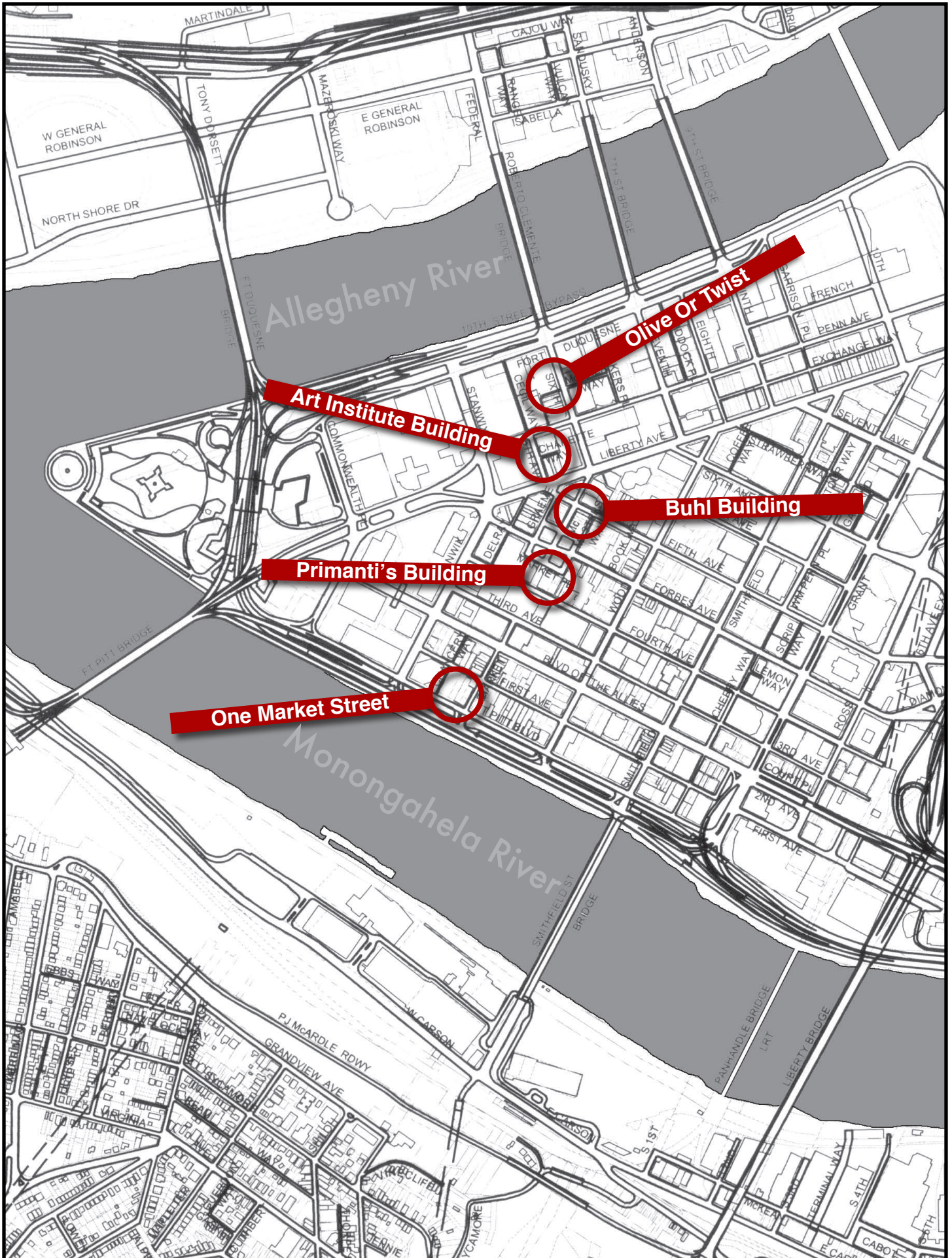




the

VACANT UPPER FLOORS project

a study examining residential adaptive reuse in downtown buildings
sponsored by **the pittsburgh downtown living initiative**, june 2004



WHAT IS THE VACANT UPPER FLOORS PROJECT?

The Vacant Upper Floors project was sponsored by the Downtown Living Initiative of Pittsburgh, and its working group consisted of real estate experts, architects, contractors and building owners united under a single mandate: *to show that residential conversion of buildings Downtown is a profitable strategy*. The result, which you have here before you in the form of this study, reflects the wisdom, hard work, and practical experience of each one of those team members.

The goals of this report are two-fold:

- To provide a guide and resource with sufficient technical information for the building owners who were selected to be part of this study, so that they might consider converting their buildings as suggested.
- To encourage *other* building owners to give serious thought to similar conversion scenarios by demonstrating the economic viability (and benefits) of such an undertaking.

WHO MIGHT THIS REPORT APPEAL TO?

- A building owner whose property is currently all, mostly, or even partially vacant, and who would like to maximize its asset value and income producing potential
- Someone who has always wanted to live Downtown
- Someone who would like to own a penthouse apartment, and also rent out the remaining floors for an income base
- A building owner with a retail establishment on the ground floor, but open warehouse or storage on the upper floors
- An investor interested in procuring and developing Downtown properties

WHAT SHOULD I LOOK FOR IN MY BUILDING?

We thought it appropriate to seed this report with assorted ideas about what to look for in your own building. Residential conversions are possible in a wide range of building shapes and sizes. Whether it's merely two lofts, or a vast 100 units ... adaptive reuse projects can be an amazingly effective use of an otherwise defunct building, and also a rich incubator of neighborhood revitalization and diversification. Here are some basic characteristics that we believe may make a building an ideal candidate for conversion:

- Any unique historic features such as a beautiful façade, ornate moldings, large warehouse windows, and so forth
- Views of the Downtown, rivers, and so forth
- Proximity to Downtown amenities such as restaurants, theatres, parks, shops, lifestyle venues, gyms, and so forth
- Proximity to parking, or in-building parking
- A floor plan that allows for natural light on the upper floors one is seeking develop

Please keep in mind, however, a building *does not need* to have all of these features, and that there are often unique additional features that a building may have that make it especially desirable for upper floor residential development which we have not addressed here.

Using this study as a primer and a guide, we challenge you to determine if indeed your building could work for such a conversion.

ACKNOWLEDGEMENTS

This study is the culmination of the hard work of many people who are dedicated to providing more opportunities for residents of Pittsburgh to choose to live in Downtown, who believe Downtown is the center of the region, and as such, that it should be cultivated, nurtured and renovated. Anyone considering the conversion of a building to residential use in Downtown Pittsburgh should call on the considerable expertise of the team members who completed this study. Contact information has been provided.

We would like to thank ALL THE BUILDING OWNERS WHO WERE INCLUDED IN THIS STUDY.

We also extend our thanks to the following:

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and the University of Pittsburgh Urban Studies Association



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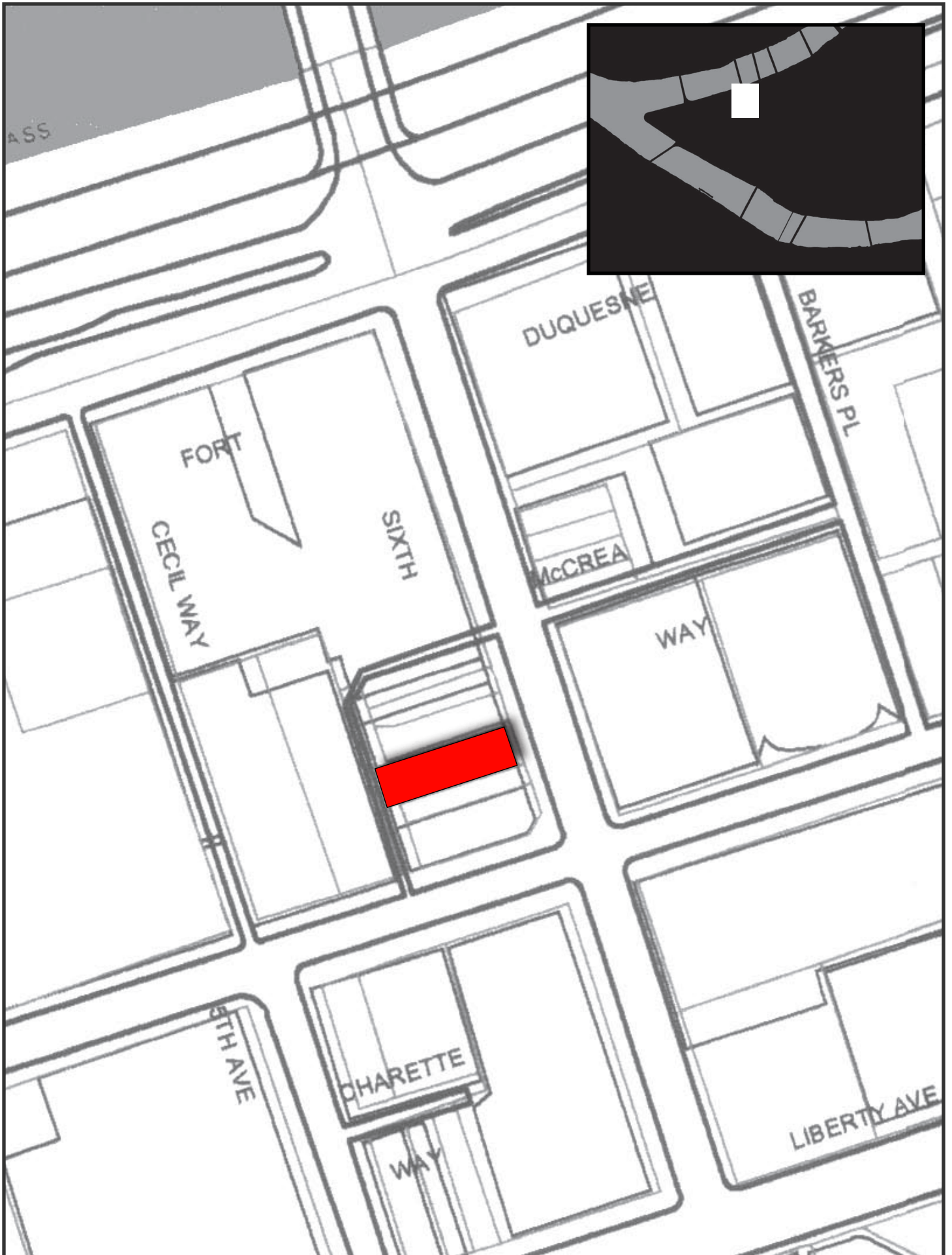
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5 DOWN- TOWN buildings

140 6th street (olive or twist building)





140 6th street (olive or twist building)

DESCRIPTION

Built around 1895, the Olive or Twist building(s) (being actually two separate spaces, co-joined) are located mid-block on Sixth Street, a run considered 'Restaurant Row' in Pittsburgh's Cultural District, and a very desirable location. Just one and a half blocks away the Sixth Street Bridge links Downtown Pittsburgh to the North Shore and the newly built baseball stadium. Sixth Street is the natural route for the crowds on game days.



The structure consists of two side-by-side buildings, with brick walls and wood frame structure, each one approximately 17 feet wide by 110 feet long, and three stories high. The existing spaces on each floor are 1700 sf. The front façade is magnificent, each building having large and attractive windows on the second and third floors, all framed by a large stone arch.

The rear of the building faces a narrow alley, just ten feet wide. As opposed to the front façade, the windows on the rear façade are fewer, smaller, and instead of facing out onto a vibrant street, they face the side wall of a neighboring brick building. And since the buildings are mid-block, there are only windows on these, the east and west facades, 110 feet apart.



Interior features include hardwood floors and tin ceilings, some of which have been damaged, but which are most likely salvageable.

The first floor on the north portion of the property is currently occupied by the building owner's business, Olive or Twist, a popular nightspot which offers live music on Tuesdays and Thursdays. The second retail space (south) is currently occupied by a dry cleaner, soon to leave. The owners are planning to expand their business into the second retail space, leaving space for any access stairs or elevator to the upper floors.

Originally, each side had a stair towards the front of the building, and one at the back, but some of these have been removed. The north side has the rear stair intact, exiting near the alley. However, the front stair has been removed between the first and second floors. The south building has the front stair intact, but there is no such staircase at the rear.

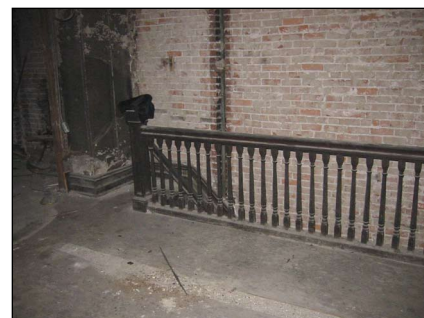
Other building features worth noting include hard wood flooring that appears to be in unfinished but good condition, and some existing skylights on the roof, but which have been roofed over. The framing is fortunately still visible. There is no functioning elevator in the building, though there is the original freight elevator shaft at the rear of the south building.

STRUCTURAL AND MECHANICAL EXISTING CONDITIONS

In warehouse condition, and never converted, the upper floors of this building are fairly raw. The mechanical systems are outdated and do not include air-conditioning. Electrical service is minimal. There are no sprinklers or fire protection systems of any sort. There exists a non-functional and unsalvageable freight elevator in the rear shaft. There is no plumbing on the upper floors.

SUMMARY

Number of stories	3
SF per floor	1700
Total SF	5100
Elevator	No
Condition:	retail is occupied, upper floors are vacant warehouse spaces
Proposed units	4
On-site parking	No
Rental/Condo	Rental
Feasible	Yes



140 6th street (olive or twist building)



Overall, the structure is in good condition with little signs of differential settlement or other structural deficiencies. Other than the systems currently used in the first floor bar, all other building systems, including plumbing, heating and electric, are at the end of their functional life span. Upgrades are necessary to meet the design needs of new housing. In addition, the bar systems currently housed in the second floor space will need to be moved and rerouted to allow for use of the space. Structural modification will also be necessary if the program includes adding stairs and an elevator – the plan proposed below anticipates no elevator, and plans for the relocation of the existing stairs between the second and third floors, allowing for a simpler structural solution.

THE CHALLENGE

- The awkward floor plate - 16 x 110 feet long per side plan is a challenging shape to deal with.
- An existing elevator shaft exists at rear, an impossible location for a passenger elevator with the entrance of the building being at the other end of the building.
- The building is landlocked on two sides with small rear windows on the alley, so how to maximize the light from the front?
- How to create a residential entrance that does not take up too much space on the valuable first floor.
- Noise issues – the bar can be crowded at night and there is live music on Tuesday and Thursday nights.
- Parking – there is no room for parking in the building and the rear alley is too narrow to gain access to the basement.
- Structural – the wood flooring is very noisy floor to floor.
- Will it be financially feasible to add a passenger elevator?

SOLUTION

4 lofts, 2 stories each (see plans on following pages)

DESCRIPTION (include parking)

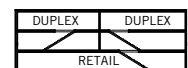
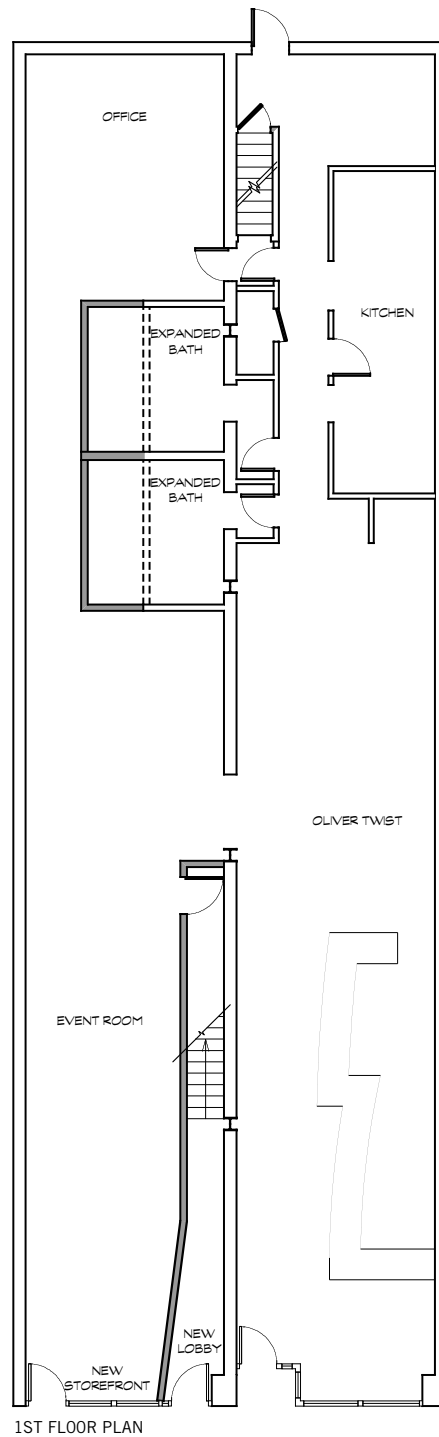
The team's solution proposes four two-story units in the building – two facing Liberty Avenue, and two facing the alley. This solution deals with some key issues that are challenging in the existing building:

- The floor plates are long and narrow with little light in the center. By creating two-story units we can locate all the “dark” functions, such as bathrooms, kitchens, guest bedrooms and utilities in the center of the building. By putting all the bedrooms on the upper floor, it also allows for the possibility of skylights above them.
- This solution inexpensively and efficiently creates a unit type that is different than most other apartments on the market, which also strengthens the potential market.
- This eliminates the need for common area circulation space on the third floor, increasing the rentable square footage.
- Since the bedrooms are located on the upper floor, it also puts them at a greater distance from any noise that may be generated by the restaurant below.

The team dealt with the first floor entrance by creating a corridor space adjacent to the shared wall on the first floor. While this involves some reconfiguration of the existing storefront system, it was by far the most efficient way to both allow access upstairs and still allow maximum storefront access for the expanded retail use that is desired by the owners.

Noise issues will need to be handled by placing a layer of homasote on the floor immediately above the bar, which would allow finish flooring to be laid on top of it, such as carpet or new hardwood. Homasote is a high-density soundboard which dramatically lessens floor-to-floor noise transmission. The contractor would also need to take care to properly seal all vertical penetrations in the floor.

