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Investment Proposal for the Bookend Buildings



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EXECUTIVE SUMMARY

The Investment Proposal for the Bookend Buildings presents information for investors relevant to the purchase and rehabilitation of the properties located at 512, 514, 518, 520, and 522 Jefferson Street in Burlington, Iowa. This information has been formulated by the Iowa Initiatives for Sustainable Communities (IISC) in partnership with Downtown Partners, Inc. during September 2010-April 2011.

The ensuing report provides background information on the Bookend Buildings, an overview of demand for redevelopment of the buildings based on public input, cost estimates for renovations, an overall cost analysis, details about available financial incentives, and green building options.

This document is intended to be used as a resource for potential investors in making a decision to invest in the Bookend Buildings.

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INTRODUCTION

The purpose of this report is to provide potential investors with the necessary resources and information to make a knowledgeable investment in the Bookend Buildings, a group of adjacent structures with the addresses of 512, 514, 518, 520, and 522 Jefferson Street in Burlington, Iowa.

About the Bookend Buildings

The Bookend Buildings are a highly significant feature of Downtown Burlington. Located at the foot of the famous Snake Alley and along a major entryway to the Downtown, the buildings are central to retail development along Jefferson and 6th Streets. The Bookend Buildings were built in 1883 by prominent local businessmen Samuel Mellinger and William Forney, and have been used as commercial space for a wide range of businesses including an electric supply company, laundry, bakery, sewing machine company, costume rental store, and bank offices. The buildings have also served as a knitting factory, saloon, church, and grocery store. The Bookend Buildings are a contributing property in the West Jefferson Historic District, which was added to the National Register of Historic Places in 1991. This district encompasses roughly the 400-800 blocks of West Jefferson Street and is one of five Historic Districts throughout Burlington.



Above: Photograph of the Bookend Buildings as home to Burlington Electrical Supply Co. around 1920.

Over the years, the Bookend Buildings have experienced serious disinvestment, which is evidenced by vacant, dilapidated storefronts and the complete lack of any activity on-site. At the current time, each building is entirely vacant on every floor. The development's most recent tenant on the first floor moved out in 2007, while the upper stories have not been fully occupied since the 1950s.

Current Status of the Bookends

The Bookend Buildings are currently owned by Downtown Partners, Inc. They were purchased on April 12, 2011 from W. Cook Inc. for \$155,000. It is the intention of Downtown Partners to resell the buildings to an investor or group of investors whom will be responsible for financing and managing the buildings' redevelopment.

WHY INVEST IN THE BOOKEND BUILDINGS?

The Bookend Buildings offer an exciting investment opportunity. These vacant and unused buildings have the potential to be redeveloped into stores, restaurants, offices, apartments, and condominiums. Revitalization of downtown properties like the Bookend Buildings is advantageous to investors, future tenants, and the greater community for several reasons. Among these are:

- **Central Location.** The Bookend Buildings are located in the heart of the city near jobs, restaurants, activities, and other amenities. The upper stories have spectacular views of Burlington's picturesque downtown. Furthermore, downtown establishments decrease travel time for residents and promote walkability in the area.
- **Architecture.** The Bookend Buildings feature unique, historically significant architecture. Because the properties are listed on the National Register of Historic Places, they are eligible for additional financial incentives.
- **Sustainability.** The greenest building is one that is already built. Reuse of an existing building prevents materials from going to the landfill and is the ultimate form of recycling. Developers working to rehabilitate the Bookends will also have the opportunity to implement green building techniques.
- **Jobs.** Downtown spaces often attract independent, locally-owned businesses which will create additional jobs within the Burlington community. Those working downtown are likely to support other nearby businesses.
- **Revenue.** Vacant and dilapidated properties in Downtown Burlington often bring in little or no property tax revenue, but have the potential to increase the property tax base in the city. Redevelopment will increase the value of the property, contributing a greater amount to the community's tax base.
- **Safety.** Empty, neglected buildings can be a fire hazard and can invite unwanted criminal activity.
- **Downtown as a Destination.** Downtown Burlington currently has stores and restaurants which attract people to the area. New establishments in the Bookends can build on what is already available creating a larger mixed-use district. This will make downtown a destination for non-residents and tourists, as well as local community members.
- **Financial Incentives.** There are numerous incentives in place to support investment and redevelopment in Downtown Burlington. These incentives are outlined on page 13 and described in greater detail in Appendix B.

DEMAND FOR REDEVELOPMENT OF THE BOOKENDS

To determine the potential for redeveloping the Bookend Buildings into a viable mixed-use development, the Iowa Initiatives for Sustainable Communities administered a Downtown Living Survey and conducted focus groups during March and April of 2011. The goals of this research were to determine the market and demand for upper-story living and to identify commercial opportunities in Downtown Burlington. The following is a brief summary of the findings.

Upper-Story Living

The results of the surveys and focus groups identified a demand for upper-story living in Downtown Burlington. Based on the results of the Downtown Living Survey:

- 13.5% indicated they were likely to live in an apartment in Downtown Burlington within the next two years. Of those likely to move, the majority were between the ages of 19 – 34 years old.
- 29.2% indicated they would rent and 25% said they would own (45.8% indicated they were not likely to move downtown). The 19–25 and 45–56 year old groups made up the majority of residents likely to rent, while the 45–56 year olds were also the most likely to own.
- 76% of respondents indicated they would prefer a loft in an historic building
- 57% of respondents prefer two bedroom units and 43% prefer two bathrooms.
- The potential rents respondents were willing to pay mostly varied between the \$350 - \$500 and \$501 - \$800 ranges.
- For owner-occupied units, 40% of respondents are willing to make a mortgage payment of \$501-\$800. The survey also found that 30% of the 45–56 year old respondents are willing to make a monthly mortgage payment of over \$1000. Survey results for willingness to pay for downtown housing are illustrated in Figure 1.

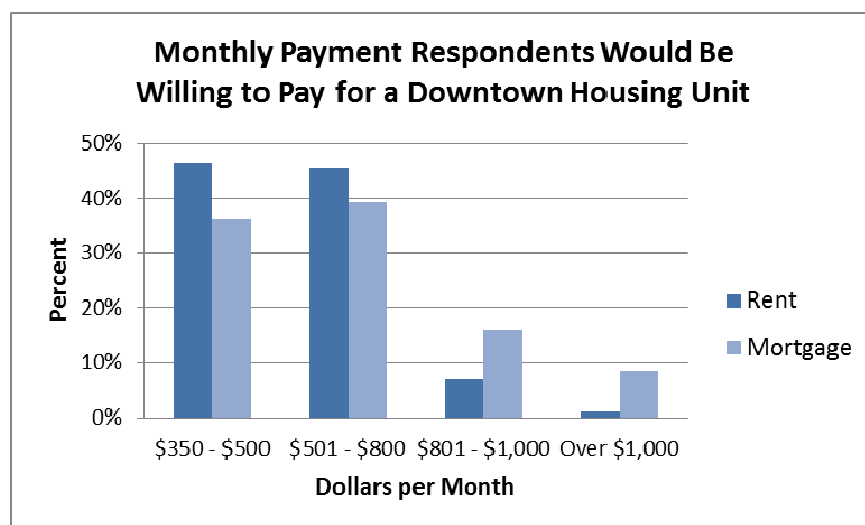


Figure 1: Survey Results of Willingness to Pay for Downtown Housing

Open-ended questions on the survey and focus group discussions provided qualitative data related to the market and demand for downtown living. Participants saw the market for downtown living to include retired residents and empty nesters looking to downsize or have the option to travel. Also, young singles and couples who are career-focused are more likely to look downtown for an apartment or condominium. When asked, “what, if anything, would make you more likely to consider living downtown?” a majority of respondents indicated better parking options such as on-site parking and covered parking. Other suggestions included: utility assistance, outdoor space or rooftop access, and a secure building.

Commercial and Retail Opportunities

Through the Downtown Living Survey, a scaled response system was used to gauge respondents’ opinions on commercial and retail options, services, and amenities in Burlington’s Downtown. A “recommendations” section was then included to gain insight into the specific amenities participants would like to see in the downtown. The results of this research show there is an opportunity to expand Downtown Burlington’s retail, commercial, and dining options.

Survey results indicate that 85% of respondents feel that there is little variety in the shopping options available downtown. A third of those respondents made recommendations as to types of stores they would like to see. These recommendations include: hardware store, drug store, office supplies, men’s and women’s clothing, furniture, florist, crafts and specialty shops.

