

REVITALIZATION-READY

Workbook How-to Manual



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Revitalization-Ready Workbook Manual



Purpose and Introduction

The [Revitalization-Ready Workbook](#) is provided as a companion to the Revitalization-Ready Guide to document, support and facilitate your community’s decisions surrounding assessing, cleaning up and reusing underutilized and/or abandoned properties that may be contaminated. This Manual is intended to provide information needed to complete the worksheets and to assist in the use of the Workbook.

The Workbook is designed to help you collect, input, and consolidate important site information to support your local economic, equitable and environmental reuse goals. The Workbook contains a series of worksheets that follow a process outlined in the [Revitalization-Ready Guide](#) for evaluating a brownfield property and identifying actions needed to bring it back to productive reuse. The information gathered via the worksheets will shed light on the strengths and weaknesses of a particular property, allowing your community to determine which potential site reuses are:

- Legally permissible
- Physically possible
- Maximally productive
- Financially feasible

Please note that the Revitalization-Ready Workbook cannot replace a formal property appraisal or financial analysis.

Understanding the Revitalization-Ready Workbook

The Revitalization Ready Workbook is an important component of the planning process outlined in the Revitalization Ready Guide designed to help your community identify and consider potential reuse options for the contaminated, potentially contaminated, idle and underused properties in your city or town. The Workbook identifies and documents relevant information to address the key questions and other factors to be considered and evaluated in each of the key steps outlined in the Guide:

- Community Needs Assessment – to understand which property uses can best serve the broader social and economic interests of the surrounding community.
- Reuse Assessment – to collect property-specific information to identify which attributes or characteristics are redevelopment strengths or weaknesses. Summarizing these key findings helps you develop a realistic reuse plan with a greater opportunity for success.
- Reuse Plan – to use the key findings and other reuse assessment information to look at a range of desired redevelopment scenarios and build a realistic vision for the reuse of the property.
- Reuse Implementation Strategy – to outline the approach to obtain regulatory approvals, determine property disposition, evaluate liability assumption or transfer, and implement the redevelopment plan.
- Reuse Implementation – to identify the key issues that can help or hinder the success of the reuse.

Information collected during each step of the evaluation will provide the information and data necessary to use the Workbook. A discussion of each of these steps can be found in the [Revitalization-Ready Guide](#).

Background Information: General Planning Considerations

Below is background information on general planning considerations that guide the evaluation of a property and its potential for reuse. This information may be considered in determining which land uses are potentially appropriate for a particular property.

This information is typical of the land uses identified, but it is not representative of all land uses or end users. Your community can use this information when entering data into the Workbook or in completing the Redevelopment Planning Exercise.

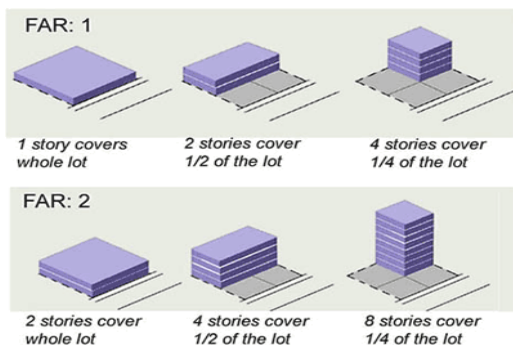
Property Characteristics

Property characteristics determine what and how much can be built on a parcel of land. The following general guidelines will help in calculating the size of a potential development:

Property Size: One acre = 43,560 square feet (SF) of land

Density

Density can be accomplished by building a footprint and determining the number of floors. The following graphic depicts the ways density can be achieved via floor area ratio (FAR).



Parking

Each parking space requires about 300 SF of land. This amount includes 200 (10 x 20) SF for actual parking and another 100 SF for turning, access, curbs etc. The amount of parking needed is directly related to the type of land use. Most local land use regulations specify the amount of parking required. On mixed-use properties, parking spaces can be shared by the different land uses depending on the number of occupants likely to be on-site at one time.

Land Use/Real Estate Considerations

Capitalization Rates

Capitalization (cap) rates are used to estimate an investor's potential return on their investment. Cap rates reflect risk; the higher the cap rate, the greater the risk the project will have a lower return back to the investor.

Cap rates vary by type of property and the current economic climate. In volatile markets, cap rates fluctuate regularly. Contact your local commercial real estate office for cap rates applicable to your project.

Housing/Residential

The two broad, primary categories within the housing market are single-family (usually owner occupied) and multi-family housing (usually rental, but sometimes condominium). Multi-family housing units include townhouses, and garden style and multi-story apartments. Demand for housing generally

increases because of population and job growth. Demand also may be affected by housing prices in surrounding communities. For example, if housing prices increase dramatically in one market, that may create higher demand for lower cost housing in another market. Demand for specific types of housing may exist even when the overall housing market is stagnant.

Housing submarkets may be tied specifically to community demographics. Student housing is tied to local universities and colleges, elderly housing is tied to aging populations, and affordable housing is directly related to income levels and available subsidies.

Office/Commercial

The office space market may include service firms (i.e., finance, insurance, real estate, law, architecture and engineering), technology, healthcare or medical, corporations and businesses, and government offices.

The demand for office space is directly related to the production of goods or services in the local, regional or national economy. Demand increases when the number of firms increases, the number of employees increases, or the amount of space needed per employee increases. These increases are generally related to economic, population, and/or income growth. Therefore, understanding the economic trends of the region is important to determining potential for growth in office space.

Space requirements per office worker vary by the specific industry and end user. A general rule has been 400 SF of total building space per employee working on-site. Office uses generally require three or four parking spaces per 1,000 SF of office space.

Industrial

Industrial space can be divided into three primary types of space: manufacturing, research and development, and flex space. Demand for manufacturing is often driven by access to raw materials and the availability of a workforce. Lease rates for industrial properties may vary within a single market, as will demand.

Typical building sizes and parking requirements are:

Small to mid-size flex space	5,000 – 25,000 SF
Mid-size to large manufacturing space	25,000 - 100,000 SF
Large manufacturing space/campus	100,000 SF and larger
Parking	1 space/1,000 SF
Truck parking	2 truck spaces (1,000 SF) per dock

Warehouse Distribution

Warehouse distribution space includes warehousing, fulfillment, shipping and logistics operations. The trade of goods, transportation networks, population density and available land all drive the demand for warehouse space. Lease rates for warehouse space may vary within a single market, as will demand.

Typical building sizes and parking requirements are:

Last-mile and mid-size warehouse/fulfillment	50,000 – 100,000 SF
Large warehouse/distribution center	100,000 – 500,000 SF
Major regional logistics center	500,000 - 1,250,000 SF
Parking	1 space/3,000 SF
Truck parking	2 truck spaces (3,000 SF) per dock

Energy Uses

Power generation, energy distribution and other related energy uses are specific submarkets considered heavy industrial. From a zoning perspective, energy uses generally fall under industrial land use regulations. However, there are several reasons to consider energy uses as a separate land use category.

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State and federal incentives often exist for power generation, specifically renewable energy such as wind, solar, biopower or geothermal. These incentives are beyond traditional incentives available to industrial developments.

Natural resources, land formation and access to the power grid are critical to a site's viability for energy use. Sites without these resources may be appropriate for industrial uses, but not viable for power generation.

Retail Uses

Parking 5 spaces per 1,000 SF of retail space

Single user retail properties:

Drug store/pharmacy	10,000 – 15,000 SF, 0.5-3 acres Population of 10,000-20,000 people within 3 miles
Grocery store	35,000 – 60,000 SF, 4-10 acres Population of 30,000-50,000 people within 5 miles Must be able to capture 10 percent of the market
Specialty food markets	8,000 – 17,000 SF
Office supply chain store	25,000 SF
Big box retail	Minimum traffic counts of 50,000 cars per day
Warehouse clubs	125,000 – 200,000 SF
Home improvement warehouse	110,000 SF

A **convenience center** provides for the sale of personal services and convenience goods. It generally contains a minimum of three stores, with a total gross leasable area of up to 30,000 SF. A convenience center typically has an anchor of some type of personal/convenience service, such as a minimarket or drugstore.

Boutique retail refers to smaller, non-chain retail and can range from highly fashionable shops to those that service a marina. Boutique retail can include non-chain restaurants.

A **neighborhood center** provides for the sale of convenience goods (e.g., foods, drugs and sundries) and personal services (e.g., laundry and dry cleaning, barbering, shoe repairing) for the day-to-day living needs of the immediate neighborhood. It may include a restaurant. It is typically built around a principal supermarket tenant, and usually has a gross leasable area of about 60,000 SF. In practice, it may range in size from 30,000 to 100,000 SF.

A **movie theater** (three to 20 screens) generally requires a population of 20,000 to 60,000 residents. The building will range from 5,000 to 40,000 SF on four to 10 acres of land. Movie theaters can share space within retail centers.

A **regional center** provides general merchandise, apparel, furniture and home furnishings in depth and variety, as well as a range of services and recreational facilities. It is built around one or two full-line department stores of generally not less than 50,000 SF, although there are exceptions in small communities. The typical size is about 500,000 SF of gross leasable area; in practice, it may range from 250,000 to more than 900,000 SF. A **super regional center** is built upon three or more large anchors and is often one million or more SF gross leasable area. There are varieties of large shopping centers that do not have the traditional department store anchors or indoor malls.

There are varieties of large shopping centers that do not have the traditional department store anchors or indoor mall. Big box or power center refers to freestanding, 100,000+ SF stores, with three or more in a power center. A super-community/community retail center refers to one or

more buildings ranging from 100,000 to 500,000 or more total gross leasable area. Often these centers feature a discount department store such as Walmart or Target.

Highway commercial properties consist of retail and commercial uses attractive to a broader market within a regional highway system. They may include one of the retail centers described above, as well as a movie theater, recreational center, or other regional draw. They often include national chain restaurants or hotels that draw customers from highway traffic.

Restaurants and other food services can be defined as a retail, commercial or hospitality use, depending on the type of establishment. If a community is considering a site for a restaurant or food service use, it should first determine the most viable real estate use for that site (e.g., retail), then determine the most appropriate type of restaurant or food service use.

Hotel, Hospitality and Entertainment

Hotels can be aimed at accommodating tourists and travelers, or servicing nearby businesses. Hotels geared toward the business market require approximately 1,000,000 SF of nearby office space per 100 rooms. This size hotel requires at least five acres of land. Hotel rooms average 1,000 SF per room, which encompasses guest rooms, restaurants and common areas.

Hotels and restaurants targeting tourists are generally located within a strong tourism market, near tourist destinations, or along key transportation routes. Similarly, hospitality venues are often located near colleges and universities, near religious and cultural institutions, and along major highways.

Income for hotels is based upon the per-night charge per room and the expected occupancy rate per year, as well as restaurant and conference business. Occupancy rates may vary between weekdays and weekends depending on the targeted clientele. Occupancy rates may be seasonal, and such variations should be considered when running a financial pro forma.

Parking requirements for hotels vary, but generally require two spaces per room. Highway hotels, targeting single-night guests, generally require one space per room. A hotel with meeting and convention space requires considerably more (two or three spaces) per room.

Mixed Uses

Mixed-use development is a real estate project with a combination of retail, office, residential, hotel, recreation or other uses, and can include both large and small projects. Many mixed-use developments are pedestrian and/or transit oriented. Rising land prices, a desire for walkability and existing infrastructure at infill sites have been driving forces towards mixed-use developments.

Revitalization Ready Workbook

The Revitalization Ready Workbook consists of 14 property-related worksheet tabs in one Excel workbook. Each worksheet consolidates relevant information and/or guides data collection in order to help your community compare the viability of different reuse options.

The Workbook will not lead your community to a single viable land use. Rather, the Workbook will highlight strengths and weaknesses associated with specific land uses and allow you to compare the relative viability of land uses against one another. Questions presented in the worksheets are scored to identify specific site attributes that:

- contribute to the strength of the property,
- detract from the strength of the property, or
- are either neutral or non-applicable to the potential land use.

Answers identified as “**Not Viable**” flags an issue or concern that is likely to remove a potential land use from further consideration.

A note of caution regarding land uses identified as Not Viable: The Workbook allows you to assign “**Not Viable**” to land uses that are incompatible with the community’s vision for a particular property (e.g., Land Use Characteristics Tab: Line 54, and Demographics Tab: Line 153). However, a community’s vision for a property may not be supported by market conditions. **We encourage you to answer all data-driven questions and view the results of the Revitalization-Ready Workbook before answering questions as Not Viable.**

All questions that directly affect the Workbook scoring are noted in this Manual. Questions that do not show scoring rationale in the Manual are not scored directly. **Responses to non-scored questions provide valuable background information that is critical to planning a site reuse.** Carefully considering and discussing the answers to non-scored questions will help your community’s planning process.

In many instances the Workbook will ask you to answer a subjective question by reviewing your responses to previous data-driven questions. If data are unavailable, however, you can still respond to the subjective questions based on your best professional judgment and knowledge of the local real estate market, economy and demographics.

The following subsections identify the questions associated with each worksheet. **Please refer to this Manual for guidance when collecting and entering data into each worksheet.** The beginning of each subsection provides guidance on likely data sources in the community and region.

1. Stakeholders

The Revitalization-Ready Workbook provides a template on the Stakeholders worksheet to document stakeholders and their roles in the revitalization process.

A successful reuse strategy requires the involvement and commitment of a diverse group of stakeholders. Stakeholders may be involved throughout the project or may be brought in periodically to support certain aspects of the project.

The Revitalization-Ready Guide discusses groups of stakeholders. To sponsor and move a revitalization project forward, a Brownfields Advisory Group is often formed to develop and implement the reuse strategy. In addition to the Brownfields Advisory Group, typically a Stakeholder Committee is formed to provide the expertise needed for the Brownfields Advisory Group to conduct the reuse evaluation.

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A Stakeholder Committee consists of stakeholders with a diverse range of knowledge and expertise willing to meet on a regular and ongoing basis throughout the evaluation process and implementation of the strategy. The Stakeholder Committee provides advice and expertise to the Brownfields Advisory Group on technical issues, policies and procedures related to the evaluation and implementation of the reuse strategy.

Project Name/Identifier

Enter a short name for your project. This project identifier will be added to each subsequent worksheet for this project.

Stakeholder Name

Enter the name of the organization or individual. The stakeholder list should include individuals or organizations identified as part of the Brownfields Advisory Group and the Stakeholder Committee. For organizations, provide the name of the individual representing the organization and the organization name.

Stakeholder Category

Identify the type of group the stakeholder is associated with. A drop-down box provides the following list of categories:

Property Owner	NGO/Nonprofit Organization	Legal Support
Developer/Developer Team	Public Sector Other	Local Business
Equity Investor (fund or a wealthy investor)	Investors	Business Organization
Potential Buyers	Lenders	Educational Institutions
Local Government	Insurers	Real Estate Professional
Regional Government	Private Sector Other	Religious Organizations
Neighborhood Associations	State and Federal Regulators	Other
Community Groups	Environmental Support	

Stakeholder Type

Identify the type of stakeholder. An **Advisor** or a **Stakeholder** can be selected from the drop-down box. If a stakeholder is a member of the Brownfields Advisory Group, select Advisor. If a stakeholder is a member of the Stakeholder Committee, select Stakeholder.

Contact Information

Document the preferred contact information for each stakeholder. Enter a mailing address into the Address column, a phone number into the Phone column, and an email address into the Email column. For organizations, provide the name of the individual representing the organization and their contact information.

2. Goals

The Goals worksheet is a template to help you summarize basic information and considerations to support the development of goals and objectives for the project. As part of developing goals, start by responding to the questions in the template. These are intended to help organize your thoughts and provide an outline for the goal statement.

It is important to clearly articulate the goals and objectives for the project. A clear understanding of the goals and objectives provides the basis for evaluating your community's involvement in the reuse of a brownfield or underutilized property. Developing goals and objectives is an opportunity to identify and understand the implications of any limitations, biases or other considerations that will impact the evaluation and implementation of a reuse strategy.

Craft your goals and objectives as a brief statement that describes the purpose and anticipated outcome for the project. Keep in mind that the goal statement is a living document and should be revised as appropriate during the evaluation process.

3. Property Inventory

The Property Inventory worksheet helps you document the information and facts regarding the specific property and parcel(s) that are being evaluated. The information in this tab provides an overview of the facts and status of the property. Most cells are self-explanatory. A site may consist of multiple parcels and in some cases, multiple properties with one or more parcels. Some of the information is specific to a parcel while other information may be unique to the property but common to the parcels associated with the property.

For purposes of this worksheet, a property is one or more parcels owned by a common entity. Common information should be carried over to parcels associated with a property. Parcel information associated with a property can typically be obtained online from the local tax assessment office. The following descriptions explain certain cells.

Property Identification and Address

Add the commonly used name for the property and the property's primary address, including town and state.

Tax Map Parcel Identification

Add the parcel number. A local tax assessment office typically assigns a parcel number to identify the property for tax, title and other purposes. It can consist of three or more sets of numbers that identify the map book, page number, and a parcel number.

Owner Name, Address, City, State

Enter the name of the owner listed for each parcel, along with the owner's address, city and state.

