

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

XI. PERSONAL LIFE

D. Graaskamp as Real Estate Developer

2. Correspondence Regarding the Development of Schroeder Road Townhouses.



REALTY RESEARCH & DEVELOPMENT, INC.

473 Woodside Terrace • Madison, Wisconsin 53711 • Phone 238-4955

Landmark Homes

Real Estate Investment Research

Richard M. Heins and James L. Richards  
Powhattan Joint Venture  
4923 Fond du Lac Trail  
Madison, Wisconsin

Gentlemen:

The attached report represents our feasibility study for a proposed townhouse project to be called Jamestown located on your site near the northwest corner of Schroeder and Gilbert Roads in the Town of Madison. This study was done in accordance with our letter of understanding of January 20, 1965.

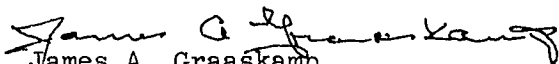
As the summary of conclusions will state in more detail, it would appear that a townhouse project would be premature in 1965 or 1966 and that the Scholz Home Company prefabricated unit might be too expensive for the present Madison rental market.

The content of the report follows the basic outline of our January letter and can be found in the table of contents which follows.

On the basis of discussion since January, we have assumed that city water would be available for the development. Our other working assumptions are developed in the report.

We regret that feasibility at this time appears to be negative, but we hope that this study will prove of value.

  
James V. Burkhard

  
James A. Graaskamp

2 or 3 BR 7.14's

2 BR Apts 1800-2500 (2)  
1200 (3)

Kalamien west

January 20, 1965

Richard M. Heins & James Richards  
Powhatan ~~Construction~~ Joint Venture  
4926 Fond du Lac Trail  
Madison, Wisconsin

Gentlemen:

In accordance with our conversation Friday night, January 15, we would like to take this opportunity to outline our understanding of an agreement to explore the feasibility of constructing a garden apartment and town house project on approximately 8.5 acres of land in the town of Madison on the northwest corner of Schroeder and Gilbert Roads.

<sup>15</sup> In consideration of a fee of \$600.00, payable in equal installments on February 1st and March 1st of this year, Realty Research and Development, Inc. will provide a preliminary package plan including site plan proposal, preliminary building plans and specifications, and financial feasibility analysis. More specifically an outline of the planning package would be as follows:

A. Physical Plant Proposal

1. Preliminary site plan, incl. building siting, streets, recreation facilities, proposed water and sewer layouts, parking, and landscaping for about 6.5 acres, treated as a two phase construction project, with eastern 2 acres of site reserved for commercial use.
2. Schedule of rental unit types with floor plans and specifications.
3. Suggested elevations for each building grouping.
4. Preliminary cost analysis of site development, buildings, equipment, and financing charges.

B. Economic Feasibility Review

1. Basic multi-family rental unit supply-demand analysis for Madison west side.
2. Review of competitive unit rental experience and tenant satisfaction.
3. Preliminary outline of available financing agreement or alternatives.
4. On basis of capital budget and financing terms, a preliminary cash flow analysis.

C. Working Assumptions of Planning Analysis

1. Rental units will mix 2-3 bedroom apartment units with town house plans renting for a top of \$165.00 a month.
2. Operating costs will be assumed as 1/3 of effective gross revenue.
3. Vacancy and bad debt adjustment to gross revenue will be 7%.
4. Land cost including development of street, water and sewer shall be about \$1,100 per rental unit excluding recreational improvements such as a pool or tennis court.
5. Utility plan must be adaptable to either city or well water but may use city sewer and gas.

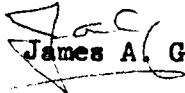
- 6. Town house units will have individual gas and electric meters, while apartment units will have central heating and individual electric meters.
- 7. The basic assumption will be the need for the investor to achieve 100% financing of construction and additional financing for as much of the site as possible.

It is to be understood that preliminary cost figures, financing arrangements, or building specifications do not represent a binding obligation on Realty Research and Development to construct the proposed project. In addition, the investors could expect some additional cost to prepare engineering and construction working drawings for submission to the various public authorities having jurisdiction. Construction arrangements, if any, would be a matter for future arrangements following delivery of the proposed planning package outlined on or before March 15, 1965.

We look forward of being of service.



James V. Burkhard



James A. Graaskamp

Realty Research and Development

Accepted, \_\_\_\_\_ day of January, 1965

It is also mutually agreed that Realty Research and Development Inc., will present cost figures based upon specific subcontractor bids or reasonably firm estimates for all phases of development.

For Bowbatten: James R. Richardson  
 For Realty Research: Richard M. Heins  
James V. Burkhard