Over 55% of respondents felt that there were not enough dining options, although 40% indicated they come downtown at least once a week to eat out. The most frequently mentioned type of dining missing from the downtown was lunch options, more specifically a place to have a quick lunch. Several participants work downtown and have to drive outside of the downtown area at lunchtime. The lack of a bakery was also mentioned in both focus group sessions and survey responses. Many of the survey respondents and focus group participants enjoy current downtown restaurants but indicated the need for other types of cuisine such as Indian, vegetarian, sushi, barbeque, Chinese, Thai, and Greek.

Finally, the need for additional coffee shops and an Internet café was a frequent topic among both survey respondents and focus group participants. Nearly 63% of survey respondents indicated that Downtown Burlington did not have enough coffee shops to meet their needs. College students mentioned needing a place to meet friends that is also conducive for studying because the library has limited hours. Young professionals mentioned needing a coffee shop to go to in the evenings and on Sundays.

The results of the 2011 Downtown Living Survey and Focus Groups have shown there is demand for apartments and condominiums in Downtown Burlington, as well as for additional retail and dining options. The Bookend Buildings, once redeveloped, have the potential to meet the market needs that Burlington residents have indicated. Furthermore, upper-story apartment units would create a continuous customer base that would help support these potential businesses.

BOOKEND BUILDING COSTS

Purchase Price

The purchase price of the Bookend Buildings will be approximately \$155,000 plus any minor carrying costs endured by Downtown Partners while in possession of the properties. The buildings must be purchased as a set and are not available for sale individually.

Renovation Costs

The Bookend Buildings have been vacant for many years and are in need of extensive rehabilitation. The total estimated costs of these renovations were found to be \$2,741,822 based on RSMeans' 2010 edition of *Interior Cost Data*. RSMeans is an industry accepted method of developing cost estimates for both new construction and remodeling projects.

Table 1 shows the total square footage of the Bookend Buildings and the cost per square foot for renovations based on use. It was assumed that the first floor of each building will be commercial units and the upper stories will be residential units. Therefore, of the total 22,781 square feet of building space, 13,031 square feet was assumed to be residential space and 9,750 square feet was assumed to be commercial space. Square footage data was obtained from the Des Moines County Assessor's Office.

Table 1: Cost Estimates for the renovation of the Bookend Buildings using $\frac{3}{4}$ Cost Data

Use	Total Square Footage	Cost per Square Foot	Total Renovation Cost Estimate
Residential	13,031 sq ft	\$111.73	\$1,455,954
Retail	6,611 sq ft	\$103.55	\$684,569
Office	1,600 sq ft	\$157.88	\$252,608
Restaurant	1,539 sq ft	\$226.57	\$348,691
TOTAL	22,781 sq ft		\$2,741,822

Source: RSMeans *Interior Cost Data* 2010

The cost estimates for the Bookend Buildings also assume the commercial space will consist of four retail units, one office unit, and one restaurant. The Bookend Buildings currently have only five storefronts, therefore this assumption would require the largest unit at 514 Jefferson Street to be divided into two smaller units. The cost estimate per square foot for redeveloping commercial space differs depending on the use of the space, with restaurant being the most expensive and retail being the least expensive. The residential square foot cost estimates do not differ for condominiums and apartments, so the cost per square foot is the same for all residential space.

RSMeans additionally incorporates geographic location, size of the project, and several other factors in determining a cost estimate. Appendix A further details the specific steps involved in formulating the square foot renovation cost estimates for the redevelopment of the Bookend Buildings' residential and commercial space using RSMeans.

Note: The renovation cost estimates in this document are not guaranteed. They are intended only to give potential investors a general idea of rehabilitation costs. Downtown Partners and the Iowa Initiative for Sustainable Communities recommend that detailed cost estimates be obtained from a professional contractor.

COST ANALYSIS FOR THE BOOKEND BUILDINGS

The Bookend Buildings require substantial rehabilitation prior to leasing or selling space to residential or commercial tenants. A financial valuation for the project has been completed employing industry standard principles. The valuation assumes that the main (ground) floor of the property will be utilized by commercial tenants with one office, one restaurant, and four retail spaces. Floors two and three will offer ten residential rental units

Renovation costs were found to average \$120 per square foot, to be incurred over three years, while subsequent potential rental income is not likely to exceed \$7 per square foot per year. Based on this information alone, the project is not operationally profitable for an intermediate investment horizon. However, lucrative tax credits make the project financially attractive for a real estate developer with Federal and State of Iowa tax liabilities exceeding the level of the credits over the renovation period. Furthermore, additional financial incentives for redevelopment (outlined on page 13) are not included in this analysis, but are available to increase the profitability of the project.

The next page contains a summary of the Bookend Building Cost Analysis.¹ Our ten year analysis yields a 3.08% internal rate of return (annual unleveraged). The following page itemizes the estimates and assumptions used in the analysis.

¹ Detailed financial output, for internal uses only, is available upon request.

Bookend Buildings' Cost Analysis Summary

Table 2: Cost Analysis Summary

Timing & Inflation	
Reporting Period	June 1, 2011 to May 31, 2021; 10 years
Inflation Month	Analysis
General Inflation Rate	2.00%
Property Size & Occupancy	
Property Size	22,780 Square Feet
Alternate Size	1 Square Foot
Number of Rent Roll Tenants	16
Total Occupied Area	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method	Percent of All Rental Revenue
Rate	25.00%
Debt Financing	
Number of Notes	1
Beginning Principal Balance	\$1,919,275
Average Year 1 Interest Rate	6.50%
Property Purchase & Resale	
Purchase Price	\$155,000
Resale Method	Capitalize Net Operating Income
Cap Rate:	10.00%
Cap Year	Year 11
Commission/Closing Cost	\$54,601
Net Cash Flow from Sale	\$1,037,419
Present Value Discounting	
Discount Method	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate	15.00%
Unleveraged Present Value	(\$466,508) at 15.00%
Unleveraged Annual IRR	3.08%
Leveraged Discount Rate	15.00%
Value of Equity Interests	(\$244,843) at 15.00%

Cost Analysis Disclaimer

The Bookend Building Cost Analysis incorporates the following assumptions:

1. Rental income:
 - a. Residential revenues obtained from HUD Fair Market Rent in Des Moines County.
 - b. Commercial revenues estimated from inventory data collected in the City of Burlington.
2. Possession of the property transfers on June 1, 2011.
3. Renovation funding total \$2,741,822 is assumed to be financed by a lender with 30% equity (\$822,547) required by the investor(s). Loan terms assume a 10-year amortization and an annual interest rate of 6.50%. Disbursement of funding for property renovations begins in June 2011 and is spread over three years.

a. Year 1 (June 2011-May 2012): Units 101-106	\$1,285,868
b. Year 2 (June 2012-May 2012): Units 203-206 & 301-302	\$1,089,639
c. Year 3 (June 2013-May 2014): Units 201,202,207,208	\$366,474

Renovation grants and other incentives are available, but have not been applied to this analysis.

4. Rental income begins one year after renovations are initiated:
 - a. June 2012 (Suites 101-106), five year commercial leases.
 - b. June 2013 (Suites 203-206 & 301-302), one year renewable residential leases.
 - c. June 2014 (Suites 201,202,207,208) one year renewable residential leases.
5. The analysis incorporates historic tax credits in the amount of 51% of renovation costs (26% Federal and 25% Iowa). The property is not profitable until at least the sixth year of operations so the credits are applied as miscellaneous revenues throughout the three year period during which renovation costs are incurred. Since the property itself is not profitable for an intermediate horizon, the credits are of value only to an investor whose Federal and Iowa tax liabilities exceed the level of the credits in the next three tax years.²
6. Average vacancy rate for all units is 25%. Renewal probability for all leases is 75%.
7. Annual inflation is 2%.
8. Depreciation expense is the required straight-line method with a life of 32.42 years, a weighted average of the depreciable lives of apartments (27.5 years) and office/retail (39 years).
9. Tax rates: ordinary income = 20%, capital gains = 15%, depreciation recapture = 25%.

² Other available tax credits (e.g., New Market), which can be used in conjunction with those applied in the analysis, further enhance the financial viability of the project.

AVAILABLE FINANCIAL INCENTIVES

There are numerous financial incentives in place to support investment and redevelopment in Downtown Burlington. The following section provides an outline of what is currently available to investors as well as business and property owners. Additional information on each of the incentives is available in Appendix B as well as on the websites provided. An electronic version of the financial incentives information will be available on the Downtown Partners website.