140 6th street (olive or twist building)



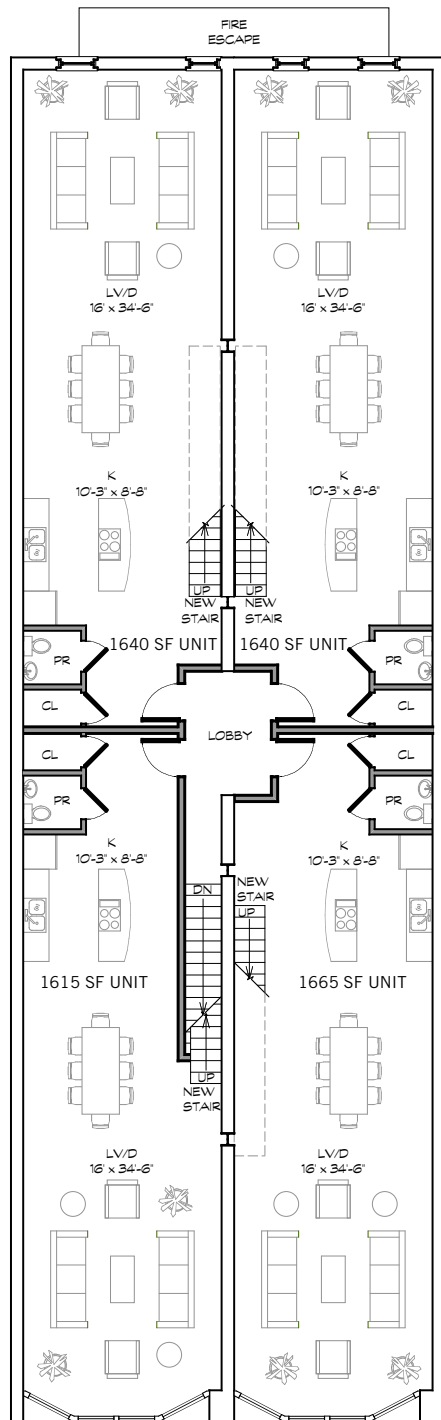
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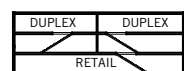
OLIVE OR TWIST : 140 6TH STREET
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

4 DUPLEX UNITS

140 6th street (olive or twist building)



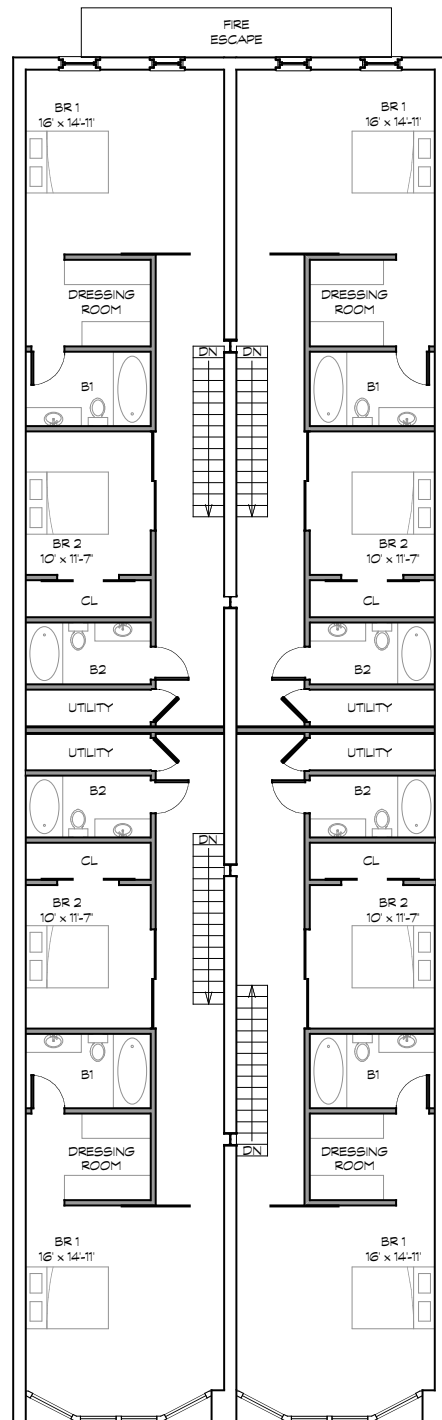
2ND FLOOR PLAN



SECTION DIAGRAM

OLIVE OR TWIST : 140 6TH STREET

DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY



3RD FLOOR PLAN

0 8 FT

MAY 14, 2004

4 DUPLEX UNITS

Unfortunately, the homasote system will require covering of the existing hardwood floor, but with the right attention to design and construction, the units can retain their attractive historic appeal and marketability.

However, like any noise reduction system, there will probably be some remaining noise transfer. Tenants will have to accept that they are living over a bar, but at least in this design solution, the quiet bedroom areas are still an additional floor removed from the source of noise.

Finally, the building does not have the capability of incorporating parking into the revamped structure. But there is a parking garage located a half-block away, owned by ALCO Parking. We would recommend that the building owner make arrangements for parking leases in this garage, as the garage owner is willing to offer residential leases. Please see Appendix B for more detail on parking issues.

CODE ISSUES AND ANALYSIS

This building is not considered a high rise at just three stories tall, and is of Type 3B construction: a brick exterior with an unprotected wood structure. Since the proposed design provides only one means of egress from the second floor to the street, a variance must be sought. Other code requirements will include:

- One hour fire enclosure for all stairs and vertical shafts
- Two hour fire separation between mercantile and residential uses
- Artificial lighting and exit signs on every floor
- Fire sprinklers throughout
- Manual fire alarm in all floors
- Visible alarm notification (only if upgrading/replacing the existing alarm system)
- Smoke alarm systems in all individual dwelling units
- Windows as a means of escape or refuge for each dwelling unit

MARKETING ISSUES

Of the properties included in this study, this building perhaps has the most ideal location for conversion to residences. Within a block are myriad cultural attractions, assorted theaters, restaurants, the baseball park, and a health club – not to mention the popularity of the owners' bar itself. That, combined with the small size of the development and the unique layout of the units, made us feel comfortable projecting solid rents and lower than average vacancy periods.

Also, because of the strength of this site's location Downtown, the team did not feel that the lack of parking on site would create a major impediment to the building being rented.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 160,000
HVAC	\$ 94,000
Electric	\$ 76,000
Plumbing	\$ 97,000
Fire Protection	\$ 66,000
Windows	\$ 13,000
Flooring/Tile	\$ 35,000
Appliances	\$ 10,000
Fire Escape Repair	\$ 30,000
Total	\$ 581,000

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 500,000
Total Acquisition Costs	\$ 500,000

Hard Costs

Hard Costs	\$ 581,000
Construction Contingency	\$ 43,575
Total Hard Costs	\$ 624,575

Soft Costs

Architectural + Engineering	\$ 39,996
Insurance	\$ 7,000
Legal	\$ 20,000
Other Consultants	\$ 15,250
Government Approval Fees	\$ 7,000
Marketing + Leaseup	\$ 23,400
Holding Costs	\$ 11,103
Financing Fees	\$ 29,744
Construction Loan Interest	\$ 27,021
Developer Fee	\$ 56,000
Contingency	\$ 5,000
Total Soft Costs	\$ 241,515

Total Project Cost	\$ 1,366,090
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FINANCING SOURCES

Federal Historic Tax Credit Equity	\$ 148,531
Equity	\$ 105,000
Conventional Loan	\$ 1,029,381
Second Mortgage	\$ 83,177

Total Sources	\$ 1,366,090
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On the other hand, four rather large, two bedroom units does not allow the owner much flexibility in the market. It would be nice to have a variety of unit types, sizes and prices to offer. Unfortunately, we cannot accommodate that in this particular project.

Rents will average \$1 per square foot in this proposed solution, which equate to a range of \$1,650 to \$1,950 per month.

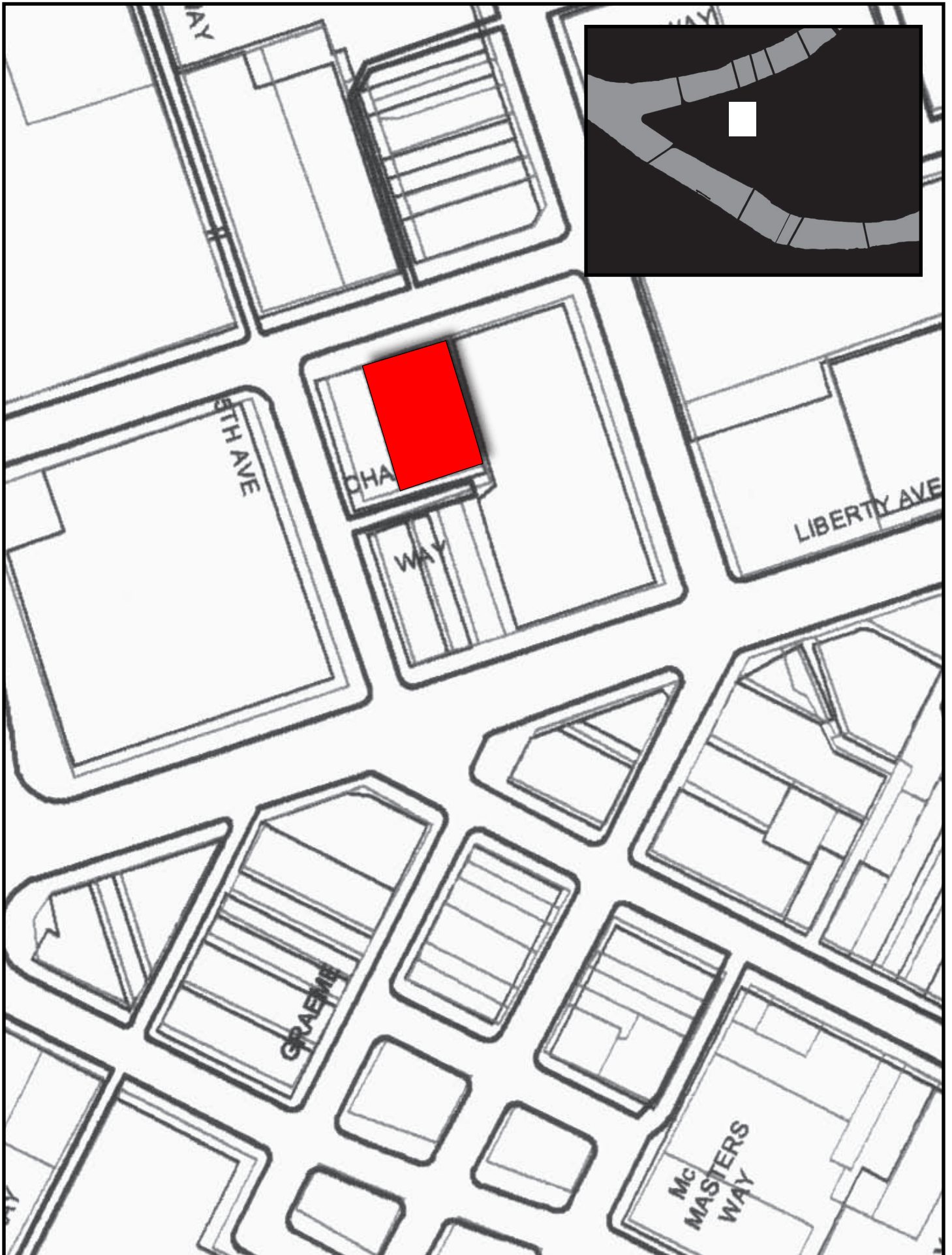
FINANCIAL ISSUES

Despite the strength of the market, this project still requires some alternative sources of financing. For this project, we are showing that the Historic Preservation Tax Credit is necessary, as is a small soft second loan from an alternative lender. With these sources, in addition to conventional financing, we are still comfortable projecting a worthwhile return for the owner.

As proposed, the project could have a rate of return of 20% for the owner. Please see Appendix A (proformas) for more detail.

526 penn avenue (art institute building)





526 penn avenue (art institute building)

DESCRIPTION

Built around 1935, 526 Penn Avenue is a steel-frame and concrete structure, ten stories tall with a yellow brick façade, located at the western end of Penn Avenue, a few blocks from Pittsburgh's Point State Park. The Art Institute of Pittsburgh formerly inhabited this building, which has sat vacant for several years now. Across the road, a former department store is now occupied by offices, but there is not much strong retail usage in this block.



Although there are “tired” neighbors, the location is excellent. It is a short walk to Point State Park and the river trails are nearby. It is on the edge of the Cultural District, with all its amenities, but in a slightly quieter location. There is a parking garage, owned by the building owner, right next door. And the owner is making aggressive efforts to fill the first floor with good retail, especially compatible with upper floor residential uses (Curtain Call, the Pittsburgh Symphony Store, recently relocated into one of the storefronts).



The building, although old, lacks sufficient historic detail for the use of historic tax credits. With dimensions of approximately 75' by 115', the floor plate is large and deep. It is a solid steel frame and concrete warehouse-style structure, quite massive in construction. The front entry is to one side, with an elevator bank and a single staircase. This makes for easy and excellent separation between the residential and retail entrances. There is a second enclosed staircase diagonally opposite, on the other side of the building that exits directly into the alley behind it. Additionally, there are two functional elevators in the entry bank, one for passenger and one for freight. There is also a second freight elevator at the rear of the building, accessed through the alley and a loading dock that is large enough to accommodate a small vehicle.

Because the team felt that the building was not a strong candidate for historic tax credits, they actively explored both rental and condominium scenarios.



windows on Penn Avenue are not very large, having a lot of solid wall in-between them. The rear windows are the original warehouse style, multi-light windows, much larger in area, but they are in much poorer condition. The floors are concrete, covered in a variety of worn vinyl tiles. There are finished plaster columns throughout the space. Other finishes, on the whole, are tired and uninteresting.

STRUCTURAL AND MECHANICAL EXISTING CONDITIONS

526 Penn is constructed variably in 14' to 20' bays. Overall, the structure is in good condition with little signs of differential settlement or other structural deficiencies. The systems as they exist now, which includes plumbing, heating, air-conditioning, exhaust ventilation, electric and two full elevators in the building, would mostly be inappropriate for housing, making system upgrades necessary throughout. Structural modification will also be necessary if the program includes adding parking inside the building. All finishes would need to be changed as a result of the shift to housing. While the current windows are usable, the team is recommending their

SUMMARY

Number of stories	10
SF per floor	8625
Total SF	86,250
Elevator	Yes
Condition:	
	retail under development, upper floors are vacant
Proposed units	54 (rent) 35 (condo)
On-site parking	Yes
Rental/Condo	Either
Feasible	Yes

526 penn avenue (art institute building)

replacement, simply because of the difficulty of replacing them once the building is made operational as residential, and additionally, because of their small size.

THE CHALLENGE

- Not a lot of light from the Penn Avenue façade
- A very deep, large floor plate
- Buildings on two sides, and an alley on the third
- Aesthetically bland, with concrete finishes.
- Column layout is inefficient for basement parking

SOLUTION NO. 1

6 units per floor as rental (see plan on following page)

DESCRIPTION (include parking)

With this building, the team was eager to explore both scenarios: one as rental, and one as a condominium.

In the rental scenario, the team strove to create two bedroom units that were no bigger than 1100 sf, because they are considered a “sweet spot” in the marketplace. However the floor plate made that difficult. While trying to fit seven units into each floor would have been ideal from the perspective of unit size, the building’s layout means that those units would have been very narrow and very long, with minimal light existing only at one end. For this reason, they decided to propose six units per floor, which an average 1115 sf. While this is slightly bigger than is desirable to maximize rents, it nonetheless provides the most desirable unit layout. As a result, a total unit count of 54 was finally achieved in the building.

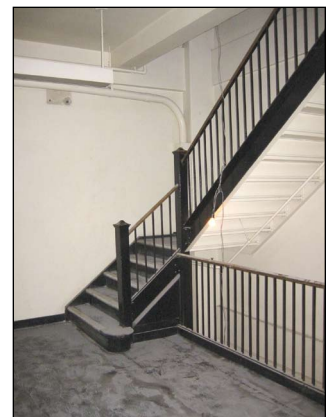
The team paid attention to placing common living areas as close as possible to the windows. It was considered less important for bedrooms to have full access to natural light – as borrowed light through translucent screens should suffice.

Since the owner of the building also owns the parking garage next door, the least expensive and simplest parking solution was simply to provide parking in the garage next door. The team felt that this solution may be less acceptable to condominium owners, but is quite efficient for renters.

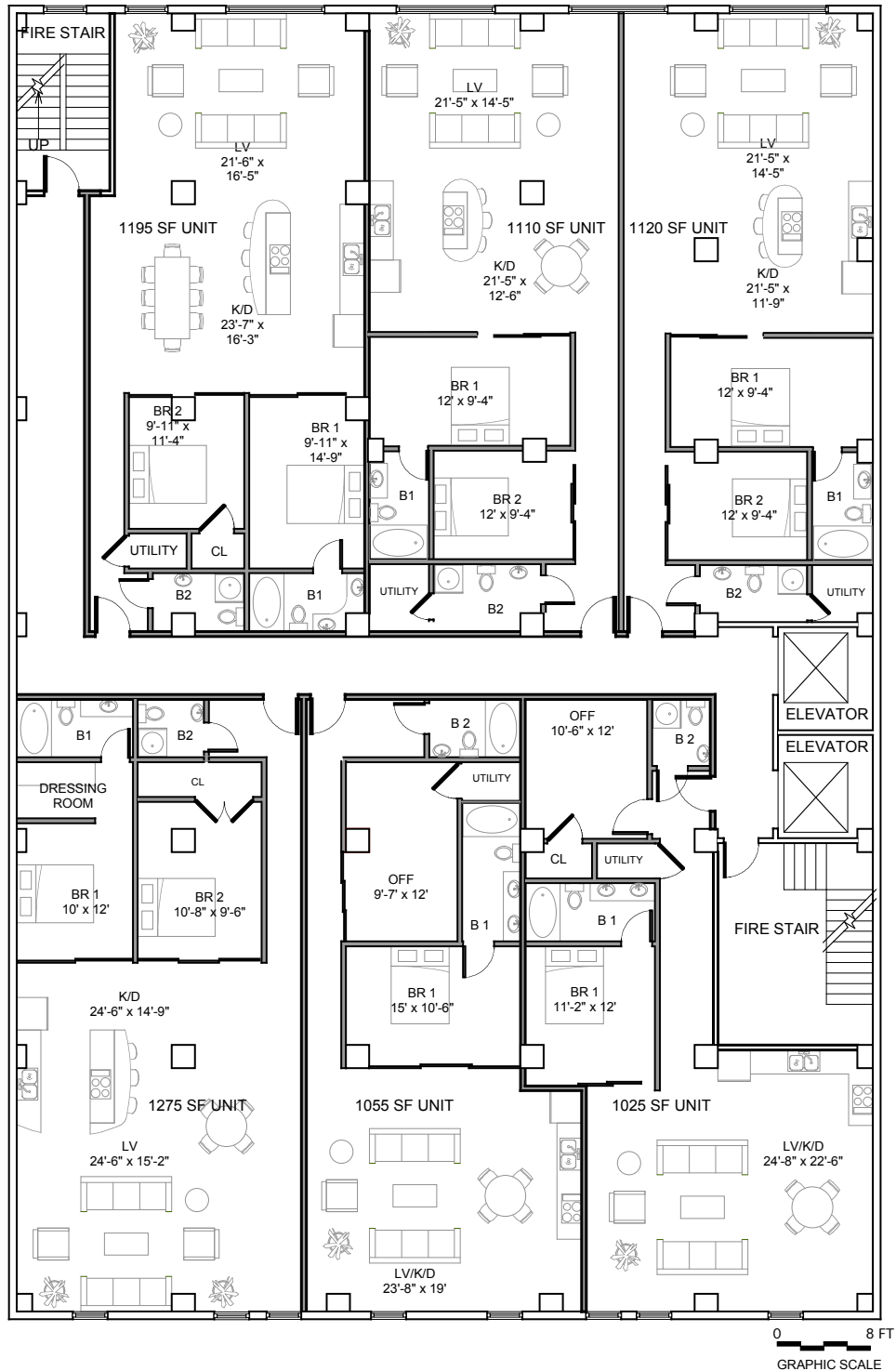
CODE ISSUES AND ANALYSIS

This building is considered a high-rise, and is of Type 2A or 2B construction, a brick exterior with a protected steel structure. Since there are two existing stairwells in the building, a variance need not be sought. Other code requirements will include:

- Minor alterations to make existing stairwell codes compliant
- 1/2 hour fire enclosure for all stairs and vertical shafts
- Increased fire-proofing of the structure



526 penn avenue (art institute building)



MAY 5, 2004

OLD ART INSTITUTE BUILDING : 526 PENN AVENUE
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

OPTION B - RENTAL
6 UNITS PER FLOOR NO CAR ELEVATOR

526 penn avenue (art institute building)

- Two hour fire-separation between mercantile and residential uses
- Artificial lighting and exit signs on every floor
- Fire sprinklers throughout
- Manual fire alarm in all floors
- Visible alarm notification (only if upgrading the existing alarm system)
- Standpipes when the building is over 50' tall
- Smoke alarm systems in all individual dwelling units
- Windows as a means of escape or refuge for each dwelling unit

MARKETING ISSUES

The proposed rents try to capitalize on the building's strengths, while mitigating its weaknesses. The upper floors of the building have dramatic city views – PNC Park and the North Shore to the north, and Downtown Pittsburgh to the south. The team set rents on these floors that would compensate for the relatively unattractive views from the rear of the lower floors. The variability in rent – which ranges from \$0.90 per square foot to \$1.70 per square foot – is a desirable quality to have in a buildings, because it can appeal to a broader variety of tenants.

