

RE: Letter of Request to Chamblee Development Authority

Date: February 12, 2016

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Mr. David Carter, Chairman  
Chamblee Downtown Development Authority  
City Hall  
5468 Peachtree Road  
Chamblee, GA 30341

Dear Mr. Carter,

The Hickman family and Del American Real Estate Group, the development manager of the property, are committed to creating an iconic property which will truly revitalize the City of Chamblee as well as create a cornerstone to further redevelopment of the surrounding area.

The property will be built as a 5 story Podium/Wrap hybrid building featuring 3 amenitized courtyards and a structured parking deck, which would not be visible from the street. It will feature 20,000 sf of Class A retail space along a planned festival sidewalk zone along Peachtree Street and Ground Floor Live/Work Apts for professional use along Malone Blvd.

While the process of turning the existing car dealership, which has existed for 40 years, into a mixed use development of this magnitude is an exciting and promising project, it is also an endeavor requiring substantial capital and improvements to the surrounding area.

In order to provide the amount of retail, restaurants, office/flex space, curb and street side beautification, assist and participate in the Chamblee Rail Trail, reduce traffic along Peachtree, improve infrastructure and create retail along Malone Drive, create a beautiful building exterior which coincides with the city's progressive nature while still meeting conditions to be considered a "Green Development", promote walkability as well as fill a number of other requests from the City of Chamblee, the project will need local assistance. The Hickman family is requesting a tax abatement for their Project to help them meet these goals and further redevelopment of the City.



The Project is open to a number of Tax Abatement structures. Ideally, a 100% Tax Abatement for the course of 20 years would greatly help the redevelopment of 5211 Peachtree. It is the understanding of The Hickmans as well as Del American that a dollar value assigned to the abatement, in lieu of a typical percentage structure, would be preferable. A tax abatement value of \$16,000,000 would help stave off the repercussions of the additional cost which will be incurred while producing the \$64,000,000 Project.

(Please find a breakdown of the direct costs to 5211 Peachtree below.) Note that these costs do not include any lost opportunity cost, risk of development or future conversion costs. It is important to note the Hickman Family will be removing a tenant from their property, which is currently providing a considerable amount of revenue. The current asset is low risk and low leverage along with the nature of the business, provides long term reliable income.

Atlanta Chamblee 5211 Peachtree Rd	City Total	16810 Retail Total	6337 Restaurants	7945 Retail	2528 Office Suites
Special Bldg Façade w 14' Ceilings on Flex Units located Along Malone Dr	\$ 350,000				
Parking Garage for Additional Retail Space 120 spaces	\$ 1,980,000	\$ 1,980,000	\$ 1,200,000	\$ 650,000	\$ 130,000
Concrete Podium Retail Shell Space Restaurant / Retail 16,810 sf	\$ 2,775,000	\$ 2,775,000	\$ 1,050,000	\$ 1,300,000	\$ 425,000
Concrete Podium Retail Shell Space - Lobby / Leasing 3,500 sf	\$ 412,500				
Concrete Podium Retail Shell Space - Service 2,500 sf	\$ 575,000	\$ 300,000	\$ 150,000	\$ 100,000	\$ 50,000
Rail Trail Ice House 2 Level Space	\$ 200,000	\$ 200,000	\$ 200,000		
Podium / 5 Story Impact on Apt Design at 15K per Apt	\$ 4,125,000				
Malone Power Lines est at \$1000 psf	\$ 600,000				
Green Roof Deck at 40%	\$ 250,000				
<b>Total Excess Direct Construction Costs</b>	<b>\$ 11,267,500</b>	<b>\$ 5,255,000</b>	<b>\$ 2,600,000</b>	<b>\$ 2,050,000</b>	<b>\$ 605,000</b>
Indirect Gen & Admin Costs of Construction- Bond/Ins/Fee/ Builders Risk/ Gen Cond / GC Fee	\$ 1,887,306	\$ 880,213	\$ 435,500	\$ 343,375	\$ 101,338
<b>Total Construction Cost Impact</b>	<b>\$ 13,154,806</b>	<b>\$ 6,135,213</b>	<b>\$ 3,035,500</b>	<b>\$ 2,393,375</b>	<b>\$ 706,338</b>
Architectural / Engineering etc	\$ 400,000	\$ 400,000	\$ 200,000	\$ 150,000	\$ 50,000
Impact Fees / Permits	\$ 100,000	\$ 100,000	\$ 60,000	\$ 30,000	\$ 10,000
Environmental Clean Up	\$ 50,000				
Tennant Improvements	\$ 1,185,000	\$ 1,185,000	\$ 635,000	\$ 400,000	\$ 150,000
<b>Sub Totals</b>	<b>\$ 14,889,806</b>	<b>\$ 7,820,213</b>	<b>\$ 3,930,500</b>	<b>\$ 2,973,375</b>	<b>\$ 916,338</b>
Soft & Finance Costs on the above added cost	\$ 967,837	\$ 508,314	\$ 255,483	\$ 193,269	\$ 59,562
Contingency / Cost Increases / Operating Expense Deficit / Free Rent etc	\$ 1,861,226	\$ 977,527	\$ 491,313	\$ 371,672	\$ 114,542
<b>Total Soft Cost Impact</b>	<b>\$ 2,829,063</b>	<b>\$ 1,485,840</b>	<b>\$ 746,795</b>	<b>\$ 564,941</b>	<b>\$ 174,104</b>
<b>Total Cost Impact</b>	<b>\$ 15,983,869</b>	<b>\$ 7,621,053</b>	<b>\$ 3,782,295</b>	<b>\$ 2,958,316</b>	<b>\$ 880,442</b>

In addition to the estimated 125 new jobs created by 5211 Peachtree, an additional 200-250 jobs will be created through the construction process, external marketing, external leasing, contracted services and Live/Work Units. Assistance from the City of Chamblee would provide a significant incentive for the planned 5211 Peachtree Project to come to fruition.

**(Please see Impact Analysis Data on the attached Excel File)**

**(Please see Detailed Project Presentation attached PDF File)**