Historic Preservation Incentives

- Federal Historic Tax Credits
- State Historic Tax Credits
- Historic Resource Development Program
 - Historic Preservation Matching Grant
 - Emergency Grant

Downtown Incentives

- Design Assistance
- Façade Loan Improvement Program
- Main Street Mortgage Loan Program
- Upper Story Residential Redevelopment

City of Burlington Incentives

- Business Enterprise Zone Tax Incentives
- Housing Enterprise Zone Tax Incentives
- Tax Increment Financing (TIF)
- Urban Revitalization Tax Exemption

Energy Efficiency Incentives

- Alliant Energy Incentives

Other Incentives

- New Market Tax Credits

POTENTIAL INVESTMENT AND MANAGEMENT STRUCTURES

The following section is intended to provide basic information to individuals that are new to investing in real estate. This information is not meant to be exhaustive, or to serve as official legal advice. The Iowa Initiative for Sustainable Communities and Downtown Partners recommend that all potential investors conduct detailed research and consult with a legal professional.

Investment Structures

Numerous decisions need to be made about the legal framework and management of your investment. These decisions include determining the number of individuals that will hold stake in the investment, defining the role that each investor will play, and determining whether the investor(s) will form an LLC, a corporation, or another entity.

An individual could opt to invest in the Bookend redevelopment project alone. Alternatively, he or she could choose to partner with one or more co-investors. When more than one investor is involved, the invested parties should plan to take on either a passive or an active role. Roles should be determined based on the desired level of involvement of each investor, as well as on logistical concerns about communication among multiple active stakeholders.

Investors must also decide whether they will incorporate, and under which legal structure they will organize their real estate investment. Limited Liability Companies (LLCs) have become the most common structure used to organize real estate investments. LLCs are favored among investors for their strong liability protection, tax advantages, and flexibility. LLCs are the recommended investment structure for the Bookend Redevelopment project for the same reasons. Based on their project and individual needs, investors might alternatively consider filing as an S or C corporation. Table 3 on the following page summarizes the advantages and disadvantages of the various business structures.

Table 3. Potential Investment Structures

Type of Entity	Number of Individuals	Advantages	Disadvantages	Recommendation
Limited Liability Company	1+	1. Extraordinary Flexibility 2. Effective Shield Against Personal Liability 3. Pass-through Tax Treatment	1. Governed by Complex Partnership Tax Rules 2. Unattractive to Venture Capitalists 3. Limitation on Capital Structure	Recommended
S Corporation	1+	1. Effective Shield Against Personal Liability 2. Pass-through Tax Treatment 3. Easy to Convert to C Corporation	1. Limitation on Type and Number of Shareholders 2. Limitation on Capital Structure 3. Onerous Formalities and Recordkeeping	Should Be Considered if Entity will have fewer than 100 shareholders and plans to seek venture capital in the future
C Corporation	1+	1. Best Shield Against Personal Liability 2. Best Entity to Attract Venture Capital 3. Flexible Capital Structure	1. Not a Pass-through Entity (Subject to Double Taxation) 2. Onerous Formalities and Recordkeeping 3. Costly Set-up and Maintenance	Should be Considered if Entity Will be Large and is Planning to Seek Venture Capital
Limited Partnership	2+	1. Limited Liability 2. Facilitates Outside Investment 3. Pass-through Tax Treatment	1. Unlimited Liability for General Partners 2. Creature of Statute 3. Limited Partners May not Participate in Management	Not Recommended
General Partnership	2+	1. Ease of Formation 2. Relatively Inexpensive 3. Separate Legal Entity	1. Unlimited Liability 2. Bars Outside Investment 3. Fiduciary Obligations by and to All Partners	Not Recommended
Sole Proprietorship	1	1. Easy to Form 2. Very Inexpensive 3. No Double Taxation	1. Unlimited Personal Liability 2. No Equity Issuances 3. No Continuity of Existence	Not Recommended

Management Structures

Business condominiums are becoming a common ownership structure for commercial properties. These condominiums are similar to residential condominiums in that businesses purchase commercial space within a building, but the building and its common spaces are managed by a property owner, who maintains the common property for a monthly maintenance fee. The benefits of managing the property as a business condominium would accrue to both the property owner and the business owners: business owners would avoid eternal lease payments and would build equity in their condominium, while property owners would no longer bear the burden of seeking tenants to ensure their building is fully-leased. Thus, condominiums may provide a viable alternative to lease agreements for both the commercial and residential space in the Bookend Buildings.

GREEN BUILDING

The redevelopment of the Bookend Buildings, as well as other properties in Downtown Burlington, provides the opportunity to incorporate green building techniques. While the reuse of an existing building is already a sustainable option, developers working to rehabilitate the Bookends can also take advantage of savings on future operating costs by implementing energy efficient materials and other green options.

This section will provide a brief oversight on some of the green building aspects that developers should be aware of when redeveloping historic buildings in Downtown Burlington. It also provides a list of resources developers can use to find more detailed information on green building techniques.

Green Building and Historic Preservation

Due to the high cost of rehabilitating the Bookend Buildings, prospective developers are likely to focus on reducing their costs by using historic tax credits and grants. However, it is also important to consider that using green building techniques will provide a cost savings in the long run. Two factors will help offset the increased costs incurred by developers. First, the use of energy efficiency tax credits will reduce the increased initial costs associated with green building techniques. Secondly, demand is greater for energy efficient units compared to those that do not include these features.

There is a common misconception that developers must choose either green building techniques or historic preservation when rehabilitating a building, however it is possible to incorporate both green building techniques and historic preservation into the same project.

GREEN & MAIN WORKSHOPS

An Iowa initiative which focuses on transforming existing buildings and neighborhoods into sustainable communities provides a green building series on sustainable renovation. Workshops held every couple months focus on the various aspects of sustainable renovation of historic properties. For more details on the workshops, visit the Green and Main website at <http://greenandmain.org/>.

Green Streets Criteria

The Iowa Green Streets Criteria are the result of the Iowa Department of Economic Development adopting the national Green Communities Criteria. The Iowa Green Streets Criteria consist of eight sections of green building requirements that promote energy efficiency and reduce the environmental impact of development projects. The Iowa Green Streets Criteria do not apply to all rehabilitation projects, but the Criteria provide a detailed green building template that all rehabilitation projects can and should follow. The Criteria are mandatory for projects receiving Iowa Department of Economic Development Housing funds, Community Development Block Grant

Program Community Facilities and Services funds, and Main Street Iowa Challenge Grants. Appendix C of this report includes a copy of the Iowa Green Streets Criteria worksheet titled *Green Communities Development Team Worksheet*. The eight sections of the Iowa Green Streets Criteria are summarized below:

INTEGRATED DESIGN

The Integrated Design Section includes a Green Development Plan, and the project redevelopment team must commit to following the Green Streets Criteria.

LOCATION

Because the projects in Downtown Burlington will mainly consist of rehabilitating historic buildings, the Location Section does not have great relevance to Downtown Burlington. However, location does come into play in terms of connecting the newly rehabilitated project to the pedestrian grid. If a building is rehabilitated in the Downtown and the location previously did not have sidewalks, the developer should build sidewalks.

SITE IMPROVEMENTS

When rehabilitating a building it is important to take into consideration storm water management and to limit the environmental impact of the rehabilitation project.

WATER CONSERVATION

Reducing water consumption reduces the use of a finite resource and also reduces utility bills. Thus, it is important to install water efficient plumbing fixtures and appliances in both residential and commercial units.

ENERGY EFFICIENCY

Installing energy efficient appliances may increase the initial cost of purchase, but the benefit is reduced utility bills. Because efficient appliances use less energy, the amount of nonrenewable resources used for the building is reduced providing both savings and environmental relief.

MATERIALS BENEFICIAL TO THE ENVIRONMENT

Salvaging a building's original materials reduces the amount of materials that ends up in landfills as well as the amount of material that must be transported to the building's site.

HEALTHY LIVING ENVIRONMENT

Historic buildings are likely to contain asbestos, so the first step in the construction process should be to properly mitigate the asbestos in the building. During the rehabilitation process it is important to not use materials that will potentially emit any harmful chemicals. One major concern is that volatile organic compounds exist in conventional paints.

OPERATIONS AND MAINTENANCE

Because tenants rather than property owners will occupy many of Downtown Burlington's rehabilitated buildings, it is important to educate tenants about how their rentals' green features

operate. A green feature that is not properly operating will not provide the optimal energy savings and cost savings.

Cost and Benefits of Improving Energy Efficiency

Before rehabilitating a building, the owner of the building should hire a professional to conduct an energy audit of the building. The energy professional will advise the building owner about ways he or she can conserve energy and reduce utility costs. Table 4 displays the added cost of installing an energy efficient product, the savings from the product, and the length of time it takes for a building owner to pay for the increased cost of a more energy efficient product. The added costs take into consideration the higher cost of energy-saving products and materials, as well as the labor cost for sealing air leaks or insulating walls. As the table shows, in the long run, improving the energy efficiency of a building definitely reduces costs and pays for itself.

Over 50 percent of a building's utility costs are the result of heating and cooling the building, so properly insulating a rehabilitated building is a great way to improve energy efficiency and reduce utility bills. Due to the poor condition of the interior of many of the buildings in Downtown Burlington, the interior will likely need to be completely gutted. Gutting the interior provides the perfect opportunity to properly insulate the buildings. Besides energy efficiency, the insulation will also provide fire resistance for the building as well (United States Department of Housing and Urban Development).

Table 4: Added Cost and Savings from Using Energy Efficient Rehab Materials

Measure	Added Cost (\$/sq ft)	Savings (\$/sq ft/yr)	Payback (Years)
Programmable Thermostat	0.02	0.09	0.2
Windows (U factor ≤ 0.35)	0.09	0.09	1
Seal Air Leaks	0.30	0.13	2.3
Insulate Ceilings	0.61	0.11	5.5
Insulate Floors	0.45	0.16	2.9
Insulate Walls	0.34	0.14	3.4

Source: United States Department of Housing and Urban Development

Additional Resources

The following are a list of resources from the Iowa Department of Economic Development's Iowa Green Streets Criteria that provide information on green building projects at the national and the state level.

- American Institute of Architects, Iowa Chapter – www.aiaiowa.org
- Building Green, LLC/Environmental Building News – www.buildinggreen.com/
- Center on Sustainable Communities – www.icosc.com/
- Certified 3rd-Party Energy Raters – www.natresnet.org/directory/raters.aspx
- Energy Star - www.energystar.gov
- Green Home Guide – www.greenhomeguide.org/
- Iowa Energy Center – www.energy.iastate.edu/
- MidAmerican Energy <http://www.midamericanenergy.com/ee/default.aspx>
- U.S. Green Building Council – www.usgbc.org/

APPENDICES

APPENDIX A – COST ESTIMATES USING RSMEANS

Appendix A provides details on determining renovation cost estimates for the Bookend Buildings using RSMeans' 2010 edition of *Interior Cost Data*.

Cost Factors

RSMeans derives its cost figures by analyzing approximately 11,000 projects, and then develops ¼, median, and ¾ cost figures. The ¾ cost figure signifies that a project's cost is greater than 75 percent of renovation projects in RSMeans' database. The ¾ cost figure was used in the estimates for the Bookend Buildings due to the current condition of the buildings and estimated level of renovations that will be necessary.

Location Adjustment

Because RSMeans uses national data to develop cost estimates, the figures had to be adjusted to account for differences in the local price of labor and other construction inputs compared to the rest of the United States. The City Cost Index value is used as a multiplier to adjust the estimates based off the national cost figures. For Iowa, RSMeans provides the average construction costs for six cities. Those cities are Council Bluffs, Davenport, Des Moines, Dubuque, Sioux City, and Waterloo. Due to proximity and economic characteristics, Davenport's modifier was used to adjust the national value.

RESIDENTIAL SPACE

RSMeans provides square foot estimates for three types of apartment buildings: low rise (1-3 story buildings), mid-rise (4-7 story buildings), and high rise (8-28 story buildings). The Bookend Buildings fall within the 1-3 story building category so the low rise square foot estimates were used.

According to RSMeans, the typical size of a low rise apartment building in the United States is 21,000 square feet. The following steps outline the process of developing a cost estimate for the residential space in the Bookend Buildings.

- 1) Use the Square Foot Project Size Modifier to develop a Size Factor for the residential space in the Bookend Buildings. The equation used to find the Size Factor for the residential space in the Bookend Buildings is:

$$\frac{\text{Proposed Building Area}}{\text{Typical Size of the Project}}$$

$$\frac{13,031 \text{ sq ft}}{21,000 \text{ sq ft}} = 0.621$$

- 2) Put the 0.621 Size Factor in RSMeans' Area Conversion Scale below. The resulting Cost Multiplier for the residential space in the Bookend Buildings is 1.08. The 1.08 Cost Multiplier is used to adjust the square foot cost that RSMeans gives for the construction cost per square foot for low rise apartment buildings.

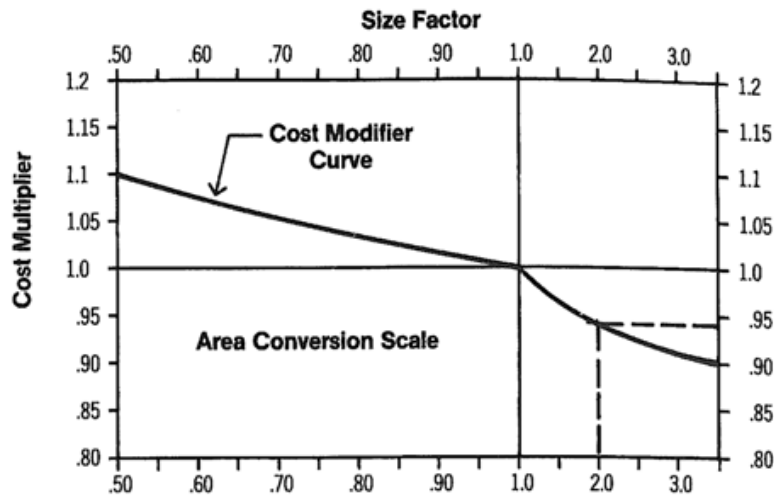


Figure 2: Area Conversion Scale

Source: RSMeans *Interior Cost Data* 2010

- 3) The national $\frac{3}{4}$ cost per square foot for a low rise apartment building is \$111 per square foot. Table 5 below displays the Cost Multiplier, $\frac{3}{4}$ (\$/sq ft), and Burlington's Cost Index. The Adjusted Cost is the actual square foot cost for the residential space in the Bookend Buildings. The Adjusted Cost formula is:

$$\text{Adjusted Cost} = \text{Cost Multiplier} * \text{Three-Fourth Cost} * \text{Burlington's Cost Index}$$

Using these steps it was found that redeveloping the Bookend Building's 13,031 square feet of residential space will cost \$111.73 per square foot.

Table 5: Inputs Used to Develop the $\frac{3}{4}$ Square Foot Cost Estimates for the Residential and Commercial Space in the Bookend Buildings

Type of Space	Bookend Building's Total Area (sq ft)	Area of a Typical Building (sq ft)	Cost Multiplier	Three-Fourth Cost (\$/sq ft)	Burlington's Cost Index	Adjusted Cost (\$/sq ft)
Residential	13,031	21,000	1.08	111.00	0.932	111.73
Retail	6,611	7,200	1.01	110.00	0.932	103.55
Office	1,600	20,000	1.1	154.00	0.932	157.88
Restaurant	1,539	4,400	1.1	221.00	0.932	226.57

Source: RSMeans *Interior Cost Data* 2010

COMMERCIAL SPACE

To find the Adjusted Cost per square foot for the three types of commercial space, the same process used to find the square foot cost for residential space is also used to find the square foot cost for commercial space. RSMeans provides a different $\frac{3}{4}$ cost per square foot and a different size of the typical building for retail, office, and restaurant uses. The remainder of this section will detail the process for the three types of commercial uses.

RETAIL SPACE

To find the Adjusted Cost per square foot of the 6,611 square feet of retail space in the Bookend Buildings, the three steps from the Residential Space section must be followed. It is important to note that as Table 5 above indicates, the Cost Multiplier for the retail space is 1.01. The reason the retail Cost Multiplier is less than the Cost Multipliers of the other types of uses is because the amount of square feet of retail space in the Bookend Buildings is only slightly less than the area of the typical retail space. Due to economies of scale and the major cost coming from the construction of the building itself, the construction cost per square foot for the retail space in the Bookend Buildings is just above the $\frac{3}{4}$ cost without taking into consideration Burlington's cost index.

Using the equation from Step 3, the Adjusted Cost is: $1.01 * \$110.00 * 0.932 = \$103.55/\text{sq ft.}$

OFFICE SPACE

Again, the three steps outlined above are used to find the Adjusted Cost per square foot for the Bookend Building's 1,600 square feet of office space. Table 5 shows the Cost Multiplier for office space is 1.1, and when dividing the amount of office space by the typical size of an office building, the quotient is not on the sliding scale in Figure 2 on the previous page. Therefore, a project with a Size Factor less than 0.5 has a Cost Multiplier of 1.1.

Using the equation from Step 3, the Adjusted Cost is: $1.1 * \$154.00 * 0.932 = \$157.88/\text{sq ft.}$

RESTAURANT SPACE

The same steps are followed to find the Adjusted Cost per square foot for the 1,539 square feet of restaurant space in the Bookend Buildings. As was the case with the office space, the Size Factor for the restaurant space is less than 0.5, so the Cost Multiplier is 1.1. The logic that the Cost Multiplier of the office space was 1.1 holds true for the restaurant space's Cost Multiplier.

Using the equation from Step 3, the Adjusted Cost is: $1.1 * \$221.00 * 0.932 = \$226.57/\text{sq ft.}$

Source: RSMeans *Interior Cost Data* 2010

APPENDIX B – FINANCIAL INCENTIVES GUIDES

Historic Preservation Incentives

Downtown Burlington is home to several historic buildings in need of investment. Restoring these buildings can be particularly challenging because rehabilitation must meet historic preservation standards. Fortunately, there are many available incentives at the federal and state level to increase project feasibility and offset any additional costs of historic preservation. Properties located in a historic district or on the National Register of Historic Places are eligible for historic preservation incentives. A map and listing of National Register properties in Burlington and additional information are available on the City of Burlington's Historic Preservation Committee website (<http://www.burlingtoniowa.org/development/committees/hpc/>).

FEDERAL HISTORIC TAX CREDITS

A **26% Federal Tax Credit** is available for the certified rehabilitation of historic structures including those on or eligible for the National Register of Historic Places or contributing properties in a registered historic district. The credit is equal to 26% of the amount spent on certified rehabilitation, and is generally claimed for the tax year that the rehabilitated building is placed in service. The standard federal tax credit is 20%, but because Burlington was considered a disaster area after recent flooding, an additional 6% tax credit has been made available. A **10% Tax Credit** is also available for non-residential properties which have not received historic designation, but were occupied prior to 1936. The application process consists of two or three parts depending on the type of property. The three parts are as follows:

- Part 1 - Evaluation of Significance of the Property
- Part 2 - Description of Rehabilitation Work
- Part 3 - Request for Certification of Completed Work

Part 1 is not needed for properties already listed on the National Register of Historic Places, but Parts 2 and 3 must be completed by all applicants. Applications are accepted on an ongoing basis and should be submitted well in advance of the project start date

A Guide to the Federal Historic Preservation Tax Incentives Program:

<http://www.nps.gov/history/hps/tps/tax/incentives/index.htm>

Historic Preservation Tax Incentives Booklet:

http://www.nps.gov/history/hps/tps/tax/download/HPTI_brochure.pdf

State Historical Society of Iowa's Federal Tax Credit Information:

<http://www.iowahistory.org/historic-preservation/tax-incentives-for-rehabilitation/federal-tax-credits.html>

STATE HISTORIC TAX CREDITS

A **25% Tax Credit** is offered by the State Historic Preservation Tax Credit Program for qualified rehabilitation costs of properties on the National Register of Historic Places, those determined eligible by the State Historic Preservation Office, those contributing to historic districts, and local

landmarks. To be eligible for the credit, qualified costs of renovations for commercial or mixed-use properties must exceed 50% of the assessed value of the building. Applications for state historic tax credits consist of a three part process similar to that of the federal historic credits. For projects under \$500,000, applications are accepted throughout the year until all available credits are reserved. For projects over \$500,000, applications are accepted only during the first 10 business days of July. State and federal historic tax credits can be combined.

State Historical Society of Iowa's State Tax Credit Information:

<http://www.iowahistory.org/historic-preservation/tax-incentives-for-rehabilitation/state-tax-credits/index.html>

HISTORIC RESOURCE DEVELOPMENT PROGRAM

The State Historical Society of Iowa offers a **Historic Preservation Matching Grant** as part of the Historic Resource Development Program (HRDP). Applications are considered for the treatment, protection, or rehabilitation of sites, buildings, structures, objects or districts that are listed on the National Register of Historic Places. The match ratio of the grant depends on the type of applicant (nonprofit, individual, business). An individual applicant must provide a \$.75 match for every grant dollar awarded. At least a \$.50 must be a cash match while \$.25 can be an in-kind match. Applicants are encouraged to request \$50,000 or less. Application deadlines occur once a year, generally in May.

HRDP also offers an **Emergency Grant of up to \$15,000** to protect a threatened historic property listed on the National Register of Historic Places or determined eligible for the National Register by the State Historic Preservation Office. There is no specific deadline for the application and the review process only takes a couple of weeks.

State Historical Society of Iowa's Historical Resource Development Program:

<http://www.iowahistory.org/about/grants/hrdp/index.html>

Historical Resource Development Program Emergency Grants Information:

http://www.iowahistory.org/education/assets/emergency_hrdp_info.pdf

Downtown Incentives

DESIGN ASSISTANCE

Because Burlington is a Main Street Community, Main Street Iowa offers **Design Assistance at No Cost** and no obligation to downtown business and property owners. A Main Street Iowa design consultant will work with business or property owners to develop feasible maintenance and façade improvements to buildings in the downtown district. Along with finished architectural renderings of possible improvements, the owner receives suggestions regarding signage, awnings, paint colors, and appropriate care. For more information download the application below and call Downtown Partners, Inc. (DPI) at 319.752.6365 to schedule a design visit.

Design Assistance Application: <http://www.growburlington.com/dtp/pdf/DesignAsstsForm.pdf>

FAÇADE IMPROVEMENT LOAN PROGRAM

DPI sponsors a façade improvement loan program intended to stimulate improvements to the exterior of downtown commercial buildings. Owners and/or tenants of existing buildings within the SSMID (Self Supporting Municipal Improvement District) project area are eligible. Tenant applicants are required to submit written evidence of the building owner's approval of the application. **Loans up to \$5,000** are available, but at least 50% of the cost of the façade improvement project must be paid for by the owner. The loans terms are three years at 0% interest. Monthly installments are paid directly to DPI. Applications are available online and at the Downtown Partners office. The DPI Design Committee will review each application and design to determine if it meets the criteria. For more information contact DPI at 319.752.6365.

Façade Loan Improvement Program Guide and Application:

<http://www.growburlington.com/dtp/pdf/FacadeImprovementLoanProgram.pdf>

MAIN STREET MORTGAGE LOAN PROGRAM

A partnership between Main Street Iowa, the Iowa Finance Authority, and the Federal Home Loan Bank of Des Moines offers **Loans of \$50,000-\$250,000** for rehabilitation of upper floor housing or commercial properties or for new construction on lots in historic commercial districts in downtowns of Main Street Communities such as Burlington. Projects must meet Main Street Iowa's vision of a revitalized historic commercial district. Loans for the program will have terms between 3 and 15 years, with up to a 30-year amortization. The interest rate is fixed at 1.35% above the Iowa Finance Authority's cost of funds for the proposed loan term. Loans are awarded on an ongoing basis.

Main Street Iowa/Iowa Finance Authority Loan Program:

<http://www.iowalifechanging.com/community/mainstreetiowa/ms-ifa-loan.aspx>

UPPER STORY RESIDENTIAL REDEVELOPMENT

Forgivable Loans of \$50,000 per dwelling unit are available for rehabilitation of upper story apartments. Units which receive this funding must be rented to income qualified households, and the rent charged cannot exceed a predetermined rate. Loans will be forgiven after 15 years if the property owner complies with rent and income restrictions during this time. For more information, contact Sara Hecox at the Southeast Iowa Regional Planning Commission at 319.753.4311 or shecox@seirpc.com.

City of Burlington Incentives

The City of Burlington offers various incentives for construction and development within the corporate limits of the community.

BUSINESS ENTERPRISE ZONES

Businesses locating or expanding in an established Enterprise Zone may be eligible to receive certain local and state tax incentives.

Eligibility requirements for Business Enterprise Zone incentives:

- The business must make a minimum qualifying investment of \$500,000 over a three year period. Qualifying investment includes the cost of land, buildings, improvements to buildings, manufacturing machinery and equipment, and/or computer hardware.
- The business must create or retain at least 10 full-time, project-related jobs over a three year period and maintain them for an additional two years.
- The business must provide all full-time employees with a standard medical and dental insurance plan of which the business pays 80% of the premiums for employee-only coverage, pays 50% of the premiums for family coverage, or provides a monetarily-equivalent benefit package.
- The business must pay new or retained employees a starting wage which is equal to or greater than 90% of the average county or regional wage, whichever is lower.
Wage thresholds requirements: <http://www.iowalifechanging.com/business/wagerates.aspx>
- The business cannot be a retail establishment or a business whose entrance is limited by coverage charge or membership.
- The business cannot close or relocate its operation in one area of the state and relocate substantially the same operation in the Enterprise Zone.
- The local Enterprise Zone Commission and IDED must approve the business' application for Enterprise Zone program incentives prior to project initiation.

Available Tax Incentives for those eligible:

- A local property tax exemption of up to 100% of the value added to the property to a period not to exceed 10 years may be available.
- Additional funding for training new employees. If applicable, these funds would be in addition to those authorized under the Iowa New Jobs Training Program.
- A refund of state sales, service, or use taxes paid to contractors or subcontractors during construction.
- For distribution center projects, a refund of sales and use taxes paid on racks, shelving, and conveyor equipment.
- An investment tax credit of up to a maximum of 10% of the qualifying investment, amortized over 5 years. This tax credit is earned when the corresponding asset is placed in service and can be carried forward for up to seven additional years or until depleted, whichever occurs first.
- The State's refundable research activities credit may be increased while the business is participating in the program.

Individual Enterprise Zones may have additional requirements. Contact the Iowa Department of Economic Development along with relevant local organizations to determine eligibility. Businesses locating or expanding in an Enterprise Zone may apply for benefits by completing an application. Local Enterprise Zone Commissions review applications and, upon approval, forward them to the Iowa Department of Economic Development for final approval.

City of Burlington Enterprise Zone Map:

<http://www.burlingtoniowa.org/development/maps/ez10.pdf>

City of Burlington Enterprise Zone Information:

<http://www.burlingtoniowa.org/development/incentives/index.html>

Iowa Department of Economic Development Business Enterprise Zone Information:

http://www.iowalifechanging.com/business/enterprise_zones.aspx

HOUSING ENTERPRISE ZONES

Developers and contractors building or rehabilitating housing in Burlington's Enterprise Zone may be eligible to receive state tax incentives.

Eligibility requirements for Housing Enterprise Zone incentives:

- The developer or contractor must build or rehabilitate at least four single-family homes or at least one multi-family building containing three or more units in a certified Enterprise Zone.
- The housing must, when completed and made available for occupancy, meet HUD Housing Quality Standards and local housing codes.
- The housing project must be completed within two years of the start of construction or rehabilitation.
- The local Enterprise Zone Commission and IDED must approve the developer or contractor's application for Enterprise Zone program incentives prior to project initiation.

Available Tax Incentives for those eligible:

- A refund of state sales, service or use taxes paid during construction.
- An investment tax credit of up to 10% of the investment directly related to the construction or rehabilitation of the housing.* The tax credit is based on the new investment used for the first \$140,000 of value for each home or unit. This tax credit is earned when the home or unit is certified for occupancy and can be carried forward for up to seven additional years or until depleted, whichever occurs first.

*If the project is, in part, financed through federal, state, and local government tax credits, grants, and forgivable loans, these amounts cannot be included for purposes of calculating the investment tax credit.

City of Burlington Enterprise Zone Map:

<http://www.burlingtoniowa.org/development/maps/ez10.pdf>

City of Burlington Enterprise Zone Information:

<http://www.burlingtoniowa.org/development/incentives/index.html>

Iowa Dept. of Economic Development Housing Enterprise Zone Information:

<http://www.iowalifechanging.com/community/housing/ez.aspx>

TAX INCREMENT FINANCING (TIF)

Tax Increment Financing (TIF) is an economic development tool which allows the City of Burlington to earmark property tax revenues generated from an increase in assessed value within a defined TIF district. The captured revenues from the TIF are used for further investment within the district, such as infrastructure improvements. TIF proposals must be submitted to the City of Burlington Finance Department and will be reviewed on a case by case basis.

What is TIF?: <http://www.burlingtoniowa.org/tif.html>

Burlington TIF Districts Map: <http://www.burlingtoniowa.org/development/maps/tifdistricts.pdf>

City of Burlington TIF Information:

<http://www.burlingtoniowa.org/development/incentives/index.html>

URBAN REVITALIZING TAX EXEMPTION

The City of Burlington offers a tax abatement program for various types of property. In order to qualify, the improvements must increase the assessed value by at least 15%. Commercial property utilized for retail purposes may abate a maximum value of \$5,000,000. Multifamily housing, or residential property assessed as commercial, may abate 50% of the increased valuation, up to \$50,000 per dwelling unit.

The exemption schedule options include:

- A 3-year, 100% tax exemption
- 10-year sliding scale: 80% - year 1, 70% - year 2, 60% - year 3, 50% - year 4, 40% - years 5 & 6, 30% - years 7 & 8, 20% - years 9 & 10.
- 10-year, 75% exemption for residential assessed as commercial

The exemption is applicable up to a \$75,000 increase in assessed value, as determined by the County Assessor. Properties located in a Tax Increment Financing District are not eligible for tax abatement. Applications are accepted continuously and are available through the City Finance Department.

City of Burlington Tax Abatement Information:

<http://www.burlingtoniowa.org/development/incentives/index.html>

Urban Revitalization Tax Exemption Application:

http://www.burlingtoniowa.org/finance/tax_abatement_form.pdf

Energy Efficiency Incentives

By incorporating energy-efficiency into rehabilitation projects, investors can receive tax benefits and other incentives in addition to lower monthly utility bills and energy savings.

ALLIANT ENERGY INCENTIVES

The energy-efficient commercial buildings measure provides a tax deduction of up to \$1.80 per square foot for new or renovated buildings that exceed the ASHRAE 90.1-2001 standard by 50%. There are deductions for:

- Interior lighting
- HVAC systems
- Hot water heating systems
- Building envelope

A partial deduction of \$.60 per square foot can be taken for measures affecting the building envelope, lighting or heating and cooling systems. The credits have been extended through December 31, 2013.

There is also a new tax credit for Combined Heat and Power (CHP). Systems smaller than 50 MW with a minimum efficiency of 60% (20% of energy produced must be electric energy, and 20% must be thermal energy) can qualify for a 10% investment tax credit on the first 15 MW.

Energy-Efficiency and Renewable Energy Tax Credits Sheet from Alliant Energy:

http://www.alliantenergy.com/wcm/groups/wcm_internet/@int/documents/contentpage/023345.pdf

Iowa Business Rewards:

<http://www.alliantenergy.com/UtilityServices/ForYourBusiness/ProductsServices/BusinessRewardsIncentives/IowaBusinessIncentivePrograms/index.htm>

Other Incentives

NEW MARKET TAX CREDITS

The New Market Tax Credit (NMTC) program allows an investor to receive a tax credit of 39% of the cost of the investment against Federal income taxes over a period of seven years. For years 1-3, the investor may receive a credit equal to 5% of the total amount paid for the stock or capital interest at the time of purchase. For years 4-7, the credit is 6% annually. In order to receive New Market Tax Credit funds, an organization must be certified as a Community Development Entity (CDE).

To qualify as a CDE, an organization must:

- be a domestic corporation or partnership at the time of the certification application;
- demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and
- maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity.

Community Development Financial Institutions Fund Information on the New Market Tax Credit Program:

http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

APPENDIX C – GREEN STREETS CRITERIA

Green Communities Development Team Worksheet

Developer Name: _____
 Project Name: _____
 Address (Street/City/State): _____



Please note that partial points are not awarded, unless specifically noted for a criterion.

This worksheet provides a quick overview of the criteria and is a convenient resource for the project development team to track progress towards meeting the green criteria during the planning stage. Please refer to the individual criterion for detailed information on how to comply with that particular criterion.

Distinguishing Between Types of Rehab

For the purposes of this criteria, gut rehabilitation is defined as an activity or project that involves extensive (substantial) rehabilitation. Refer to the full definition of gut rehabilitation on page 2 of the criteria. Rehabilitation is defined as projects with activities that are less extensive than gut rehabilitation.

LH= Aligned with LEED for Homes credit. For more information on the LEED for Homes rating system, please go to www.usgbc.org.

YES	NO	?		Integrated Design	Maximum Points
Y	N	?	1.1 LH	Green Development Plan Submit Green Development Plan outlining the integrated design approach used for this development that demonstrates involvement of the entire development team.	Mandatory
Y	N	?	1.2	Applicant/Recipient, Architect/Project Designer, and/or Contractor Certification Certify in writing at various stages of the development process intent to comply, and actual compliance with all of the MANDATORY Iowa Green Streets Criteria.	Mandatory
Y	N	?	1.3	Universal Design and Visitability Create spaces that meet the needs of all people: young, old, abled, and disabled.	5
				Site, Location and Neighborhood Fabric	Maximum Points
Y	N	?	2.1a LH	Smart Site Location - Proximity to Existing Development: New Construction Provide site map demonstrating that the development is located on a site with access to existing roads, water, sewers and other infrastructure within or contiguous (having at least 25 percent of the perimeter bordering) to existing development.	Mandatory (except infill site or rehabs)
Y	N	?	2.1b LH	Smart Site Location - Protecting Environmental Resources: New Construction Do not locate new development within 100 feet of wetlands, critical slope areas, land identified as habitat for a threatened or endangered species; or on land previously used as public park land, land identified as prime farmland, or with elevation at or below the 100-year floodplain.	Mandatory (except infill site or rehabs)
Y	N	?	2.1c LH	Smart Site Location - Proximity to Services: New Construction Locate projects within one-quarter mile of at least two, or one-half mile of at least four community and retail facilities.	Mandatory
Y	N	?	2.2a	Compact Development: New Construction Achieve densities for new construction of at least six units per acre for detached/semi-detached houses; 10 for town homes; 15 for apartments.	25
Y	N	?	2.2b	Compact Development: Residential Increase average minimum densities to meet or exceed: seven units per acre for detached/semi-detached; 12 units for town homes; and 20 units for apartments.	5
Y	N	?	2.3	Walkable Neighborhoods: Sidewalks and Pathways Connect project to the pedestrian grid. Include sidewalks or other all-weather pathways within the project linking the development to public spaces, open spaces and adjacent development.	Mandatory
Y	N	?	2.4	Walkable Neighborhoods: Connections to Surrounding Neighborhoods Provide a site plan demonstrating at least three separate connections from the development to sidewalks or all-weather pathways in surrounding neighborhoods.	5
Y	N	?	2.5a LH	Smart Site Location: Passive Solar Heating/Cooling Orient building to make the greatest use of passive solar heating and cooling.	5
Y	N	?	2.5b LH	Smart Site Location: Grayfield, Brownfield or Adaptive Reuse Site Locate the project on a grayfield, brownfield or adaptive reuse site.	15
Y	N	?	2.6 LH	Transportation Choices Locate project within one-quarter mile radius of adequate public transit service.	12

YES	NO	?		Site Improvements	Maximum Points
Y	N	?	3.1	Environmental Remediation Upon award of an IDED contract for funding, conduct a Phase I Environmental Site Assessment and provide a plan for abatement if necessary.	Mandatory (except scattered-site single family)
Y	N	?	3.2 LH	Erosion and Sedimentation Control For projects disturbing one (1) acre or more, obtain a DNR stormwater permit. For projects disturbing less than one (1) acre, implement EPA's Best Management Practices for erosion and sedimentation control during construction referring to the EPA document, <i>Storm Water Management for Construction Activities</i> .	Mandatory
Y	N	?	3.3 LH	Landscaping Provide a tree or plant list certified by the architect or landscape architect that the selection of new trees and plants are appropriate to the site's soils and microclimate and do not include invasive species. Locate plants to provide shading in the summer and allow for heat gain in the winter.	Mandatory (if providing landscaping)
Y	N	?	3.4 LH	Surface Water Management Capture, retain, infiltrate and/or harvest the first 1.25 inches of rain that falls in a 24-hour period. Note: Mandatory for <u>new construction</u> project applications submitted after January 1 st , 2010.	Mandatory (new Construction) 25 (Gut Rehab and Rehab)
Y	N	?	3.5	Storm Drain Labels Label all storm drains or storm inlets to clearly indicate where the drain or inlet leads.	2
				Water Conservation	Maximum Points
Y	N	?	4.1 LH	Water-Conserving Appliances and Fixtures – Residential Install water-conserving fixtures with the following minimum specifications: toilets – 1.3 GPF; showerheads – 1.75 GPM; kitchen faucets – 2.0 GPM; bathroom faucets – 1.75 GPM. Water-Conserving Appliances and Fixtures – Non-Residential Install water-conserving fixtures with the following minimum specifications: toilets – 1.6 GPF; urinals – 1.0 GPF, public lavatories - .5 GPM or better at 60 psi, showerheads – 1.75 GPM; kitchen faucets – 2.0 GPM or better.	Mandatory
Y	N	?	4.2	No Irrigation Do not install irrigation.	Mandatory
				Energy Efficiency	Maximum Points
Y	N	?	5.1a LH	Efficient Energy Use – Residential Meet IECC 2009 and Energy Star standards (single family and low rise residential) and achieve a HERS Index of 70 using a third-party HERS Rater. Efficient Energy Use – Non-Residential and Residential Structures with Four or More Stories Above Grade Exceed ASHRAE 90.1-2007 by 10 percent.	Mandatory
Y	N	?	5.1b	Efficient Energy Use: Less than Gut Rehabilitation Perform an energy analysis of existing building condition, estimate costs of improvements, implement measures that will improve building energy performance by 15 percent from pre-renovation figures.	Mandatory
Y	N	?	5.2 LH	Energy Star and Energy Efficient Appliances If providing appliances, install Energy Star clothes washers, dishwashers and refrigerators, and dryers with built-in moisture sensors.	Mandatory (if providing appliances)
Y	N	?	5.3a	Efficient Lighting: Interior – Residential Install the Energy Star Advanced Lighting Package in all interior units and use Energy Star or high-efficiency commercial grade fixtures in all common areas and outdoors. Efficient Lighting: Interior – Non-Residential Meet or exceed current ASHRAE standard 90.1-2007 for interior lighting or follow applicable interior lighting guidelines from the ASHRAE Advanced Energy Design Guides.	Mandatory
Y	N	?	5.3b LH	Efficient Lighting: Exterior Install daylight sensors or timers on all outdoor lighting, including front and rear porch lights.	Mandatory

YES NO ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

5.4	HVAC Sizing, Installation and Duct Systems Size heating and cooling equipment in accordance with the Air Conditioning Contractors of America (ACCA) Manual, parts D, J and S.	Mandatory
5.5	Electricity and Gas Meters Install individual or sub-metered electric and gas meters.	2
5.6 LH	Additional Reductions in Energy Use Exceed the relevant Energy Star HERS score for low-rise residential buildings or exceed other standards by increased percentages.	Optional (see full criteria)
5.7a LH	Renewable Energy Install PV panels, wind turbines or other renewable energy source to provide at least 10 percent of the project's estimated electricity demand.	15
5.7b	Photovoltaic (PV) Ready Site, design, engineer and wire the development to accommodate installation of PV in the future.	2
Materials Beneficial to the Environment		Maximum Points
6.1a LH	Construction Waste Management Develop and implement a construction waste management plan to reduce the amount of material sent to the landfill by at least 25 percent.	Mandatory
6.1b	Construction Waste Management: Additional Diversion Reduce the amount of construction waste sent to the landfill by and additional 25 percent or more.	Optional (see full criteria)
6.2	Durable and Low-Maintenance Exteriors Specify durable siding materials such as masonry or fiber cement to reduce or eliminate rot and reduce need for painting.	Mandatory
6.3 LH	Recycled Content Material Use materials with recycled content; provide calculation for recycled content percentage based on cost or value of recycled content in relation to total materials for project. Minimum recycled material must be 5 percent.	14
6.4 LH	Certified, Salvaged and Engineered Wood Commit to using at least 25 percent (by cost) wood products and materials that are salvaged wood, engineered framing materials or certified in accordance with the Forest Stewardship Council.	5
6.5a LH	Reduce Heat-Island Effect: Roofing Use Energy Star-compliant and high-emissive roofing or install a "green" (vegetated) roof for at least 50 percent of the roof area; or a combination of high-albedo and vegetated roof covering 75 percent of the roof area.	5
6.5b LH	Reduce Heat-Island Effect: Paving Use light-colored, high-albedo materials and/or an open-grid pavement with a minimum Solar Reflective Index of 0.6 over at least 30 percent of the site's hardscaped area.	5
6.5c LH	Reduce Heat-Island Effect: Plantings Locate trees or other plantings to provide shading for at least 50 percent of sidewalks, patios and driveways within 50 feet of a building.	5
Healthy Living Environment		Maximum Points
7.1 LH	Low / No Volatile Organic Compounds (VOC) Paints and Primers Specify that all interior paints and primers must comply with current Green Seal standards for low-VOC limits.	Mandatory
7.2 LH	Low / No VOC Adhesives and Sealants Specify that all adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. Caulks and sealants must comply with Regulation 8, Rule 51 of the Bay Area Air Quality Management District.	Mandatory
7.3	Urea Formaldehyde-free Composite Wood Use particleboard and MDF that is certified compliant with the ANSI A208.1 and A208.2. If using nonrated composite wood, all exposed edges and sides must be sealed with low-VOC sealants.	Mandatory

YES NO ?

Y	N	?	7.4 LH Green Label Certified Floor Coverings Do not install carpets in below grade living spaces, entryways, laundry rooms, bathrooms, kitchens or utility rooms. If using carpet, use the Carpet and Rug Institute's Green Label certified carpet, pad and carpet adhesives.	Mandatory <i>(if providing floor coverings)</i>
Y	N	?	7.5a LH Exhaust Fans: Bathroom – Residential Install Energy Star-labeled bathroom fans that exhaust to the outdoors and are connected to a light switch and are equipped with a humidistat sensor or timer, or operate continuously. Exhaust Fans: Bathroom – Non-Residential Meet or exceed the current ASHRAE ventilation standard 62.1-2007 for commercial and institutional buildings but not less than the values required by local code unless approved by the authority with jurisdiction.	Mandatory
Y	N	?	7.5b LH Exhaust Fans – Kitchen: New Construction – Residential Install power vented fans or range hoods that exhaust to the exterior. Exhaust Fans – Kitchen: New Construction – Non-Residential Meet or exceed the current ASHRAE ventilation standard 62.1-2007 for commercial and institutional buildings but not less than the values required by local code unless approved by the authority with jurisdiction.	Mandatory
Y	N	?	7.5c Exhaust Fans – Kitchen: Rehabilitation – Residential Install power vented fans or range hoods that exhaust to the exterior. Exhaust Fans – Kitchen: Rehabilitation – Non-Residential Meet or exceed the current ASHRAE ventilation standard 62.1-2007 for commercial and institutional buildings but not less than the values required by local code unless approved by the authority with jurisdiction.	5
Y	N	?	7.6a LH Ventilation – Residential Install a ventilation system for the dwelling unit, providing adequate fresh air per ASHRAE 62.1-2007 for residential buildings above three stories or ASHRAE 62.2 for single family and low-rise multifamily dwellings. Ventilation – Non-Residential Meet or exceed the current ASHRAE ventilation standard 62.1-2007 for commercial and institutional buildings but not less than the values required by local code unless approved by the authority with jurisdiction.	Mandatory
Y	N	?	7.6b Ventilation: Rehabilitation – Residential Install a ventilation system for the dwelling unit, providing adequate fresh air per ASHRAE 62.1-2007 for residential buildings above three stories or ASHRAE 62.2 for single family and low-rise multifamily dwellings. Ventilation: Rehabilitation – Non-Residential Meet or exceed the current ASHRAE ventilation standard 62.1-2007 for commercial and institutional buildings but not less than the values required by local code unless approved by the authority with jurisdiction.	10
Y	N	?	7.7 Water Heaters: Mold Prevention Use tankless hot water heaters or install conventional hot water heaters in rooms with drains or catch pans with drains piped to the exterior of the dwelling and with non-water sensitive floor coverings.	Mandatory
Y	N	?	7.8 Cold and Hot Water Pipe Insulation Insulate exposed cold and hot water pipes in climates and building conditions susceptible to moisture condensation.	Mandatory

YES NO ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

Y N ?

7.9a	Materials in Wet Areas: Surfaces In wet areas, use materials that have smooth, durable, cleanable surfaces. Do not use mold-propagating materials such as vinyl wallpaper and unsealed grout.	Mandatory
7.9b	Materials in Wet Areas: Tub and Shower Enclosures Use fiberglass or similar enclosure or, if using any form of grouted material, use backing materials such as cement board, fiber cement board or equivalent (i.e., not paper-faced).	Mandatory
7.10a	Basements and Concrete Slabs: Vapor Barrier Provide vapor barrier under all slabs. For concrete floors either in basements or on-grade slab install a capillary break of 4 four inches of gravel over soil. Cover all gravel with 6-millimeter polyethylene sheeting moisture barrier with joints lapped 1 foot or more. Install at least 1" extruded polystyrene below slab in addition to the vapor barrier to control mold growth. On interior below grade walls, avoid using separate vapor barrier or below grade vertical insulation.	Mandatory
7.10b LH	Basements and Concrete Slabs: Radon – Residential In EPA Zone 1 and 2 areas, install passive radon-resistant features below the slab along with a vertical vent pipe with junction box available, if an active system should prove necessary. For substantial rehab, introduce radon-reduction measures if elevated levels of radon are detected. Basements and Concrete Slabs: Radon – Non-Residential For new construction projects, follow the guidance contained in the EPA document, Radon Prevention in the Design and Construction of Schools and other Large Buildings. For gut rehabilitation projects, test the building for presence of radon. If elevated levels of radon exist, introduce radon-reduction measurements.	Mandatory
7.11	Water Drainage Provide drainage of water to the lowest level of concrete away from windows, walls and foundations.	Mandatory
7.12 LH	Garage Isolation – Residential Provide a continuous air barrier between the conditioned (living) space and any unconditioned garage space. In single-family houses with attached garages, install a CO alarm inside the house on the wall that is attached to the garage and outside the sleeping area, and do not install air handling equipment in the garage. Garage Isolation – Non-Residential Non-Residential — Meet or exceed the current ASHRAE ventilation standard 62.1-2007 for commercial and institutional buildings but not less than the values required by local code unless approved by the authority with jurisdiction.	Mandatory
7.13 LH	Clothes Dryer Exhaust Clothes dryers must be exhausted directly to the outdoors with a rigid-type vent.	Mandatory
7.14 LH	Integrated Pest Management Seal all wall, floor and joint penetrations with low-VOC caulking. Provide rodent-proof and corrosion-proof screens (e.g., copper or stainless steel mesh) for large openings.	Mandatory
7.15	Healthy Flooring Materials: Alternative Sources Use non-vinyl, non-carpet floor coverings in all rooms.	15
7.16	Smoke-free Building Enforce a "no smoking" policy in all common and individual living areas in all buildings. See full criteria for "common area" definition.	2
7.17 LH	Combustion Equipment: Includes Space and Water-Heating Equipment Specify power vented or combustion sealed equipment. Install one hard-wired CO detector for each sleeping area, minimum one per floor.	Mandatory

YES NO ?

Y N ?

Y N ?

Y N ?

Operations and Maintenance		
8.1 LH	Building Maintenance Manual Provide a manual that includes the following: a routine maintenance plan; instructions for all appliances, HVAC operation, water-system turnoffs, lighting equipment, paving materials and landscaping, pest control and other systems that are part of each occupancy unit; an occupancy turnover plan that describes the process of educating the tenant about proper use and maintenance of all building systems.	Mandatory
8.2 LH	Occupant's Manual Provide a guide for homeowners/building owners and renters that explains the intent, benefits, use and maintenance of green building features, along with the location of transit stops and other neighborhood conveniences, and encourages additional green activities such as recycling, gardening and use of healthy cleaning materials, alternate measures for pest control and purchase of green power.	Mandatory
8.3 LH	Homeowner/Building owner and New Occupant Orientation Provide a walk-through and orientation to the homeowner/building owner or new occupant using the Occupant Manual from 8-2 above that reviews the building's green features, operations and maintenance along with neighborhood conveniences.	Mandatory