Average rents for the building are approximately \$1.30 per square foot, excluding utilities and parking. These rents equate to anywhere from \$995 per month to over \$2000, with an average of about \$1450.

FINANCIAL ISSUES

This project scenario requires no alternative sources of financing.

As proposed, the project could have a rate of return of 15% for the owner. Please see Appendix A (proformas) for more detail.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 1,345,000
HVAC	\$ 875,000
Electric	\$ 725,000
Plumbing	\$ 675,000
Fire Protection	\$ 300,000
Windows	\$ 284,000
Flooring/Tile	\$ 450,000
Appliances	\$ 135,000
Elevator	\$ 75,000
Demolition	\$ 36,000
Roof	\$ 45,000
Retail Buildout	\$ 135,000
Total	\$ 4,945,000

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 1,400,000
Total Acquisition Costs	\$ 1,400,000

Hard Costs

Construction Costs	\$ 4,945,000
Contingency	\$ 494,500
Total Hard Costs	\$ 5,439,500

Soft Costs

Architectural	\$ 384,573
Insurance	\$ 29,484
Legal	\$ 25,000
Other Consultants	\$ 5,500
Governmental Approval Fees	\$ 49,000
Marketing + Lease Up	\$ 239,837
Holding Costs	\$ 36,912
Financing Fees	\$ 75,568
Construction Loan Interest	\$ 146,963
Developer Fee	\$ 494,500
Contingency	\$ 30,000
Total Soft Costs	\$ 1,517,337

Total Project Cost	\$ 8,356,837
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FINANCING SOURCES

Equity	\$ 1,400,000
Conventional Loan	\$ 6,956,837
Total Sources	\$ 8,356,837

SOLUTION NO. 2

5 units per floor as condominium (see plans on following pages)

DESCRIPTION (include parking)

In this scheme, since the units will be sold as condominiums, the team felt that a sophisticated and seamless parking solution was critical for the successful sale of the units.

Since the lower floors are clearly not as desirable as the upper floors (particularly in the rear), the team examined using these two floors plus the basement for resident parking via a car elevator. This allowed for the creation of 52 parking spaces for building residents. Additionally, because a freight elevator exists at the rear of the building, the team proposed a unique benefit for just the six rear units - a personal "garage" inside their unit, accessed via the car elevator.

The addition of this car elevator means that it is no longer possible to have three units facing the rear of the building. This loss of units is justified given the unique amenity that is being created. And in addition, typically, the for-sale market requires larger unit sizes than the rental market.

At five for-sale units per floor, and with the second and third floors reserved for parking, the total unit count in this scenario is 35, plus 52 interior parking spaces.

CODE ISSUES AND ANALYSIS

Same as for Option 1

MARKETING ISSUES

The team had some difficulty determining an appropriate condominium sale price. Condominiums do exist in the Downtown area, notably Chatham Centre and Gateway Towers, but both of these conversions are relatively old, and not necessarily indicative of the market rate that could be obtained with a new conversion Downtown. The team felt that a credible case could be made for sales prices that are comparable to new construction in other parts of the city. Luxury condominiums in neighborhoods such as Shadyside and Squirrel Hill are selling for upwards of \$200 per square foot. For that reason, a slightly more conservative rate of \$190 was set. Parking was judged to be worth an additional \$20,000 per space, and "personal garage" spaces was valued at \$25,000 per space. At \$190 per square foot, sales prices would range from \$219,000 to \$350,000.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 1,000,000
HVAC	\$ 683,000
Electric	\$ 530,000
Plumbing	\$ 500,000
Fire Protection	\$ 235,000
Windows	\$ 284,000
Flooring/Tile	\$ 350,000
Appliances	\$ 58,000
Passenger Elevator	\$ 75,000
Demolition	\$ 30,000
Parking/Car Elevator	\$ 864,000
Roof	\$ 45,000
Retail Buildout	\$ 135,000
Total	\$ 4,654,000

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 1,400,000
Total Acquisition Costs	\$ 1,400,000

Hard Costs

Construction Costs	\$ 4,654,000
Contingency	\$ 349,050
Total Hard Costs	\$ 5,003,050

Soft Costs

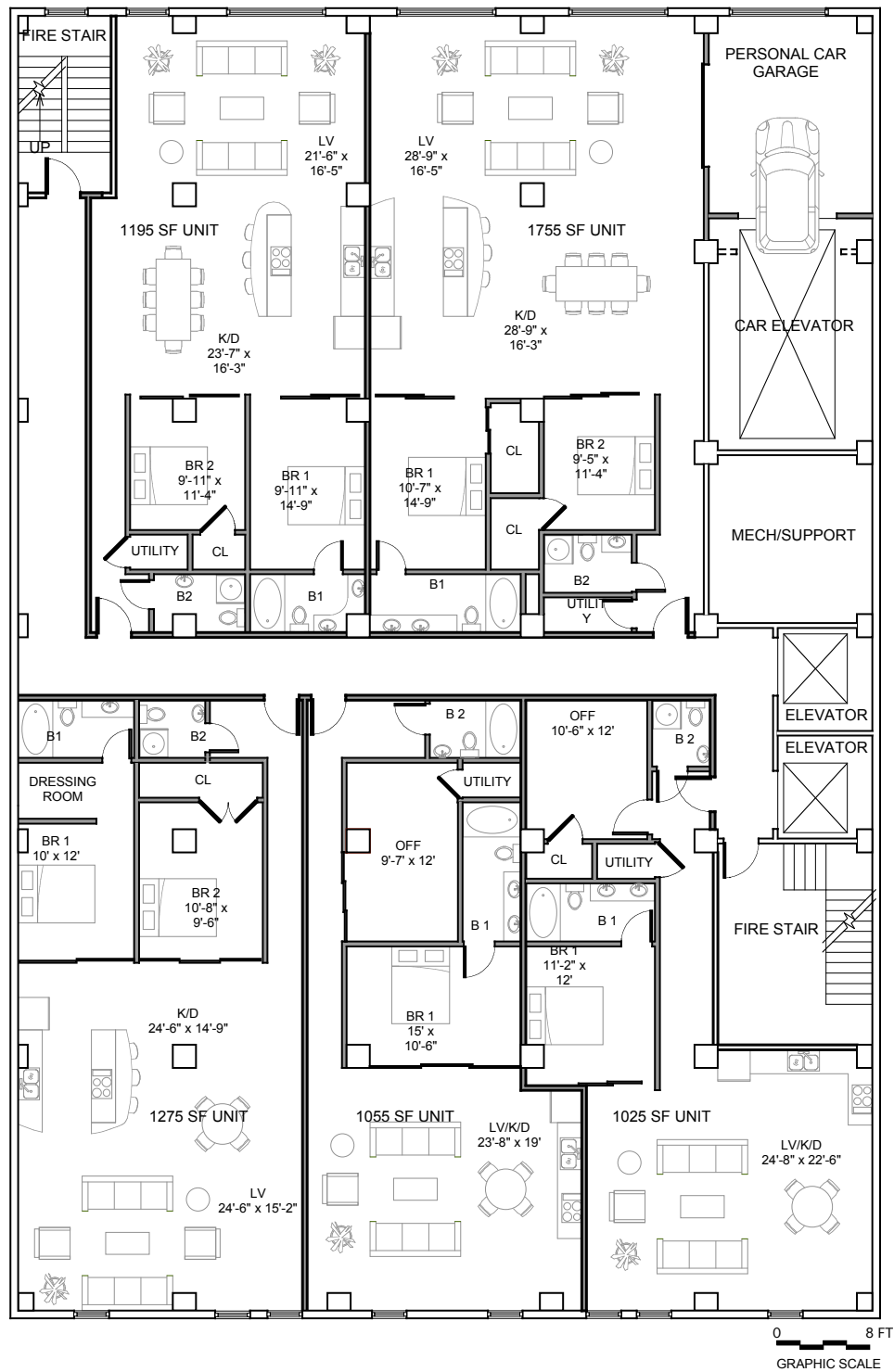
Architectural	\$ 282,032
Insurance	\$ 30,000
Legal	\$ 59,000
Other Consultants	\$ 5,000
Governmental Approval Fees	\$ 45,500
Marketing + Lease Up	\$ 20,000
Holding Costs	\$ 61,000
Financing Fees	\$ 66,909
Construction Loan Interest	\$ 302,043
Developer Fee	\$ 226,532
Contingency	\$ 50,000
Total Soft Costs	\$ 1,148,016

Total Project Cost	\$ 7,551,066
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FINANCING SOURCES

Equity	\$ 1,510,213
Conventional Loan	\$ 6,040,852
Total Sources	\$ 7,551,066

526 penn avenue (art institute building)

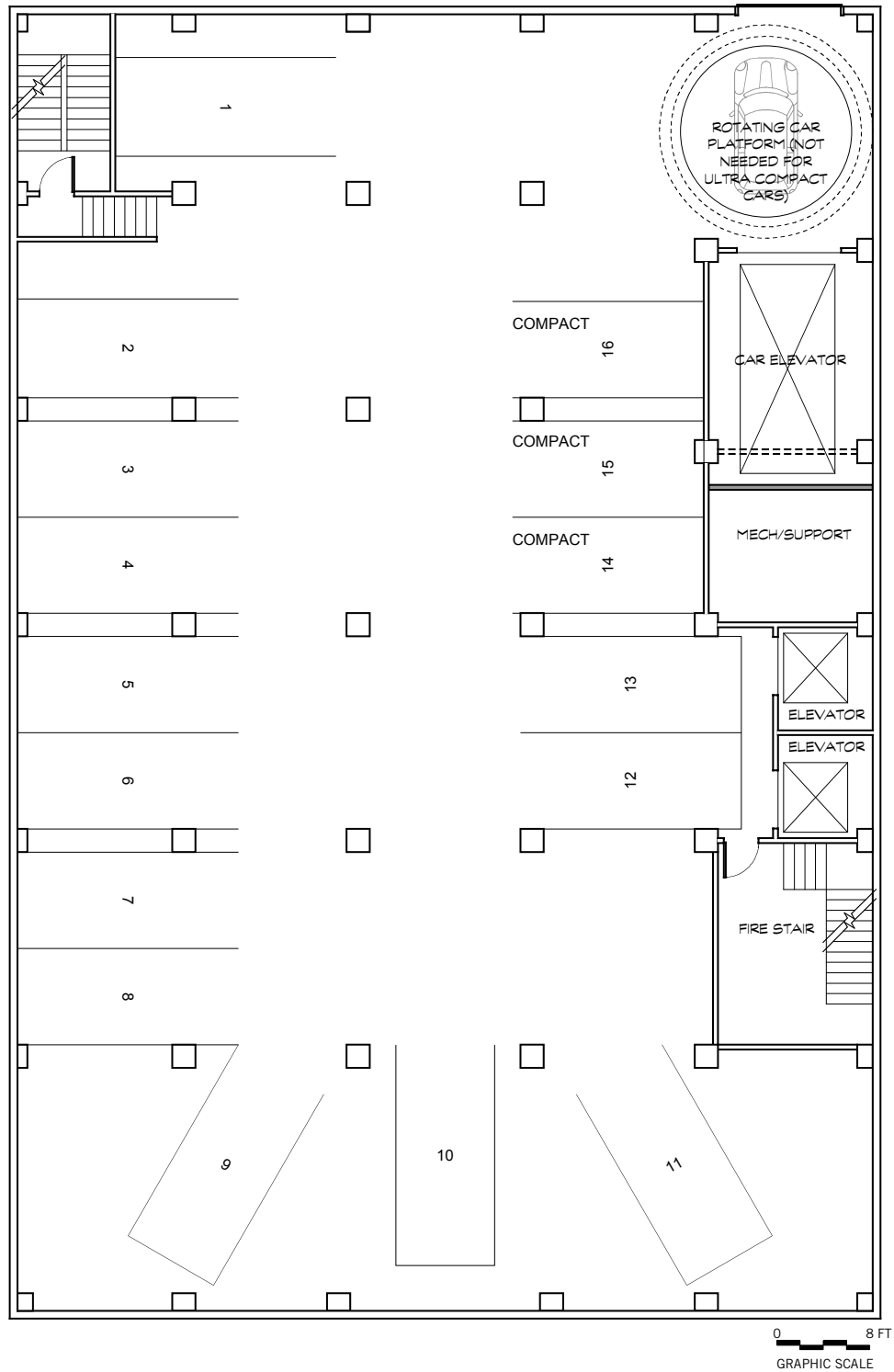


MAY 5, 2004

OLD ART INSTITUTE BUILDING : 526 PENN AVENUE
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

OPTION A - CONDO
5 UNITS PER FLOOR WITH CAR ELEVATOR

526 penn avenue (art institute building)



MAY 5, 2004

OLD ART INSTITUTE BUILDING : 526 PENN AVENUE
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

SCHEMATIC PARKING
16 SPACES PER FLOOR

FINANCIAL ISSUES

The team felt that the as-is building value was close to 20% of the value of the project, making conventional financing viable for the remaining 80%. This assumption, however, would need to be tested by a professional market appraisal.

In the event that additional equity is necessary, equity investors exist in the city who are interested in investing in specifically condominium projects. For example, National City Community Development Corporation has invested in a number of such developments throughout the city.

As proposed, the project could have a rate of return of 16% for the owner.

UNIT SALE

Total Sale Price Of Condos	9,035,640
First Floor Condo	900,000
Total Sales Price	\$ 9,935,640

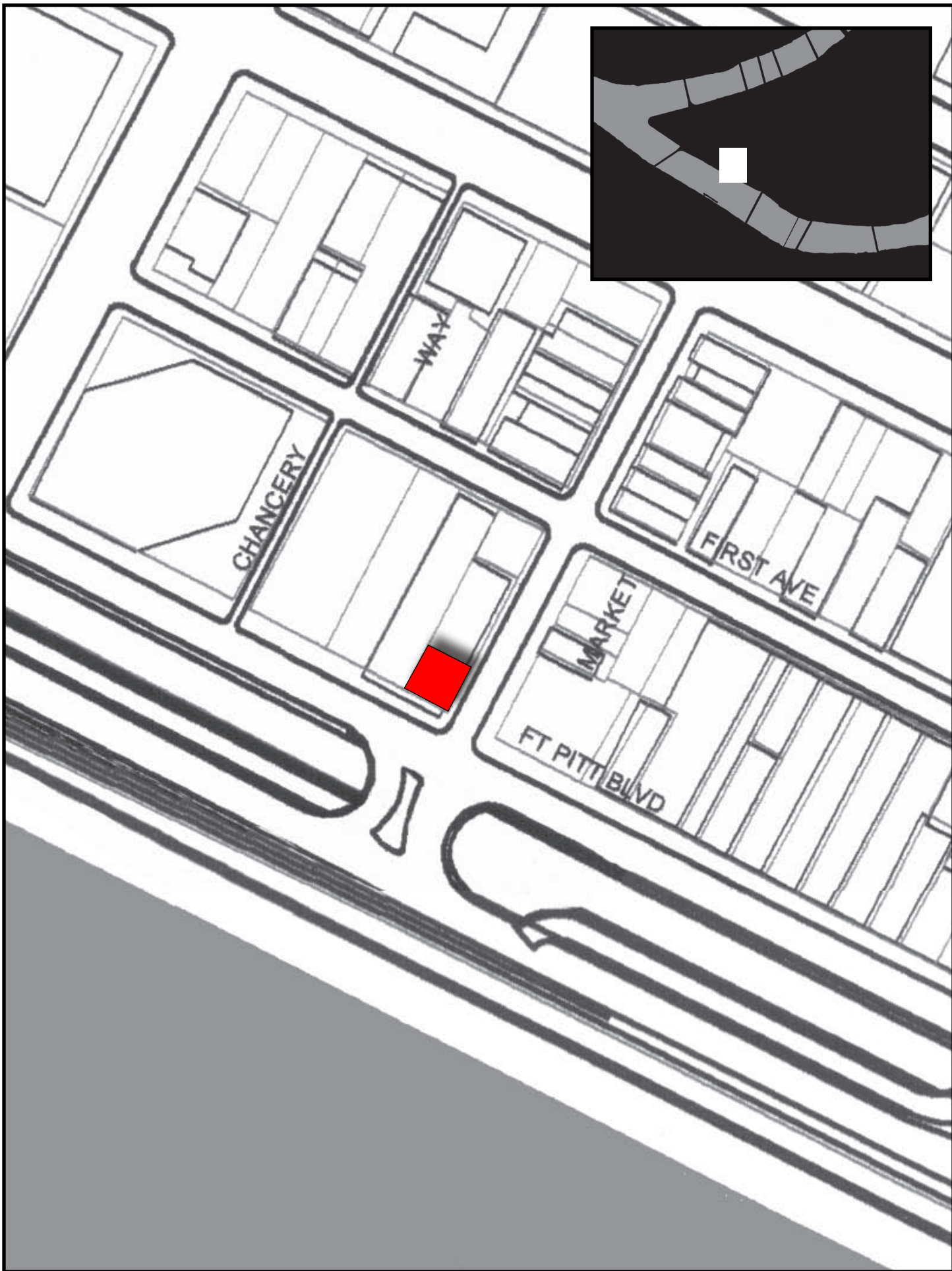
Cost of Sale

Transfer Tax	\$ 149,088
Commission	\$ 451,782
Legal	\$ 26,250
Accounting	\$ 5,000
Total Cost of Sale	\$ 632,120

Final Income	\$ 9,303,520
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Profit	\$ 1,752,454
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DESCRIPTION

Built around 1930, One Market Street is an attractive building inside a straight-forward exterior façade. Inside, large wooden beams, hardwood floors and fabulous river views make this building a natural for a residential conversion.



While a tall six stories, the building has a very small floor plate of only 1350 square feet. The building has windows on the south and east facades. But because of the small floor plate, there is considerable light on each floor. There is one passenger elevator that serves every floor, as well as one well-built enclosed stair. While this stair is not to code, having open risers and some winders, it is otherwise in good condition.



Remodeled recently for office tenants, the building has been well maintained. The location, however, is not an ideal destination for retail use on the first floor. And with the current economic climate Downtown, it has been difficult for the owner to find occupants for the upper floors. The building is too small to incorporate interior parking, but there are a number of surface parking lots located nearby.



The owner, who has an office in the building, has expressed a desire to stay. The building also has other office tenants who the owner would like to keep. Given the attention he has paid to maintaining the structure, it is clear that he would like to do a quality renovation that would minimize inconvenience to the existing tenants.