Owner Type

The ownership of the property can have a significant impact on the revitalization process. Select one of the following types of owners from the drop-down list:

- Private
- Municipal
- NGO/Nonprofit
- Other Government Entity
- Unknown

Parcel Size

Enter the parcel size in acres. The parcel information will typically provide a total acreage for the parcel.

Appraised Value

Enter the appraisal value of the parcel.

Annual Tax, Tax Status and Delinquent Amount

Enter the annual assessed tax amount. Select the tax status from the drop-down list (Current, Delinquent, Exempt, Unknown), and add a delinquent amount if the taxes are delinquent.

Property Status

Select the status of the parcel from the drop-down list (Vacant, Unoccupied, Occupied).

Property Condition

Select the condition of the parcel from the drop-down list (Maintained, Overgrown, Trash/Debris).

Structure Type

Select the type of structure on the parcel from the drop-down list (No Structure, Residential-Single-Family, Residential-Multi-Family, Commercial-Retail, Commercial, Industrial, Warehouse, Other).

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Structure Occupancy

Select the occupancy of the structure on the parcel from the drop-down list (No Structure, Unoccupied, Occupied, Unknown).

Structure Condition

Select the condition of the structure on the parcel from the drop-down list (No Structure, Excellent, Good, Fair, Poor, Unusable, Historical significance).

Historical Significance

Does the structure have a historical significance (Listed on a federal or state register, Other designation, None, Unknown)?

Priority

Prioritize properties/parcels based upon your community goals. This is initially a qualitative evaluation but can be specific with respect to actions on the property or parcel. Select a priority from the drop-down list:

- High Priority Reuse
- Medium Priority Reuse
- Low Priority Reuse

4. Property Characteristics

The Property Characteristics worksheet will help you understand the specific size and improvements on the subject property. The data from this worksheet will be used to identify the amount of land available for development and the potential reuse of any existing buildings. This information can be used to create a site reuse concept.

Property Identification

Add the commonly used name of the site, the property's address including town and state, the site's point of contact and a phone number for the point of contact. The site name will carry through to all other tabs of the Workbook.

Property Size (acreage)

Sites whose size, topography and layout provide a larger usable area that can accommodate particular types of buildings and provide ample vehicular access are more valuable to some types of development. This information is generally available from assessor property records, land deeds, local mapping, and site-specific reports or observations.

The following questions are designed to identify areas of the property that cannot be developed. **If there is an area of the property that can be reported in more than one category, report it only once. For each area that cannot be developed, enter the acreage or percentage of the property.**

Does any portion of the property contain wetlands?

Is any portion of the property in a 100-year flood plain?

Does any portion of the property contain endangered species or protected habitat?

Does any portion of the property contain archaeologically sensitive areas?

Does any portion of the property contain slopes greater than 15 percent?

Does any portion of the property contain easements preventing development?

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Does any portion of the property contain deed restrictions preventing all types of development?
Are there other areas of land that are not available for development (e.g., narrow portions of the site that will not support development)?

Useable Acreage

Usable acreage available for development is automatically calculated by subtracting constrained land from total land area. The Workbook will automatically identify development areas less than one acre as **Not Viable** for Warehouse due to the inability to maneuver large trucks. Other uses (i.e., large-scale retail) also may be **Not Viable** based on the amount of land available for development. Consider the acreage available for development when evaluating land use scores.

Is the remaining acreage available for development **Not Viable** for any land use? (See the Background Information: General Planning Considerations section of this Manual.)

If any land use is identified as **Not Viable**, provide the rationale for assigning a land use as **Not Viable** in the cells noted. This will help others reviewing the information to understand the reasoning behind the decision.

Property Improvements

Building and property information is available from local property records, recorded deeds, and assessor cards, and by visual observation. If buildings exist on the property, it is important to understand their condition. Buildings in fair or poor condition could be costly to renovate or demolish. This information will be important for financial feasibility.

Buildings and Miscellaneous Structures

(All questions need to be answered for each existing building on-site.)

Are there buildings or structures on-site?

How many buildings or structures are on-site? (Can enter up to 10)

For each building, enter the following information:

Structure type/use

Approximate structure size (SF)

Number of floors

Structure age

Structure condition (poor, fair, good, excellent)

Demolition required (Yes or No)

Does structure contain asbestos, lead paint, light ballasts containing mercury, other hazardous building components?

If yes, enter estimated abatement cost.

If unknown, an assessment should be performed to understand the hazardous building components that may require abatement.

Consider that in 1978, the U.S. Consumer Product Safety Commission lowered the legal lead content in most paint to 0.06 percent, effectively banning the production of lead-based paint. Buildings that were constructed before 1978 and have painted surfaces likely contain lead-based paint. Also consider that asbestos was banned in most friable building materials in 1989.

However, many other materials containing asbestos were not banned and may exist in buildings on-site. For more information, see <http://www.epa.gov/asbestos/pubs/ban.html>.

Number of existing parking spaces
Amount of existing parking area in SF

Are any of the existing buildings considered historic and/or eligible for historic tax credits?

If unknown, research should be conducted to identify any available tax credits that may offset the cost of the site's development.

5. Land Use Characteristics

The Land Use Characteristics worksheet will help you understand the characteristics and amenities of the subject property. Property characteristics and existing infrastructure often define its development potential. Certain characteristics attract types of development and developers. This information is generally available from town or county offices, including engineering, land use and public works departments. The following land uses are presented as options in this worksheet and considered throughout this Workbook:

Residential	Hotel/Hospitality
Commercial (professional/office)	Mixed-Use
Retail	Energy
Industrial	Greenspace
Warehouse	Government

Utilities

The location, accessibility and capacity of utilities can have significant impact on the cost of development. In addition, certain land uses demand reliable and cost-effective utility services. In general, if a utility is not available on-site but access to the utility is <0.5 miles from the site, the utility is considered feasible, but adds costs. If >0.5 miles, the utility may be feasible, but more costly.

Is electricity available on-site (Yes or No)?

If not, how far away is the nearest electricity connection (<0.5 miles, >0.5 miles)?

Are there opportunities for renewable energy production such as wind, solar or water (Yes or No)?

Is potable water available on-site (Yes or No)?

If not, how far away is the nearest public water access (<0.5 miles, >0.5 miles, unavailable)?

If public water is not available on-site or is unavailable in the community, is there potable well water on-site (Yes or No)?

Is non-potable (industrial) water available on-site (Yes or No)?

Is a sanitary sewer connection available on-site (Yes or No)?

If not, how far away is the nearest public water access (<0.5 miles, >0.5 miles, unavailable)?

If sanitary sewer is unavailable in the community, is there an existing sanitary septic system on-site (Yes or No)?

Is cable, fiber optics, T1 or other digital service available on-site (Yes or No)?

If not, how far away is the nearest cable, fiber optics, T1 or other digital service connection (<0.5 miles, >0.5 miles, unavailable)?

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What is the average per KWhr cost for electricity in all sectors in the area (reported in cents: < 8.75 cents, between 8.75 and 10.75 cents, > 10.75 cents)?

Low energy costs attract business and industry to an area. The U.S. average cost per KWhr for electricity is 10.42 cents.

Zoning

Sites that are within areas designated as non-residential and protected from residential encroachment are more desirable for industrial and commercial land uses. Land uses that local and regional development plans support will minimize conflicts and attract investors and developers.

What is the current zoning on the property? (enter name of zoning code)

Zoning definitions vary from community to community; be sure to read the local zoning regulations.

What land uses are allowable under the zoning? (select Yes or No for each land use)

What future land uses are supported by the community **at this site**? (select Yes or No for each land use)

A particular land use may or may not be allowed currently in a zone but may be a land use that your local community supports. Local economic development professionals, community organizations or land use committees may have identified potential uses for this particular property.

Based upon your knowledge of land use policies and the community, should any use be designated as **Not Viable** (select Yes or No for each land use)?

Land use controls may result in a **Not Viable** determination if a site is not zoned for a particular use or not planned for that use, and it is unlikely the community would approve that use.

If **Not Viable** is indicated for any land use, a rationale should be provided. This will help others reviewing the information to understand the reasoning behind the decision.

Maximum allowable lot coverage under local land use regulations (%)

Floor area ratio or maximum allowable height under local land use regulations (maximum number of stories)

Required number of parking spaces per allowable use under local land use regulations

Location:

Sites with direct, high-quality road access are more valuable. For commercial and retail uses, visibility from major roadways is critical. Information may be obtained from the state Department of Transportation, local public works department, or visual observation.

Are access roads in good condition (Yes or No)?

What traffic volume can access roads support (Low, Medium, High, Extremely high)?

Lack of access, visibility, or population nearby, and especially low traffic counts, will result in a shopping center or big box retail being **Not Viable**. Smaller retail may be viable in some communities. Consider these when determining size and scope of redevelopment options.

What is the daily traffic count on the primary access road (enter the traffic count)?

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What is the daily traffic count at the nearest intersection (enter the traffic count)?

What are the neighboring land uses? (enter Yes or No for each)

- Residential
- Office or Retail
- Industrial
- Mixed-Use

Access and Visibility

Sites located in proximity to interstate highway interchanges and major economic centers have more potential for development. Centrally located sites with multiple transportation options also are of higher value. Pedestrian-friendly sites and properties with special amenities such as waterfront access have unique potential. This information is available from state and local geographic information system (GIS) mapping data or through visual observation.

Is the property centrally located in the community (Yes or No)?

Is the property located on a major (multi-lane) roadway (Yes or No)?

Is the property located at a major intersection?

What is the distance to an interstate? (Highway access >1 mile results in a warehouse use being **Not Viable**: <0.25 mile, 0.25 – 1 mile, > 1 mile)?

Is the property visible from a major multi-lane roadway (Yes or No)?

Is the property within close proximity to passenger rail access (Yes or No)?

Does the property have cargo rail spurs on-site (Yes or No)?

Is the property within close proximity to cargo rail access (Yes or No)?

Is public transportation available (Yes or No)?

Can the public easily walk or bike to the property (Yes or No)?

Does the property border a navigable waterway (Yes or No)?

Does the property border an attractive waterway (Yes or No)?

Is the property close to a commercial airport (regional or larger) (Yes or No)?

6. Environmental

The Environmental worksheet will help you understand the potential impact of environmental conditions on the redevelopment of the property. This information may be available in property-specific environmental assessments, as well as state Department of Environmental Protection records.

Has a Phase I environmental site assessment (ESA) been conducted (Yes or No)?

If the property is to be purchased, a Phase I ESA meeting All Appropriate Inquiry requirements is needed to take advantage of potential liability protection for a buyer.

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Has an assessment been conducted on the property (Yes or No)?

A fully characterized site should meet prospective purchaser due diligence requirements. If a property has not been assessed, it is a deterrent to a potential developer because an undefined risk exists that interested parties cannot quantify.

If yes, to what extent (Unknown, Limited investigations conducted, Investigations in process, Fully characterized [no additional testing recommended])?

Is there known environmental contamination (Yes or No, regardless of whether it has been fully addressed or not)? If yes, respond to the following questions:

Has the contamination been addressed (No, Remedial Action Plan Approved, Remedial Action Implemented, Remedial Action Complete)?

Have land use restrictions resulted from this environmental condition, or will land use restrictions likely result in the future?

If yes, what uses are likely to be restricted on the useable acreage of the site (select Yes or No for each land use)?

Note: If a particular land use (such as residential) is likely to be prohibited based upon the cleanup standards, this land use may not be viable.

Have groundwater restrictions resulted from this environmental condition, or will groundwater restrictions likely result in the future (Yes or No)?

Is indoor air likely to be an issue related to new construction (Yes or No)?

Will remediation be completed prior to development or property transfer (Yes or No)?

Will operation, maintenance or monitoring be required after development or property transfer (Yes or No)?

Is post-closure monitoring required (i.e., closed impoundment) (Yes or No)?

For redevelopment plans that extend far into the future, it is important to consider long-term trends, rather than current data. This should be considered when identifying reuse options.

Environmental Cost Estimates

Provide estimates of potential remaining environmental costs. These will be used by the *pro forma*.

7. Community

The Community worksheet will help you evaluate the role of this property within the community. Much of this information is subjective in nature and may not be reflected in statistical records. Community profiles created by local economic development agencies and chambers of commerce may include some of this information. This worksheet also is an opportunity for the organization to provide anecdotal input on the community. Some of the answers will be used to score potential land uses, and other questions provide an opportunity for you to reflect on the answers.

How would you describe your community?

Struggling and declining in population

Stagnant and in risk of declining

Stable and healthy

Growing and dynamic

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How attractive is your community to developers?

- Developers never come into our community.
- A few local developers look at our community each year.
- Developers are regularly proposing new projects.

Does your community have a comprehensive master plan?

If yes, what land use does the plan call for at this property (select Yes or No for each land use)?

Are there unique economic drivers in your region?

If yes, what types of drivers (select Yes or No for each driver)?

Abundance of natural resources	Major government presence
Tourism, hospitality, conventions	Major employers or employment sectors
Outdoor recreational resources	Transportation hub
Universities or colleges	Significant utilities/infrastructure
Religious and/or other culture institutions	Large population density

Does your community/region/state promote certain economic clusters?

If yes, for what type of activities?

Professional/office	Tourism, hospitality, conventions
Retail	Arts and entertainment
Research and development	Manufacturing
Logistics, fulfillment, warehousing, and distribution	Energy (fossil fuels, renewable, green technologies)
Healthcare/medical (operations, research, manufacturing)	

Do economic incentives exist for your community? These may be local, regional or statewide incentives.

If yes, for what type of activities?

Professional/office	Tourism, hospitality, conventions
Retail	Arts and entertainment
Research and development	Manufacturing
Logistics, fulfillment, warehousing, and distribution	Energy (fossil fuels, renewable, green technologies)
Healthcare/medical (operations, research, manufacturing)	

How far does a majority of the population travel to shop for everyday goods (In town, Out of town 0-10 miles, Out of town 10+ miles)?

How far does a majority of the population travel to shop for specialty purchases (In town, Out of town 0-10 miles, Out of town 10+ miles)?

How far does a majority of the population travel to work (In town, Less than 10 miles from town, Between 10 and 25 miles from town, More than 25 miles from town)?

8. Demographics

The Demographics worksheet will help you understand the demographics of the local community and the metropolitan or micropolitan statistical area (MSA) in which it is located.

If your community is not located in a MSA, or if data are insufficient for the MSA, information should be collected on the closest MSA for which data are available and which has a strong influence on the local real estate market. Information for MSAs is available through the U.S. Census data and also may be available from local and regional agencies.

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Other regional information may be available from regional planning agencies, county offices, chambers of commerce, and other organizations that operate on a regional basis. If MSA data are unavailable, other regional data may be used to compare the community with the broader region.

Sites that are within vibrant growing markets are the most desirable. Sites that offer specific features attractive to niche markets can be equally successful.

Population

- What is the population of the town/city?
- What is the population of the MSA?
- How many households are in the town/city?
- How many households are in the MSA?

(Not scored; however, these numbers should be considered when planning the redevelopment concept. Consider the population size and its attractiveness to retail, housing and other uses.)

Population Age

- What is the median age of the town/city population?
- What is the median age of the MSA population?
- Is the elderly population larger than the population of children (Yes or No)?

(Not scored; however, if one sector of the population is dominant [i.e., elderly or children], this could present an opportunity for specific end uses such as elderly housing, medical offices or child care.)

Population Change

- What was the population change of the town/city from 2000 to 2010 (Positive/growth, Negative/decline)?
- What is the estimated population change of the town/city from 2010 to the present (Positive/growth, Negative/decline)?
- What was the population change of the MSA from 2000 to 2010 (Positive/growth, Negative/decline)?
- What is the estimated population change of the MSA from 2010 to the present (Positive/growth, Negative/decline)?
- Have people been moving into the community in the past few years (Yes or No)?

Educational Attainment

- What percentage of the town/city population over 25 has a high school diploma?
- What percentage of the town/city population over 25 has a college degree?
- What percentage of the MSA population over 25 has a high school diploma?
- What percentage of the MSA population over 25 has a college degree?
- Are vocational schools and colleges located in the MSA (Yes or No)?
- Are vocational schools and colleges located in the MSA offering specialty degree programs (Yes or No)?
- Is there a large professional workforce (Yes or No)?

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Is there a large skilled or semi-skilled workforce (Yes or No)?

Employment

What is the size of the workforce in the town/city?
What is the current unemployment rate of the town/city?
What is the 10-year average unemployment rate of the town/city?

What is the size of the workforce in the MSA?
What is the current unemployment rate of the MSA?
What is the 10-year average unemployment rate of the MSA?

How far do people currently commute to work?

Consider the employment levels in the region and the typical distance people commute: Is there available workforce (5 percent unemployment or greater: Yes or No)?

Suitability and availability of workforce is a highly significant factor in the selection of new technology and service industries. Is the current workforce suitable for technology and service industries (Yes or No)?

Is there available workforce of unskilled or lower skilled workers (5 percent unemployment or greater: Yes or No)?

Income

What is the median household income in the town/city?
What was the change in median household income from 2000 to 2010 of the town/city?
What was the change in median household income from 2010 to the present of the town/city?

What is the median household income in the MSA?
What was the change in median household income from 2000 to 2010 of the MSA?
What was the change in median household income from 2010 to the present of the MSA?

What is the current per capita income of the town/city?
What was the change in per capita income from 2000 to 2010 of the town/city?
What was the change in per capita income from 2010 to the present of the town/city?

What is the current per capita income of the MSA?
What was the change in per capita income from 2000 to 2010 of the MSA?
What was the change in per capita income from 2010 to the present of the MSA?

Are income levels growing in the town/city (Yes or No)?

Are income levels in the town/city high for the area (Yes or No)?

Expenditures

What is the estimated disposable income of the town/city population?
What is the estimated disposable income of the MSA population?
What is the percentage of households that own their own home in the town/city?
What is the percentage of households that own their own home in the MSA?

Employment Sectors

The following questions relate to these basic employment sectors:

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Government	Logistics and distribution
Manufacturing	High tech equipment and services
Wholesale/retail trade	Hotel/hospitality/tourism
Finance/professional and business	Other
Education and healthcare	

How many major employers does the town/city have?

(Note: A single major employer may inappropriately skew employment data. Consider the number of major employers when reviewing the following data.)

What is the top employment sector in the town/city?

What is the second largest employment sector in the town/city?

What is the third largest employment sector in the town/city?

Consider the answers above: What are the fastest *growing* areas of employment in the town/city (select Yes or No for each sector)?

Consider the answers above: What are the fastest *declining* areas of employment in the town/city (select Yes or No for each sector)?

Looking at employment trends in the town/city, are there multiple growing sectors that would suggest a mixed-use development (Yes or No)?

How many major employers does the MSA have?

(Note: A single major employer may inappropriately skew employment data. Consider the number of major employers when reviewing the following data.)

What is the top employment sector in the MSA?

What is the second largest employment sector in the MSA?

What is the third largest employment sector in the MSA?

Consider the answers above: What are the fastest *growing* areas of employment in the MSA (select Yes or No for each sector)?

Consider the answers above: What are the fastest *declining* areas of employment in the MSA (select Yes or No for each sector)?

Looking at employment trends in the MSA, are there multiple growing sectors that would suggest a mixed-use development (Yes or No)?

Consider the information above: What sectors of the economy are vibrant and growing (Select Yes or No for each sector)?

Considering the information above and your knowledge of the local economy, should any of these sectors be completely avoided and therefore have a sector **Not Viable** (select Yes or No for each sector)?

If **Not Viable** is indicated for any sector land use, a rationale should be provided. This will help others reviewing the information to understand the reasoning behind the decision.

9. Market Assessment

The Market Assessment worksheet will help your community estimate the strength and value of the real estate market in the subject community. The worksheet captures a score for each submarket.

Information for this worksheet should be available from local real estate professionals in your community, as well as property assessors and appraisers. Private sources, such as CoStar and REIS, also track trends. The local economic development agency and chamber of commerce also may be a source of information.

The purpose of a submarket score is to highlight which land uses are strong and which land uses have weaknesses. The relative score can be compared against knowledge of the local real estate market to identify the land uses that present the greatest potential for success. These scores are not a ranking and not meant to identify a single land use. Rather, the scores will help you identify uses for land that are more likely to be successful than others. Land uses scores within one or two points of each other have similar potential for success. Likewise, when land use scores vary substantially, the higher-scoring land uses have the highest potential for success.

Raw Undeveloped Land

This information clarifies the value of land in your community. A high percentage of vacant land is an indicator of excess property and a highly competitive market.

- What is the average price per acre of residential land?
- What is the average price per acre of industrial land?
- What is the average price per acre of commercial land?
- What percentage of land in your community is vacant?

Residential Market

(Computed Total Residential Score = _____)

This information clarifies the housing market, and whether it is in a growth, stagnant, or retracting stage. Consider whether excess product exists and what projects are currently in development.

- How many homes currently exist in the community?
- How many new homes are currently permitted for construction?
- What is the median housing price?
- What is the median housing price trend (upward or downward)?

- What is the foreclosure rate?
- What is the foreclosure trend (upward or downward)?
- What percentage of sales are distressed (foreclosures, short sales)?

- What is the average price per home (per SF)?
- What is the average number of days on the market?

- What is the median rental rate for a two-bedroom unit?
- What is the vacancy rate for rental residential properties?
- What was the growth in housing construction in the past two years? What was the growth in housing construction from 2000 to the present?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is housing a growing market? (Yes, Neutral, or No)

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Commercial (Professional/Office) Market (Computed Total Commercial Score = _____)
This information clarifies the office market, and whether it is in a growth, stagnant, or retracting stage. Consider whether excess product exists and what projects are currently in development.

- What is the total square footage of existing office space?
- What is the vacancy rate of existing office space?
- How much office space has been built in the past two years (SF)?
- How much office space is currently under development (SF)?
- What is the average sale price for office space (per SF)?
- What percentage of office space is owner occupied?
- What is the average lease rate for office space (NNN [triple net] per SF)?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is commercial (professional/office) a growing market? (Yes, Neutral, or No)

Retail Market (Computed Total Retail Score = _____)
This information clarifies the retail market, and whether it is in a growth, stable, or retracting stage. Consider whether excess product exists and what projects are currently in development.

- What is the total square footage of existing retail space?
- What is the vacancy rate of existing retail space?
- What was the vacancy rate of existing retail space from 2000 to the present?

- How much retail space is currently under development (SF)?
- How much retail space has been built in the past two years (SF)?
- How much retail space has been built from 2000 to the present (SF)?

- What is the average sale price for retail space (per SF)?
- What is the average lease rate for retail space (NNN, per SF)?

- How many SF of new retail leases were signed in the past two years?
- What percentage of existing retailers closed in the past two years?

Are there known retail demands in the market, such as services that residents must drive a long distance for, or niches that are not currently served? (Yes or No)

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is retail a growing market? (Yes, Neutral, or No)

Industrial Market (excluding warehouse) (Computed Total Industrial Score = _____)
This information clarifies the industrial market, and whether it is in a growth, stagnant, or retracting stage. Consider whether excess product exists and what projects are currently in development.

- What is the total square footage of existing industrial space?
- What is the vacancy rate of existing industrial space?
- How much industrial space has been built in the past two years (SF)?
- How much industrial space is currently under development (SF)?

What is the average sale price for industrial space (per SF)?
What percentage of industrial space is owner occupied?
What is the average lease rate for industrial space (NNN)?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is industrial a growing market?
(Yes, Neutral, or No)

Warehouse Distribution Market (Computed Land Use Score = ____)

This information clarifies the warehouse market, and whether it is in a growth, stagnant, or retracting stage. Consider whether excess product exists and what projects are currently in development.

What is the total square footage of existing warehouse space?
What is the vacancy rate of existing warehouse space?
How much warehouse space has been built in the past two years (SF)?
How much warehouse space is currently under development (SF)?
What is the average sale price for warehouse space (per SF)?
What percentage of warehouse space is owner occupied?
What is the average lease rate for warehouse space (NNN)?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is warehouse a growing market?
(Yes, Neutral, or No)

Hotel/Hospitality Market (Computed Total Hotel Score = ____)

This information clarifies the hospitality market in the region, and whether it is in a growth, stagnant, or retracting stage. Consider whether excess product exists and what projects are currently in development.

How many hotel rooms have been built in the past five years?
What is the occupancy rate of local hotels?
What is the average price per room at local hotels?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is hotel/hospitality a growing market?
(Yes, Neutral, or No)

Mixed Use (Computed Total Mixed Use Score = ____)

Mixed-use development is a real estate project with planned synergy among a combination of retail, office, residential, hotel, recreation, or other uses, and can include both large and small projects.

Is the property of sufficient size and layout for multiple uses?
Is there an existing building that could be occupied by more than one type of user?
Look at the scores for other land uses above: Did more than one land use have a

positivescore? Are those land uses synergistic?
Does your community promote mixed-use, pedestrian-friendly, or transit-oriented development?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is a mixed-use development possible?
(Yes, Neutral, or No)

Energy Market

(Computed Total Energy Score = ____)

This information clarifies whether this property has unique potential for powergeneration or other related energy uses.

Is this property in proximity to the electric grid?
Is there a substation on-site?
Are there renewable natural resources, such as wind or water, in proximity?
Is there demand for new power generation?
Is there local support for the development of energy facilities?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is power generation a potential market?
(Yes, Neutral, or No)

Greenspace

(Computed Total Greenspace Score = ____)

Greenspace can incorporate both active and passive recreation options, as well as ecological preservation and conservation.

