

COUNCIL ACTION FORM

SUBJECT: DEMOLITION OF GREEK HOUSE AT 2121 SUNSET DRIVE

BACKGROUND:

The subject property is a fraternity located in the Greek house neighborhood south of the Iowa State University campus between Sunset Avenue and Gable Lane. (See Location Map) To the north is Buchanan Hall, which is a student residence hall owned by ISU, and to the west, east and south are fraternities and sororities. On the property is the Delta Tau Delta fraternity house, which was built in 1953. An addition was added in 1975 and the building was remodeled in 1990 and 1996. It currently houses 56 men. This property is within the Residential High Density (RH) zoning district and the East University Impacted Area (O-UIE) overlay zoning district.

The property owner, Gamma Pi of Delta Tau Delta, Inc., proposes to demolish the existing Greek house and construct a new 65-bed Greek house. **Ames Municipal Code Section 29.1110(2) requires City Council approval for demolition of an existing or former Greek house in the East University Impacted Area.** The requirement for Council approval of demolition was established to support the “valued characteristics of existing structures and landscapes, such as location, height, materials and the appearance of variety of forms and of architectural styles . . .” Therefore, **demolition of existing Greek structures is prohibited unless “[t]he structure cannot be used for the original intended purpose and/or no alternative reasonable use can be identified and the property owner can show evidence that an economic hardship will be created if the structure cannot be removed.”**

The applicant provided the attached “Application for Demolition Permit Based on Economic Hardship” explaining the background and reasons for the proposed project. Attachments 1 through 11 to the application provide required information in support of the request. (Not all are included here.) The Addendum to this report reviews this information relative to the approval criteria. The City Council must now determine if prohibiting demolition “will deprive the owner of the property of reasonable use of, or economic return on, the property. After reviewing the evidence, the Council may deny the application, may approve demolition, or may table the application for a Demolition Permit for a period of time not to exceed 30 days. The 30-day period will permit an opportunity for other alternatives to be evaluated.”

Generally, this applicant is making the case that the current building does not meet the needs of current students and that it is economically more feasible to build a new Greek house than to renovate the current house to meet these needs. It further states that constructing a new Greek residence on this site will “[r]estore the economic ability of Applicant to offer premium housing at a competitive price through reduced maintenance and future remodeling costs and return occupancy capacity to 65 men.” Gamma Pi of Delta Tau Delta seeks to make a long term commitment to the Greek neighborhood.

On February 12, 2014, the Zoning Board of Adjustment reviewed and approved two variances for the proposed new Greek house. The applicant had asked to keep the same arrangement of parking for the new house as exists for the current house. Variances were granted for the location of parking in the front yard along Gable and for 22 parking spaces on the site. Otherwise, 65 spaces would have been required.

ALTERNATIVES:

1. The City Council can approve demolition of the Greek residence at 2121 Sunset Drive provided the following conditions are met before the demolition permit is issued:
 - a. Minor Site Development Plan approved by the Planning and Housing Department.
 - b. Submittal of complete plans for a building permit application consistent with the attached building elevations and with applicable design standards.
 - c. Proof of financing for the building approved by the City Attorney.
2. The City Council can approve demolition of the Greek residence at 2121 Sunset Drive **without conditions**.
3. The City Council can **deny** demolition of the Greek residence at 2121 Sunset Drive if it finds that compliance with the criteria in Ames *Municipal Code* Section 29.1110(2) have not been met.
4. The City Council can table the application for a period of time not to exceed 30 days in order to evaluate other alternatives or for further information.

MANAGER'S RECOMMENDED ACTION:

This Greek neighborhood is a distinctive area, with attractive front landscapes, stylized architecture, enduring materials, variety in form, and richness of detail. It is the policy of the City to preserve the existing Greek houses in this area to the greatest extent possible. It is also the City's land use policy for this area to continue housing students who are members of the Greek organizations.

More than a dozen Greek houses in this neighborhood have been renovated in order to improve safety and meet the needs of today's students. This has helped to create a trend of increased Greek membership and to preserve and improve the neighborhood.

Delta Tau Delta was the first Greek chapter to be established at Iowa State University 133 years ago. It has provided evidence that it meets the zoning criteria for demolition of a Greek house and has proposed a new Greek house that will be an attractive asset for the neighborhood. **Therefore, it is the recommendation of the City Manager that City Council approve Alternative #1 as described above.**

ADDENDUM

Ames *Municipal Code* Section 29.1110(2)(b) criterion and staff's summary of information provided by the applicant.

29.1110 (2)(b) The structure cannot be used for the original intended purpose and or no alternative reasonable use can be identified and the property owner can show evidence that an economic hardship will be created if the structure cannot be removed. To prove economic hardship, the applicant shall submit where appropriate to the applicant's proposal, the following information to be considered.

(i) *Estimate of the cost of the proposed demolition*

- \$50,000 to \$65,000 (See Attachment 1 Letter from RDG Planning & Design)

(ii) *Estimate of any additional cost that would be incurred to rehabilitate the building for the intended use.*

- \$4,417,000 (See Attachment 1 Letter from RDG Planning & Design)
- Architect Scott Sankey has identified the most serious deficiencies of the existing building, including accessibility, moisture penetration in the foundation, windows, roof, kitchen, heating and cooling systems, electrical, and plumbing, and estimated the costs to correct these. Even with the deficiencies corrected, the architect states the existing building does not meet the needs of current students. Therefore, the architect has also estimated the costs of an addition and of renovating the interior. However, the architect states, the layout of the existing structure and the concrete and concrete masonry walls throughout make questionable the feasibility of an addition and renovation.
- Delta Tau Delta and a fund raising consultant have found that there is no support within the alumni base to fund major remodeling and an addition.

(iii) *A report from a licensed engineer or architect with experience in rehabilitation as to the structural soundness of the structure or structures on the property and their suitability for rehabilitation. (This shall be required only when the applicant's proposal is based on an argument of structural soundness.)*

- Architect's letter indicates that the demolition proposal is not based on structural soundness.

(iv) *Estimated market value of the property in its current condition; after completion of demolition; after any changes recommended by the City Council; and after renovation of the existing property for continued use.*

- The 2013 assessed value of the property is \$927,100, with \$371,500 of that in the value of land.

- For insurance purposes, in 2013 Building Value was estimated to be \$2,247,920
- The market value of the completed project has not been determined, construction cost estimate for rehabilitation from above is \$4,417,000 (See Attachment 1 Letter from RDG Planning & Design)
- Note that the estimated cost of new construction is \$4.375 to \$5.4 million dollars (See Attachment 1 Letter from RDG Planning & Design).

(v) *An estimate from an architect, developer, real estate consultant, appraiser, or other real estate professional experienced in rehabilitation as to the economic feasibility of rehabilitation or reuse of the existing structure on the property.*

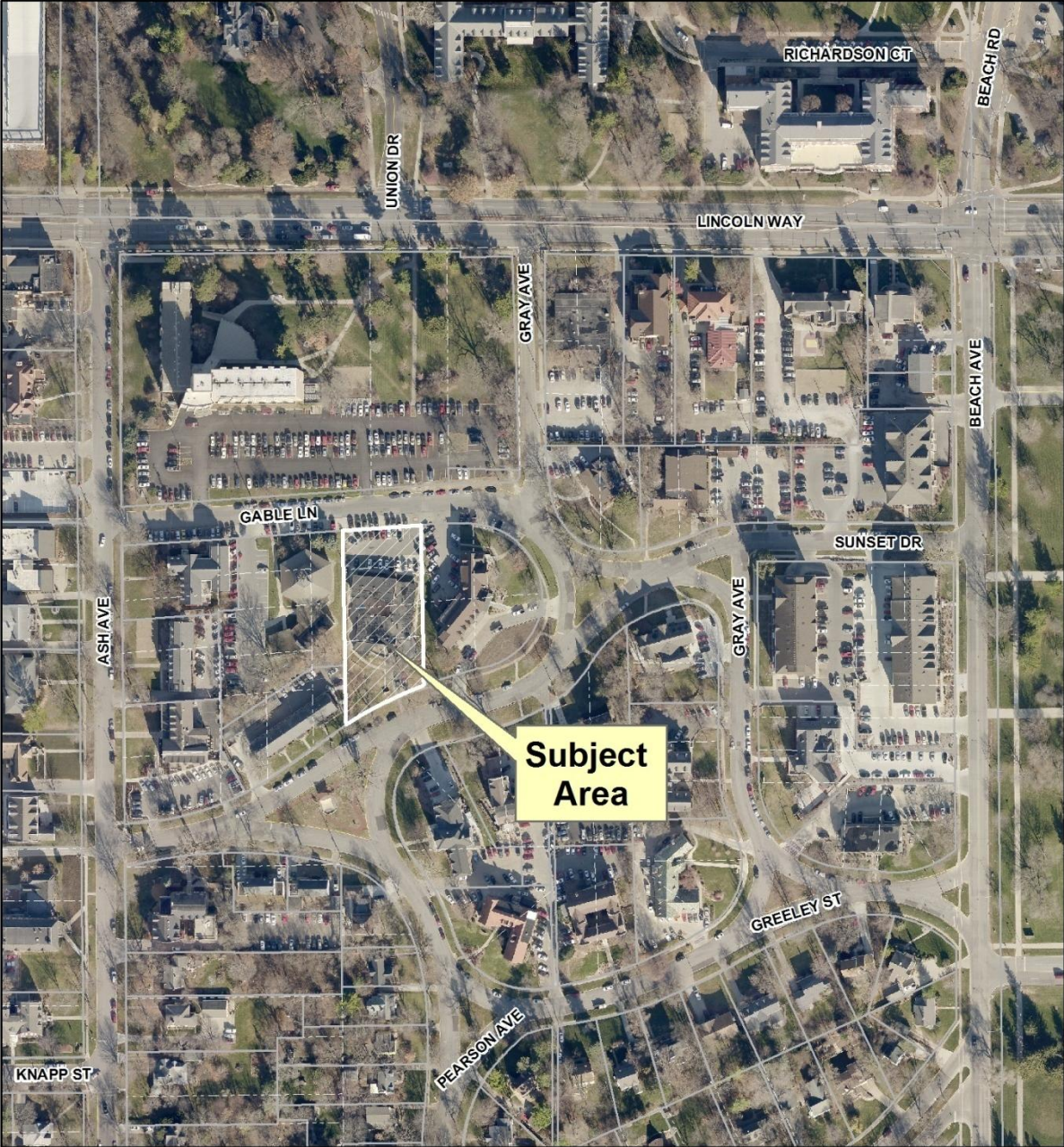
- Architect Scott Sankey states that the cost to rehabilitate and expand the existing house to a total of 25,000 square feet will be slightly more than the cost to build a new Greek house of the same size. This is the most space that can be provided by remodeling and adding on to the current building. With new construction it is possible to provide 30,325 square feet. He states that new construction is a more cost-effective solution and is a “better design solution that meets and exceeds the desired space program much better than remodeling the existing and expanding structure can do. [It provides] a more marketable project to the end user/ the student.” Additionally, the applicant states it is able to raise funds for a new house versus a remodeled house making the new construction more feasible than substantial renovations. (See Attachment 1 Letter from RDG Planning & Design)
- The applicant states that from 1980 until about 2002, the rent was between 95 and 100 percent of the double occupancy room rent at an Iowa State University dormitory offering that is most comparable to the Delta Tau Delta offering to undergraduate students. Since 2002 the rent has been between 100 and 106 percent of that benchmark, due to capital improvements and maintenance. (See attached “Application for Demolition Permit Based on Economic Hardship”) After an extensive renovation project, these percentages can be expected to increase. The applicant provided further economic projections based on the proposed project illustrating that the future rent for the new residence may be 93% of the benchmark. (See Attachment 12 Economic Data, which includes detail about what is included in the projections)

(vi) *Amount paid for the property, the date of purchase, and the party from whom purchased, including a description of the relationship, if any, between the owner of record or applicant and the person from whom the property was purchased, and any terms of financing between the seller and buyer.*

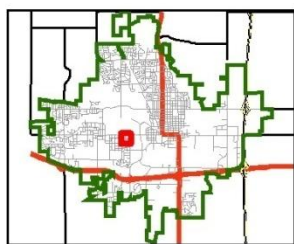
- Not applicable. This information is applicable if a Greek property is being or has been sold for a different use. The current Greek organization has owned the property since 1943.
- (vii) *If the property is income-producing, the annual gross income from the property for the previous two years; itemized operating and maintenance expenses for the previous two years; and depreciation deduction and annual cash flow before and after debt service, if any, during the same period.*
- Not applicable. Not income producing.
- (viii) *Remaining balance on any mortgage or other financing secured by the property and annual debt service, if any, for the previous two years.*
- Current mortgage balance is \$494,058 (See Attachment 5).
- (ix) *All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, or ownership of the property.*
- Not applicable, as property is not being or has been sold for a different use. Delta Tau Delta has owned the property since 1943.
- (x) *Any listing of the property for sale or rent, price asked and offers received, if any, within the previous two years.*
- Has not been for sale.
- (xi) *Assessed value of the property according to the most recent assessments.*
- The 2013 assessed value of the property is \$927,100, with \$371,500 of that in the value of land. (See Attachment 8 Current Story County tax bill)
- (xii) *Real estate taxes for the previous two years.*
- 2012 - \$14,879; 2013 - \$15,546 (See Attachment 8 Story County tax bill)
- (xiii) *Form of ownership or operation of the property, whether sole proprietorship, for profit or not-for-profit corporation, limited partnership, joint venture, or other.*
- Not-for-profit corporation.
- (xiv) *Approval of a minor site development plan and architectural drawings as meeting the requirements of subsection (3) through (6) below and all other applicable standards of the City of Ames.*
- Architectural schematic drawings for the proposed new Greek residence are attached. This design has been approved by the chapter and corporation board has been favorably received by potential donors. Staff has determined that the

design will comply with the design standards of the East University Impacted Overlay zoning district, but approval of the complete Minor Site Development Plan is still in process. Therefore, approval of demolition should be conditional on an approved Minor Site Development Plan and submittal of complete plans for a building permit application consistent with the attached building elevations and with applicable design standards.

- Construction of a new Greek house requires one parking space to be provided per bed, which on this site would require a parking structure. With public streets to the north and south of the site, zoning prohibits surface parking along these street front yards. The Zoning Board of Adjustment has approved two variances permitting construction of a new Greek residence on this site with only the existing 22 parking spaces between the new building and Gable Lane on the north. The ZBA determined all of the required findings could be met, generally relying upon the unique small size of the lot and double street frontage orientation of the lot, financial cost of a parking structure was prohibitive, the promotion of Greek housing in this area was supportive of the spirit and intent of the area, and the allowance for the existing parking lot and spaces to remain was consistent with the character of the area.



**Location Map
2121 Sunset Drive**



Gamma Pi of Delta Tau Delta, Inc

4107 Greenview Dr
Urbandale, Iowa 50322



January 10, 2014

4107 Greenview Drive
Urbandale, Iowa 50322

City of Ames: Planning Division
515 Clark Ave
Ames, Iowa 50010

Gamma Pi of Delta Tau Delta Inc (Applicant) hereby submits a Statement of Economic Hardship as envisioned by the Land Use Policy statement applied to the East University Impacted Area.

The purpose of this submission is to obtain a demolition permit for the structure at 2121 Sunset Drive, the chapter house for the Gamma Pi Chapter of Delta Tau Delta Fraternity. A new chapter house will be constructed at the same location in in 2014-2015.

As further explained in this application, Applicant is unable to economically remodel the initial chapter house constructed in 1953 to make it competitive with current University and Greek Community standards.

Respectfully,

Stephen E. Jones
President

Gamma Pi of Delta Tau Delta, Inc.

**Application for Demolition Permit
Based on Economic Hardship
For its Facility at
2121 Sunset Drive
Ames, IA**

East RH District

**Stephen E. Jones
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January 15, 2014

Table of Contents and Attachments

Attachment numbers correspond to the information requested in
Sec. 29.1110 O-UIE East University Impacted District
Paragraph 2 b

Section	Item	Attachment
i	Estimate of Demolition Cost	1
ii	Estimate of additional Cost to Rehab	1
iii	Report of Structural Soundness	1
iv	Estimated Economic Market value	2
v	Economic Feasibility to Rehabilitation or reuse of existing structure	1
vi	Title information for Property	3
vii	Annual Gross Income and Expenses	4
viii	Remaining Mortgage Balances	5
ix	Appraisals (insurance inspection 2013)	6
x	Listing of property for sale or rent in past two years	7
xi	Assessed value of Property	8
xii	Real Estate Taxes	9
xiii	Form of Ownership	10
xiii	Minor site development plan	11

Background and History

The Applicant is associated with the Delta Tau Delta Fraternity generally, and is specifically associated with the Gamma Pi chapter (Chapter) of the Fraternity located at Iowa State University. The Applicant is a non-profit corporation exempt from federal income taxation under Section 501(c)(2) and the Chapter is a non-profit association exempt from federal income taxation under Section 501(c)(2). The Applicant leases a building to the Chapter which is used as a residence, study hall and chapter house by undergraduate members of the Fraternity.

The Applicant is also associated with Delta Tau Delta Educational Foundation of Gamma Pi Chapter (Foundation), a non-profit corporation recognized as exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Foundation was organized to support undergraduate educational activities of the Chapter. From time to time the Foundation conducts fundraising for qualified charitable gifts for educational purposes in support of the academic programs of the Chapter and for the support of educational facilities maintained by the Applicant and leased to the Chapter. See Statement II.1 for more detail. Charles Safris, a director, secretary and treasurer of the Applicant is also the treasurer of the Foundation. In order to avoid potential conflicts of interest, Mr. Safris has made both Applicant and Foundation aware of potential conflict of interest and will be recused from voting on any matters involving a transaction between the Applicant and the Foundation.

Applicant's President Stephen E. Jones is the volunteer President of the Greek Alumni Alliance, a voluntary organization that supports all Greek organizations at Iowa State University. The Greek Alumni Alliance serves by providing long-term viability and growth of the Iowa State University Greek Community, providing a forum for discussion and dissemination of information, advocates on behalf of the Greek community to entities such as the University, local municipality and other entities as necessary and provides leadership and support to the Office of Greek Affairs. Applicant is a paid annual member of the Greek Alumni Alliance. Mr. Jones has made both Applicant and the Greek Alumni Alliance aware of potential conflict of interest and will be recused from voting on any matters involving a transaction between the Applicant and the Greek Alumni Alliance.

Purpose

The purposes for which the Applicant was formed include procuring, owning, financing, leasing, maintaining and managing real estate (the "Chapter House") and personal property and furnishings for the use of the Gamma Pi Chapter (the "Chapter") of Delta Tau Delta Fraternity, a non-profit corporation exempt from federal income taxation under Code 501(c) (7), located at Iowa State University, Ames, Iowa. The Chapter House has training rooms, computer rooms, internet access and study rooms for the use of the alumni of the chapter and the undergraduate members of the Fraternity. The Applicant will enter into an annual lease with and collect rent from the Chapter for occupancy. Such rent will in turn be used toward the payment of house operating expenses including: mortgage payments, insurance, real estate taxes, certain upkeep and maintenance costs, repairs, capital improvements, the provision of appropriate internet and intranet access to support academic course work required by the University, access to network printing and copying in support of coursework and expenses related to employment of a house mother and cook to provide respective services to undergraduate Chapter members, including socialization and quality room and board. These activities take approximately 90 % of the Applicant's time. These activities will be conducted by volunteers and staff of the Applicant.

The current total active undergraduate membership of the Gamma Pi Chapter has averaged 100 men over the last five years. Current active membership is 105. The capacity of the current structure is 56. The capacity of the original structure built in 1953 was 36. Due to the growth of the university undergraduate enrollment and the chapter membership, the capacity was increased to 68 with the 1971 addition. The capacity was reduced to the current level during the 1990's remodeling and additional building changes in 2003-2004 to meet code and provide additional group study space. The proposed new building will increase our capacity back to 64.

Programs

The Applicant also takes an active role in various activities and other functions of the Chapter, including

- (i) provides continuing contact with more than 800 living alumni members of the Fraternity who are graduates of Iowa State University and the undergraduate members of the Chapter.

A recent event was the celebration of the Chapter's 100 year continuous presence at Iowa State University when over 250 members participated in a reception held at the Iowa State University Memorial Union. Applicant supported Chapter's celebration by subsidizing printed invitations and postage for invitations sent to alumni. All alumni and undergraduates paid for their meal, travel and lodging. The program for alumni and undergraduates included presentations from the President of the Fraternity and other honored members of the Fraternity, University and the Chapter. The Chapter House is the meeting point for alumni members returning to campus for University events and University athletic events. The Chapter House is conducive to Fraternity programming and supportive of the brotherhood of Fraternity members through its academic programs and social facilities.

- (ii) funding tutoring from University sources as required by undergraduate members seeking excellence in academics and supporting academic recognition programs twice each academic year.
- (iii) subsidizing tuition to leadership training programs of the University, Fraternity and student leadership programs and
- (iv) provides programming for undergraduate members of the Chapter, such as alumni sponsored enrichment programs, supporting University sponsored academic and department programs, leadership training, academic advising, and recognition of excellence in undergraduate programming and academic achievement. Such programming occurs periodically and is generally associated with University events and programs during the academic year. Chapter programming is available to all members of the undergraduate chapter.
- (v) The Applicant is a participant in the Greek Alliance, an organization of other fraternal room and board programs at Iowa State University which supports the programs of the University's Greek Life program which include recruitment of students to University, supervision of undergraduate programs that promote safety and academic performance. The interactions and fellowship among alumni members of Applicant

and the members of the Chapter aid in fulfilling another purpose for which the Applicant was formed, that is the promotion and foster of the principles and ideals of the Fraternity and its social activities.

Rent Basis

Applicant has historically compared its annual rent to the tenant to the double occupancy room rent at an Iowa State University dormitory offering that is most comparable to the DTD offering to undergraduate students. From 1980 until about 2002, the rent was between 95 and 100 percent of the benchmark. Since 2002, additional borrowing for capital improvements and increasing maintenance costs have placed the rent between 100 and 106 percent of the benchmark.

DTD budgets for a break even but includes maintenance and contributions to a Capital Fund in its rent. For many years DTD carried a balance sufficient to get through a major unplanned expense. Since 2008, those funds have been typically expended during the year and the reserve for such emergency conditions has been minimal.

All Greek organizations are at a competitive disadvantage compared to University housing. The following fixed charges must be billed to residents of DTD's facility:

Property tax:	\$15,866 annually in 2013
Property Insurance:	\$11,953 annually in 2013
Liability Insurance:	\$12,255 annually in 2013
Mortgage Payments	\$69,060 annually (interest and premium)
Total	\$109,034 annually in 2013

The University Housing system does not bear all of these fixed costs, thus have a competitive economic edge over all Greek residential housing. Fixed costs amount to 35 percent of the rent charged by DTD to its tenants.

Attachment 7a shows the total annual rent charged to undergraduate residents in the Delta Tau Delta Chapter House. While Applicant has been able to increase rent over the years, success has been achieved by offering a facility that provides a safe environment conducive to academic success, the programming of Delta Tau Delta Fraternity, and social benefits to the members and food preparation and service facilities. Beyond the above, members desire connectivity to University computer resources, study areas in the facility for group study and group projects, recreational areas and private facilities for ritualistic programming.

Tenants enter into an annual written lease each year which sets rents, house rules and performance expectations.

Housing Quality and Trends

Applicant must offer a premium program and facility for about the same price as double occupancy dormitory rates. Increased maintenance and investment related to the age of the facility, its traditional fraternity style study rooms, and lack of space to seat all of its members for a meal or program, and lack of group study space are all issues of the current facility. The proposed new facility, with nearly equal footprint on the site, addresses all of these issues in a satisfactory way. Remodeling by Applicant accomplished in 1993 and 2002 addressed some

of these issues but has used up all of the flexibility of the current facility and site, but did not address the food preparation and dining issue.

Housing trends at Iowa State University and among its Greek community indicate that suites (no more than four persons sharing a semi private bathroom) are becoming the preferred standard. During one remodeling, study rooms in the 1971 addition were converted to suites. This remodeling was possible because the 1971 addition's internal partitions structure was stud and drywall construction. Converting from study rooms to suites in the 1971 addition caused the capacity of the Chapter house to be reduced from 68 to 58. The remaining structure built in 1951 is masonry throughout and study rooms cannot be converted to suites without major structural modification. It is noted that the reduction in capacity caused fixed costs of operation of the building to be spread over fewer occupants. Further remodeling of the existing structure from traditional study rooms to suites will have further economic adverse effect leading to higher occupancy costs for members. The flat roof architectural style of the original 1951 structure is no longer allowed in the East RH district where the current facility is located. The current membrane roof on the facility is near the replacement time and each year presents increased costs for maintenance of the roof.

High cost of remodeling the masonry structure, reduced occupancy, the existing limitations of food preparation and service, lack of group study space and storage, make continued remodeling of this building uneconomic.

Petition for Demolition Permit

Applicant believes that the structure at 2121 Sunset Drive cannot be used in the future for the original intended purpose for economic reasons and that no alternative, reasonable use can be identified. The proposed project will:

Commit Applicant to long term existence in the Historic Area at 2121 Sunset Drive.

Result in the replacement of a 1950s style flat roof structure with a modern structure that conforms with the intent of the Historic District.

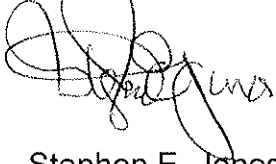
Make Applicant's Chapter House competitive with University and Greek Community housing

Restore the economic ability of Applicant to offer premium housing at a competitive price through reduced maintenance and future remodeling costs and return occupancy capacity to 64 men.

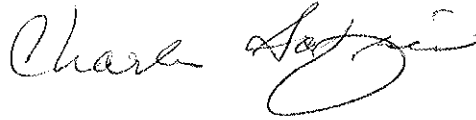
Requests for additional information should be directed to Charles Safris, Applicant's treasurer (contact information is listed on the first page of the application).

Applicant requests a timely processing of this application to facilitate a construction plan that includes a demolition of the present Chapter House in the May of 2014.

Respectfully Submitted



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January 15, 2014

Mr. Jeffrey D. Benson
Planner, Department of Planning and Housing
City of Ames
515 Clark Street
Ames, IA 50010

Dear Mr. Benson:

This letter is in reference to the Delta Tau Delta Fraternity House at 2121 Sunset Drive and the proposed update of its current facility. The current chapter house is owned by the Gamma Pi of Delta Tau Delta, Inc., and is leased to the Gamma Pi Chapter of Delta Tau Delta. The purpose of this letter is to present my firm's review of the condition of the existing building and its ability to meet current programmatic needs. This will also provide an opinion of the costs related to viable improvements for remodeling to meet the current needs versus constructing a new facility.

History

Over the course of its nearly 63 year history, the current Delta Tau Delta Fraternity House has had multiple additions and remodeling to deal with member size and academic/social/service needs of the chapter members. The initial structure was constructed in 1951-52 and had room for 48 live in members with a full kitchen. In 1971 an addition was constructed to the north side of the existing structure bringing the capacity up to 68 live in members. In 1993 and 2003 additional modifications were made that converted several study rooms to provide semi private bathrooms for some of the study rooms. A remodeling in 2003 accommodated upgrades for training and study room spaces.

Currently the house has 56 live in members. The building is arranged as follows and totals approximately 17,720 gross square feet. There are 44 men housed in the 2-man and 3-man study rooms in the original portion of the building and 12 men in the 1971 addition study room suites. The chapter still utilizes a group sleeping dormitory on the third floor of the 1971 addition. The first floor has 6,865 gross square feet, the second floor has 6,290 gross square feet, and the third floor has 3,540 gross square feet. The building has only a partial basement of approximately 1,025 gross square feet. The study rooms that had been located in this area are currently not used due to access and environmental issues.

Evaluation

We have reviewed the existing building to ascertain how it must be modified to meet the current requirements for Delta Tau Delta to maintain their standard of excellence as a nationally recognized fraternity and their viability at Iowa State University. The current structure has become a financial burden for the owner and the alumni who are continuously solicited for monetary support. Recruiting and maintaining students and alumni membership has become increasingly difficult for the ISU Delta Tau Delta chapter in its current facility due to its inability to meet many of these requirements and expectations.

1. Students entering college today have increased expectations of their living conditions. They typically come from homes where they have never shared a bedroom and seek out housing that provides amenities and aesthetics consistent with the condition they came from. These include:
 - a. Upscale space amenities including access to the internet, video, privacy, recreation and storage space.
 - b. Dining options that allow for on the go and off hour access.
 - c. Smaller suite style restroom/shower facilities rather than large ganged restroom/showers.
 - d. Exterior living and recreation opportunities in close proximity.
2. These housing environments need to provide flexibility of spaces.
 - a. Living/learning environments are now combined as students are increasingly functioning in a multi-tasking mode.
 - b. Group/individual areas are needed for meeting and studying to support and encourage community building activities.
 - c. Providing space for informal socializing and small-group studying is critical.



3. Restrictions on funds are becoming an ever increasing issue for the house.
 - a. Fund raising abilities for all organizations are very difficult in the current economy and it appears this will be the course for quite some time. The alumni base for Delta Tau Delta has made a strong response in support of developing a new house on the existing property as opposed to remodeling and adding to the existing structure.
 - b. The cost of operating expenses has to be considered as a key factor in the ongoing viability of the houses.
 - i. Efficient energy usage is critical and has a major economic impact.
 - ii. Lower maintenance costs related to construction materials and finishes have an impact on the long term operations.
 - c. Market place rental fees have to be competitive to Iowa State University housing, other Greek organizations and the rental housing available in Ames. The rent costs for Delta Tau Delta have started to surpass the groups noted. Analysis by the Corporation Board has indicated a house size of approximately 60-62 people is needed to keep the group viable and competitive with other fraternities. This is related to the revenue needed to maintain the services expected, as well as the participation level expected in community activities.

Chapter 29.1110 – Demolition Requirements

Estimated Cost of Demolition

Prior to demolition of the structure, selective removal of equipment and some building components for reuse is anticipated. A slight range in demolition cost is also noted based upon the uncertainty that some abatement mediation may be required prior to the major demolition can occur.....\$50,000 - \$65,000

Estimated Cost for Rehabilitation

The following items will need to be addressed in the near future to keep the existing facility operational in its current basis configuration as a fraternity house. It is difficult to determine all of the items that would need to be completed or the actual costs associated with these items due to the final amount of repair, drywall replacement, trim carpentry and finishes required. The following list of items and construction cost was developed based upon maintenance information and visual observation. These items do not address the modifications and upgrades needed for the programmatic changes required by the Delta Tau Delta Chapter.

1. