and elderly	Tenants are mainly students with 1 older woman a "permanent fixture"	Mix of elderly, leg- islators, grad students & state/city employees	Tenants span many ages, but only a few are students

[1] This is the present rate. Furniture is an additional \$20/month. The rate for fall will be \$440/month plus \$20/month for furniture.

[2] Currently 3 units vacant during end of summer turnover, but usually 100% occupied.

[3] One single will be available soon.

[4] These are present rents. They are scheduled to increase 9% in October, 1982.

MARKET RENTAL ANALYSIS (Continued)

	<u>502 E. Main</u> 251-3173 502 E. Main	<u>202 N. Pinckney</u> 257-4535 202 N. Pinckney	<u>Bellevue Apartments</u> 255-3324 29 E. Wilson	<u>Shorecrest</u> 244-3343 139 W. Wilson	<u>The Diplomat</u> 251-2643 507 W. Wilson	<u>Bluewater Apartments</u> 257-6148 415 Wisconsin Ave.
Number and Type of units	12 - Eff 6 - 1 BR (6 apts on each of 3 floors)	12 units Mix of 1 & 2 BR	1 - Eff 35 - 1 BR	26 - 1 BR	7 - Eff 21 - 1 BR 14 - 2 BR	16 - 1 BR 1 - Other
Residential Vacancy Rate	0% [1]	0% [2]	0%	0%	N/A	N/A
Rental Rates	Eff = \$230 1 BR = \$300	1 BR = \$275-295 2 BR = \$365-385	Eff = \$220 1 BR = \$275-345	1 BR = \$315-350	Eff = \$265 1 BR = \$315-320 2 BR = \$410-475	1 BR = \$265-285 (Owner's parents or grandparents live in other unit)
Utility Payment	L = All Utilities	L = Heat & Electric	L = Heat T = Elec. & Stove Gas	L = Heat T = Electric	T = Heat & Electric	L = Heat T = Electric
Locational Attributes	4 blocks from Square	Corner of Dayton & Pinckney Streets, 2 blocks from Square	Overlooks Lake Monona & Wilson St., 2 blocks from Square	Overlooks Lake Monona & Wilson St., 3 blocks from Square	4 blocks from Square	3 1/2 blocks from Square
Building Security	Each floor has lock allowing admission to that floor only	N/A	Phone operated intercom system controls entrance door	Building is security locked	Building has an intercom system	N/A
Amenities	Furnished, laundry room in lower level, outside parking at \$15/month, unit A/C in apartments	Furnished, parking available on-site (4 garage stalls & outside parking at additional charge)	On-site parking \$30/month for residents & \$40/month for others, fireplaces, laundry room in basement	Outside parking at \$40 or \$45/month	Furnished, laundry room downstairs, price varies with view, outside parking at \$25/month	Outside parking (\$10 or \$20 per month), wall A/C units, downtown or capitol view from some units
Year Built	13 years old = 1969	1898	Early 1900's	1962	9 years = 1973	N/A
Tenant Mix	Mix of elderly, legislators, grad students & state/city employees	Primarily students, mainly from MATC	Tenants are primarily in 2 age groups - in their 20's and over 50; about 5 units have people over 75	Mix of students, working, & retired persons	N/A	Tenants are mainly older people who stay longer, few if any students

- [1] Currently 2 units are vacant during end of summer turnover, but usually 100% occupied.
[2] They are presently full but 3 units are still vacant for fall (3/12 = 25%).

Sustainable Research, Inc.

EXHIBIT 9 (Continued)

FEASIBILITY OF ALTERNATIVE USES

	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>	<u>Scenario 5</u>	<u>Scenario 6</u>
<u>Feasibility Factor</u>	<u>Return to Former Use</u>	<u>Purchase by Welfare Agency</u>	<u>Conversion to Class B/C Office</u>	<u>Conversion to Apartments with Office on 1st Floor</u>	<u>Conversion to Apartments with Existing Bar</u>	<u>Demolition and Sale of Site</u>
Market Demand Risks	Demand very elastic relative to price unless room rates subsidized by welfare agencies	Welfare agencies lack capital resources to purchase and remodel facilities, given the absence of government funding	Office market becoming more price sensitive; would not accept neighborhood and lack of parking unless rents were lower than necessary to support remodeling	Strong demand for spacious two bedroom units in CBD area	Though there is a strong demand for affordable downtown housing, consumer survey shows tenant reluctance to live above noisy/potentially malodorous bar-restaurant	Soft market for vacant sites which cannot be assembled into larger plot-tage; parking revenues from 20 spaces inadequate to carry clearance costs
Legal/Political Acceptability	Inconsistent with long term City goals for Olin Place	Mixed acceptability as interim use as housing for transient males by some groups; favored by welfare advocates and disfavored by local residents	Neighborhood resistance to increased demand for street parking	Preferred use, given need for downtown housing and political statements by alderpersons for reduction of bar business in residential neighborhoods	Preferred use for housing is compromised by existing bar management agreement	Inconsistent with constituency favoring landmark designation
Technical Construction Problems and Capital Cost Risks	Failure to repair within one year may have jeopardized grandfathered non-conforming building conditions. Otherwise this use has lowest construction risks of Scenarios 1 through 5	Capital costs of renovation to state standards excessive for short term use	Variance needed for parking requirement of 1 stall per 300 SF to 1 stall per 2,500 SF of office space	Spacious apartments with views provide favorable rent/cost per SF ratio--housing code creates more remodeling risk than commercial code	Apartment mix cheapened by re-taining existing bar operation--smaller units require more plumbing and bring less favorable rent/cost per SF ratio	None
Relative Investment Power Based Upon Revenue Generation Potential	\$192,765	\$120,380	\$80,331	\$103,220	(\$10,513)	\$13,778
Special Income Tax Advantages or Public Subsidies Available	None	None	Rehabilitation tax credit of 20% for older commercial building conversion plus possible industrial bond financing	Possible historic landmark status for 25% rehabilitation tax credit plus tax incremental financing (TIF) assistance	Possible historic landmark status for 25% rehabilitation tax credit. TIF less likely because increase in tax is smaller	None
Real Estate Tax Consequences to City	Modest increase in assessed value	Loss of \$194,300 tax base with tax-exempt agency as owner	Real estate tax base would be multiplied approximately 3 times the present assessment	Real estate tax base would be multiplied approximately 3 1/2 times the present assessment	Real estate tax base would be multiplied approximately 2 1/2 times the present assessment	Loss of approximately \$140,000 of tax base

Sandwich Ranch, Inc.

EXHIBIT 10

Purchase of the building by a welfare agency is less likely today because the County has provided expanded new Huber facilities and has vacated former Gilman Street facilities which would better serve the purpose of emergency housing for the homeless. The need may be better met with lower density facilities and the City would oppose loss of the Cardinal tax base and the social impact on this transitional neighborhood.

Use for office space in Scenario 3 fails primarily because the market demand for such space without adequate parking will be low for many years to come and better served by renovations closer to the Square.

Of the remaining two scenarios, Scenario 4 is by far the preferred solution. Capitol Centre has demonstrated a strong demand for two-bedroom units which permit a variety of tenant combinations to share the rent and still retain a degree of privacy. Office use of the first floor would improve the image of the neighborhood and meet the strong preference of tenants to avoid the presence of a bar/restaurant in a residential building as revealed by a current tenant survey (Landmark). But if the historic landmark designation hinges upon continued restaurant use, a well-designed, quality restaurant may be the more probable use of the first floor space.

The City would benefit by the greatly increased tax base and developers eagerly seek income tax advantages of old

structures with the potential for landmark status and/or subsidized interest loans or land write down via Tax Incremental Financing (TIF).

The distinction between Scenario 4 and 5 pivots on whether an existing bar/management agreement that runs through 1986 can be modified or terminated. If not, the result is both lost rental income from the first floor space and a significant loss of residential image which might be off-set by reducing the size of apartments and heavily increasing the density by relying on one-bedroom and efficiency units at lower rents per square foot of space. This has the effect of reducing the tax base for the City while increasing the remodeling costs per square foot faster than the rent per square foot when compared with Scenario 4.

Since fair market value assumes the fee is unencumbered by contract, the scenario conversion to 16 middle class two-bedroom apartments with office/restaurant space on the first floor is the most probable use of the property. That use in turn suggests the most probable buyer will be a professional investor/developer anticipating public subsidy and sale of tax benefits to participating investors.

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 properties which have been vacant for a number of years and are candidates for adaptive reuse reveal that the purchasers are usually local businessmen who want the property for their own use; or a local developer-packager who is attracted by the unique tax advantage of rehabilitating an older building, especially one that has the potential to be on the National Register, and by the willingness of the City to provide a subsidy in the form of the land write-down, an economic development loan or tax increment financing (TIF); or a speculator who purchases a bargain and seeks a buyer as described above.

The varied quality of land uses in the immediate vicinity and the reputation of the area make the adaptive reuse of the Cardinal Hotel a high risk project. The developer-packager

capable of shifting the risk to the city which has the responsibility to sustain redevelopment momentum on contiguous blocks in return for an increased tax base and/or forward on limited partners who receive income tax benefits while waiting for a turn around in neighborhood real estate values is, in our judgment, the most probable buyer.

THEREFORE, THE MOST PROBABLE BUYER WILL BE A LOCAL PROFESSIONAL DEVELOPER-PACKAGER WHO EXPECTS TO REMODEL AND REDIRECT MARKETING OF THE SUBJECT PROPERTY. HE WILL BE ATTRACTED BY THE UNIQUE TAX ADVANTAGES OF REHABILITATING A POTENTIAL HISTORIC LANDMARK AND THE WILLINGNESS OF THE CITY TO PROVIDE A SUBSIDY IN THE FORM OF A LAND WRITE-DOWN AND/OR FINANCING ASSISTANCE.

B. Most Probable Price

In recent years there have been several sales of older improved, but partially or fully vacant properties requiring substantial rehabilitation for reuse in the vicinity of the Cardinal Hotel. Though not on the east side of the Square or on the East Wilson/Williamson corridor, as are the other comparable sales, 10 Langdon Street near the Edgewater hotel is also used as a comparable sale because of its condition at time of sale, the building and lot size, and the lack of on site parking.

Although all the properties were purchased for adaptive reuse, 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 location, investor perception of the neighborhood image, the structural condition of the improvements, the reuse potential of the structure, and the bargaining position of the seller. The differences in the comparables can then be converted to a common scale by deriving a weighted point score for each property. Adaptive reuse properties located near the central city which have a high floor area ratio are usually priced according to the gross building area (GBA) available for rehabilitation. The selling price of each comparable property is adjusted for time of sale, financing terms, and for the size of the site. Each adjusted selling price is reduced to a price per square foot of GBA. The price per square foot of GBA is then divided by the weighted point score to find the price per point score. The average price per point score is used to determine the central tendency of the sales price for the subject property. The standard deviation (dispersion from the central tendency) 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 include proximity to the subject, high density land use (high floor area ratio), and multi-story structures ready for rehabilitation. The properties selected as comparable sales are described and pictured in Exhibits 11 through 17. The locations of the comparable sales are shown in Exhibit 18. The adjustments made for time, and financing terms are as follows:

1. The Frautschi Buildings located at 215-219 King Street, occupied by the seller at the time of purchase, sold on a two year land contract at ten percent for one year during a leaseback to the seller and at six percent for the second year when the buildings were then vacated. A discount of ten percent is made to the nominal price; the discounted price of \$288,000 is then adjusted for inflation at five percent a year for the time period after January 1, 1979 when the Capitol Concourse Mall was completed for an adjusted price of \$338,400.

