



RE: 317-327 S New St – Financial Study

This document will compare the financial viability for two proposed floor plan configurations for this property. The first configuration is the plan as proposed by the development group 325 South New Street Development LLC. The second is an iteration proposed by the Historic Conservation Commission that would keep the front framing area and façade of the 321-323 S New Street property.

The basis of the analysis is the Debt Coverage Ratio, which is a determining factor for financial institutions to decide whether the business opportunity is viable from a financing standpoint. Using standard financing methods, a minimum Debt Coverage Ratio of 1.25 is needed to consider the project financeable. As project income decreases, or costs increase, the ratio goes down. Conversely, as income increases and costs decrease, the ratio goes up.

**Option #1: Plan as Proposed by 325 South New St Development LLC**

Number of Apartments	42
Net Apartment Rental Area	31,962
Net Retail Rentable Area	2,060
Income to debt Coverage Ratio* (min 1.25)	1.3

**Option #2: Historic Conservation Commission Proposal**

Number of Apartments	40
Net Apartment Rental Area	28,580
Net Retail Rentable Area	1,430
Added Cost over Option 1 (See Breakdown Below)	\$ 259,800
Income to debt Coverage Ratio*	1.01

<b>Added Costs to Re-Use Existing Building in New Plan</b>	<b>Cost</b>
Selective Demolition Added Cost	\$ 25,000
Façade Trim Replacements and Repairs	\$ 15,000
Added Perimeter Foundation and Fire Wall	\$ 94,800
Interior Stairs and Communication	\$ 75,000
New Building Foundation Drops	\$ 30,000
Podium Premium	\$ 20,000
<b>Total</b>	<b>\$ 259,800</b>

In summary, taking into account the added work to make the existing building viable to use along with the reduction in rent, the revised Debt Coverage ratio indicates the project is infeasible.