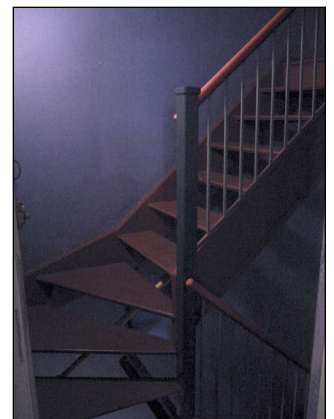
To date, there has not been much housing development in the First Side District, but there is a proposal for a new construction condominium project just one block away.

SUMMARY

Number of stories	6
SF per floor	1350
Total SF	8100
Elevator	Yes
Condition:	one existing office, and vacant offices
Proposed units	55
On-site parking	No
Rental/Condo	Rental
Feasible	Yes

STRUCTURAL AND MECHANICAL EXISTING CONDITIONS

One Market Street is constructed two bays deep and three bays wide with deep wood beams and decking. Overall, the structure is in good condition with little signs of differential settlement or other structural deficiencies. The systems, including plumbing, heating, air conditioning, exhaust ventilation, electric and an elevator in the building, would likely need to be updated to meet the design needs of housing. Structural modification will also be necessary if the program includes adding an additional stairway to the building, or just modifying the existing one. Finishes will need to be changed as a result of such a conversion, though the existing windows are appropriate for residential use.



THE CHALLENGE

- Only 1260 sf rentable per floor
- Wooden beam floor structure has potential to generate noise from floor to floor
- First floor retail space not viable
- Building too small for in-building parking
- Only one existing stair, and not to code – open treads with winders
- Working around existing office tenants

SOLUTION

One Unit Per Floor (see plans on following page)

DESCRIPTION (include parking)

The team's first question was to examine whether one unit or two units were appropriate per floor. Conventional wisdom says that two bedroom units of 1260 sf are bigger than desirable. Thus, the group looked at a two unit scenario. Under the two-unit scenario, units became smaller than is typical for one-bedroom units, layouts became more awkward, and the added construction costs were not sufficient to justify the extra expense. Additionally, it became clear that adding a second stair for fire egress would not be viable.

The team then focused its attention on the second question – what to do with the ground floor. Since this is not a retail destination, the group examined two options: creating a first floor rental unit, or instead reserving the space for a building amenity which would conceivably add value to the upper floors (eg: a fitness facility or storage). Because of its location on the first floor, adjacent to a busy street, we proposed extremely conservative rents for the space. The first floor is in good condition, finished as an office suite with a large common room and two private offices. The team proposed a construction cost of \$45,000 to add some additional amenities to the space, including a full bathroom, a kitchen and replacing the finishes, proposing that it be converted very simply to a two-bedroom unit, with a low monthly rent of \$700, which could appeal to the many students at the Art Institute and Point Park College, located nearby.

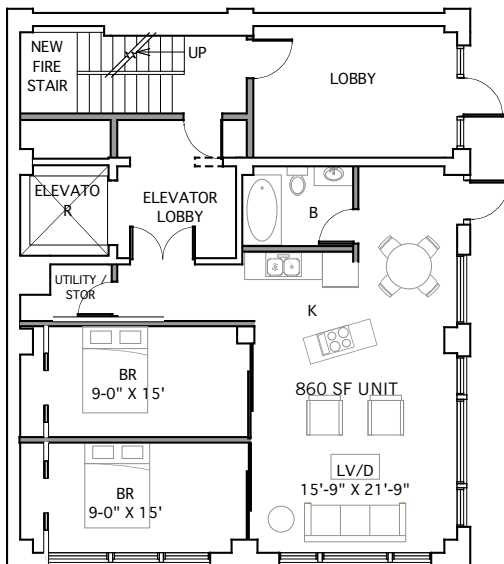
The teams also proposed solutions on the upper floors of one unit per floor, each with two bedrooms and two bathrooms.

In order to mitigate the noise transfer caused by hardwood floors over wood beams, the team recommended installing a flooring system designed specifically to address this problem. While this means covering over the existing hardwood floors, which is an attractive existing feature of the building, we felt this to be necessary to the viability of residential units.

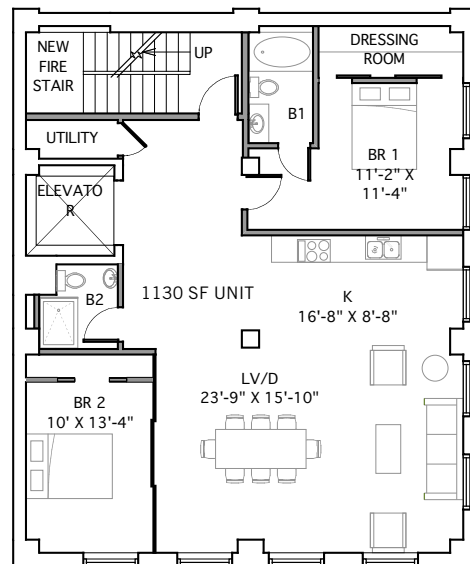
CODE ISSUES AND ANALYSIS

This building is not considered a high-rise, since it is under 75 feet tall and is of Type 4 heavy timber construction. Since there is only one existing, non-code compliant stair in the building, with nowhere to add a fire escape with only two primary façades, a variance must be sought. Other code requirements will include:

- The existing stair, although not required to be replaced by code, should still be replaced for basic safety reasons due to the steep winders in the landings
- Stairs and vertical shafts need one hour fire enclosure, unless the building is sprinklered, in which case they may be 1/2 hour.
- Increased fire-proofing of the structure
- Since the entire building will be residential use, 2 hour separation is not necessary
- Artificial lighting and exit signs on every floor



GROUND FLOOR PLAN



TYPICAL UPPER FLOOR PLAN

0 8 FT
GRAPHIC SCALE

MAY 14, 2004

1 MARKET STREET : 227 FORT PITT BOULEVARD
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

- Fire sprinklers throughout
- Manual fire alarm in all floors
- Visible alarm notification only if upgrading the existing alarm system
- Standpipes
- Smoke alarm systems in all individual dwelling units
- Windows as a means of escape or refuge for each dwelling unit

MARKETING ISSUES

While this building is in a section of Downtown with relatively little housing, we felt strongly that the existing amenities, in particular the views, justified rents of approximately \$1.40 per square foot or approximately \$1750 per month per unit.

Multiple surface lots within a block of the building present opportunities for brokering parking deals for tenants. As we indicated, however, it is critical to formalize that arrangement early in the development process.

At just one unit before floor, the total unit count in this scenario is five two-bedroom, two-bathroom units.

FINANCIAL ISSUES

While on the surface, this project seems to be one of the easiest to finance, it is in reality quite challenging. Our projections indicate that this project can be completed without any deferred second mortgage subsidy, but we did have to make several assumptions in order for that to be possible. First and foremost, we assumed the use of historic tax credits. This is challenging, because the building is not in a national register district, although it is immediately adjacent to one. Given the lack of historic fabric on the exterior of the building, getting the building added to the register may actually be difficult.

If necessary, the project could be restructured with a soft second mortgage loan, but the best returns for the owner are with the scenario as proposed.

As proposed, the project could have a rate of return of 6% for the owner. Please see Appendix A (proformas) for more detail.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 74,000
HVAC	\$ 80,000
Electric	\$ 70,000
Plumbing	\$ 85,000
Fire Protection	\$ 35,500
Flooring/Tile	\$ 40,000
Façade/Entry	\$ 5,000
Appliances	\$ 15,000
Elevator Upgrades	\$ 25,000
Stairs	\$ 75,000
Total	\$ 504,500

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 210,000
Total Acquisition Costs	\$ 210,000

Hard Costs

Hard Costs	\$ 504,500
Construction Contingency	\$ 50,450
Total Hard Costs	\$ 554,950

Soft Costs

Architectural	\$ 39,235
Insurance	\$ 3,360
Legal	\$ 31,720
Other Consultants	\$ 18,000
Government Approval Fees	\$ 9,000
Marketing + Leaseup	\$ 23,854
Holding Costs	\$ 17,297
Financing Fees	\$ 10,007
Construction Loan Interest	\$ 13,746
Developer Fee	\$ 50,450
Contingency	\$ 30,000
Total Soft Costs	\$ 246,668

Total Project Cost	\$ 1,011,618
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FINANCING SOURCES

Federal Historic Tax Credit Equity	\$ 150,937
Equity	\$ 210,000
Conventional Loan	\$ 650,682

Total Sources	\$ 1,011,618
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2 market square (primanti's building)





2 market square (primanti's building)

DESCRIPTION

Located on one side of Market Square, this 1880's building is in a vibrant and central location of Downtown. It faces the only true plaza in Downtown with its small scale historic streetscape, but also neighbors a second newer square with significant office towers. There is a tremendous amount of foot traffic in this location, and the restaurant in the building's first floor space is always popular and busy.



The building is only 4 stories tall, a small and charming brick structure, contributing to the small scale market place feel in this square. With such a narrow floor plate, there is only 1080 leasable square feet on each of the upper floors. But as a corner building there are quite a few windows and excellent light to the upper floors.



The fourth floor of the building has a lot of air-handling and exhaust equipment located in it, exclusively serving the first floor restaurant. Less than 50% of the floor area is available for another use. The second and third floors have previously been used as office space, but have been vacant for a number of years.

There is no elevator in this building, nor is there room for one. There is a single existing stairwell, with an entrance to the upper floors from the square. The stair is wide and in good condition, and appears to be code compliant.

SUMMARY

Number of stories	4
SF per floor	1200
Total SF	4800
Elevator	No
Condition	retail occupied, vacant office/warehouse on upper floors

Proposed units	2
On-site parking	No
Rental/Condo	Rental
Feasible	Yes

STRUCTURAL AND MECHANICAL EXISTING CONDITIONS

2 Market Square has a masonry and wood beam structure. Overall the structure is in fair condition, however there are signs of past renovation and movement, which should be further examined. The systems used in the main level restaurant take up much of the fourth floor of the building. All other building systems, which include plumbing, heating and electric in the building would have to be replaced to meet the design needs of housing. In addition, fireproofing and noise control between the restaurant and residential use would be problematic based on the amount and size of penetrations through the upper floors. All finishes are deteriorated or non-existent, and would be changed as a result of the change to residential use.

THE CHALLENGE

- Only 1080 rentable sf per floor
- Wooden beam floor structure has potential to generate noise from floor to floor
- Building too small for in-building parking
- Only one existing stair, but it is to code
- No elevator
- Fourth floor is occupied with a lot of exhaust and air-handling equipment
- Restaurant on the first floor could be noisy



2 market square (primanti's building)

SOLUTION

2 units (see plans on following page)

DESCRIPTION (include parking)

Smaller buildings like this present both opportunities and challenges. Foremost among the challenges is a need to be even more critical of costs, because there are fewer units to spread the costs over. On the flip side, however, issues which are critical for other buildings are less important. For example, the team felt that proximity to parking is not as important with this building as with others. And with only two units, the possibility of finding tenants willing to park outside the building is less of a concern.

In terms of the unit layouts, the team proposed creating a two-bedroom unit on the second floor, and a two-bedroom plus loft unit on floors three and four. The prospect of relocating the HVAC equipment on the 4th floor was prohibitive, so we proposed a plan that captures as much of that space as possible for the unit below. As a result, we would have five bedrooms in the total building space.

Given the bedroom configuration, we proposed to give the second floor unit two full baths, and to give the third floor unit three full baths. This scheme worked well with the floor plate, and it also appeals most directly to the target market.

Although the existing HVAC system is functional for the current building use, it would need to be replaced with a new HVAC system which would allow for separate tenant billing needed with a residential conversion. The team also proposed replacing the windows because they felt that they would add value to the rental units and increase the potential for higher rent. Plus, half the cost of window replacement could be funded through the URA's matching grant façade program.

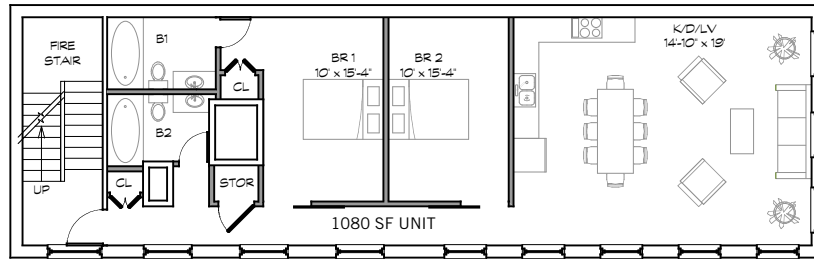
CODE ISSUES AND ANALYSIS

This building is not considered a high-rise, since it is only four stories tall, and is of Type 3B construction brick exterior with unprotected wood structure. Since there is only one existing stairwell in the building, and nowhere to add a fire escape with only two primary façades, a variance must be sought. Other code requirements will include:

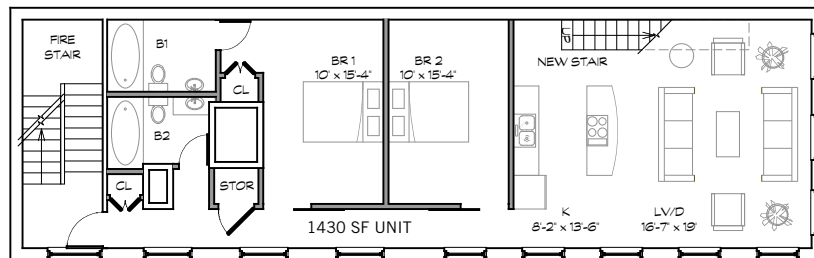
- One hour fire enclosure for all stairs and vertical shafts, unless the building is sprinklered, in which case the enclosure may be 1/2 hour
- Two hour fire-separation between mercantile and residential uses
- Artificial lighting and exit signs on every floor
- Fire sprinklers throughout
- Manual fire alarm in all floors
- Visible alarm notification (only if upgrading the existing alarm system)
- Smoke alarm systems in all individual dwelling units
- Windows as a means of escape or refuge for each dwelling unit



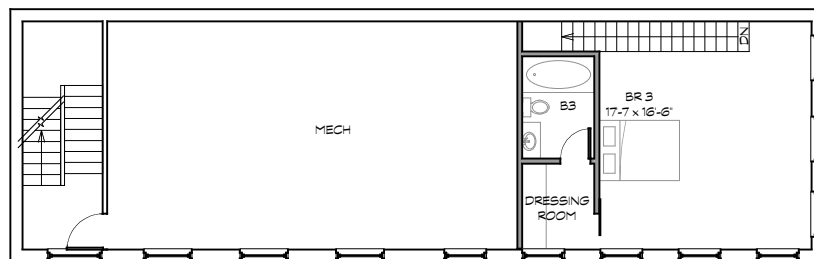
2 market square (primanti's building)



2ND FLOOR PLAN



3RD FLOOR PLAN



4TH FLOOR PLAN

0 8 FT

MAY 5, 2004

PRIMANTI'S : 2 SOUTH MARKET PLACE
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

2 market square (primanti's building)

MARKETING ISSUES

The target market that we envisioned for this building were young professionals who work downtown and would like to live Downtown. With multiple bedrooms, each with a separate bathroom, tenants sharing a unit could equally well be a couple, or unrelated roommates. As with the Olive or Twist Building, tenants would have to acknowledge that they are living over a restaurant. Nonetheless, reasonable efforts could be made in construction to minimize any noise transfer issues.

Fortunately, the floor plate allows for units that are ideally sized to maximize rent per square foot. Given that, and the location and amenities of the building, we proposed rents of approximately \$1.30 per square foot. This equates to rents of \$1,200 for the smaller unit and \$1,750 for the larger unit.

FINANCIAL ISSUES

We proposed several sources which help to make this project feasible. First, the URA's façade program seemed viable for this building. And in addition to equity and a conventional loan, we proposed that historic tax credits be used as well. With these sources, the return to the owner would be strong.

As proposed, the project could have a rate of return of 3-5% for the owner. Please see Appendix A (proformas) for more detail.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 118,600
HVAC	\$ 40,000
Electric	\$ 20,000
Plumbing	\$ 22,800
Fire Protection	\$ 15,200
Windows	\$ 54,000
Flooring/Tile	\$ 31,000
Façade	\$ 15,000
Appliances	\$ 6,000
Total	\$ 322,600

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 200,000
Total Acquisition Costs	\$ 200,000

Hard Costs

Construction Costs	\$ 322,600
Contingency	\$ 32,260
Total Hard Costs	\$ 354,860

Soft Costs

Architectural	\$ 25,089
Insurance	\$ 1,915
Legal	\$ 8,000
Other Consultants	\$ 8,900
Governmental Approval Fees	\$ 4,200
Marketing + Lease Up	\$ 13,154
Holding Costs	\$ 2,000
Financing Fees	\$ 8,308
Construction Loan Interest	\$ 6,013
Developer Fee	\$ 32,260
Contingency	\$ 3,397
Total Soft Costs	\$ 113,235

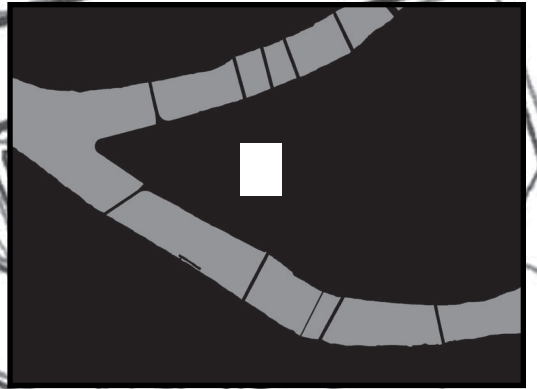
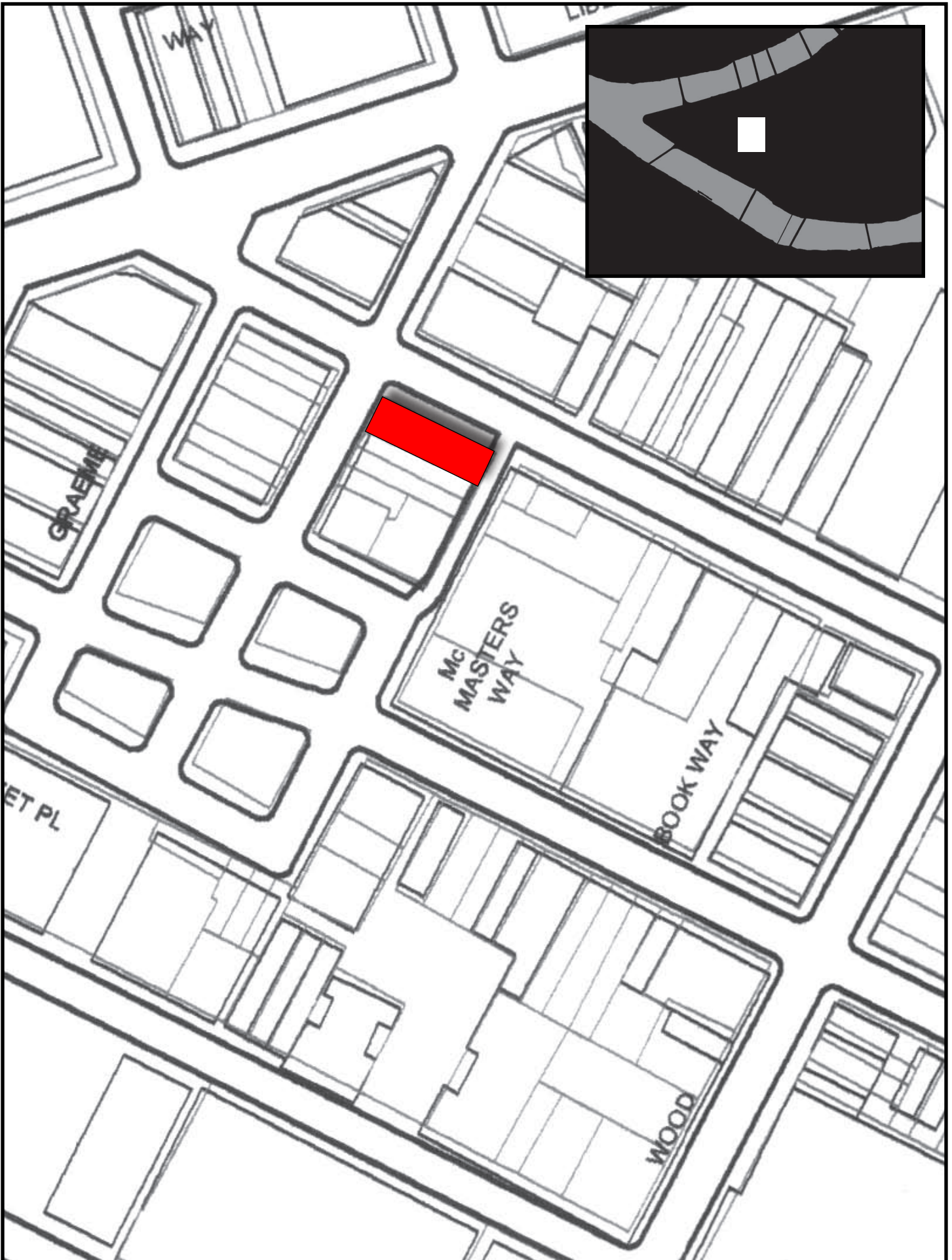
Total Project Cost	\$ 668,095
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FINANCING SOURCES

Federal Historic Tax Credit Equity	\$ 77,821
Equity	\$ 200,000
Conventional Loan	\$ 355,774
Façade	\$ 34,500
Total Sources	\$ 668,095

205 fifth avenue (buhl building)





205 fifth avenue (buhl building)

DESCRIPTION

Built around 1900, the Buhl Building is located on Fifth Avenue, between Market and Wood Streets, on the edge of Market Square, which promises to be one of the liveliest meeting places in Downtown Pittsburgh. Currently a lackluster location, there is much potential in this district, with a number of city held vacant buildings surrounding the square. This is the center of the business district. That being said, the retail storefronts are all occupied.



The structure consists of a narrow, six story building, approximately 101 feet long by 30 feet deep. The long side of the building faces Fifth Avenue, and the short sides two narrow alleys. As a result there are lots of windows and fabulous natural light on all the upper floors. The egress core of the building is perfectly centered with the main upper floor entrance into the building at mid-block. The remainder of the first floor consists of four small retail spaces, all currently occupied.



The exterior cladding of the building is quite beautiful, consisting of white tile with blue ornamentation. The building is abutted by two narrow sliver buildings behind it, each 101 feet deep by 15 feet wide, and three stories tall. These are also owned by the Buhl building owner, but are insignificant structures in poor condition.



The upper floor spaces of the building are very efficient, since the stair and elevators are located mid-building, along the back wall. There is not much common area. There are currently no tenants on the upper floors, but they had been previously used for both office and retail purposes.

There are two elevators, only one of which is currently functional. The single stair is in good condition, but has winders, and is not code compliant.

SUMMARY

Number of stories	6
SF per floor	3030
Total SF	18,180
Elevator	Yes
Condition:	retail occupied, upper floors are vacant
Proposed units	11 -23
On-site parking	Yes
Rental/Condo	Rental
Feasible	Yes

STRUCTURAL AND MECHANICAL EXISTING CONDITIONS

The Buhl Building is constructed as a clear span concrete over steel structure comprising 3000 gross square feet per floor. Overall, the structure is in good condition with little signs of differential settlement or other structural deficiencies. The systems, which include plumbing, heating, air conditioning, exhaust ventilation, electric and elevators in the building, will require upgrading or replacement to meet the design needs of housing. Structural modifications will also be necessary if the program includes adding an additional stairway to the building. All finishes are deteriorated and must be replaced along with the windows. Further examination of the exterior terra-cotta veneer should also be considered.



THE CHALLENGE

- There is no room for parking in the building, and the closest parking garage is a block away
- There is only one stairwell, and it is not code compliant

SOLUTION NO. 1

Renovate Existing Structure (see plan on following page)

DESCRIPTION (include parking)

As with the Art Institute building, the team thought this was an excellent opportunity to propose two separate scenarios. One involves renovating the existing building as it is, while the other involves building new construction over the adjacent lots and thereby doubling the building size. In either scenario, however, we felt it important to demolish the existing adjacent buildings, which are not historically significant and in very poor condition.

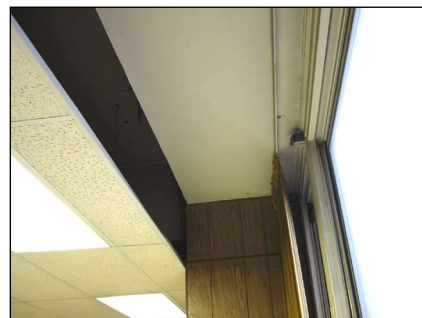
In this first scenario, the team proposed converting the existing building into 11 units of housing – three units on the second floor and two units each on floors three through six. By demolishing the adjacent buildings, eight surface parking spaces would be gained on the neighboring lot. By converting the second floor into smaller, less expensive units, the team envisioned providing one parking space for each of the upper, larger units, and an alternative, walk-to solution for the smaller units.

The issue of the single means of egress, and the existing non-compliant stair was effectively solved by reconstructing the stair. Since the building currently has two elevator shafts and will only need one as a residential building, we combined the stair shaft and that elevator shaft to create one larger, code-compliant stair without losing any rentable square footage in the building.

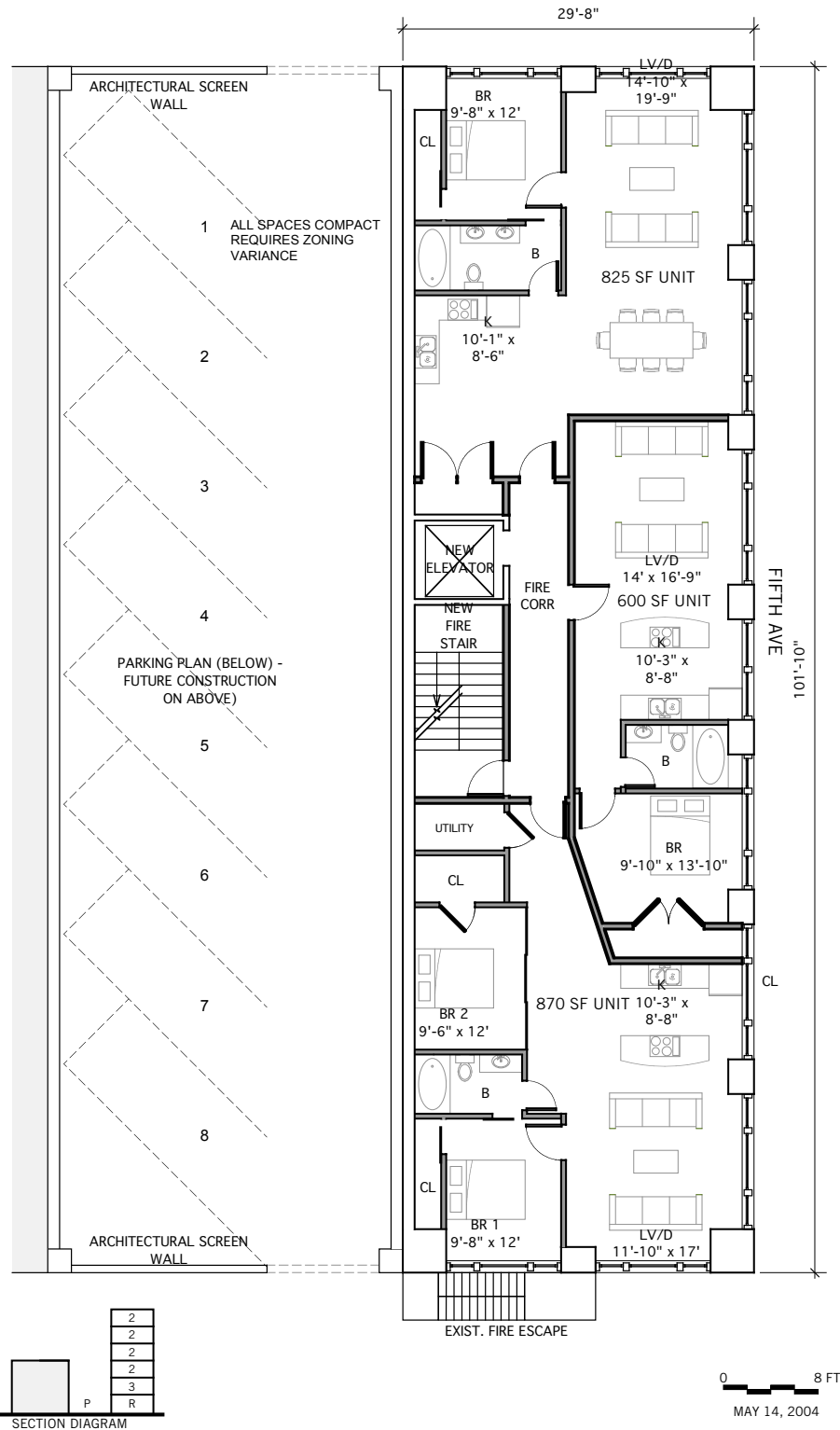
COST ISSUES AND ANALYSIS

This building is considered a high-rise and is of Type 2B construction brick exterior with protected steel structure. Since there is only one existing stair in the building, with steep winders in some of the landings, this stair should be replaced and a variance must be sought for use of only one means of egress. Other code requirements will include:

- One hour fire enclosure for all stairs and vertical shafts, unless the building is sprinklered, in which case the enclosure may be 1/2 hour
- Increased fire-proofing of the structure
- Two hour fire-separation between mercantile and residential uses
- Artificial lighting and exit signs on every floor
- Fire sprinklers throughout
- Manual fire alarm in all floors
- Visible alarm notification (only if upgrading or replacing the existing alarm system)
- Standpipes Smoke alarm systems in all individual dwelling units
- Windows as a means of escape or refuge for each dwelling unit



205 fifth avenue (buhl building)



MARKETING ISSUES

The second floor, with three one bedroom units and no parking on site, are priced at about \$1.40 per square foot. As one bedroom units, they are efficiently sized (between 600 and 870 sf), and as such, the team believes would command solid rents.

The upper units are designed as two bedroom, two bathroom units. We recommend pricing of approximately \$1.50 per square foot, including parking. This is more expensive than some Downtown units, but the location is excellent, and parking is on-site. Rents would range from \$950 per month to \$1500 per month.

FINANCIAL ISSUES

The team assumed that it would be possible to borrow approximately 85% loan to project value. Because we believe that value to still fall short of the real cost of the project, we strongly recommend the use of historic tax credits to bring additional equity to the project. This should not be a complicated matter for this building, given that the Buhl building has already achieved Tax Credit eligibility. Even with the tax credits, we had to assume a further soft second mortgage. Despite this structure, we feel that the project would be profitable for the owner.

As proposed, the project could have a rate of return of 12% for the owner. Please see Appendix A (proformas) for more detail.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 175,000
HVAC	\$ 175,000
Electric	\$ 96,000
Plumbing	\$ 92,500
Fire Protection	\$ 37,500
Windows	\$ 200,000
Flooring/Tile	\$ 90,000
Façade/Entry	\$ 5,000
Appliances	\$ 28,000
Elevator	\$ 170,000
Demolition	\$ 230,000
Parking	\$ 50,000
Roof	\$ 18,000
Total	\$ 1,367,000

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 300,000
Total Acquisition Costs	\$ 300,000

Hard Costs

Construction Costs	\$ 1,367,000
Contingency	\$ 136,700
Total Hard Costs	\$ 1,503,700

Soft Costs

Architectural	\$ 106,312
Insurance	\$ 7,284
Legal	\$ 34,600
Other Consultants	\$ 15,500
Governmental Approval Fees	\$ 20,000
Marketing + Lease Up	\$ 46,994
Holding Costs	\$ 12,624
Financing Fees	\$ 22,879
Construction Loan Interest	\$ 30,103
Developer Fee	\$ 136,700
Contingency	\$ 30,000
Total Soft Costs	\$ 462,995

Total Project Cost	\$ 2,266,695
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FINANCING SOURCES

Federal Historic Tax Credit Equity	\$ 343,840
Equity	\$ 210,000
Conventional Loan	\$ 1,425,000
Façade Loan	\$ 25,000
Alternative Loan	\$ 262,855
Total Sources	\$ 2,266,695

SOLUTION NO. 2

New Construction (see plans on following pages)

DESCRIPTION (include parking)

In this alternate scenario, we explored the potential of new construction on the adjacent lot in order to double the size of the project, and provide a greater variety of units. In taking this route, the team was confronted by three challenges:

- The owner would have to provide considerably more parking.
- The building that abuts the site on the south is three stories tall, meaning those floors would be difficult to use for apartments in the new structure, since it would not be possible to provide windows along that side of the new building.
- With higher occupancy, and the addition of the new building, the single stair of the existing building would no longer be sufficient.

By deciding to provide parking on the lower three floors of the new building, the team dealt simultaneously with the first two challenges. The challenge became how to provide the necessary parking spaces in such a long, narrow floor plate. We researched automated parking solutions and found a system that provide up to 36 parking spaces without the necessity of a traditional ramp-and-deck style garage. Residents would leave their vehicles at an entry point, and their cars would automatically be stored within the system, on one of the three floors. While such systems are expensive, the cost is more than justified by the value that it unlocks for the building. For technical specifications, refer to Appendix B.

The third challenge was dealt with by cutting a second stair into the existing building to provide a second means of egress for the units on the upper floors. While this second stair could also be integrated into the new building, it is too difficult to bring the stair down to the first floor without interrupting the proposed parking solution.

In this scheme, each of the upper three floors of the new building contains four one-bedroom units per floor. The eleven unit arrangement holds true for the existing building, bringing the total unit count to 23, with a total of 36 parking spaces.

COST ISSUES AND ANALYSIS

In this solution the existing stair will be replaced and a new second stair will be added, therefore a variance need not be sought for egress issues. All other codes improvements in Solution 1 are still necessary.

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 175,000
HVAC	\$ 175,000
Electric	\$ 96,000
Plumbing	\$ 92,500
Fire Protection	\$ 37,500
Windows	\$ 200,000
Flooring/Tile	\$ 90,000
Façade/Entry	\$ 5,000
Appliances	\$ 28,000
Elevator	\$ 170,000
Demolition	\$ 230,000
Site Work	\$ 50,000
Roof	\$ 18,000
New Construction	\$ 1,080,000
Automated Parking	\$ 1,080,000
Total	\$ 3,527,000

PROJECT BUDGET

Acquisition Costs

Building/Land Value	\$ 500,000
Total Acquisition Costs	\$ 500,000

Hard Costs

Construction Costs	\$ 3,527,000
Contingency	\$ 352,700
Total Hard Costs	\$ 3,879,700

Soft Costs

Architectural	\$ 274,295
Insurance	\$ 10,884
Legal	\$ 30,000
Other Consultants	\$ 15,500
Governmental Approval Fees	\$ 32,000
Marketing + Lease Up	\$ 99,088
Holding Costs	\$ 17,040
Financing Fees	\$ 46,465
Construction Loan Interest	\$ 74,919
Developer Fee	\$ 352,700
Contingency	\$ 29,471
Total Soft Costs	\$ 982,362

Total Project Cost	\$ 5,362,062
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FINANCING SOURCES

Federal Historic Tax Credit Equity	\$ 500,587
Equity	\$ 750,000
Conventional Loan 1	\$ 3,546,475
Alternative Loan Source 1	\$ 500,000
Façade grant	\$ 65,000
Total Sources	\$ 5,362,062

MARKETING ISSUES

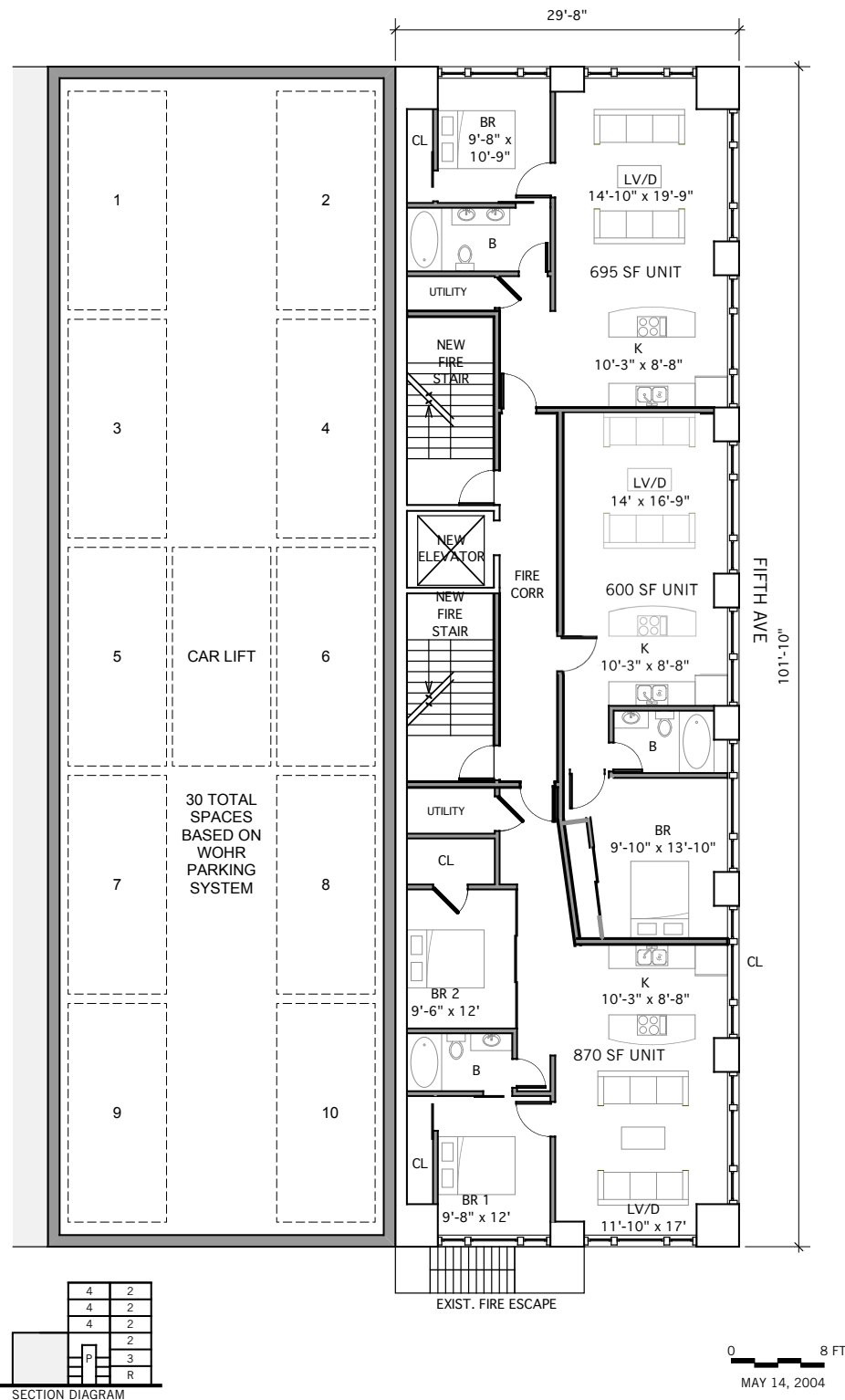
Rents in the renovated existing building stayed substantially the same in this new scenario. The one bedroom, one bathroom units in the new building are each approximately 615 square feet. We projected rents of approximately \$1.60 per square foot for each of these units, or \$1000 per month.

FINANCIAL ISSUES

The financing on this scenario depends on the same sources as the last; the biggest potential drawback is that it needs a substantially larger second loan. In times of limited funding, second loans of such size are harder to come by. Nonetheless, with careful value engineering, this could still become an incredibly attractive scenario.

As proposed, the project could have a rate of return of 6% for the owner. Please see appendix A (proformas) for more detail.

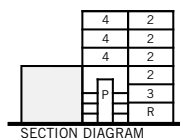
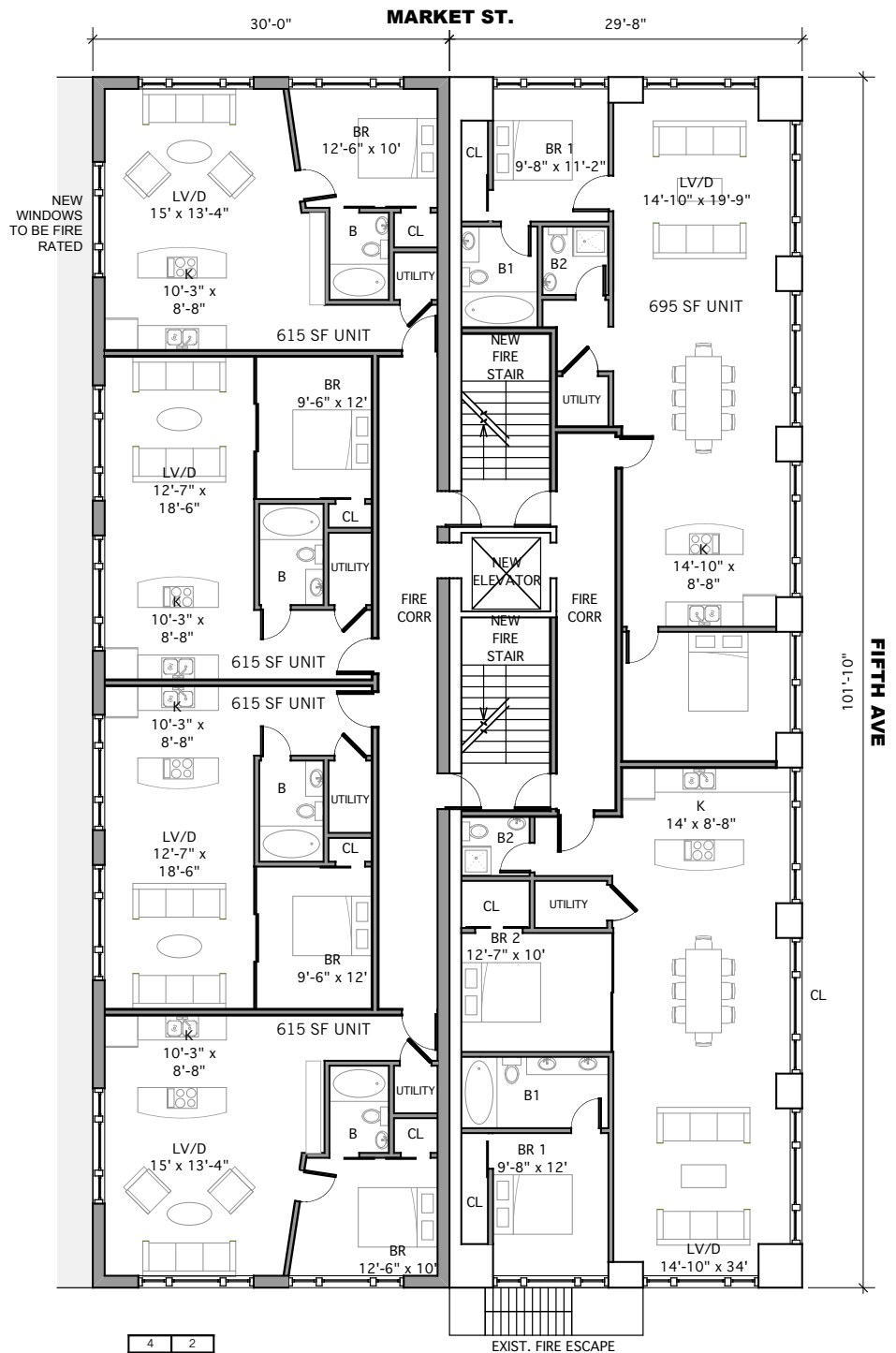
205 fifth avenue (buhl building)



BUHL BUILDING : 205 5TH STREET
DOWNTOWN LIVING INITIATIVE - VACANT UPPER FLOORS STUDY

2ND FLOOR PLAN
NEW BUILDING - 23 UNITS

205 fifth avenue (buhl building)



BUHL BUILDING : 205 5TH STREET

4TH FLOOR PLAN (5 & 6 SIMILAR)



**FOR
MORE
INFO:
appendices**

appendix A - detailed proformas for buildings

140 6th street (olive or twist building)

PROFORMA

Rental Income	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Gross Income	\$ 158,400	\$ 163,152	\$ 168,047	\$ 173,088	\$ 178,281	\$ 183,629
Less Vacancy Allowance	\$ (23,760)	\$ (16,315)	\$ (11,763)	\$ (12,116)	\$ (12,480)	\$ (12,854)
Total Net Rental Income	\$ 134,640	\$ 146,837	\$ 156,283	\$ 160,972	\$ 165,801	\$ 170,775
Operating Expenses						
Taxes	\$ 10,804	\$ 10,804	\$ 11,885	\$ 13,209	\$ 14,289	\$ 14,289
Insurance	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115
Common Area Electric	\$ 1,800	\$ 1,854	\$ 1,910	\$ 1,967	\$ 2,026	\$ 2,087
Water/Sewer	\$ 480	\$ 494	\$ 509	\$ 525	\$ 540	\$ 556
Fire Alarm Phone + Monitoring	\$ 1,200	\$ 1,236	\$ 1,273	\$ 1,311	\$ 1,351	\$ 1,391
Marketing/Legal	\$ 2,800	\$ 2,884	\$ 2,971	\$ 3,060	\$ 3,151	\$ 3,246
Accounting	\$ 1,750	\$ 1,803	\$ 1,857	\$ 1,912	\$ 1,970	\$ 2,029
Property Management	\$ 8,078	\$ 8,810	\$ 9,377	\$ 9,658	\$ 9,948	\$ 10,246
Reserve For Replacement	\$ 4,752	\$ 4,895	\$ 5,041	\$ 5,193	\$ 5,348	\$ 5,509
Maintenance	\$ 4,752	\$ 4,895	\$ 5,041	\$ 5,193	\$ 5,348	\$ 5,509
Lease Up	\$ (15,000)	\$ -				
Total Operating Expenses	\$ 28,417	\$ 44,885	\$ 47,290	\$ 49,676	\$ 51,850	\$ 52,977
Net Operating Income (NOI)	\$ 106,223	\$ 101,952	\$ 108,993	\$ 111,296	\$ 113,951	\$ 117,798
Total Debt Service	\$ 87,225	\$ 87,225	\$ 87,225	\$ 87,225	\$ 87,225	\$ 87,225
Cash Flow	\$ 18,999	\$ 14,728	\$ 21,769	\$ 24,071	\$ 26,726	\$ 30,573
Debt Coverage Ratio	1.22	1.17	1.25	1.28	1.31	1.35
Return on Equity	18.09%	14.03%	20.73%	22.93%	25.45%	29.12%

appendix A - detailed proformas for buildings

526 penn avenue (art institute building) solution no. 1 (rental units)

please note that solution no.2 (condo units), is a straight finance and sell option, and therefore does not need a proforma outlining returns

PROFORMA

Rental Income	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	
Gross Loft Rent	\$ 1,039,104	\$ 1,070,277	\$ 1,102,385	\$ 1,135,457	\$ 1,169,521	\$ 1,204,606	
Less Vacancy Allowance	\$ (415,642)	\$ (214,055)	\$ (88,191)	\$ (90,837)	\$ (93,562)	\$ (96,369)	
Total Net Rental Income	\$ 623,462	\$ 856,222	\$ 1,014,195	\$ 1,044,620	\$ 1,075,959	\$ 1,108,238	
Operating Expenses							
Taxes	\$ 41,216	\$ 42,452	\$ 43,726	\$ 45,038	\$ 46,389	\$ 47,781	
Insurance	\$ 29,484	\$ 30,369	\$ 31,280	\$ 32,218	\$ 33,185	\$ 34,180	
Common Area Electric	\$ 6,480	\$ 6,674	\$ 6,875	\$ 7,081	\$ 7,293	\$ 7,512	
Water/Sewer	\$ 9,600	\$ 9,888	\$ 10,185	\$ 10,490	\$ 10,805	\$ 11,129	
Elevator Maintenance	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	
Fire Alarm Phone + Monitoring	\$ 1,200	\$ 1,236	\$ 1,273	\$ 1,311	\$ 1,351	\$ 1,391	
Marketing/Legal	\$ 7,455	\$ 7,679	\$ 7,909	\$ 8,147	\$ 8,391	\$ 8,643	
Accounting	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	
Management	\$ 62,346	\$ 64,217	\$ 66,143	\$ 68,127	\$ 70,171	\$ 72,276	
Reserve For Replacement	\$ 13,500	\$ 13,905	\$ 14,322	\$ 14,752	\$ 15,194	\$ 15,650	
Maintenance	\$ 36,369	\$ 37,460	\$ 38,583	\$ 39,741	\$ 40,933	\$ 42,161	
Lease Up	\$ (162,100)	\$ -	\$ -	\$ -	\$ -		
Total Operating Expenses	\$ 53,050	\$ 221,605	\$ 228,253	\$ 235,100	\$ 242,153	\$ 249,418	
Net Operating Income (NOI)	\$ 570,412	\$ 634,617	\$ 785,942	\$ 809,520	\$ 833,806	\$ 858,820	
Total Debt Service	\$ 570,332	\$ 570,332	\$ 570,332	\$ 570,332	\$ 570,332	\$ 570,332	
Cash Flow Before Taxes	\$ 80	\$ 64,285	\$ 215,610	\$ 239,188	\$ 263,474	\$ 288,488	
Debt Coverage Ratio	1.00	1.11	1.38	1.42	1.46	1.51	
Return on Equity	\$1,400,000	0.01%	4.59%	15.40%	17.08%	18.82%	20.61%

appendix A - detailed proformas for buildings

one market street

PROFORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Rental Income						
Gross Loft Rent	\$ 112,200	\$ 115,566	\$ 119,033	\$ 122,604	\$ 126,282	\$ 130,071
Less Vacancy Allowance	\$ (28,050)	\$ (11,557)	\$ (8,332)	\$ (8,582)	\$ (8,840)	\$ (9,105)
Total Net Rental Income	\$ 84,150	\$ 104,009	\$ 110,701	\$ 114,022	\$ 117,442	\$ 120,966
Operating Expenses						
Taxes	\$ 15,062	\$ 15,514	\$ 15,980	\$ 16,459	\$ 16,953	\$ 17,462
Insurance	\$ 3,360	\$ 3,461	\$ 3,565	\$ 3,672	\$ 3,782	\$ 3,895
Common Area Electric	\$ 4,800	\$ 4,944	\$ 5,092	\$ 5,245	\$ 5,402	\$ 5,565
Water/Sewer	\$ 720	\$ 742	\$ 764	\$ 787	\$ 810	\$ 835
Elevator Maintenance	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898
Fire Alarm Phone + Monitoring	\$ 1,200	\$ 1,236	\$ 1,273	\$ 1,311	\$ 1,351	\$ 1,391
Marketing/Legal	\$ 3,927	\$ 4,045	\$ 4,166	\$ 4,291	\$ 4,420	\$ 4,552
Accounting	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319
Management	\$ 4,488	\$ 4,623	\$ 4,761	\$ 4,904	\$ 5,051	\$ 5,203
Reserve For Replacement	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739
Maintenance	\$ 2,244	\$ 2,311	\$ 2,381	\$ 2,452	\$ 2,526	\$ 2,601
Lease Up	\$ (11,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 30,801	\$ 43,055	\$ 44,347	\$ 45,678	\$ 47,048	\$ 48,459
Net Operating Income (NOI)	\$ 53,349	\$ 60,954	\$ 66,354	\$ 68,344	\$ 70,394	\$ 72,506
Total Debt Service	\$ 53,344	\$ 53,344	\$ 53,344	\$ 53,344	\$ 53,344	\$ 53,344
Total Cash Flow	\$ 5	\$ 7,610	\$ 13,010	\$ 15,000	\$ 17,051	\$ 19,162
Debt Coverage Ratio	0.97	1.11	1.21	1.25	1.29	1.33
Return on Equity	\$ 210,000	0.00%	3.62%	6.20%	7.14%	8.12%
						9.12%

appendix A - detailed proformas for buildings

2 market square (primanti's building)

PROFORMA

Rental Income	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Gross Loft Rent	\$ 59,340	\$ 61,120	\$ 62,954	\$ 64,842	\$ 66,788	\$ 68,791
Less Vacancy Allowance	\$ (14,835)	\$ (6,112)	\$ (4,722)	\$ (4,863)	\$ (5,009)	\$ (5,159)
Total Net Rental Income	\$ 44,505	\$ 55,008	\$ 58,232	\$ 59,979	\$ 61,779	\$ 63,632
Operating Expenses						
Taxes	\$ 7,966	\$ 7,966	\$ 7,966	\$ 8,705	\$ 8,705	\$ 8,705
Insurance	\$ 1,915	\$ 1,973	\$ 2,032	\$ 2,093	\$ 2,156	\$ 2,220
Common Area Electric	\$ 1,800	\$ 1,854	\$ 1,910	\$ 1,967	\$ 2,026	\$ 2,087
Water/Sewer	\$ 240	\$ 247	\$ 255	\$ 262	\$ 270	\$ 278
Elevator Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Alarm Phone + Monitoring	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159
Marketing/Legal	\$ 2,077	\$ 2,139	\$ 2,203	\$ 2,269	\$ 2,338	\$ 2,408
Accounting	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319
Management	\$ 2,374	\$ 2,445	\$ 2,518	\$ 2,594	\$ 2,672	\$ 2,752
Reserve For Replacement	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580
Maintenance	\$ 1,187	\$ 1,222	\$ 1,259	\$ 1,297	\$ 1,336	\$ 1,376
Lease Up	\$ (8,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 13,059	\$ 21,451	\$ 21,856	\$ 23,011	\$ 23,441	\$ 23,883
Net Operating Income (NOI)	\$ 31,446	\$ 33,557	\$ 36,376	\$ 36,968	\$ 38,338	\$ 39,749
Total Debt Service	\$ 29,167	\$ 29,167	\$ 29,167	\$ 29,167	\$ 29,167	\$ 29,167
Cash Flow	\$ 2,279	\$ 4,390	\$ 7,209	\$ 7,801	\$ 9,171	\$ 10,582
Debt Coverage Ratio	1.06	1.13	1.23	1.25	1.30	1.34
Return on Equity	\$ 200,000	1.14%	2.19%	3.60%	3.90%	4.59%

appendix A - detailed proformas for buildings

205 fifth avenue (buhl building) solution no. 1 (11 units)

PROFORMA

Rental Income	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Gross Loft Rent	\$ 214,200	\$ 220,626	\$ 227,245	\$ 234,062	\$ 241,084	\$ 248,317
Less Vacancy Allowance	\$ (53,550)	\$ (22,063)	\$ (15,907)	\$ (16,384)	\$ (16,876)	\$ (17,382)
Total Net Rental Income	\$ 160,650	\$ 198,563	\$ 211,338	\$ 217,678	\$ 224,208	\$ 230,934
Operating Expenses						
Taxes	\$ 8,832	\$ 9,097	\$ 9,370	\$ 9,651	\$ 9,940	\$ 10,239
Insurance	\$ 7,284	\$ 7,503	\$ 7,728	\$ 7,959	\$ 8,198	\$ 8,444
Common Area Electric	\$ 4,800	\$ 4,944	\$ 5,092	\$ 5,245	\$ 5,402	\$ 5,565
Water/Sewer	\$ 1,320	\$ 1,360	\$ 1,400	\$ 1,442	\$ 1,486	\$ 1,530
Elevator Maintenance	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898
Fire Alarm Phone + Monitoring	\$ 1,200	\$ 1,236	\$ 1,273	\$ 1,311	\$ 1,351	\$ 1,391
Marketing/Legal	\$ 7,497	\$ 7,722	\$ 7,954	\$ 8,192	\$ 8,438	\$ 8,691
Accounting	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319
Management	\$ 8,568	\$ 8,825	\$ 9,090	\$ 9,362	\$ 9,643	\$ 9,933
Reserve For Replacement	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739
Maintenance	\$ 4,284	\$ 4,413	\$ 4,545	\$ 4,681	\$ 4,822	\$ 4,966
Lease Up	\$ (27,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 22,785	\$ 51,279	\$ 52,817	\$ 54,401	\$ 56,033	\$ 57,714
Net Operating Income (NOI)	\$ 137,865	\$ 147,285	\$ 158,521	\$ 163,276	\$ 168,175	\$ 173,220
Total Debt Service	\$ 131,919	\$ 131,919	\$ 131,919	\$ 131,919	\$ 131,919	\$ 131,919
Cash Flow	\$ 5,946	\$ 15,366	\$ 26,602	\$ 31,358	\$ 36,256	\$ 41,301
Debt Coverage Ratio	1.05	1.12	1.20	1.24	1.27	1.31
Return on Equity	\$ 210,000	2.83%	7.32%	12.67%	14.93%	17.26%
						19.67%

appendix A - detailed proformas for buildings

205 fifth avenue (buhl building) solution no. 2 (23 units)

PROFORMA

Rental Income		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Gross Loft Rent		\$ 458,400	\$ 472,152	\$ 486,317	\$ 500,906	\$ 515,933	\$ 531,411
Less Vacancy Allowance		\$ (114,600)	\$ (47,215)	\$ (34,042)	\$ (35,063)	\$ (36,115)	\$ (37,199)
Total Net Rental Income		\$ 343,800	\$ 424,937	\$ 452,274	\$ 465,843	\$ 479,818	\$ 494,212
Operating Expenses							
Taxes		\$ 14,720	\$ 15,162	\$ 15,616	\$ 16,085	\$ 16,567	\$ 17,065
Insurance		\$ 10,884	\$ 11,211	\$ 11,547	\$ 11,893	\$ 12,250	\$ 12,618
Common Area Electric		\$ 4,800	\$ 4,944	\$ 5,092	\$ 5,245	\$ 5,402	\$ 5,565
Water/Sewer		\$ 1,320	\$ 1,360	\$ 1,400	\$ 1,442	\$ 1,486	\$ 1,530
Elevator Maintenance		\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739
Fire Alarm Phone + Monitoring		\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159
Marketing/Legal		\$ 16,044	\$ 16,525	\$ 17,021	\$ 17,532	\$ 18,058	\$ 18,599
Accounting		\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,478
Management		\$ 18,336	\$ 18,886	\$ 19,453	\$ 20,036	\$ 20,637	\$ 21,256
Reserve For Replacement		\$ 2,750	\$ 2,833	\$ 2,917	\$ 3,005	\$ 3,095	\$ 3,188
Maintenance		\$ 9,168	\$ 9,443	\$ 9,726	\$ 10,018	\$ 10,319	\$ 10,628
Lease Up		\$ (62,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses		\$ 21,522	\$ 86,028	\$ 88,608	\$ 91,267	\$ 94,005	\$ 96,825
Net Operating Expenses (NOI)		\$ 322,278	\$ 338,909	\$ 363,666	\$ 374,576	\$ 385,813	\$ 397,388
Total Debt Service		\$ 319,459	\$ 319,459	\$ 319,459	\$ 319,459	\$ 319,459	\$ 319,459
Cash Flow Before Taxes		\$ 2,819	\$ 19,450	\$ 44,207	\$ 55,117	\$ 66,354	\$ 77,928
Debt Coverage Ratio		1.01	1.06	1.14	1.17	1.21	1.24
Return on Equity	\$ 750,000	0.38%	2.59%	5.89%	7.35%	8.85%	10.39%

appendix B - defining the issues

For those who wish to explore this process further and in more detail, we thought it would be helpful to discuss the background issues and context that the VUF team considered, such as general market trends, financing options, code issues and parking options.

1. SETTING THE SCENE

Downtown Pittsburgh is at a critical time in its development. The Golden Triangle (defined for these purposes as the area between the Allegheny River, Monongahela River and Interstate 579) has since its inception been the center of commerce for the region. Despite its success as an office market, to this day few people consider Downtown to be an environment conducive to residential development. Downtown workers, by and large, commute to city neighborhoods that are nearby, or even further to the surrounding suburban developments. The presence of moderately-priced rental and for-sale units, and the charm of these neighborhoods continue to encourage this trend.

Within the last 15 years, however, the Golden Triangle's dominance as the office hub for the region has declined in the face of growing competition from suburban Class A office developments. These complexes are located predominantly along the Parkway West Corridor, and in communities such as Cranberry (Butler County) and SouthPointe (Washington County). Since 1991, over 4,000,000 square feet of office space has been added in the suburban sub-markets around Downtown, part of a general trend nationwide toward suburban-style office developments.

This, combined with recession and corporate downsizing, means that older buildings in the commercial core of Downtown have gained added competition for commercial tenants. As of the end of 2003 vacancy rates for the Central Business District hovered around 16%, and vacancy for Class C offices were approximately 20%.

During this same period, however, new cultural and lifestyle strengths of Downtown have continued to emerge:

- In 2001 PNC Park (for the Pittsburgh Pirates) was completed on the North Shore, just a short walk across the 6th Street bridge to Downtown. It has been repeatedly called the best baseball park in the United States.
- Shortly afterwards Heinz Field, the adjacent new football stadium (for the Pittsburgh Steelers) was completed.
- Immensely popular walking/running/biking river trails now stretch over 12 miles to the east along the North Shore and South Shore as far as Millvale and Homestead. All are connected to the recreational amenities of Point State Park.
- Over the last 15 years the Pittsburgh Cultural Trust has made the Cultural District into a world class arts district, with 4 major venues which are the home of long-standing organizations such as the Pittsburgh Symphony, the Pittsburgh Opera, the Pittsburgh Ballet and the Civic Light Opera. Additionally, several new (or newly remodeled) facilities, such as the Michael Graves-designed O'Reilly Theater and adjacent cabaret have added to this vibrant district. Finally, a growing number of both galleries and restaurants have been establishing themselves Downtown.
- CAPA (The Pittsburgh High School for the Creative and Performing Arts) finished construction on a world-class school building in the heart of Downtown and has completed their first academic year.
- At the eastern end of the Cultural District, the new convention center designed by Rafael Viñoly opened in 2002, spurring even more restaurants to open, and a new Marriott Courtyard hotel that located itself in a set of converted historic buildings overlooking the center.

All of these factors point to one important conclusion -- Downtown is alive, and growing!

However, despite these trends, the historic strengths of the Downtown as a commercial/retail market has made many owners hesitant to take the plunge and convert their vacant upper floors from office/commercial to residential use.

Several other factors have contributed to the difficulty in making conversions successful. First, many older buildings have become functionally obsolete due to floor configurations that are inefficient by today's standards, or are in violation of current building codes. Second, many of these buildings are owned either by commercial real estate developers, or retailers who have no experience in the residential conversion market, particularly where complex code issues and newer markets are concerned. Finally, commercial real

estate lenders have been very slow to accept the viability (and vitality) of an expanding Downtown housing market.

That being said, several high profile residential projects have indeed been completed (and are currently being undertaken) in the Central Business District. The Mayor and the City of Pittsburgh's Urban Redevelopment Authority have made Downtown housing a priority, and developers and lenders have both begun to understand the potential profitability that Downtown housing can offer.

A few examples:

- no wall productions, in the last 6 years, has converted several historic properties in Downtown, notably the Liberty Lofts at 905 Liberty, the Bruno Building and 429 FirstSide - with a total of 43 loft housing units, and 3 storefront retail spaces.
- Trek Development completed a 22 unit rental loft project at 900 Penn Avenue.
- Oxford Development and RIDC converted the Penn Garrison building at 915 Penn Avenue into 128 apartments.
- Lincoln Properties recently completed a 232 unit development on Pittsburgh's North Shore (immediately adjacent to Downtown), and is about to begin construction on a new construction of 150 luxury rental units in a Downtown high-rise.
- The Ferchill Group is now under construction with 265 loft apartments just to the north of Downtown on the North Shore.
- First Side Associates plans to break ground in the autumn of 2004 on an 84 unit new construction condominium building on Fort Pitt Boulevard.
- A partnership of no wall productions and Rugby Realty will break ground on 23 loft-style apartments in a converted warehouse at 930 Penn Avenue right in the heart of the Cultural District in the Fall of 2004.

These developers have noticed the growing trend among young professionals and empty-nesters to want to live closer to work, and the freedom that this entails with amenities such as walking to work, nearby cultural activities, restaurants, sports stadiums and nightlife. A study by the Downtown Living Initiative has determined that 8% of the regions' population would live Downtown if the right opportunity arose.

Secondly, apart from this, another captive market for housing exists Downtown. There are several colleges, universities, and trade schools in or close to Pittsburgh's Central Business District, and because of growing enrollments and a trend at schools toward more apartment style living (as opposed to dormitory style), there is a dramatic push for urban student housing. Schools such as Duquesne University, the Art Institute of Pittsburgh, Robert Morris University and Point Park College are dramatically trying to increase the number of local units available for its students. The Downtown Living Initiative's studies have indicated that such housing is ideally located along the Boulevard of the Allies area of Downtown. As a result, this is creating an opportunity for students to live Downtown, and for developers to embrace such projects.

As one would expect, rents for these units vary based on unit size, condition, and amenities. They can start at 90 cents per square foot and reach a ceiling of \$1.70 per square foot. The majority of units, however, tend to fall in the range of \$1.20 - \$1.40 per square foot. This range in pricing has mostly to do with what the buildings' developers must initially start with. As an example why: *when there are not enough windows to bring light into the desired number of smaller units, the developer is left creating large spaces which, not being as efficient, cannot be rented for nearly as much per square foot.*

2. STUDY METHODOLOGY

The Downtown Living Initiative and no wall productions felt that an insightful and locally-based methodology was critical to the ultimate success of this project. Special care was taken both in the selection of the buildings and the team members. Our effort used two previous studies as a base.

First, the need for Downtown housing was identified in "The Pittsburgh Downtown Plan – a blueprint for the 21st century". Building on this, the Downtown Living Initiative commissioned a Streetscapes Study in February of 2004, completed by the Community Design Center of Pittsburgh (CDCP). The purpose of this study was to define the characteristics that make good urban neighborhoods, and to determine from an urban design perspective what sections of Downtown had the greatest possibility and desirability as residential

neighborhoods. The study examined Downtown areas with the following criteria - the presence of attractive amenities in residential neighborhoods, the physical qualities of the street environment, and the qualities that create a sense of identity in the neighborhood.

Ultimately, the study recommended three areas in Downtown that seemed conducive to residential development – First Side, the Cultural District and Market Square.

Second, the University of Pittsburgh Urban Studies Association followed up on the results of the CDCP study with a building-by-building survey in these same districts. The purpose was to provide a listing of all the buildings with residential re-development potential in these target neighborhoods.

The Vacant Upper Floors project is the natural outgrowth of these two studies. The Downtown Living Initiative and no wall productions specifically looked for buildings that fit the following criteria:

- Buildings in a variety of styles, sizes and with a variety of floor plate types
- Buildings that presented unique code issues (eg: varying heights, varying former uses, one means of egress, etc.)
- Buildings that are typical of others Downtown
- Buildings spread throughout the target subneighborhoods of Downtown
- Building owners committed to maximizing their investment in Downtown, with a willingness to consider conversion

A team was then identified with diverse skills to assist in the detailed analysis of each property. Necessary skills included were architectural, building code expertise, construction, market analysis, legal and financing. Each of the volunteer participants are recognized experts in their chosen fields in the city.

Finally, a charrette-style process was borrowed from architectural studios. Over three distinct days, the team toured one or two of the chosen properties, and then embarked on a detailed, day-long working session which encompassed all aspects of the feasibility of said projects. At these sessions, the members of the group proposed several possible solutions for the conversion of a building, and then analyzed each for its feasibility from a design, construction, financing and marketing perspective. The group then tried to narrow the possibilities to the single most viable option, but in some cases actually proposed two solutions, feeling that either could work (for example: a building as both condominium and rental). The teams were guided by the unique layout of each building, building code and construction constraints, budget parameters and financing feasibility in each analysis.

3. FINANCIAL ANALYSIS

The financial feasibility of these type of projects will ultimately be the determining factor on whether they move forward. This is the key piece of analysis.

We chose to break this discussion down into 4 basic components:

- Conventional bank financing
- Secondary mortgages
- Equity investments
- Public incentives

CONVENTIONAL FINANCING

Because of the market trends described earlier, housing projects in and around Downtown have historically been difficult to finance, primarily because to date they have been perceived as an untested market. With the growing success of a number of projects, both

developers and lenders alike are becoming more accustomed to such projects.

In addition, some banks offer special programs geared toward helping building owners make conversions of this nature. For example, Allegheny Valley Bank offers their “Upstairs Downstairs” Program. This is a market-rate program, but allows the borrower to extend the loan term to 30 years, and increases the loan to value ratio to 90%. Both of these features allow the developer/owner to borrow more money, reducing the necessity of off-market financing. Because some restrictions apply, one should contact Allegheny Valley Bank directly for more information. See below for contacts with several lenders who are interested in Downtown lending, or contact the commercial lending department of your bank.

SECONDARY MORTGAGES

Unfortunately, conventional financing may not be sufficient. The primary reason for this phenomenon is that, while construction costs are equal to larger market cities such as Chicago and Boston, market rates for rents lag far behind. Because lenders make decisions on loans based on the anticipated cash flow of the project, and not necessarily the project cost, a funding gap frequently ensues.

These financing gaps are typically filled from other sources. One of the most common is second mortgage financing, which typically comes through a governmental agency. Pittsburgh’s Urban Redevelopment Authority has long provided incentives for development of strategic properties. These incentives have included below-market interest rates with longer-than-typical amortizations, and sometimes, deferred principal and interest payments for several years.

Another common source of gap financing is the Strategic Investment Fund, which is a private capital pool formed by the Allegheny Conference for Community Development and funded by a variety of local foundations and businesses. The Strategic Investment Fund has been active in Downtown housing projects such as the Penn Garrison Apartments.

The drawback of these funds, understandably, is that they are very limited. Governmental funds have become tighter in recent years. For this reason, we have tried to be judicious in proposing the use of these funds because they are increasingly difficult to obtain.

PUBLIC INCENTIVES

Recognizing this, there are several other incentives that the City of Pittsburgh and the various taxing bodies have implemented. They include the following:

TAX INCENTIVES – The city, school district and county created a program called the Local Economic Restructuring Tax abatement (LERTA) program. The program allows building owners who renovate their buildings for residential use to phase in any tax increases over a 10 year period. In turn, this allows the building owner to leverage more financing, since their property tax bills will be lower.

FAÇADE GRANTS – One of the City’s most popular programs is the Downtown Façade Restoration Program, which provides 50% matching funds up to \$75,000 (depending on project size and location). These funds come in the form of a non-amortizing loan, which is forgiven after 5 years if the owner does not sell the property and maintains the quality of the façade. In virtually every building of this study, we proposed eligible façade work.

The only drawback of this program, like the deferred loans above, is that they are highly competitive and subject to funding availability.

EQUITY INVESTMENTS

Many developers have turned toward equity investments to help fill in any remaining financing gap. The most typical equity investments are affiliated with the Federal Historic Tax Credit Program. The Historic Preservation Tax Credit is a national program administered by

the National Park Service, and its goal is to promote the renovation of structures that are either individually historically significant, or that are contributing structures in existing districts listed on the National Register of Historic Places.

Owners who renovate such properties are eligible for a direct credit against their federal taxes equal to 20% of the renovation costs (in addition to some other eligible expenses). Developers across the country have “sold” these credits to investors (typically banks) who contribute equity into a renovation project in exchange for the right to take these credits. There are rules about how these credits work that require some technical expertise.

CONSERVATION EASEMENTS

Conservation easements are sometimes used in conjunction with Historic Tax Credits described above. In essence, a building owner donates (in perpetuity) their facade and the air rights above their building to a non-profit, who is charged with preserving its historic nature. this donation is valued as a charitable contribution.

This tool has been used in other cities, and is being increasingly used locally.

HUD FINANCING

The US Department of Housing and Urban Development has a program that could prove vital for building owners looking to convert their properties to housing as well. The program, called 221 (d) (4) has two distinct advantages: because it provides mortgage insurance for the project, developers are not required to provide guarantees on their loans. Secondly, loans have 40 year terms, which improve the cash flow of the project and allows for a greater loan amount. The Pittsburgh HUD office has been active in assisting downtown development in the past, and has been clear in its desire to invest in downtown housing.

CONTACT INFORMATION

no wall productions, Inc.	Eve Picker	412-456-0829
Citizens Bank	Amy Van Horn	412-867-2714
LJ Melody + Associates	Jamie Shafer	412-471-9660 x19
URA of Pittsburgh	Tom Cummings	412-255-6670
	Jessica Smith	412-255-6688
Allegheny Valley Bank		
Upstairs Downstairs Program		412-781-1464
HUD	Scott Smith	412-644-6806

4. CODE ANALYSIS

It should be noted that the code assessments contained in this report are preliminary in nature and should not be used as a substitute for a full code review by a design professional. This is particularly true since the IEBC code has not yet been adopted or implemented in any such project in Pittsburgh to date. We anticipate adjustments in interpretation of the new code as design professionals and officials become more familiar with it.

It must also be noted that insurance companies may have requirements that exceed code requirements, especially for single exit high rise structures. Fire alarms, sprinklers and smoke detection devices should be considered a minimum as good safety practice, whether

or not the letter of the code requires them.

CODE REQUIREMENTS

Since we are changing the use of all of the buildings in this report from business to residential on the upper floors, under the IEBC code this would trigger a Level 3 alteration in each of them. In general, the code requires a greater level of compliance when you change the use of a building. Therefore, all of the proposed redesigns in this report will come under greater scrutiny, and all, except the Art Institute, will require a variance approval. The Art Institute is the only building which will not since it has two existing stairs.

Residential use is considered a higher safety hazard, so a number of life/safety features will be required that are commonly difficult to achieve in older buildings. We have outlined these below, but if they are not all achieved in the redesign, a variance must be sought.

Requirements include:

- Two stairs (one may be a fire escape)
- One hour fire enclosure for all stairs and vertical shafts, unless the building is sprinklered, in which case the enclosure may be 1/2 hour
- Increased fire-proofing of the structure if the building is over 4 stories high, and over 16,000 sf
- Two hour fire-separation between mercantile and residential uses
- Artificial lighting and exit signs on every floor
- Fire sprinklers throughout
- Manual fire alarm in all floors
- Visible alarm notification (only if upgrading the existing alarm system)
- Standpipes when the building is over 50' tall
- Smoke alarm systems in all individual dwelling units
- Windows as a means of escape or refuge for each dwelling unit

A variance *may* be sought on some of these issues, including a single stair instead of two, and reuse of the existing stair - especially if the design simply cannot accommodate two new stairs.

5. PARKING ANALYSIS

Access to parking is a critical issue for developers of Downtown housing. Simply stated, we strongly recommend that building owners have a viable parking solution in mind prior to proceeding with development plans. The importance of a viable solution increases dramatically with the size of the project.

In each case, we first examined the feasibility of adding parking to the existing building. For building owners considering this option, we strongly recommend consulting an architect. There are a few key criteria they will consider:

- Can a car easily access the building from street or alley level? Is the alley wide enough to navigate a turn?
- Is the column spacing of the building appropriate for parking spaces?
- Does the building have enough space to ramp cars, or would a more sophisticated car elevator be necessary?
- Can the cost of the parking solution be integrated into the overall feasibility of the project?

For buildings where interior parking is not possible, two major parking providers – the Pittsburgh Parking Authority and ALCO Parking – have special programs for Downtown residents. To date, for example, the Parking Authority has provided 100+ leases for Downtown residents in its garages.

For participation in the Parking Authority program, owners must be proposing a new residential conversion in Downtown. The project must be less than 20 units, and the owner must discuss the project with the Parking Authority to get prior approval. The Parking Authority will have sole option to determine the availability of spaces.

ALCO will also provide reduced parking rates for individual residential users. ALCO will also consider providing residential building owners with a multiple lease, whereas the Parking Authority can only rent per person. Rates will depend on garage location and availability.

For more information about either program, please see contact information below.

CONTACT INFORMATION

Pittsburgh Parking Authority	412-560-PARK
ALCO Parking	412-323-4455

Pfaffmann + Associates Architects	Rob Pfaffmann	412-471-2470
Perkins Eastman	Stefani Danes	412-456-0900

CONSTRUCTION COSTS

Carpentry/Drywall/Painting	\$ 160,000
HVAC	\$ 94,000
Electric	\$ 76,000
Plumbing	\$ 97,000
Fire Protection	\$ 66,000
Windows	\$ 13,000
Flooring/Tile	\$ 35,000
Appliances	\$ 10,000
Fire Escape Repair	\$ 30,000
Total	\$ 581,000

PROJECT BUDGET

Acquisition Costs

Building Value	\$ 500,000
Total Acquisition Costs	\$ 500,000

Hard Costs

Hard Costs	\$ 581,000
Construction Contingency	\$ 43,575
Total Hard Costs	\$ 624,575

Soft Costs

Architectural + Engineering	\$ 39,996
Insurance	\$ 7,000
Legal	\$ 20,000
Other Consultants	\$ 15,250
Government Approval Fees	\$ 7,000
Marketing + Leaseup	\$ 23,400
Holding Costs	\$ 11,103
Financing Fees	\$ 29,744
Construction Loan Interest	\$ 27,021
Developer Fee	\$ 56,000
Contingency	\$ 5,000
Total Soft Costs	\$ 241,515

Total Project Cost **\$ 1,366,090**

FINANCING SOURCES

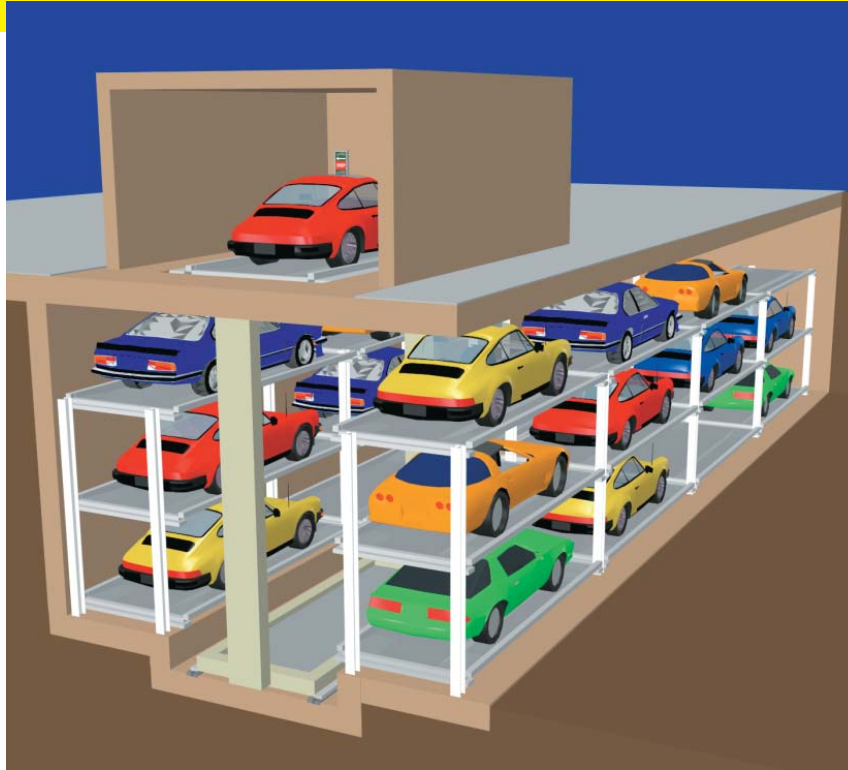
Federal Historic Tax Credit Equity	\$ 148,531
Equity	\$ 105,000
Conventional Loan	\$ 1,029,381
Second Mortgage	\$ 83,177

Total Sources **\$ 1,366,090**

6. COST ANALYSIS

- 1 Typically, the bank will have your property appraised. For this exercise we made our own appraisal, assumed no outstanding mortgages and that there was full-ownership of the building.
- 2 Always allow for a contingency to cover extra construction costs. We usually allow 7.5% of the construction budget.
- 3 Architect fees are usually 7-8% of the construction budget.
- 4 Call your agent, tell them what you're doing, and get a price! It can vary dramatically depending on myriad issues.
- 5 For lawyer's fee, the bank lawyer's fee, and any title insurance work you'll need to have done.
- 6 For accountants fees, plus any other consultants (such as environmental appraisals).
- 7 For permits assume \$1000 per unit for water lines and sewage, and a few \$1000 more for a building permit.
- 8 There is potentially a commission of one month's rent to rent your units if you hire a leasing company. This includes advertising and brochures.
- 9 Property taxes and construction utilities while you're renovating (remember that you continue to pay taxes post-construction, and utility costs will shift as each unit is brought on-line).
- 10 Loan fees are typically 1% of the loan amount, plus any extra things that they make you pay for, like surveys or appraisals.
- 11 This is the amount of your loan that the bank holds (to protect their loan interest) while you are under construction.
- 12 If you hire a developer to run the project, the fee is usually about 10% of construction costs. If you run the project yourself, this fee is not necessary.
- 13 For any unanticipated expenses.

Multiparker 740



Der Multiparker ermöglicht raumsparendes Parken durch das Neben- und Übereinanderstapeln von Fahrzeugen im Hochregal. Die Anordnung in Längsrichtung ermöglicht Stellplätze insbesondere bei schmalen Grundrissen. Ein oder mehrere Übergabebereiche erschließen das Hochregal mit dem Regalbediengerät. Eine Drehvorrichtung kann im System oder im Übergabebereich integriert werden, damit die Ausfahrt in Fahrtrichtung erfolgen kann. Die Anordnung des Übergabebereichs ist in jeder Ebene möglich. Der Multiparker macht Rampen und Fahrgassen überflüssig, bietet Sicherheit vor Diebstahl und Vandalismus, spart teure Haustechnik im Vergleich zu konventionellen Garagenbauten und ist umweltfreundlich im Sinne einer verdichteten Bauweise und verminderter Emissionsbelastung.

The Multiparker provides spacesaving parking by stacking cars side by side and on top of each other in a storage and retrieval system. The lengthwise arrangement is particularly suitable for narrow ground plans. One or more transfer areas open up access to the working area with the storage and retrieval unit. A turntable can be integrated either in the system or in the transfer area so that cars can leave the garage in driving direction. The transfer area can be arranged at each level. The Multiparker dispenses with the need for ramps and aisles, offers security against theft and vandalism, saves the need for costly building engineering compared with conventional garage buildings and is environment-friendly in terms of its compact construction, and it reduces emissions.

Wir verdichten Parkraum | We compact parking space

WAP Wöhr Automatik-

parksysteme GmbH & Co KG

Postfach 1151 | 71288 Frießheim

Phone: +49 (0) 70 44-46-224

Fax: +49 (0) 70 44-46-200

E-Mail: wap@woehr.de

Internet: www.woehr.de

WÖHR

AUTOMATIK

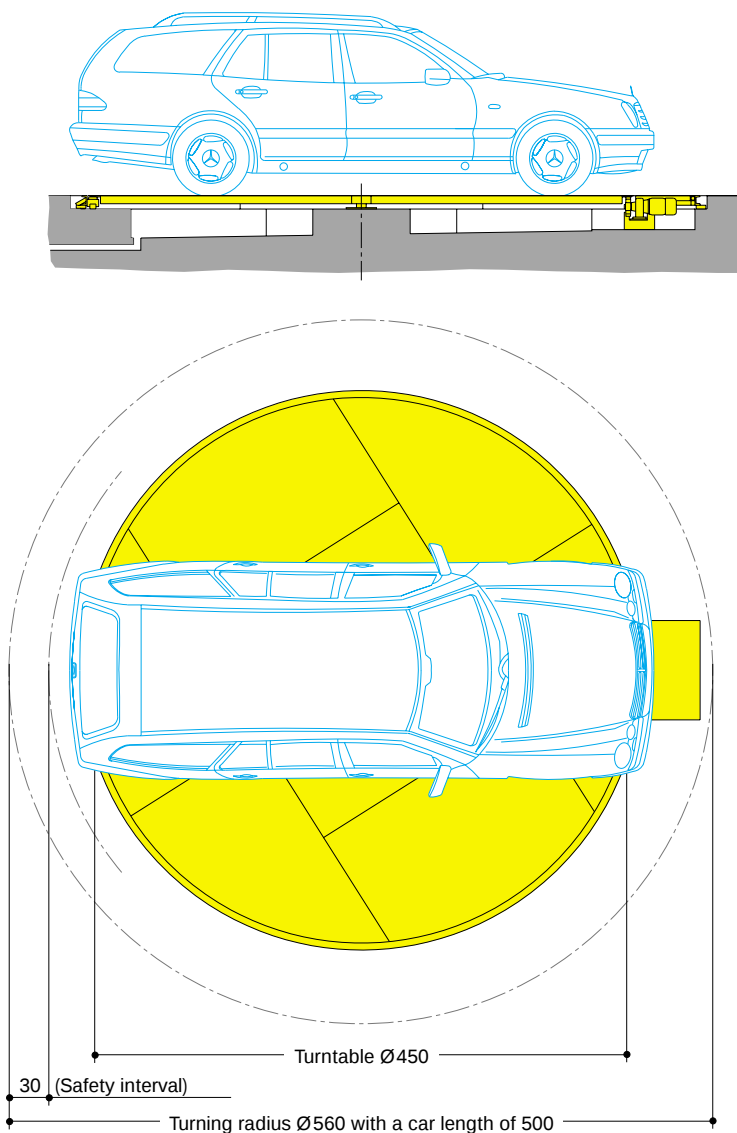
PARKSYSTEME



Data Sheet Wöhr Turntable 505

Load bearing capacity max. 2000 kg (wheel load max. 500 kg)

Dimensions in cm



Turntable 505 - 02.2002 - C027-5213

Notes

1. The pit and possible drainage facilities are to be supplied by the customer.
2. Operation is effected via a control knob – turn left/turn right (hold-to-run-device).
3. Observe the car exterior contours vis-à-vis the structural dimensions (e.g. car length 500 cm = 560 cm turning radius).
4. The standard version is not suited for setting up outdoors.
5. The manufacturer reserves the right of modify or alter above specifications.

W Ö H R
AUTO
PARKSYSTEME

Otto Wöhr GmbH
 Postfach 1151
 D-71288 Frießheim

Phone ++49-70 44-46-0
 Fax ++49-70 44-46-149

E-Mail: info@woehr.de
 Internet: <http://www.woehr.de>

We compact parking space

The Company

About no wall productions...

no wall productions was founded in 1997, emerging out of a consulting practice started in the early '90s. The combination of architectural, urban design, public sector and non-profit development experience gained over the previous seven years allowed Eve Picker to create a firm that take on projects that few are willing to and specializes in specific ways:

1. Innovative approach to buildings and sites

no wall productions prides itself on its ability to capture the true character of each building and site that it develops. With the expertise of its development team, no wall productions examines in detail the site and building to determine what inherent strengths they possess, and how these strengths can be capitalized on to make the projects marketable, viable, and unique. We also examine the local zoning code to see how it affects the proposed development plan, and to see what variances, if any, might be necessary for the success of the project.

Its particular, focus has been in neighborhoods that have been sorely neglected, such as Downtown Pittsburgh, Garfield, and East Liberty. Designs are always distinctive, taking full advantage of the existing features of each building or site in an effort to capitalize on character and contain costs.

2. Experience with difficult financing scenarios

no wall productions specializes in understanding how to utilize secondary financing sources to make projects viable. In every case, no wall's projects have found alternative sources of financing that have helped to make them viable, and have helped to forge strong public-private partnerships. No wall productions examines each project to see how each of the available sources of funds can be utilized to maximize benefit for the project and the community. We are also active in identifying additional sources and types of financing. Some projects have combined up to 12 sources of funds to become viable. In addition to conventional financing, off-market financing over the years has included such sources as:

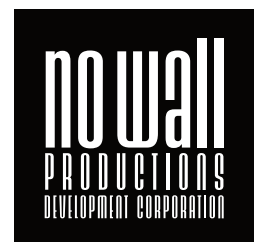
- Redevelopment Authority Loan and Grant Programs
- State-level financing programs
- Federal Historic Preservation Tax Credits
- Federal Housing Finance tools

3. Team building

Team building is key to no wall's approach – no wall productions has developed a strong working relationship with the URA of Pittsburgh, Dollar Bank, EDGE Studio, and has long-standing relationships with other key team members, including an accountant, attorney, contractors, government officials, non-profit agencies, and tradespeople. No wall productions also, as a matter of course, works diligently to identify other key stakeholders in every project, especially community partners.

4. Commitment to community based organizations

no wall productions has a history of working collaboratively with non-profit community based organizations; as staff, as volunteers, as consultants and as partners.



The People

Eve Picker, Owner and President

Trained as an architect and urban designer, Eve has built an entrepreneurial real estate development business which has rocked Pittsburgh. Since 1997 she had focused on Downtown and urban neighborhoods that others have ignored, transforming vacant warehouses into highly desirable loft-style residences and offices. Her business is growing rapidly, with the anticipated completion of 162 loft-style residential units in 13 buildings, and approximately 70,000 sf of renovated commercial and retail space by the end of 2005. These projects have set the stage for future residential development in Downtown Pittsburgh, forced new policy to be adopted in areas such as building codes and parking, and have created a new marketplace. In 2003 Eve incorporated a second business, we do property management inc., which serves as the property manager for no wall's portfolio and other similar buildings, as well as operating as a full-service brokerage.

Eve was born in Australia, and completed her architecture degree there. She came to the United States to complete a Masters in Urban Design at Columbia University in New York City before relocating permanently to Pittsburgh. She has worked in architectural studios all over the world - Vienna, Austria, Sydney, New York City, Princeton and Pittsburgh.

She has also led a varied professional career as an architectural intern, a city planner, an urban design consultant, a non-profit development specialist and finally as an entrepreneurial developer. Her professional interests lie in the redevelopment and revitalization of the inner city and its neighborhoods. She is committed to good design and making a positive contribution to the public realm with every project.

Awards

City of Pittsburgh, Historic Review Commission Preservation Awards

2005: The LUNA Lofts, 410–416 North Craig Street, North Oakland

2005: Liberty Bank Building, 6101 Penn Avenue, East Liberty

CoolSpace Locator Awards

2005: The Bruno Building, 945 Liberty Avenue, Downtown

2005: Liberty Bank Building, 6101 Penn Avenue, East Liberty

Pittsburgh Magazine, Superior Interiors (two awards), 947 Liberty Avenue, Downtown, 2004

City of Pittsburgh, Historic Review Commission Preservation Awards

2004: The Osterling Flats, 3603-07 California Avenue, Brighton Heights

American Institute of Architects Pittsburgh, Honor Award, 947 Liberty Avenue, Downtown, 2003

SBN Magazine Pacesetter, 2003

Top 50 Business Leaders, Pittsburgh Post Gazette, 2002

Microsoft's Ms. mOXie contest, one of 10 national semi-finalists, 2002

50 Best Business Women in Pennsylvania, 2002

City of Pittsburgh, Historic Review Commission Preservation Awards

2000: Bruno Building, 945 Liberty Avenue, Downtown

1998: FirstSide Lofts, 429 First Avenue, Downtown

Historic Preservation Awards from the Pittsburgh History and Landmarks Foundation

2000: Bruno Building, 945 Liberty Avenue, Downtown

1998: FirstSide Lofts, 429 First Avenue, Downtown

Volunteer of the Year, Friendship Development Associates, 1992

Volunteer of the Year, Friendship Development Associates, 1990

National Endowment for the Arts Design Award, 1981

Fulbright Scholarship, 1981

Wormald Fellowship, 1981

N.S.W. Chamber of Manufacturers Award for Best Thesis, Sydney, Australia, 1979



Current Affiliations

Board Member of Urban Land Institute Local Advisory Committee
Full Member of Urban Land Institute
Member of Women President's Organization, Pittsburgh Chapter
Board Member, East Liberty Quarter Chamber of Commerce
Advisory Board Member, Pittsburgh Social Enterprise Accelerator

Speaker Engagements

2005 NOAA Key Awards Judge, Cleveland, Ohio
2005 Pittsburgh Women Business Owner's Luncheon, Keynote Speaker
2005 Building Solutions Summit, Sustainable Pittsburgh, Panelist
2004 Apartment Association, Lunchtime Speaker.
2004 Preservation Pennsylvania, International Building Code Workshop at Fallingwater, Panel Participant
2004 PA Downtown Center Annual Conference: "Creating & Funding Downtown Market Rate Housing", Panel Participant
2004 Pittsburgh Downtown Rotary Breakfast Club, Presenter
2003 Pittsburgh History and Landmarks Foundation Conference on "Targeted Reuse of Vacant Properties", Panel Participant on "Targeted Development Strategies"
2003 Heinz School of Public Policy & Management, Graduate Seminar in Development Practices
2003 University of Pittsburgh, Introduction to Historic Preservation, Class Seminar
2003 University of Pittsburgh, Entrepreneurial Panel for Business Class
2003 Seton Hill Women's Conference, Panel Participant
2002 International Downtown Association Annual Conference, "Living with Ghosts"
2002 AIA Student Steel City Forum, Panel Participant
2002 PUMP Impact Conference
2002 National Association of Local Housing Authorities, Presentation on Use of Historic Tax Credits

Past Affiliations and Community Service

Pittsburgh Downtown Partnership, Executive Committee Member 1998 – 2000
Friendship Development Associates, Board President and Founding Board Member, 1989 - 2000
The Andy Warhol Museum, Studio 54 Committee, 1998
Pittsburgh Downtown Plan, Housing Task Force, 1996
Leadership Pittsburgh XIII, 1996 – 1997
Community Technical Assistance Corporation, Board Member, 1996 – 1997
Baton Rouge delegation in Pittsburgh, Development Overview, 1996
AIA Regional and Urban Design Conference, Steering Committee, 1995
Mid-City Baton Rouge, Strategic Development Charette, 1995
Aliquippa Regional and Urban Design Assistance Team, AIA, 1994
New Urban Housing Competition, CDCP, co-Chair, 1991-1993
Friendship Preservation Group, Founding Board Member, 1989 - 1990

Professional Past

no wall productions, inc., President, 1997 – present
Planning Design Development, Principal, 1992 - 1997
Mon Valley Initiative, Development Specialist and Consultant, 1993 – 1994
City of Pittsburgh, Department of City Planning, Urban Designer and Senior Planner, 1990 – 1992
Artist, 1984 – 1990
UDA Architects, Pittsburgh, 1984
Cooper Eckstut and Associates, Architects, New York, NY, 1983
Laurel Lovrek, Architect, Princeton, NJ, 1983
Noel Bell Ridley Smith and Partners, Architects, Sydney, Australia, 1979-1981
Walter Woelfle, Architect, Architectural Intern, Vienna, Austria, 1977



The People

Francisco Escalante, Project Manager

Francisco Escalante joined no wall productions in 2002 as a project manager and partner on projects with seven prior years of real estate and project management experience. He has overseen all manner of commercial and residential development projects. In particular, his skills include combining market rate and off-market financing for complex deal structures. His expertise includes the following:

- project feasibility analysis
- site acquisition
- obtaining construction and permanent financing
- negotiating commercial leases
- managing tenant build-out
- negotiating municipal development contracts
- managing project design
- overseeing building permit application
- monitoring construction progress
- processing construction loan draws
- managing residential sales programs
- coordinating individual buyer closings
- performing condominium conversions
- writing proposals for new business, including development projects, mixed finance applications, property management and facility management services

Prior to coming to no wall productions as a project manager, Fran spent three years as project manager for East Lake Management + Development Corporation in Chicago. In addition, Fran worked for four years at the Mon Valley Initiative in Homestead, PA, as a community organizer and housing rehabilitation coordinator, overseeing rehabilitation of dilapidated housing in three counties.

Fran has also served for the past 2 years as a member of the planning committee for the Sprout Fund's HotHouse fundraiser and showcase. The Sprout Fund, through its Seed Award grant program, Sprout celebrates the initiatives of young adults with the collective power to shape a new culture and vision for the Pittsburgh Region.

Fran has a Bachelor of Arts degree in Public Policy Studies and in Art History from Duke University in Durham, NC.

The People

The rest of the no wall team, and we do property management

Jonathan Greene, who trained as an architect, and with many years in business, is our Creative Director.

Gwen Walker is our Bookkeeper and Database Manager.

Betsy Liniger is our Administrative Assistant.

In addition we maintain a small construction and maintenance staff of six people for buildout on smaller projects and assorted building maintenance and upkeep.

Arnold Horovitz, Esq. is the Broker for we do property management, Inc. (our sister property management company and brokerage). He has also served as no wall production's legal representation since 1997. we do property manages all of no wall's properties as well as properties developed by us for other building owners, and was founded in 2003.

Ann Paul is the Operations Manager for we do property. She is an associate broker and has over 16 years experience in property management.

Patricia Head is the on-site Property Manager with many years experience in property management.

Rita Caputo-Formhals and Kilolo Luckett are the Sales Associates for we do property, and oversee all commercial leasing and listings that the brokerage handles. Between them they have vast experience in both marketing and sales, and in representing a building from concept to occupancy.

Rachel Ankney is the Administrative Assistant for we do property.