2. The Sutherland Electric Motor Company at 323 East Wilson Street was purchased for \$165,000 cash by the State of Wisconsin so no adjustment is made for financing. A time adjustment of 15 percent results in an adjusted sale price of \$189,750.

EXHIBIT 11
COMPARABLE SALE #1



215-219 KING STREET
(a/k/a 128, 132 & 142 EAST WILSON STREET)

Date of Sale: November 3, 1978
Sale Price: \$320,000
Sale Document: Land Contract
Recorded: Vol. 1043, p.346
Terms of Sale: Land contract, \$50,000 down, \$270,000 at 10 percent for first 12 months and at 6 percent for next 12 months. Balance due end of 2 years.
Vendor: Frautschi's, Inc., a Wisconsin Corporation
Purchaser: Martin F. Rifken
Use at Time of Sale: Furniture store in both buildings
Tax Parcel Numbers: 0709-242-0201-6, 0709-242-0204-0, and 0709-242-0205-8

Assessed Value:

	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
0709-242-0201-6	\$ 12,600	\$ 400	\$ 13,000
0709-242-0204-0	67,200	105,800	173,000
0709-242-0205-8	85,100	48,900	134,000
Total	\$164,900	\$155,100	\$320,000
(1978 assessed value)			

EXHIBIT 11 (Continued)

Sale Price at Percent of Assessed Value: 100 percent

Location on Block: Mid-block across from small parking lot and millinery shop which is the last vestige of the past before GEF II and III were built next door

Frontage: 128 East Wilson - 55 feet
132 East Wilson - 52 feet
142 East Wilson - 25 feet
Total 132 feet

Lot Size: 21,728 square feet

Zoning: C4

Gross Building Area: Approximately 21,000 square feet of useable structure. Ice house and funeral home at rear of buildings demolished in 1982 to clear area for 28 parking stalls.

Type of Construction: Fire resistant concrete in three story building; ordinary mill construction in two story building

Structural Condition at Time of Sale: Mixed - Ice house and funeral home unsuitable for renovation; 3 story building in excellent condition; 2 story building had more deferred maintenance

Plans for Use or Present Use: Office



Rear of 215-219 King Street
after demolition of ice house and funeral home

EXHIBIT 12
COMPARABLE SALE #2



323 EAST WILSON STREET

Date of Sale: July 26, 1979
Sale Price: \$165,000
Sale Document: Warranty Deed
Recorded: Vol. 1082, p. 50
Terms of Sale: Cash
Grantor: Carl & Magda Sutherland
Grantee: State of Wisconsin
Use at Time of Sale: Owner-occupant had vacated the property
Tax Parcel Number: 0709-242-0103-4
Assessed Value: Land = \$17,800
 Improvements = 78,700
 Total = \$96,500
 (1979 assessed value)
Sale Price as Percent of Assessed Value: 171 percent
Location on Block: Corner
Frontage: 66 feet on East Wilson, 98 feet and 67 feet on
 other streets
Lot Size: 8,221 square feet

EXHIBIT 12 (Continued)

Zoning: C3

Gross Building Area: 17,790 square feet

Type of Construction: Masonry; concrete block and steel

Structural Condition at Time of Sale: Fairly good but not tremendous. Cold storage on second floor had ceiling hung Modean units for heat which was inadequate. After purchasing the building the State had to reroof the building and also replaced the heating. Bob Lehmann of the State said they got carried away and redid the exterior using rigid insulation with stucco.

Plans for Use or Present Use: The State is now using the building for warehouse storage.

EXHIBIT 13

COMPARABLE SALE #3



123 EAST DOTY STREET

Date of Sale: January, 1975

Sale Price: \$120,000 (plus \$332,000 construction loan)

Sale Document: Land Contract

Recorded: Vol. 553, p. 25

Terms of Sale: Land Contract, \$90,000 down, \$362,000 balance, interest rate and payment amounts are the same as Vendor pays to First Federal Savings and Loan on underlying mortgage, 10 year period, additional annual payments of \$5,000 per year beginning July 1, 1976.

Vendor: 122 Building Corporation

Purchaser: Arabesque, a Wisconsin Limited Partnership

Use at Time of Sale: Vacant; owner had started to demolish back of building

Tax Parcel Number: 0709-242-0208-2

Assessed Value:	Land	=	\$26,400
	Improvements	=	<u>85,900</u>
	Total	=	\$112,300
	(1975 assessed value)		

EXHIBIT 13 (Continued)

Sale Price as Percent of Assessed Value: 107 percent

Location on Block: Mid-block

Frontage: 66 feet on East Doty Street

Lot Size: 8,712 square feet

Zoning: C4

Gross Building Area: Approximately 9,330 square feet at time of sale plus 3,720 square feet of basement, part of which is used for rathskeller (first floor gross square footage is 3,720 square feet)

Type of Construction: Masonry - new addition is cement block and stucco. The Fess is a union of a two and a three story building; the two story building is architecturally more appealing with arched windows and decorative cornice.

Structural Condition at Time of Sale: Rear part of building on north end of the garden had been demolished and the rest of the building was slated for the same fate.

Plans for Use or Present Use: It is presently The Fess Hotel Restaurant with finished office space on the 2nd floor and unfinished office space on the 3rd floor.

EXHIBIT 14

COMPARABLE SALE #4



714 WILLIAMSON STREET

Date of Sale: January 22, 1979

Sale Price: \$148,000

Sale Document: Land Contract

Recorded: Vol. 1032, p. 688

Terms of Sale: Land Contract, \$23,000 down, balance of \$125,000, 9 3/4 percent interest, \$1,040 per month beginning February 10, 1979, balloon payment in 5 years. Also, purchaser to pay 1/12 of real estate taxes to vendor each month--to be deposited in interest bearing account.

Vendor: Lawrence M. Fuelleman, Lawrence J. Golicz and Lester E. Rechlin, d.b.a. Total Enterprises, a partnership

EXHIBIT 14 (Continued)

Purchaser: Michael A. Cohen and Robert J. Lehmann, d.b.a.
Lemco Enterprises, a partnership

Use at Time of Sale: Rented to tenants as follows:

Basement - Vacant

1st Floor - St. Vincent De Paul

2nd Floor - Notions Marketing Corp.

3rd Floor - Notions Marketing Corp.

4th Floor - Vacant

Tax Parcel Number: 0709-134-1703-0

Assessed Value: Land = \$17,400
under

Improvements = 71,000

Total = \$88,400
(1979 assessed value)

Sale Price as Percent of Assessed Value: 167 percent

Location on Block: Mid-block

Frontage: 66 feet on Williamson

Lot Size: 8,712 square feet

Zoning: M1

Gross Building Area: 6,800/floor; 34,000 square feet
(6,800 x 5 = 34,000 including basement)

Type of Construction: Masonry; reinforced steel and concrete
pillars - heavy construction

Structural Condition at Time of Sale: Very good, they have had
virtually no costs

Plans for Use or Present Use: They presently have the same
tenants. Notions Marketing now has the 2nd, 3rd and 4th
floors. The basement is vacant.

EXHIBIT 15
COMPARABLE SALE #5



722 WILLIAMSON STREET

Date of Sale: November 1981

Sale Price: \$300,000

Sale Document: Land Contract

Recorded: Vol. 3231, p. 6

Terms of Sale: Unrecorded and undisclosed land contract; buyer assumed underlying land contract, down payment consisted of an accrual interest note

Vendor: Michael Cohen, et al.

Purchaser: Williamson Warehouse Group (William Krell, Managing General Partner)

EXHIBIT 15 (Continued)

Use at Time of Sale: Vacant; had been used as discount grocery outlet. Originally had been warehouse outlet for Olds Seed Co.

Assessed Value: Land = \$42,100
Improvements = 92,900
Total = \$135,000
(1981 assessed value)

Sale Price as Percent of Assessed Value: 222 percent

Location on Block: Mid-block

Frontage: 132 feet on Williamson Street

Lot Size: 17,424 square feet

Zoning: M1

Gross Building Area: 30,000 square feet (excluding basement),
each floor equals 7,500 square feet

Type of Construction: Masonry; reinforced steel and concrete
pillars - heavy construction

Structural Condition at Time of Sale: Present owner perceives
building to be in excellent condition; inspection revealed
possible thermal shock damage of walls on the fourth floor.

Plans for Use or Present Use: Tentative plans for light
manufacturing operation; present owner would prefer to sell
building and is asking \$395,000.

EXHIBIT 16
COMPARABLE SALE #6



25 NORTH PINCKNEY STREET

Date of Sale: April 21, 1977
Sale Price: \$150,000
Sale Document: Warranty Deed
Recorded: Vol. 796, p. 528
Terms of Sale: \$100,000 down, seller took a 2nd of \$50,000 at
8 percent interest for 5 years
Grantor: Raymond T. McGuire
Grantee: Rifkin & Campbell Associates, a Wisconsin Partnership
Use at Time of Sale: Vacant; had been a women's apparel store
Tax Parcel Number: 0709-133-3006-8
Assessed Value:
Land = \$214,000
Improvements = 71,000
Total = \$285,000
(1976 assessed value)
Land = \$148,500
Improvements = 1,500
Total = \$150,000
(1977 assessed value)
Sale Price as Percent of Assessed Value: 52 percent (1976) and
100 percent (1977)
Location on Block: Mid-block
Frontage: 66 feet on North Pinckney Street

EXHIBIT 16 (Continued)

Lot Size: 8,712 square feet including 12 foot easement

Zoning: C4

Gross Building Area: 16,060 square feet, excluding basement
(first floor gross square footage is 6,886 square feet)

Type of Construction: Masonry; a combination of sandstone,
common brick and concrete block. At the time of sale a
sunscreen covered the decorative stone front of the two
buildings which comprise the property. One consists of two
floors and the other of three floors above grade.

Structural Condition at Time of Sale: Leaking roof, sagging
skylight and joists plus other accumulated deferred
maintenance.

Plans for Use or Present Use: It is presently used for retail
and office space.

EXHIBIT 17
COMPARABLE SALE #7



10 LANGDON STREET

Date of Sale: January 30, 1981
Sale Price: \$91,000
Sale Document: 2 Quit Claim Deeds
Recorded: Vol. 2640, p. 5 and Vol. 2629, p. 1
Terms of Sale: Cash - Settlement of all liens against property
Grantors: Alpha Epsilon Phi Building Association and also
Maurice B. Pasch and Janet Pasch
Grantee: 10 Langdon, A Partnership
Use at Time of Sale: Vacant for 9 years; had been a sorority
house until 1968 - miscellaneous uses until 1972
Tax Parcel Number: 0709-144-0905-2
Assessed Value: Land = \$35,000
Improvements = 61,600
Total = \$96,600
(1981 assessed value)
Sale Price as Percent of Assessed Value:
Location on Block: Mid-block
Frontage: 56 feet on Langdon Street
Lot Size: 6,720 square feet

EXHIBIT 17 (Continued)

Zoning: R6H

Gross Building Area: 10,500 square feet

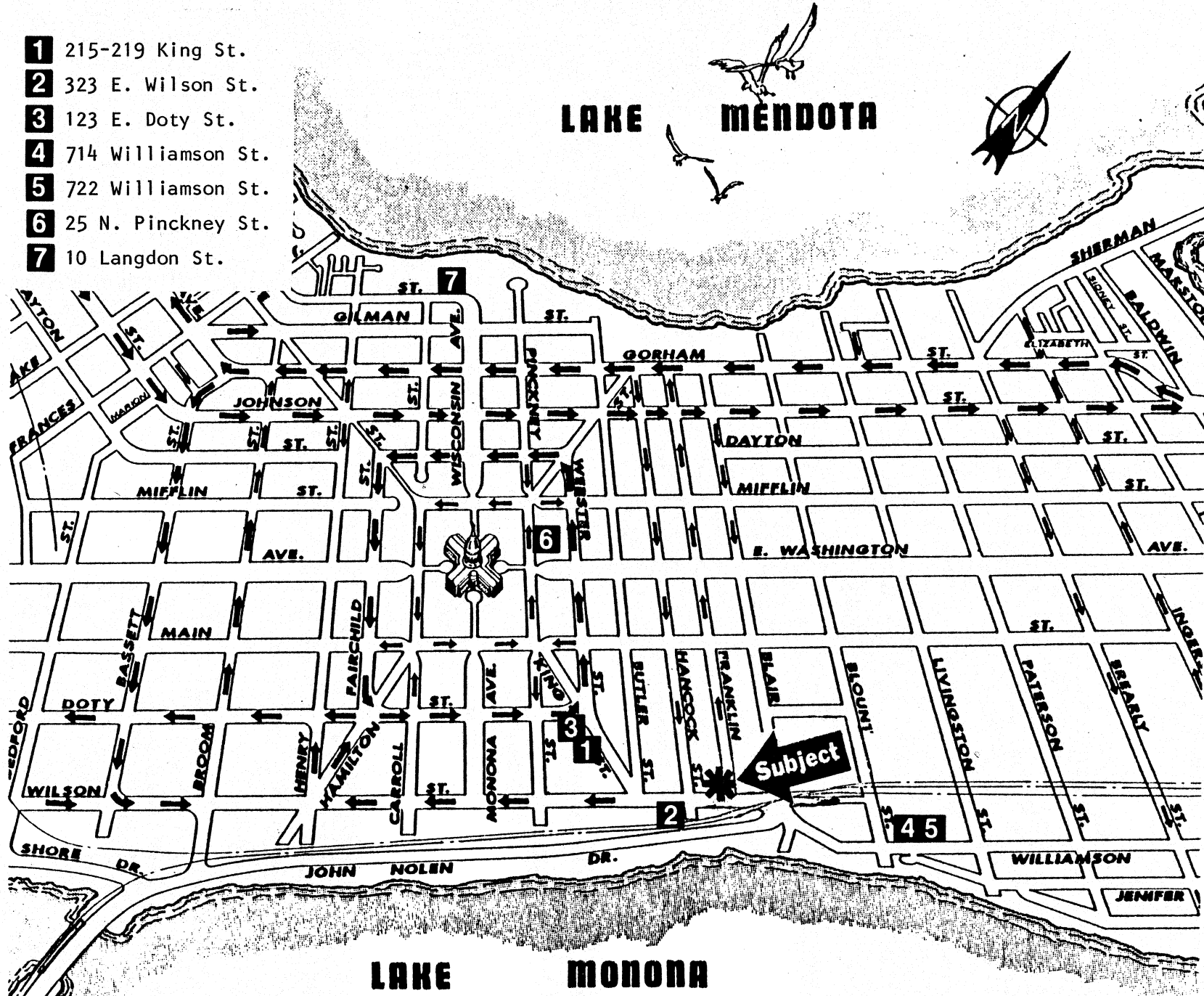
Type of Construction: Brick veneer over frame for front portion constructed in 1900, brick and terra cotta brick and steel beams for back addition constructed in 1920

Structural Condition at Time of Sale: Water damage from leaking roof, sagging floor joists, deterioration of 50 percent of the plaster

Plans for Use or Present Use: The building has been renovated into 14 one-bedroom apartment units with a whirlpool and sauna room on the lower level.

LOCATION OF COMPARABLE SALES

- 1 215-219 King St.
- 2 323 E. Wilson St.
- 3 123 E. Doty St.
- 4 714 Williamson St.
- 5 722 Williamson St.
- 6 25 N. Pinckney St.
- 7 10 Langdon St.



Landmark Research, Inc.

EXHIBIT 18

3. The sale price of the Fess Hotel at 123 East Doty Street included the securing of the construction financing by the seller. A five percent finder's fee for the \$332,000 construction loan (\$16,600) is subtracted from the \$120,000 sale price; the cash equivalent price is \$103,400.

4. The sale of 714 Williamson was reduced from \$148,000 to \$140,000 to recognize the below market interest rate of $9 \frac{3}{4}$ percent provided by the seller in 1979. Appreciation of 5 percent a year or 17.5 percent is applied to the \$140,000 for an adjusted price of \$164,500.

5. The sale price of \$300,000 for the property at 722 Williamson involved no cash. The assumption of the underlying land contract, a down payment consisting of an accrual interest note and consulting fees were included in the creative financing package. The price was discounted 20 percent or \$240,000 for special financing and appreciated 2.5 percent for time for an adjusted sale price of \$246,000.

6. The sale price of \$150,000 for 25 North Pinckney represents seller financing with the \$50,000 second mortgage subordinated to a redevelopment first of \$421,500 borrowed for renovation. The subordination places a substantial risk on the second and therefore it is discounted 20 percent for an adjusted cash equivalent price

of \$140,000. Appreciation of 17.5 percent since January 1, 1979 when the Capitol Concourse Mall was completed brings the adjusted price to \$164,500.

7. The purchase price of \$91,000 for 10 Langdon represents the sum of all liens against the property paid by the buyer. An adjustment for time brings the adjusted price to \$95,550.

The comparable properties and the subject property are scored based upon the scale detailed in Exhibit 19. The subject property has high visibility on a major traffic artery and has the advantage of a corner location, which gives it a top score of five. But the neighborhood image is still negative so the property receives a score of one in this category. The building suffered fire damage in January of 1981 and is in need of extensive renovation. Therefore for structural condition it receives a low score of one. Residential/commercial reuse potential is enhanced by the 1981 tax laws which favor older buildings that anticipate a historic landmark designation. Moreover a distinguishing and unique feature of the Cardinal Hotel is the mirrored back bar which is accentuated by leaded windows and lighted glass panels designed by the architect. Therefore, greater weight is given the reuse potential of the Cardinal Hotel to account for the added value of interior bar decor a top score of five. Though the seller is known to have

EXHIBIT 19

SCALE FOR SCORING COMPARABLE SALE ATTRIBUTES

Location 15%	5 = Corner lot with high visibility on major traffic artery 3 = Inside lot with low visibility on major traffic artery 1 = Inside lot with low visibility on secondary street
Investor Perception of Neighborhood Image 15%	5 = Strong identification with Square (within 1 block) or established commercial or residential area 3 = Neutral investor attitude 1 = General identification with deteriorated neighborhood
Structural Condition of Improvements 25%	5 = Fire-resistant construction, well maintained, operational, marketable 3 = Ordinary mill construction (brick bearing walls-wood beams), poorly maintained, needs mechanical work 1 = Boarded up and/or partially damaged or vandalized
Reuse Potential 30%	5 = Dominant commercial/retail reuse potential with anticipation of Landmark designation with 1981 tax laws applied 4 = Dominant commercial/retail reuse potential with anticipation of Landmark designation prior to 1981 tax law 3 = Residential reuse potential with 1981 tax laws applied 2 = Residential reuse potential prior to 1981 tax law 1 = Warehouse 0 = Improvements demolished leaving land only

EXHIBIT 19 (Continued)

Bargaining Position
of Seller
15%

- 5 = Income adequate to carry property or seller with strong asset position
- 3 = Little or no steady income but seller not known to be under financial pressures
- 1 = Building owner known to have financial pressures or multiple liens on property

heavy liens against the property, income is still enjoyed from the bar operation and generous insurance proceeds were paid for the fire damage. Therefore the seller's financial position, in respect to this property, is rated three on the scale of one to five.

The weighted matrix which details the calculation of a total point score for the comparable properties and for the subject is found in Exhibit 20. The price per square foot for each comparable is divided by its point score and the results are also found in Exhibit 20.

The mean point score per square foot is applied to the point score of the subject to indicate a central tendency value of \$130,000 or \$7.25 per square foot of GBA for the subject property. These calculations are detailed in Exhibit 21.

The range of estimates yields a high of \$160,000 or \$8.95 per square foot of GBA and a low of \$100,000 or \$5.60 per square foot of GBA with a standard deviation of \$30,000 or approximately \$0.54 per square foot.

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. Consequently, this calculated value is only the initial step in

WEIGHTED MATRIX FOR COMPARABLE PROPERTIES

Landmark Research, Inc.

EXHIBIT 20

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		Rating/Weighted Rating							
FEATURE	WEIGHT	#1 Frautschi 215-219 King	#2 Sutherland Elec. 323 E. Wilson	#3 Fess Hotel 123 E. Doty	#4 Miller Horne 714 Williamson	#5 Miller Horne 722 Williamson	#6 Atrium 25 N. Pinckney	#7 Old Sorority 10 Langdon	Cardinal Hotel SUBJECT
Location	15%	3/ .45	5/ .75	5/ .75	3/ .45	3/ .45	1/ .15	3/ .45	5/ .75
Investor Perception of Neighborhood Image	15%	3/ .45	3/ .45	5/ .75	1/ .15	1/ .15	5/ .75	5/ .75	1/ .15
Structural Condition of Improvements at Time of Sale	25%	3/ .75	5/1.25	1/ .25	5/1.25	5/1.25	3/ .75	1/ .25	1/ .25
Reuse Potential	30%	4/1.2	1/ .30	4/1.2	2/ .60	4/1.2	4/1.2	4/1.2	5/1.5
Bargaining Position of Seller	15%	<u>5/ .75</u>	<u>3/ .45</u>	<u>1/ .15</u>	<u>3/ .45</u>	<u>1/ .15</u>	<u>1/ .15</u>	<u>1/ .15</u>	<u>3/ .45</u>
Total Point Score		3.6	3.2	3.1	2.9	3.2	3.0	2.8	3.1

EXHIBIT 20 (Continued)

	#1 Frautschi 215-219 King	#2 Sutherland Elec. 323 E. Wilson	#3 Fess Hotel 123 E. Doty	#4 Miller Horne 714 Williamson	#5 Miller Horne 722 Williamson	#6 Atrium 25 N. Pinckney	#7 Old Sorority 10 Langdon
Nominal Sale Price	\$320,000	\$165,000	\$120,000	\$148,000	\$300,000	\$150,000	\$91,000
Date of Sale	November 1978	July 1979	January 1975	January 1979	November 1981	April 1977	July 1981
Terms of Sale	Land contract \$50,000 - down 270,000 - 2 yrs 10% Year 1 6% Year 2	Cash to seller	Land contract	Land contract \$23,000 down 125,000 @ 9 3/4% - 5 years	Land contract	\$100,000 cash 50,000 seller 2nd subordinated to construction loan	Cash to seller
Adjustment for:							
Terms of Sale	Discount 10%	No adjustment	5% Finder's fee for \$320,000 construction loan	Reduce to \$140,000	Discount 20% for creative financing	Discount 2nd-20%	None
Time of Sale (5%/year from 1/1/79 on)	Appreciate 17.5%	Appreciate 15%	Appreciate 17.5%	Appreciate 17.5%	Appreciate 2.5%	Appreciate 17.5%	Appreciate 5%
Adjusted Price for Terms and Time	\$338,400	\$189,750	\$121,500	\$164,500	\$246,000	\$164,500	\$95,550
Land Area	21,728 SF	8,221 SF	8,712 SF	8,712 SF	17,424 SF	8,712 SF	6,720 SF
Adjustment for Land Area Differences @ \$5.00/SF	(\$108,640)	(\$41,105)	(\$43,560)	(\$43,560)	(\$87,120)	(\$43,560)	(\$33,600)
Adjusted Price less Allowance for Land Value	\$229,760	\$148,645	\$77,940	\$120,940	\$158,880	\$120,940	\$61,950
Gross Building Area (GBA) (Square Feet)	21,000 SF	17,790 SF	9,330 SF	28,000 SF	30,000 SF	16,060 SF	10,500 SF
Adjusted Price per Square Foot of GBA	\$10.94/SF of GBA	\$8.36/SF of GBA	\$8.35/SF of GBA	\$4.32/SF of GBA	\$5.30/SF of GBA	\$7.53/SF of GBA	\$5.90/SF of GBA
Total Point Score	3.6	3.2	3.1	2.9	3.2	3.0	2.8
Price per Square Foot/Point Score	\$3.04	\$2.61	\$2.69	\$1.49	\$1.66	\$2.51	\$2.11

EXHIBIT 21

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

Comparable Property	Adjusted Selling Price per SF of GBA	Weighted Point Score	<u>Price per SF</u> <u>Weighted Point Score</u> (x)
1	\$10.94	3.6	\$3.04
2	8.36	3.2	2.61
3	8.35	3.1	2.69
4	4.32	2.9	1.49
5	5.30	3.2	1.66
6	7.53	3.0	2.51
7	5.90	2.8	<u>2.11</u>
TOTAL			\$16.11

$$\text{Central Tendency} = \frac{\sum x}{n} = \frac{16.11}{7} = 2.30$$

$$\text{Dispersion} = \sqrt{\frac{\sum (x - \bar{x})^2}{(n-1)}} = \sqrt{\frac{1.9417}{6}} = .569$$

where:

x		\bar{x}		$(x - \bar{x})$	$(x - \bar{x})^2$	n	n-1
3.04	-	2.30	=	.74	.5476	7	6
2.61	-	2.30	=	.31	.0961		
2.69	-	2.30	=	.39	.1521		
1.49	-	2.30	=	.81	.6561		
1.66	-	2.30	=	.64	.4096		
2.51	-	2.30	=	.21	.0441		
2.11	-	2.30	=	.19	.0361		
				$\sum (x - \bar{x})^2$	=	1.9417	

EXHIBIT 21 (Continued)

Value range: $x \pm \text{dispersion} = 2.30 \pm .57$

<u>Gross</u> <u>Building</u> <u>Area</u>	x	<u>Weighted</u> <u>Point</u> <u>Score</u>	x	(Central Tendency \pm Dispersion)	=
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17,900 SF	x	3.1	x	(2.30 \pm .57)	=
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High Estimate of \$159,256 or \$160,000

Central Tendency of \$127,627 or \$130,000

Low Estimate of \$95,998 or \$100,000

All value estimates are rounded

determining the final price estimate. 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 conversion of an abandoned, deteriorated property into a viable economic enterprise carries with it a multiple of risks. The most probable price an investor will be willing to pay for the property will be dependent upon his perception of these risks. External influences on the most probable price include the degree of commitment by the City of Madison to implement plans to revitalize the East Wilson/Williamson Street area. This, in turn, will have an effect upon investor motivation to upgrade the 500 block to the northeast, a large portion of which is currently on the market. External influences on the most probable price also include the successful application of the subject for placement on the National Register of Historic Places as a historic landmark; the volatility of construction costs inherent in the rehabilitation of an older structure, which includes the potential higher costs required to qualify the rehabilitation expenditures for the 25 percent rehabilitation tax credit; the

willingness of the City to assist the developer by providing lower-cost financing, and/or a write down on the purchase of the property; the cash position of the seller; the willingness of the middle and upper/middle income young professional to move into this area; and the ability of management to capture an adequate segment of this residential market.

The external factors which will have the most immediate effect upon the movement of the most probable price above or below the central tendency of \$130,000 include the cash position of the seller, the attitude of the City development agencies, at the moment, and the relative alternatives available to the professional developer for acquisition of this type of property, as of the moment. The latter could be romanced by the design and tax potential of the property since other candidates for large scale rehabilitation are currently in short supply; hence, buyers may pay a premium unless they correctly perceive the marketing risks inherent in overcoming the current bowery image before the future of the 500 block is known. The City has expansive hopes for the area, but City administrators may be overly sensitive to political criticism for providing adequate subsidies which, in turn, would insure the economic viability of rehabilitation projects in the area. This possibility will lead experienced developers to factor in

a discount for inordinate time delays in securing some sort of financial subsidy.

The seller has already received substantial cash proceeds and has other legal pressures to want to cash out. On balance, given the desire of the City power structure for well-designed, affordable housing in the close proximity of the downtown area, the present nature of the political components in the City will encourage developers to bid a premium for the opportunity to rehabilitate older property which has potential historic landmark status if the project can be structured to shift some of the risks, in the long run, to the City and to tax investors.

Therefore the most probable price will be slightly above the central tendency of \$130,000, say \$140,000 or \$7.80 per square foot of gross building area.

E. Test of Preliminary Most Probable 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 and after tax yield forecast (modified internal rate of return) is used to test the value estimate of \$140,000 based upon the adaptive reuse proposed in Scenario #4 for 16 two bedroom

apartments, office (or quality restaurant use to insure the historic landmark designation), and six parking stalls. Financing parameters, capital outlays, and investor requirements are also taken from Scenario #4. (See Exhibit 8.)

The estimated capital outlay of \$630,000 plus the estimated purchase price of \$140,000 represent the initial acquisition cost of \$770,000. The effective gross rental revenue is assumed to increase slowly but gain in momentum as the neighborhood image changes and there is more favorable acceptance of the area. The property value is assumed to increase in value at the average rate of 3 percent per year as other capital improvements made in the area continue to upgrade its character and acceptability during the next five years.

The first year cash on cash of almost 3 percent, the average debt cover ratio of 1.2 (1.13 in year one), a before tax modified internal rate of return of 11.4 percent, and an after tax modified internal rate of return of 12.6 percent are within the lower range of investor acceptability. (See Exhibit 22.)

Though the subject property is not currently on the National Register of Historic Places, the probability is high that this designation will be made. When the same assumptions are used in a second run of the same computer program, but this time with the landmark designation assumed to be in place, the

EXHIBIT 22

TEST OF MOST PROBABLE PRICE ESTIMATE
WITHOUT LANDMARK DESIGNATION

INPUT ASSUMPTIONS

1. ENTER PROJECT NAME ? CARDINAL HOTEL
 2. ENTER PROJECTION PERIOD ? 5
 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? 78926
N.O.I. YEAR 2? 80505
N.O.I. YEAR 3? 82920
N.O.I. YEAR 4? 86236
N.O.I. YEAR 5? 90548
 4. ACQUISITION COST: ? 770000
 5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 470133, .145, 25. 12
 6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .9, 15
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)
? .5, .5
 9. RESALE PRICE (NET OF SALE COSTS) ? 885500
 10. IS THERE LENDER PARTICIPATION ?N
 11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 13
 12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 13

EXHIBIT 22 (Continued)

AFTER TAX CASH FLOW PROJECTION
 CARDINAL HOTEL
 DATE 7/20/82

DATA SUMMARY

ACQUISTN COST: \$770,000. MTG. AMT.: \$470,133.
 NOI 1ST YR: \$78,926. MTG. INT.: 14.5%
 ORG. EQUITY: \$299,867. MTG. TERM: 25. YRS
 CTO 1ST YEAR: \$8,848. DEBT SERVICE 1ST YEAR: \$70,078.
 MTG. CONST.: .14905958
 IMP. #1 VALUE: \$693,000. IMP. #1 LIFE: 15.
 INC. TX RATE: 50%
 SALE YR RATE: 50% OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 :
 RESIDENTIAL PROPERTY

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

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS PROVIDED BY LANDMARK RESEARCHING 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.	78926.	68037.	46200.	-35312.	-17657.	26505.
2.	80505.	67721.	46200.	-33417.	-16709.	27136.
3.	82920.	67355.	46200.	-30636.	-15319.	28161.
4.	86236.	66933.	46200.	-26898.	-13450.	29608.
5.	90548.	66446.	46200.	-22099.	-11050.	31520.
	-----	-----	-----	-----	-----	-----
	\$419135.	\$336493.	\$231000.	\$-148362.	\$-74185.	\$142931.

EXHIBIT 22 (Continued)

RESALE PRICE: \$885,500.
 LESS MORTGAGE BALANCE: \$456,237.
 PROCEEDS BEFORE TAXES: \$429,264.
 LESS LENDER'S %: \$0.
 NET SALES PROCEEDS
 BEFORE TAXES: \$429,264.
 =====

1ST YR B4 TAX EQ DIV: 2.9507%
 AVG DEBT COVER RATIO: 1.1962

RESALE PRICE: \$885,500.
 LESS LENDER'S %: \$0.
 NET RESALE PRICE: \$885,500.
 LESS BASIS: \$539,000.
 TOTAL GAIN: \$346,500.
 LESS EXCESS DEPREC.: \$0.
 CAPITAL GAIN: \$346,500.
 =====

CAPITAL GAINS TAX: \$69,300.
 PLUS EXCESS DEP TAX: \$0.
 PLUS MORTGAGE BAL: \$456,237.
 TOTAL DEDUCTIONS FROM
 NET RESALE PRICE: \$525,537.
 =====

NET SALES PROCEEDS
 AFTER TAX: \$359,964.
 =====

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$885,500.
 THE MODIFIED I.R.R. BEFORE TAXES IS 11.3740% AND AFTER TAXES IS 12.6205%
 ASSUMING AN AFTER TAX REINVESTMENT RATE OF 13%, AND OPPORTUNITY COST OF 13%

EXHIBIT 22 (Continued)

DEPRECIATION SCHEDULE
CARDINAL HOTEL
IMPROVEMENT # 1

RESIDENTIAL

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	46200.0	46200.0	.0	646800.0
2.	46200.0	46200.0	.0	600600.0
3.	46200.0	46200.0	.0	554400.0
4.	46200.0	46200.0	.0	508200.0
5.	46200.0	46200.0	.0	462000.0

	=====	=====	=====
TOTAL	231000.0	231000.0	.0

MORTGAGE ANALYSIS
CARDINAL HOTEL

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	78926.	68037.	2041.	70078.	1.126	468092.
2.	80505.	67721.	2357.	70078.	1.149	465735.
3.	82920.	67355.	2722.	70078.	1.183	463013.
4.	86236.	66933.	3144.	70078.	1.231	459868.
5.	90548.	66446.	3632.	70078.	1.292	456237.
AVG	\$83,827.				1.196	

EQUITY ANALYSIS
CARDINAL HOTEL

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN ORG EQ	CUR EQ
1.	\$78,926.	\$301,908.	\$8,848.	.0295	.0293
2.	80,505.	304,265.	10,427.	.0348	.0343
3.	82,920.	306,987.	12,842.	.0428	.0418
4.	86,236.	310,132.	16,158.	.0539	.0521
5.	90,548.	313,763.	20,470.	.0683	.0652

ORIGINAL EQUITY: \$ 299867

after tax modified internal rate of return is a more favorable 21.7 percent. See Exhibit 23.

EXHIBIT 23

TEST OF MOST PROBABLE PRICE ESTIMATE
WITH LANDMARK DESIGNATION

INPUT ASSUMPTIONS

1. ENTER PROJECT NAME ? CARDINAL-LANDMARK
2. ENTER PROJECTION PERIOD ? 5
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? 78926
N.O.I. YEAR 2? 80505
N.O.I. YEAR 3? 82920
N.O.I. YEAR 4? 86236
N.O.I. YEAR 5? 90548
4. ACQUISITION COST: ? 770000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 470133, .145, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .08, 15
IS THERE A SECOND IMPROVEMENT? Y OR N? Y
ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .82, 15
ENTER REHABILITATION TAX CREDIT FOR IMP #2: 157500
IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?Y
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
DEPRECIATION METHOD, IMPROVEMENT #2 ? 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)
? .5, .5
9. RESALE PRICE (NET OF SALE COSTS) ? 885500
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 13
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 13

EXHIBIT 23 (Continued)

AFTER TAX CASH FLOW PROJECTION
 CARDINAL-LANDMARK
 DATE 7/20/82

DATA SUMMARY

ACQUISTN COST: \$770,000. MTG. AMT.: \$470,133.
 NOI 1ST YR: \$78,926. MTG. INT.: 14.5%
 ORG. EQUITY: \$299,867. MTG. TERM: 25. YRS
 CTD 1ST YEAR: \$8,848. DEBT SERVICE 1ST YEAR: \$70,078.
 MTG. CONST.: .14905958
 IMP. #1 VALUE: \$61,600. IMP. #1 LIFE: 15.
 IMP. #2 VALUE: \$631,400. IMP. #2 LIFE: 15.
 INC. TX RATE: 50%
 SALE YR RATE: 50% OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
 DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE
 RESIDENTIAL PROPERTY
 CERTIFIED HISTORICAL STRUCTURE
 LENDER PARTICIPATION: CASH THROW-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS PROVIDED BY LANDMARK RESEARCHING 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.	78926.	68037.	46200.	-35312.	-175157.	184005.
2.	80505.	67721.	46200.	-33417.	-16709.	27136.
3.	82920.	67355.	46200.	-30636.	-15319.	28161.
4.	86236.	66933.	46200.	-26898.	-13450.	29608.
5.	90548.	66446.	46200.	-22099.	-11050.	31520.
	-----	-----	-----	-----	-----	-----
	\$419135.	\$336493.	\$231000.	\$-148362.	\$-231685.	\$300431.

NOTE: 1ST YEARS TAX REDUCED BY \$157,500. FOR TAX CREDIT (IMP #2)

EXHIBIT 23 (Continued)

RESALE PRICE: \$885,500.
 LESS MORTGAGE BALANCE: \$456,237.
 PROCEEDS BEFORE TAXES: \$429,264.
 LESS LENDER'S %: \$0.
 NET SALES PROCEEDS
 BEFORE TAXES: \$429,264.
 =====

1ST YR B4 TAX EQ DIV: 2.9507%
 AVG DEBT COVER RATIO: 1.1962

RESALE PRICE: \$885,500.
 LESS LENDER'S %: \$0.
 NET RESALE PRICE: \$885,500.
 LESS BASIS: \$539,000.
 TOTAL GAIN: \$346,500.
 LESS EXCESS DEPREC.: \$0.
 CAPITAL GAIN: \$346,500.
 =====

CAPITAL GAINS TAX: \$69,300.
 PLUS EXCESS DEP TAX: \$0.
 PLUS MORTGAGE BAL: \$456,237.
 TOTAL DEDUCTIONS FROM
 NET RESALE PRICE: \$525,537.
 =====

NET SALES PROCEEDS
 AFTER TAX: \$359,964.
 =====

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$885,500.
 THE MODIFIED I.R.R. BEFORE TAXES IS 11.3740% AND AFTER TAXES IS 21.6858%
 ASSUMING AN AFTER TAX REINVESTMENT RATE OF 13%, AND OPPORTUNITY COST OF 13%

EXHIBIT 23 (Continued)

DEPRECIATION SCHEDULE
 CARDINAL-LANDMARK
 IMPROVEMENT # 1
 STRAIGHT LINE
 RESIDENTIAL

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	4106.7	4106.7	.0	57493.3
2.	4106.7	4106.7	.0	53386.7
3.	4106.7	4106.7	.0	49280.0
4.	4106.7	4106.7	.0	45173.3
5.	4106.7	4106.7	.0	41066.7
	-----	-----	-----	
SUB-TOTAL	20533.3	20533.3	.0	

DEPRECIATION SCHEDULE
 CARDINAL-LANDMARK
 IMPROVEMENT # 2
 STRAIGHT LINE
 RESIDENTIAL

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	42093.3	42093.3	.0	589306.7
2.	42093.3	42093.3	.0	547213.3
3.	42093.3	42093.3	.0	505120.0
4.	42093.3	42093.3	.0	463026.7
5.	42093.3	42093.3	.0	420933.3
	-----	-----	-----	
SUB-TOTAL	210466.7	210466.7	.0	
	=====	=====	=====	
TOTAL	231000.0	231000.0	.0	

EXHIBIT 23 (Continued)

MORTGAGE ANALYSIS
CARDINAL-LANDMARK

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	78926.	68037.	2041.	70078.	1.126	468092.
2.	80505.	67721.	2357.	70078.	1.149	465735.
3.	82920.	67355.	2722.	70078.	1.183	463013.
4.	86236.	66933.	3144.	70078.	1.231	459068.
5.	90548.	66446.	3632.	70078.	1.292	456237.
AVG	\$83,827.				1.196	

EQUITY ANALYSIS
CARDINAL-LANDMARK

BEFORE TAX EQUITY DIVIDEND					
YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN	
				ORG EQ	CUR EQ
1.	\$78,926.	\$301,908.	\$8,848.	.0295	.0293
2.	80,505.	304,265.	10,427.	.0348	.0343
3.	82,920.	306,987.	12,842.	.0428	.0418
4.	86,236.	310,132.	16,158.	.0539	.0521
5.	90,548.	313,763.	20,470.	.0683	.0652

ORIGINAL EQUITY: \$ 299867

V. VALUE CONCLUSION

The market comparison approach to value which uses cash or cash equivalent selling prices as benchmarks suggest a central tendency value estimate of \$130,000, rounded.

The transaction zone, as determined by the market comparison approach to value, is \$100,000 to \$160,000, and in the opinion of the appraiser, the current dependence of development on public subsidy and investor preference for rehabilitation tax credit suggest a premium of at least \$10,000 would be paid by the developer-packagers at this time for the Cardinal Hotel. Therefore the most probable price is \$140,000 or \$10,000 above the central tendency of \$130,000

The most probable selling price of \$140,000 is tested using the income approach in the form of a discounted cash flow program. A minimally acceptable 12.6 percent after tax modified internal rate of return is enhanced by the anticipation of the historic landmark designation which allows older structures a rehabilitation tax credit of 25 percent of the qualified improvement costs.

THEREFORE, THE MOST PROBABLE SELLING PRICE OF THE SUBJECT PROPERTY, AS OF JULY 20, 1982, IS:

ONE HUNDRED FORTY THOUSAND DOLLARS

(\$140,000)

assuming a cash sale for the seller, but financing in the form of a mortgage available to the buyer with a blended interest rate of 14.5 percent, a 25 year term, and debt cover ratio of 1.20.

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, and cost estimates must be considered preliminary.
- . 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 property for sale, rental, financing, or projections of income and expense 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 price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.
- . 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 for office, retail, restaurant, residential and transient hotel space 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 through 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 July 20, 1982, is:

ONE HUNDRED FORTY THOUSAND DOLLARS

(\$140,000)

assuming a cash sale for the buyer, but financing in the form of a mortgage available to the buyer with a blended interest

rate of 14.5 percent, a 25 year term, and a debt cover ratio of 1.20.

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

Jean B. Davis
Jean B. Davis, MS

August 18, 1982
Date

J A M E S A. G R A A S K A M P

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 AND PROFESSIONAL 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)
Urban Land Institute Trustee

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.

J E A N B . D A V I S

EDUCATION

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

Master of Arts - Elementary Education, Stanford University

Bachelor of Arts - Stanford University (with distinctions)

Additional graduate and undergraduate work at Columbia Teachers
College and the University of Wisconsin

PROFESSIONAL EDUCATION

Society of Real Estate Appraisers

Appraising Real Property	Course 101
Principles of Income Property Appraising	Course 201

American Institute of Real Estate Appraisers

Residential Valuation (formerly Course VIII)

Certified as Assessor I, Department of Revenue,
State of Wisconsin

PROFESSIONAL EXPERIENCE

With a significant background in education, practiced in California, Hawaii and Wisconsin, Ms. Davis is currently associated with Landmark Research, Inc. Her experience includes the appraisal and analysis of commercial and residential properties, significant involvement in municipal assessment practices, and market and survey research to determine demand potentials.

APPENDIX

ZONING CODE

Sec. 28.09(2)(b)

(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 establishments 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)
- X 13. Dwelling units and lodging units located above the ground floor not 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)

Sec. 28.09(2)(c)14.

ZONING CODE

14. Fire stations.
 15. Florist shops and conservatories employing not more than five (5) persons.
 - X 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)

ZONING CODE

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

Sec. 28.09(2)(d)8.b.

ZONING CODE

- 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)

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 Per Dwelling Unit	Type of Dwelling Unit
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)

ZONING CODE

(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.

(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)

ZONING CODE

Sec. 28.09(3)(b)2.

2. All business, servicing or processing, except for off-street parking, off-street loading, display and sale of farm produce and nursery stock, display of merchandise such as garden, lawn and recreation supplies and equipment for sale to the public, establishments of the drive-in type and outdoor eating areas of restaurants approved as a conditional use by the Plan Commission, shall be conducted within completely enclosed buildings. (Am. by Ord. 7019, 6-27-80)
3. 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 C2 district:

1. Accessory uses.
- × 2. Any use permitted in the C1 district.
3. Amusement establishments, including archery ranges, bowling alleys, dance halls, golf driving ranges, gymnasiums, pool halls, swimming pools, skating rinks and other similar indoor amusement facilities.
4. Antique shops.
5. Art galleries and museums.
6. Auction rooms.
7. Automobile accessory stores.
8. Banks and financial institutions.
9. Blueprinting and photostating establishments.
10. Business machine sales and service establishments.
11. (R. by Ord. 5638, 11-3-76)
12. Carpet and rug stores.
13. Catering establishments.
14. China and glassware stores.
15. Clothing and costume rental stores.
16. Coin and philatelic stores.
17. Convalescent homes and nursing homes, provided that the zoning lot shall be not less than one-half (1/2) acre and further provided that the side and rear yards as established in the R5 district are provided. Provided also that the intended use abuts on one side either:
 - a. A residential zoning district; or
 - b. A substantially permanent residential building in the commercial district.
18. Department stores.
19. Dry goods stores.
20. Employment agencies.
21. Exterminating shops.
22. Floor covering stores (linoleum and tile).
23. Florist shops and conservatories with no limitation on number of employees.
24. Fraternal, philanthropic and eleemosynary uses.
25. Furniture stores.
26. Furrier shops, including the incidental storage and conditioning of furs.
27. Hospitals and sanitariums.
28. Hotels and motels.
29. Household appliance stores, including radio and television sales and service.

Sec. 28.09(3)(c)30.

ZONING CODE

30. Interior decorating shops, including upholstering and making of draperies, slipcovers and other similar articles when conducted as part of the retail operation and secondary to the principal use.
 31. Jewelry stores, including watch repair.
 32. Laboratories--research, development and testing.
 33. Leather goods and luggage stores.
 34. Loan offices.
 35. Locksmith shops.
 36. Meat markets, including sale of meat and meat products to restaurants, hotels, clubs and other similar establishments when such sale is conducted as part of the retail business on the premises.
 37. Musical instrument sales and repair.
 38. Offices, business and professional.
 39. Office supply stores.
 40. Optical sales.
 41. Orthopedic and medical appliance and supply stores.
 42. Paint and wallpaper stores.
 43. Phonograph, record and sheet music stores.
 44. (R. by Ord. 7006, 6-6-80)
 45. Picture framing.
 46. Printing, publishing and bookbinding establishments.
 47. Radio and television studios and stations.
 48. Recording studios.
 49. Schools--music, dance, business or trade.
 50. Secondhand stores and rummage shops.
 51. Sewing machine sales and service, household appliances only.
 52. Sporting goods stores.
 53. Tailor shops.
 - x 54. Taverns, except adult entertainment taverns. (Am. by Ord. 6101, 1-6-78)
 55. Taxidermists.
 56. Telegraph offices.
 57. Theaters, indoor.
 58. Ticket agencies, amusement.
 59. Tobacco shops.
 60. Travel bureaus and transportation ticket offices.
 61. Typewriter and adding machine sales and service establishments.
 62. Undertaking establishments and funeral parlors.
 63. Upholstery shops.
 64. Water softener sales and service.
 65. Film developing and processing. (Cr. by Ord. 6226, 5-3-78)
 66. Wholesale magazine distribution agencies, provided the hours of operation are limited to 7:00 a.m. to 7:00 p.m., and further provided that none of the magazines handled by such agencies fall within the definition of materials handled by an adult book store as defined in Sec. 28.03(2). (Cr. by Ord. 6876, 1-17-80)
 67. Outdoor display and sale of farm produce and nursery stock. (Cr. by Ord. 7020, 6-27-80)
- (d) Conditional Uses. The following conditional uses may be allowed in the C2 district subject to the provisions of Section 28.12(10).
1. Any use allowed as a conditional use in the C1 district unless permitted in (c) above.

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Sec. 28.09(3)(d)2.

2. Outdoor eating areas of restaurants and/or outdoor areas of cabarets. (Cr. by Ord. 7472, 7-30-81)
3. Automobile laundries, provided that the Plan Commission shall first obtain a report and recommendations from the Traffic Engineer on traffic matters.
4. Boat showrooms, including accessory sales, and repairs of boats, motors, parts and equipment, provided that the Plan Commission shall find:
 - a. That adequate off-street parking exists on the site.
 - b. That all repair of boats, motors, parts and equipment, and all sales and storage of boats, motors, parts and equipment, shall be conducted and displayed within completely enclosed buildings.
 - c. That any such use shall be located not less than one hundred twenty (120) feet from any residence district boundary line.
5. Contractors or construction offices and shops and display rooms, such as building, cement, electrical, heating, ventilating and air conditioning, masonry, painting, plumbing, refrigeration and roofing, provided that all parking (other than automobiles), loading, display of merchandise and parking or storage of equipment and supplies shall be conducted within completely enclosed buildings.
6. Garages for repair and servicing of motor vehicles of not over one and one-half (1 1/2) tons capacity, but not including body repairs, painting or motor rebuilding, providing that the Plan Commission shall find:
 - a. That adequate off-street parking exists on the site for vehicles awaiting repairs, servicing or pickup.
 - b. That all other business and servicing shall be conducted within completely enclosed buildings.
 - c. That no permanent or temporary storage of wrecked vehicles or rental vehicles shall occur on the premises unless completely screened from view or within an enclosed building.
7. Storage and warehousing establishments, provided such gross floor area shall not exceed ten thousand (10,000) square feet, and further provided that the Plan Commission shall first obtain a report and recommendations from the Traffic Engineer on traffic matters.
8. Planned development-hospital facility, provided that the total site area shall be not less than one and one-half (1 1/2) acres and further provided that the site may consist of two (2) or more zoning lots separated only by a public right-of-way where authorized by the Plan Commission.
9. Drive-in establishments.
10. Bus terminals and bus turnaround areas, provided direct vehicular access is to a major traffic route and further provided the location is not in conflict with adopted plans.
11. Small machine shop, provided that no individual machine used in the shop exceeds one thousand two hundred (1,200) pounds, that no welding, forging or casting is conducted on site, that there shall be not more than five (5) shop employees, that the hours of operation shall be limited to the hours between 7:00 a.m. and 9:00 p.m., and that finished products shall not exceed twenty-five (25) pounds in weight.

Sec. 28.09(3)(d)12.

ZONING CODE

12. Business community parking lot for operable passenger automobiles of persons employed full time within the immediate neighborhood, provided:
 - a. That such parking lot shall be located outside the central area.
 - b. That no building shall be located on such lot.
 - c. That at least eighty percent (80%) of the parking spaces located on such lot shall be leased on a monthly basis to persons employed full time in buildings within one thousand (1,000) feet walking distance from such parking lot.
 - d. That the site shall not abut residentially zoned property.
 - e. That the Traffic Engineer shall, prior to the approval of such lot, submit a report and recommendations regarding traffic and parking needs and conditions within the area.
 - f. That such lot contains a setback area which will be planted and landscaped and which conforms to screening regulations.
13. Trailer rental, for use with private passenger motor vehicles. (Cr. by Ord. 4755, 10-24-74)
14. Automobile rental agencies provided direct vehicular access is to the heavy traffic route system. (Cr. by Ord. 5092, 7-29-75)
15. Sales of motorcycles, provided that the Plan Commission shall find:
 - a. That adequate off-street parking exists for motorcycles and automobiles.
 - b. That all sales and service be conducted within completely enclosed buildings.
 - c. That screening, landscaping, lighting and signs are appropriate to the location.

(Sec. 28.09(3)(d)15. Cr. by Ord. 5515, 6-25-76)

16. Automobile sales establishments in abandoned automobile service station sites provided that the Plan Commission shall find:
 - a. That there is adequate screening and landscaping, including between the site and residential uses.
 - b. That no permanent or temporary storage of vehicles in disrepair shall occur on the premises unless within a completely enclosed building.
 - c. That the site fronts on either a street designated as an arterial street or on a frontage road adjacent to a designated arterial street.
 - d. That illumination of the site does not adversely affect adjacent properties.
 - e. That signs shall conform to the size limitation of the R5 residential district if the site is opposite or adjoining residential property.
 - f. That the hours of operation shall be limited to 8:00 a.m. to 8:00 p.m.

(Sec. 28.09(3)(d)16. Cr. by Ord. 5533, 7-13-76)

- 7 17. Adult entertainment establishments, subject to the following conditions:
 - a. All exterior windows in any premises occupied by such establishment shall be blackened to the extent necessary to make them opaque.
 - b. No such establishment shall be located within five hundred (500) lineal feet of a church, or a private or public elementary, secondary or vocational school, or a public park, or within five hundred (500) lineal feet of any residence district.

ZONING CODE

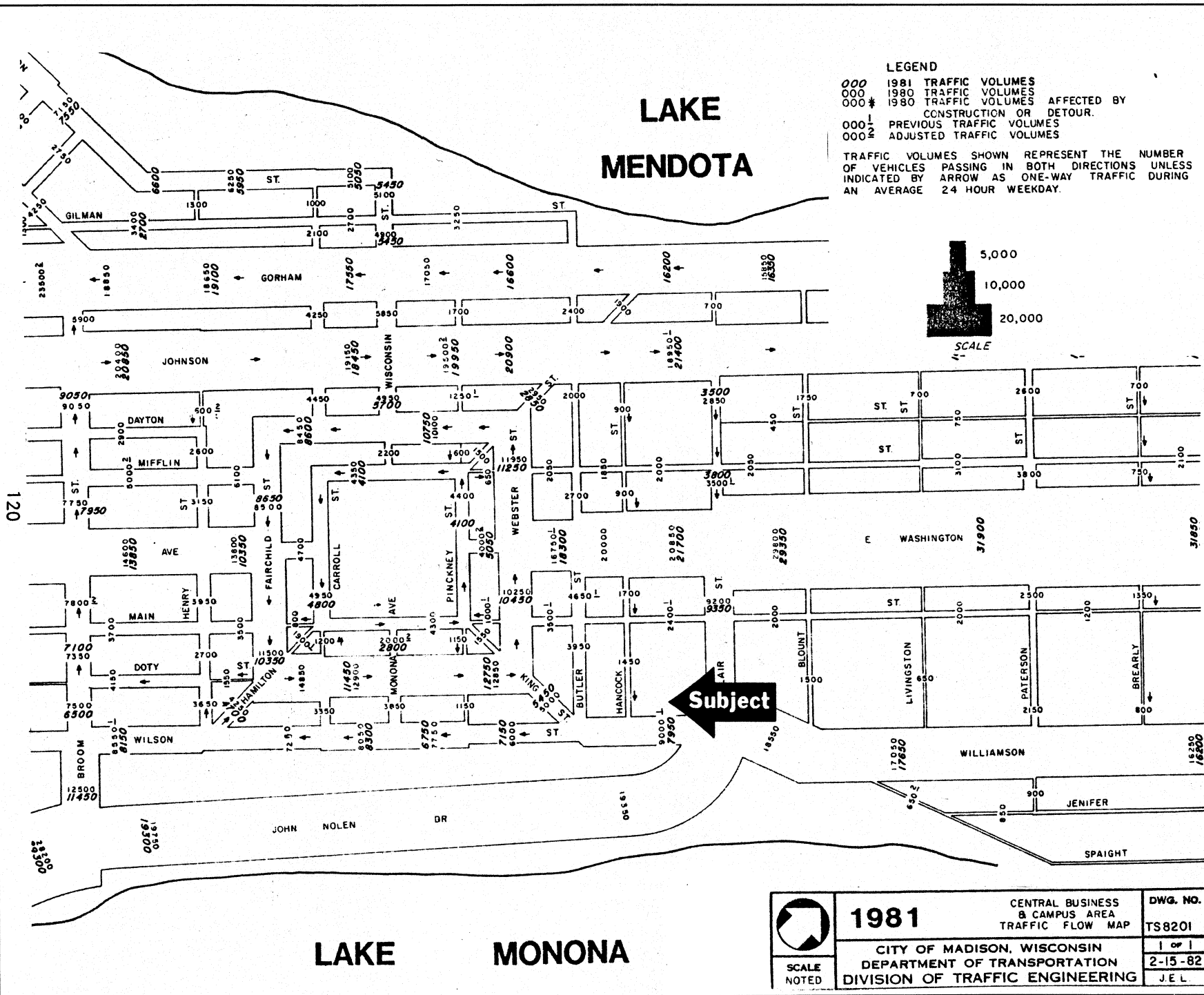
Sec. 28.09(3)(d)17.c.

- c. Such establishment may have only one (1) nonflashing business sign, which sign may only indicate the name of the business and identify it as an adult entertainment establishment.
(Sec. 28.09(3)(d)17. Cr. by Ord. 5711, 12-28-76)
- 18. Attendant or metered automobile parking facilities solely for the short term (3 hours or less) use of patrons and other visitors of retail, service, office, cultural and recreational uses in the vicinity of the State Street Mall and Capitol Concourse provided:
 - a. That such lot is within three hundred (300) feet of the limits of the C4 Central Commercial District, and
 - b. That such lot contains a setback area which will be planted and landscaped and which conforms to screening regulations, and
 - c. That the Traffic Engineer shall, prior to the approval of such facility, submit a report and recommendation regarding traffic and parking conditions within the area, and
 - d. That such lot, at its location, does not defeat the adopted objectives and policies of the City nor the purposes of the zoning district, and
 - e. That no residential building shall be located on such lot.
(Sec. 28.09(3)(d)18. Cr. by Ord. 5905, 7-7-77)
- 19. Bakeries with more than eight (8) employees or selling at other than retail provided:
 - a. That adequate off-street parking and loading exists on the site.
 - b. That the hours of operation shall be established after consideration of the occupants of adjacent properties.
(Cr. by Ord. 5982, 9-30-77)
- 20. Model homes or garage displays. (Cr. by Ord. 6971, 4-30-80)
- 21. Physical culture and health services, reducing salons, masseurs and public baths, subject to the following conditions:
 - a. The identity, including officers and agent of any corporation and all partners in a partnership, of the owner of the building and any lessee of the portion of the building so used shall be filed with the Zoning Administrator. A copy of any lease involved shall be filed with the Zoning Administrator. Changes in any of the above information shall be reported within ten (10) days of the change to the Zoning Administrator.
 - b. The person seeking the conditional use permit shall provide, in writing, a full and detailed description of the proposed business as part of the application and shall update such description as changes occur.
 - c. The intimate parts, as that term is defined in Sec. 939.22(19), Wis. Stats., of employees shall be covered with opaque material at all times.
 - d. For public baths only, no employee shall be present with any patron in any hot tub, sauna, steam room or whirlpool except in an emergency. The occupant shall permit inspection of facilities by the City Health Division during regular business hours.
 - e. The occupant shall not permit the violation of any law relating to commercial sexual activity.
 - f. Failure of compliance with any of these conditions or operation of the business in a manner other than as most recently described may be grounds for revocation of the conditional use permit.
(Cr. by Ord. 7006, 6-6-80)
- 22. Jail facilities. (Cr. by Ord. 7470, 7-30-81)

Sec. 28.09(3)(e)

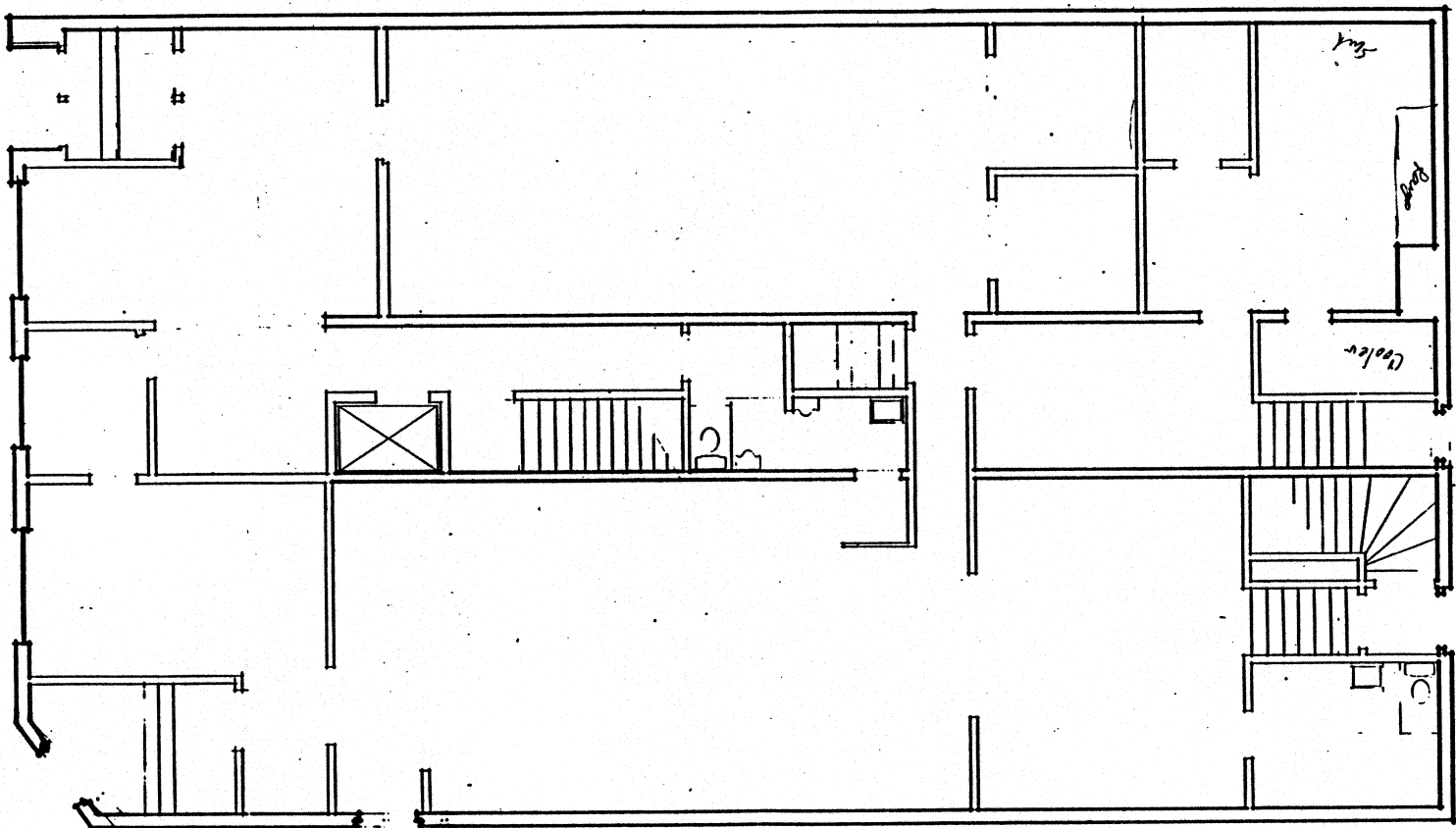
ZONING CODE

- (e) Lot Area Requirements. In the C2 district, the lot area requirements of the C1 district shall apply.
- (f) Floor Area Ratio. In the C2 district, the floor area ratio shall not exceed 3.0.
- (g) Yard Requirements. In the C2 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 abutting a street for a distance of at least twenty-five (25) 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 ten (10) feet in depth for buildings not exceeding one story in height, and thirty (30) feet for buildings exceeding one 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 C2 district, the usable open space requirements of the C1 district shall apply.
- (i) (R. by Ord. 5831, 5-6-77)
- (4) C3 Highway Commercial District.
 - (a) Statement of Purpose. The C3 Highway Commercial district is established to furnish the consumer population served by the C2 General Commercial district with a wide variety of goods and services, some of which are not compatible with the uses permitted in the C2 General Commercial district and thus not permitted therein. Within this district are permitted those uses which because of certain locational requirements and operational characteristics are appropriate to locations either in close proximity to major thoroughfares or in areas away from residences.



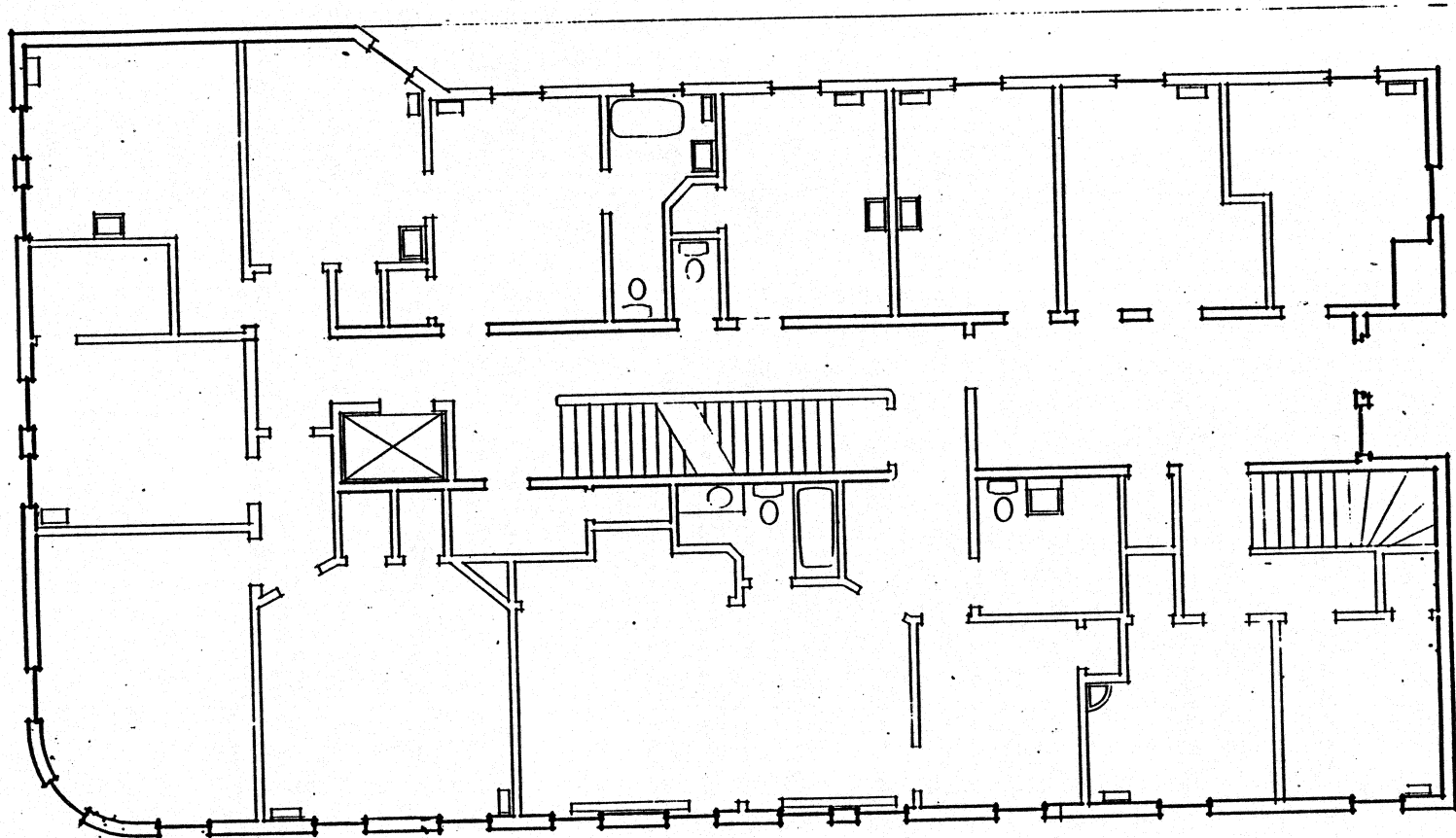
CARDINAL HOTEL

FLOOR PLAN SKETCHES OF EXISTING BUILDING



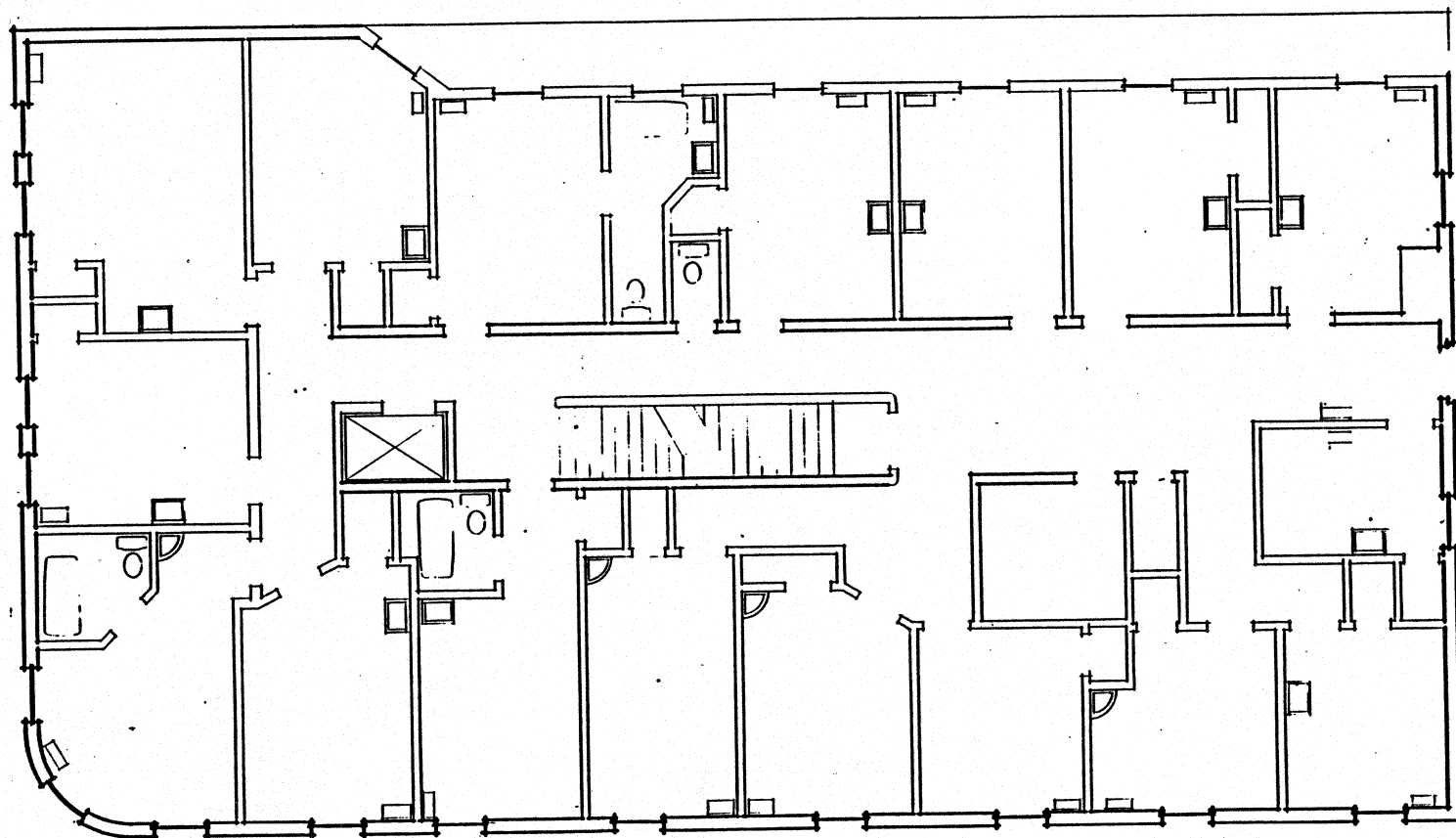
FIRST LEVEL PLAN
8'-0" x 12'-0"



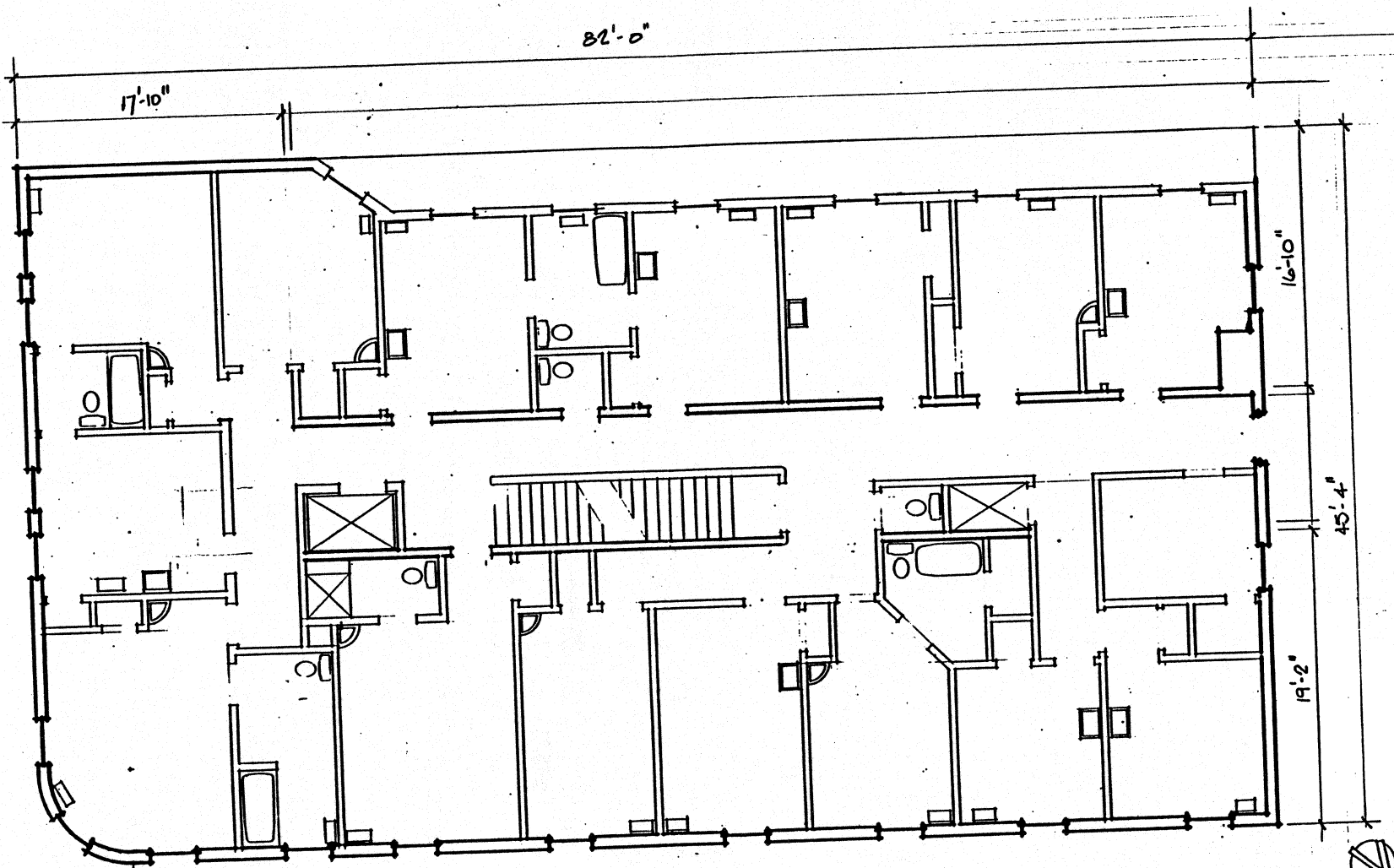


SECOND LEVEL PLAN





THIRD LEVEL PLAN

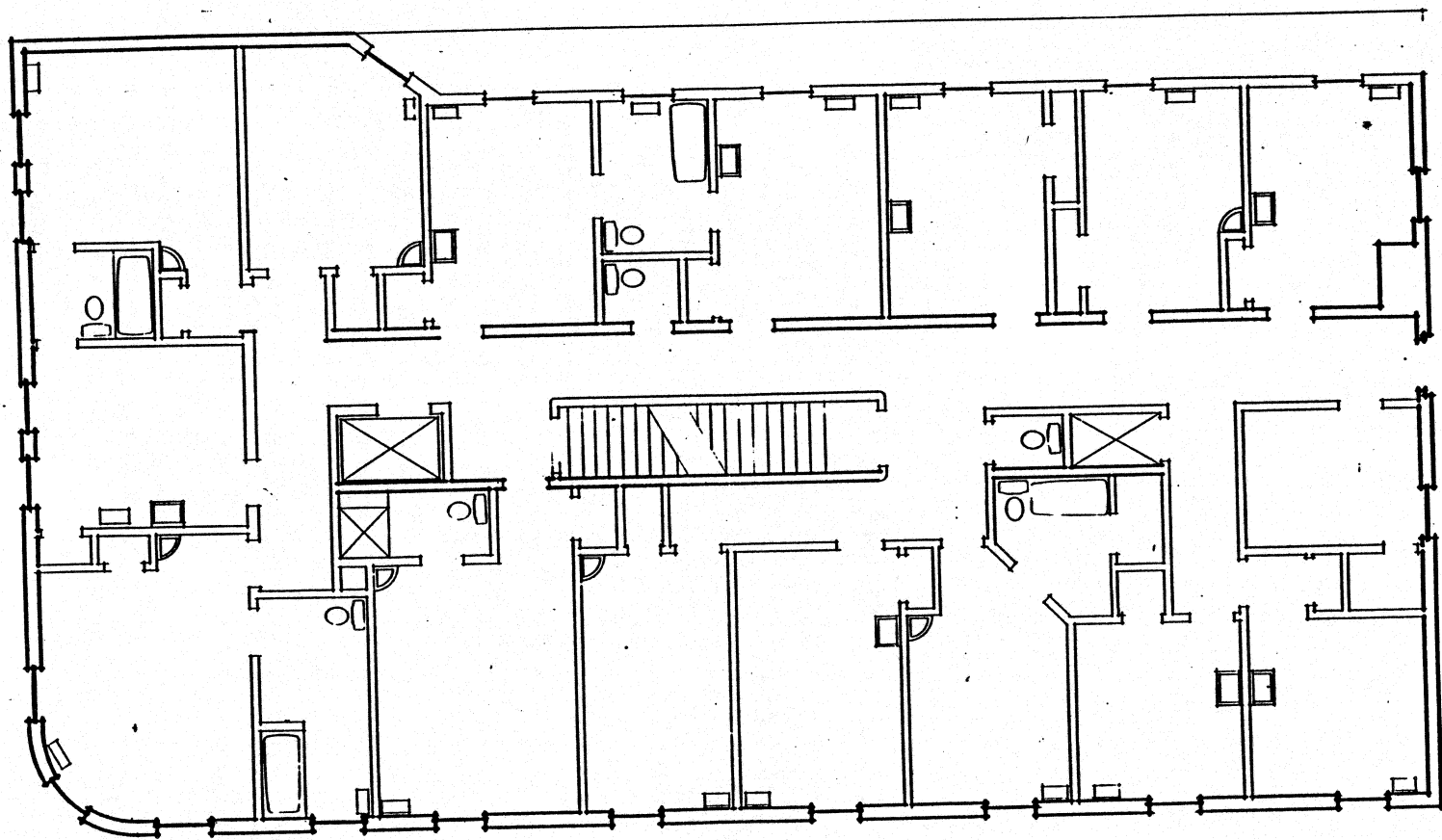


FIRST LEVEL PLAN

118

66

124



FIFTH LEVEL PLAN