Does this property contain high-quality ecological features or habitats?
Is there a need or demand for open space in your community?
Is there a need for passive and active recreation venues?
Does the property have a greater value to the community as open space than as developed land?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is greenspace a viable use for this property? (Yes, Neutral, or No)

Government

(Computed Total Government Score = ____)

Growing communities often need additional land for libraries, schools, community centers, and other government buildings. County and state governments also may have land acquisition requirements.

Is there a known need for new government facilities?
Is there a long-term plan that calls for new government facilities?
Is this property in a location suitable for government use?

Reflect on the information you entered so far in the Revitalization-Ready Workbook. Review the demographic information. Think carefully about the answers to the preceding questions, and answer the following:

Considering the score and the answers above, is governmental use appropriate?
(Yes, Neutral, or No)

10. Revitalization-Ready Summary

Congratulations! You have completed data entry for the Revitalization-Ready Workbook.

The Summary Worksheet summarizes the data inputs and results of the Revitalization-Ready Workbook by pulling in key data from the other worksheets. **No data entry is required.** This summary report displays composite scores for the 10 potential reuse categories and identifies reuse options that are not viable. You can easily review key site data with this report, use this tab as a summary document to evaluate your sites, and use this report to present high-level Revitalization-Ready data to your community.

The following key data points are displayed on the Summary Report:

Address

Town, state

Point of contact

Phone number

Property size

Developable acreage

Maximum allowable lot coverage

Floor area ratio (FAR)

Maximum building height

Number of buildings/structures on-site

Total square footage of buildings/structures on-site

Are asbestos-containing materials in any structures?

Has a Phase I environmental site assessment been conducted?

Have All Appropriate Inquiries been conducted?

Has the property been assessed?

Is there known contamination?

Has remedial action been conducted?

Will investigation or remedial action be required after development or property transfer?

What is the estimated remediation cost?

Is there public water on-site?

Is there sanitary sewer on-site?

What is the current zoning?

Are access roads in good condition?

Is the property centrally located?

Is the property in proximity to passenger rail access?

Is the property in proximity to cargo rail access?

Does the property border a navigable waterway?

What is the town/city population?

How would you describe your community?

Are there unique economic drivers in the region?

Do economic incentives exist for your community?

What are the fastest growing areas of employment in the town/city?

What are the fastest declining areas of employment in the town/city?

What sectors are vibrant and growing?

Is there a large professional workforce?

Is there a large skilled or semi-skilled workforce?
What is the current unemployment rate of the town/city?

Reuse Summary

Uses that may be viable at the site: A summary of the real estate market scores for land uses that are not viable is provided. This list represents land uses that may be viable at the site and reports the final score for each real estate product.

Interpreting Scores: Land use scores can vary from a negative number (e.g., -5) to a positive number as high as 40. The values depend on whether all questions are answered, as well as the answers themselves. These scores are not intended to be a ranking, but to help you identify uses for land that are likely to be more successful than others. Land uses scores within one or two points of each other have similar potential for success. Likewise, when land use scores vary substantially, the higher-scoring land uses have the highest potential for success.

*Uses that may not be viable at the site and the rationale behind the **Not Viable** designation:* A summary of the real estate markets that were identified as not viable, and the rationale for the not viable designation are provided. In some cases, the Workbook designates not viable based on the scoring built into the Workbook. For these not viable designations, a rationale may not be provided.

Most importantly, this summary report provides you with an opportunity to step back, take a breath, and reflect on the information you have collected. You've done a lot of work – now it's time to think about what it means.

- Are there any data gaps in the summary report? If so, start thinking about where you can find that important data.
- What do the data say to you? Based on all the data you collected and input into the Workbook, do the land use scores make sense? Are they in line with your early concepts for the site?
- Look at all tabs. Are there any data conflicts? Do the responses to the subjective questions make intuitive sense based on the available data?
- Reviewing the Summary, do you see any reuse options that have scores that are much higher or lower than other land use scores (e.g., outliers)? Or are there multiple land use options with similar scores, indicating that one or more uses may be viable at the site relative to other land uses?

You should be comfortable with the information collected in the Workbook before moving onto the next stage of the site redevelopment process, the Redevelopment Planning Exercise.

11. Constraints

The purpose of this worksheet is to help your community document the findings of the opportunities and constraints analysis. Opportunities are positive aspects of the property that may drive redevelopment. Constraints are challenges associated with the property that may limit, delay or prevent redevelopment. Potential constraints are highlighted in the Revitalization-Ready Summary worksheet; however, these may not be all the potential constraints associated with the property. This Constraints worksheet provides space to summarize the potential constraints/challenges, identify the liability or risk that may be associated with a constraint, and identify potential ways to mitigate or remove those constraints.

Financial Feasibility Analysis: Pro Forma

Once a site reuse concept has been created, it is important to determine its financial feasibility. A pro forma is a spreadsheet analysis to determine the potential feasibility of a real estate project. The preparation of a pro forma is an iterative process that should be refined as additional information becomes available.

Multiple reuse scenarios should be evaluated to understand the financial feasibility of each concept. A pro forma can be used to run multiple scenarios of viable reuse alternatives to make an initial determination on whether a reuse concept will require public subsidy.

These worksheets can be used to roughly evaluate the financial feasibility of different reuse scenarios (e.g., 10,000 SF of retail vs. 6,000 SF of retail or 10,000 SF of retail vs. 10,000 SF of residential). The worksheets are designed to allow assumptions related to expected vacancy, lease rates, construction costs, and amount of square footage to be developed to be changed to identify marketable reuse options for a site.

12. Pro Forma Data Inputs

The following information is needed to complete the pro forma data worksheet. These are the assumptions that will be used to evaluate the financial feasibility of redevelopment scenarios. Some of these data inputs also are inputs in the Revitalization-Ready Workbook and will automatically feed into the Pro Forma Data Inputs worksheet. However, if these data are not entered on the preceding worksheets, they will need to be added to ensure the pro forma works correctly. Any additional information that was not collected already via worksheets must be collected and input into the pro forma worksheets as discussed below. This process will ensure that all redevelopment scenarios are analyzed using the same assumptions and criteria.

The following data are required to run the *pro forma*.

Site Cleanup

These costs may already be defined as part of the cleanup plan, or they may need to be estimated. Enter all environmental cleanup costs in this section, using the lines provided.

Estimated cost of building abatement (\$)

This cost represents the estimated cost for abatement of hazardous building materials (i.e., asbestos, lead paint), if applicable prior to renovation or demolition. Data are pulled in from the buildings/structures data entered on lines 66-70 of the Property Characteristics worksheet. If you need to add an estimated cost for building abatement, do so on the Property Characteristics worksheet.

Estimated cost of soil remediation (\$)

Estimated cost of groundwater remediation (\$)

Estimated cost of other remediation (\$)

Remediation cost is automatically calculated.

Ongoing remediation (operation and maintenance [O&M]) cost per year (\$)

Annual premium for environmental insurance (if required) (\$)

Construction Costs

These costs should represent current average construction costs in the region. These may be obtained from local general contractors. Renovation costs should include all interior tear-out, mechanical/electrical system retrofits and building renovations. New construction costs should include site clearing and preparation, foundation work, structural and exterior work, mechanicals and interior finishing.

NOTE: You need to enter only construction cost data for the reuse option you are interested in evaluating for this site. For example, if you want to evaluate the financial feasibility of a residential development, enter only the relevant residential data. Not viable land use options are noted on this worksheet to help you avoid entering unneeded data.

Demolition of buildings/structures (\$ per SF)

If any existing buildings/structures need to be demolished for your reuse scenario, enter the estimated cost per square foot for demolition.

Demolition of concrete pads/parking (\$ per SF)

If any existing concrete pads/parking need to be demolished for your reuse scenario, enter the estimated cost per square foot for demolition.

Building Reuse-Renovation

Estimating the cost to reuse or renovate existing buildings can be more complicated than estimating costs for new construction. Costs can include demolition or partial demolition with renovations. These projects generally have more unknown or hidden costs and are therefore riskier. (Note: Asbestos removal and similar hazardous abatement costs are accounted for earlier in the *pro forma*.) Renovation costs are based upon the costs per SF for each building type.

If any existing buildings will be reused and/or renovated for your reuse scenario, enter the estimated average cost per SF (\$) to renovate or reuse the appropriate real estate product. *If a real estate product is identified in previous workbook sections as not viable and will be a **Not Viable** use at the site, the Pro Forma Data Inputs tab will display this information, and data do not have to be entered for that real estate product.*

Reuse options are:

- Residential
- Commercial (professional/office)
- Retail
- Industrial
- Warehouse
- Hotel/Hospitality

New Construction

Estimate the cost for construction of each real estate product on a square foot basis (\$ per SF). New construction costs should include site clearing and preparation, foundation work, structural and exterior work, mechanicals and interior finishing. Construction costs are based upon the costs per SF for each building type.

Enter the cost per SF (\$) to build each real estate product for your reuse scenario.

*If a real estate product is identified in previous workbook sections as **Not Viable** and will not be a viable use at the site, the Pro Forma Data Inputs tab will display this information, and data do not have to be entered for that real estate product.*

Reuse options are:

- Residential
- Commercial (professional/office)
- Retail
- Industrial
- Warehouse
- Hotel/Hospitality

Parking

Enter the cost to build one parking spot, including all preparation, sub materials and pavement.

Soft Costs

Soft costs are calculated as a percentage of hard costs. Additional due diligence is required on brownfield revitalization projects; thus there may be more investigative costs. These can include reuse analysis, negotiating access rights and project visioning. By this point in the overall evaluation process, some of these soft costs and remedial action costs have been incurred; thus estimating 20 percent for soft costs overall for the developer is not an unreasonable estimate.

Soft costs for all standard development projects include site plans, engineering, legal, soil testing, architectural plans and marketing plans. A detailed breakdown between disciplines is not needed in the *pro forma* at this point.

Data already entered: Estimated at 20 percent of hard costs. This is a generally accepted figure with the industry. If mitigating factors related to the redevelopment scenario exist, adjust this figure as needed.

Carrying Costs

Carrying costs represent interest calculated on cash invested or borrowed for development of the property. Interest on the initial purchase will be calculated from the date of transfer, whereas interest on development is calculated based on an average over time. The interest rate should reflect current rates with some adjustment based on the overall risk of the project.

Also ensure that these questions are considered:

- What are the sources of financing? Who is going to cover the costs, especially the earlier costs?
- How much cash will be needed to promote redevelopment, and who will bear the burden of this cost?
- Will the financing come from conventional sources (such as banks, insurance companies), and how much must come from government programs, loans, tax credits or subsidies?
- Can any funds be obtained from foundations or other non-conventional sources?
- There may be different levels of financing in different phases.

Period (months)

Data already entered: Estimated at 24 months. **If the reuse scenario will be completed on a schedule substantially different from this, adjust this figure as needed.**

Interest Rate (%)

What is the interest rate on construction financing?

Note that construction loan funds are utilized (drawn down) only as the project proceeds.

Caution: Interest rates can vary substantially depending on economic factors and financial markets. Be sure to use a typical interest rate, especially on projects that are likely to occur sometime in the future. Using a rate that is artificially low due to short-term economic variables may result in an unreasonably optimistic financial *pro forma*.

Income

A key analysis of the financial viability of a reuse project is determining the end value based upon anticipated revenue stream. Rent can be estimated per square foot for many products, while residential and hotel/hospitality developments are often estimated per unit (e.g., two-bedroom apartment, hotel room). Data should be entered as triple net lease rates (NNN rates); this is a type of net lease in which

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the tenant pays all or part of the utilities, taxes, insurance and maintenance associated with use of the property, in addition to the tenant's regular monthly rent.

Average the lease rate in the area for each real estate product for your reuse scenario (NNN on a per SF basis). *If a real estate product is identified in previous workbook sections as **Not Viable** and will not be a viable use at the site, the Pro Forma Data Inputs tab will display this information, and data do not have to be entered for that real estate product.*

Reuse options are:

- Residential (rent per two-bedroom apartment per month, \$)
- Commercial (professional/office) (\$ per SF, NNN)
- Retail (\$ per SF, NNN)
- Industrial (\$ per SF, NNN)
- Warehouse (\$ per SF, NNN)
- Hotel/Hospitality (rate per room per night, \$)

Income is based upon the lease rates for each land use component of the development.

Vacancy Rate (%)

Vacancy rates are used to estimate the amount of income that can be generated for each real estate product for your reuse scenario. Vacancy rates should be identified by building type based on local market conditions, as well as type of tenants anticipated for your reuse scenario. The vacancy rate should reflect, on average, the amount of square footage of each type of real estate product that is vacant each year.

For example, entering a 10 percent vacancy rate for commercial (professional/office) space here does not mean your community currently has a 10 percent vacancy. Instead, a 10 percent vacancy rate means that for your reuse scenario, you reasonably expect that up to 10 percent of the leasable space will not be occupied over the duration of year. This could mean that 10 percent of the space is vacant all year long, or that 50 percent of the space is vacant for two and a half months of the year.

*If a real estate product is identified in previous workbook sections as **Not Viable** and will not be a viable use at the site, the Pro Forma Data Inputs tab will display this information, and data do not have to be entered for that real estate product.*

Reuse options are:

- Residential
- Commercial (professional/office)
- Retail
- Industrial
- Warehouse
- Hotel/Hospitality

Careful consideration should be given to hotel vacancy rates. Consideration should be given to the hotel's business model and target market. For example, a hotel targeting summer vacationers may have a vacancy rate of 1 percent in the summer, but a 70 percent vacancy rate in the winter. Hotels catering to the business community may have higher vacancy rates on the weekend than during the work week. The hotel vacancy rate should encompass the overall average number of unoccupied rooms on an annual basis.

Vacancy rates are based upon the vacancy rates for each land use component of the development.

Capitalization Rate (%)

The capitalization rate (or cap rate) is used to calculate a rough project valuation. The value of the reuse scenario to a developer is roughly estimated as a function of the income that can be expected to be generated from the property, the risk associated with that income, and the income's expected future rate of growth. The expected income generation is estimated in the *pro forma* tool through assumptions associated with leasing. The risk and expected rate of income growth are embedded in the cap rate.

A slight change in the cap rate can substantially impact the project's value and the profitability of the development. Consult with industry professionals or see the Background Information: General Planning Considerations section of this Manual for guidance.

Based upon the information you gather, enter the cap rate most applicable to the redevelopment scenario.

13. Pro Forma Tool

The final worksheet in the Revitalization-Ready Workbook is the Pro Forma Tool. This worksheet calculates the financial feasibility of the redevelopment scenario, based on the cost and income data entered on the Pro Forma Data Inputs tab. The data inputs required for the Pro Forma Tool worksheet are data points that may be more flexible and can be changed to evaluate different scenarios to identify which redevelopment concept(s) may be financially feasible.

The following data are required to run the *pro forma*.

Purchase Price

This is the price your community could charge a developer for the property, or the price/costs that your community incurred to obtain property ownership. This can be the offered sales price, a negotiated amount or a price based on an appraisal. It also is possible that the underlying land title will not change; thus there may be no purchase price, and this cell will be zero. In addition, liens or defaults may exist that need to be remedied.

Remediation Costs for Project

The total estimated cost of building abatement (hazardous materials), and soil, groundwater, and other remediation automatically populate from the Pro Forma Data Inputs tab. You may adjust these costs to reflect anticipated discounts available from incentive programs or other sources of funding for remediation by entering the *amount of the discount* in the cell labeled "Remediation costs paid for through incentives or other programs."

Adjusted remediation cost will automatically calculate.

Hard Costs/Construction Costs based on Redevelopment Concept

Existing building square footage

Data are linked from the Property Characteristics tab – **no data entry is required.**

Total building square footage is automatically calculated.

This section of the pro forma is based upon the results of the reuse exercise. This is where you can enter the amount of building space that will be renovated or constructed for the selected reuse concept.

Building Reuse-Renovation

Estimating the cost to reuse or renovate existing buildings can be more complicated than estimating costs for new construction. Costs can include demolition or partial demolition with renovations.

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These projects generally have more unknown or hidden costs and are therefore riskier. Asbestos removal and other preparation may be required.

The square footage of existing buildings/structures and parking on-site has been provided as a reference in the spreadsheet on lines 17-26.

Enter the estimated number of SF that will be renovated to create each real estate product; if zero, leave blank.

Reuse options are:

- Residential*
- Commercial (professional/office)
- Retail
- Industrial
- Warehouse
- Hotel/Hospitality*

* For residential and hotel/hospitality, also enter the estimated number of units that will be renovated (two-bedroom apartments, hotel rooms).

If applicable, enter the amount of square feet of space per real estate product according to the mixed-use scenario.

New Construction

Enter the total square footage of existing buildings/structures that will be demolished for new construction in the selected redevelopment concept (SF). Refer to the Existing Building summary data provided above for an estimate of the existing square footage.

Enter the total square footage of concrete pads or parking that will be demolished for new construction in the selected redevelopment concept (SF).

Estimate the square feet of new space to be constructed for each real estate product and enter on the appropriate line. Leave unused building categories blank or delete those lines.

*If a real estate product is identified in previous workbook sections as **Not Viable** and will not be a viable use at the site, the Pro Forma Tool tab will display this information, and data do not have to be entered for that real estate product.*

Reuse options are:

- Residential*
- Commercial (professional/office)
- Retail
- Industrial
- Warehouse
- Hotel/Hospitality*

* For residential and hotel/hospitality, also enter the estimated number of units that will be built (two-bedroom apartments, hotel rooms).

If applicable, enter the amount of square feet of space per real estate product according to the mixed-use scenario.

Parking

Enter the number of parking spots that will be built. Refer to the "Required number of parking spaces per allowable use" line on the Land Use Characteristics tab.

Soft Costs

This section of the *pro forma* automatically calculates based upon data previously entered.

Carrying Costs

This section of the *pro forma* automatically calculates based upon data previously entered.

Total Development Cost

This section of the *pro forma* automatically calculates based upon data previously entered.

Adjusted Net Operating Income

This section of the *pro forma* will automatically calculate income generated by the development based upon the building size, cost and income information previously entered.

Net annual operating income will be calculated to, then be reduced by a **vacancy value** that is automatically calculated based upon the average vacancy rates for each real estate product developed. The net annual operating income will be further reduced by the annual cost for long-term operations and maintenance of ongoing remediation and associated environmental insurance. The adjustments will generate the **Adjusted Net Operating Income** for the redevelopment scenario.

Project Value, Profit, and Cash on Cash Return

The **project value** is a function of the income that can be expected to be generated from the property, the risk associated with that income, and the income's expected future rate of growth. The project value represents the present worth of the reuse scenario's anticipated future income stream. It is calculated by dividing the adjusted net operating income by the capitalization rate.

The potential **Profit** related to your reuse scenario is calculated by subtracting the total development cost from the project value. The possible **Cash on Cash Return** is calculated by dividing profit by the total development cost.

It is important to consider that the private development market expects to make a reasonable return on investment to take on the substantial risks associated with real estate development. The private development market generally expects a double-digit return on investment. On high-risk projects, developers will generally seek a return on investment upwards of 20 percent or greater.

Financial Analysis: Sources and Uses Chart

14. Sources and Uses Chart

A sources and uses chart provides a mechanism for identifying and balancing potential expenses, funding needs and sources of funding. It is a worksheet that documents the sources of funding and where those funds will be used in the redevelopment. It is designed to be forward-looking so that when developers and investors examine the chart, they will quickly understand a redevelopment project's scope and complexity.

Start by determining the project costs ("Uses") and the timing associated with those costs. Once you understand the costs, determine what funding sources are likely to be available.

The main requirement of a sources and uses chart is that the total sources of funds must match the total uses of funds. When they do not match, the chart will show where funding/financing gaps or surplus funds exist. The following information is needed to complete the sources and uses chart presented in the Sources and Uses tab of the Revitalization-Ready Workbook.

A. Uses of Funds

Start by determining the project costs ("Uses") and the timing associated with those costs. The redevelopment project can be broken down into property acquisition costs, project hard costs and project soft costs. These are:

Property Acquisition Costs

The total acquisition cost is the sum of the amount to acquire the property and any transactional costs associated with the acquisition. Transactional costs can include assessments or analysis of the property, architectural fees, bank fees, appraisal fees, regulatory approval fees, broker fees and legal fees. These costs can occur while deciding to purchase a property and/or after you decide to move forward with the transaction.

Project Hard Costs

These costs are directly related to the project's physical construction. Hard costs cover the material and labor that go into property redevelopment. Examples of hard costs include demolition, site remediation, redevelopment construction, and the developer fee associated with the project. It is common practice to include the average industry standard of 10 percent of the total hard costs as a contingency within the sources and uses chart. The contingency will cover excess costs for specific line items if needed (i.e., sometimes due to a change in plans or price increase).

Project Soft Costs

These are the costs that are not considered direct physical construction costs. They are typically associated with non-tangible items, such as redevelopment design, fees, interest (or debt service), taxes and insurance. Soft costs for all standard development projects include site plans, engineering, legal tasks, soil testing, architectural plans and marketing plans. These costs can be a significant part of the project's budget. A rule of thumb is that the total amount of soft costs is usually estimated at 20 percent of the total amount of hard costs.

It is common practice to include a soft cost contingency in the sources and uses chart. Similar to the hard costs contingency, the soft costs contingency will cover excess costs for specific line items, if needed (i.e., sometimes due to a change in plans or price increase).

Include any additional costs in the "Uses" column, such as operating and lease-up reserves, to determine the total uses of funds.

B. Sources of Funds

The chart's "Sources" column demonstrates the project's capital stack. It includes a list of funds, and who is providing those funds ("capital providers"). The sources are likely to include public, private and other resources. In

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the template above, the sources are traditional debt financing (including subordinate debt), tax credits, grants and individual equity.

Sources also may include funds received through operations. For example, a portion of a property might yield rent revenue while another portion of the property undergoes improvements. The rental income is an example of a source of funds outside the capital stack. Other sources might include grants, donations or retained equity; these funds may not show up on a traditional capital stack.

When the "Sources" column includes a deferred developer's fee, this suggests the developer is allowing for its fee to be used as capital. Keep in mind, however, that a deferred developer fee is not hard equity; it is more like an in-kind source, such as "sweat equity." It is debatable whether a deferred developer's fee can be considered a valid form of equity investment, and therefore, you should not overly rely on this source of equity.

The "Sources" column also should reflect the timing of the overall project. You will need some cash at closing, while you may escrow other funds for later use. Cash flow is often used to pay future expenses. You may want to break down the sources of funds into "Construction Sources of Funds" and "Permanent Sources of Funds" as these funds will be used at different points during the project's timeline.

It is important for planning purposes to understand the timing/availability of debt sources in the short and long term. Traditional lenders, for example, often release loans in installments as a project progresses instead of the entire loan amount at the project's beginning.

After creating a sources and uses chart, check to see if the "Uses" column is higher than the "Sources" column. If so, add a new category: "Additional Equity Required." However, if the "Sources" column is higher than the "Uses" column, add a new category: "Cash Flow Distribution." Eventually, both sides will need to be equal for the project to be completed.

Glossary of Terms

Capitalization The ratio between an income stream and value. The “cap rate” is expressed as a percentage and also is the return on investment that the investor will receive back each year as income of the property. It is the calculation used to derive the property value from the income stream. The formula is below, and you can solve for any figure if you have the other two:

$$\text{Capitalization Rate} = \frac{\text{Net Operating Income}}{\text{Value}}$$

Capitalized Value The value of an asset derived from the income stream; determined by dividing the net income by an appropriate capitalization rate.

Carrying Costs Cost of financing, which is largely determined by the rate of interest.

Cash Flow (After Debt Service) Income minus operating expenses and mortgage payments, sometimes referred to as free and clear income.

Floor Area Ratio The relationship between the usable floor area of a building, as determined by the building code and the area of the land on which it stands. Often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Gross Income The gross rents received from tenants, before vacancy and operating costs are deducted.

Gross Lease Rents to landlord include the passed-through costs of shared operating costs such as common space maintenance, management, real estate taxes and insurance.

Commonly used in office buildings (in this Workbook, net rents are used to simplify calculations).

Hard Costs The cost of labor and materials to construct a property.

Internal Rate of Return (IRR) The IRR is the annualized effective compounded return rate that can be earned on the invested capital, i.e., the yield on the investment, over the entire time the property is owned. It is calculated using a Discounted Cash Flow analysis that takes into account the value of funds invested and borrowed over time. The IRR reflects interest rates and includes calculations for increased operating costs, lease turnover and changes, plus the anticipated sale of the property at the end of a five- or 10-year analysis period (not utilized in this Workbook, but frequently used for major projects).

Leverage The use of borrowed funds to either acquire or mortgage a property. Leverage can increase profitability and purchasing power, but also increases risk.

Net Lease A lease where in addition to a base rent, the lessee directly pays operating costs such as utilities, insurance and real estate taxes.

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Net Operating Income	Income minus operating expenses but not debt service or depreciation; it can be capitalized to determine asset value.
Operating Expenses	Those costs associated with operating a property. For example, utilities, taxes, payroll and repairs. Operating expenses do not include capital expenditures such as a new roof or new boiler.
SF	Square feet
Soft Costs	Those development costs not part of the actual labor or materials to create the property. For example, professional fees (i.e., architects, accountants, attorneys, brokers) are typical soft costs. Developers sometimes also will include "Carry Costs" or the cost of financing in this category.
Tax (Before or After)	Returns on investments can be calculated before or after income tax implications, including depreciation. (All calculations in this Workbook are before taxes.)
Triple Net Lease (NNN)	Triple Net Lease is a type of net lease in which the tenant pays all or part of the utilities, taxes, insurance and maintenance associated with use of the property. These fees are paid in addition to the tenant's regular monthly rent.

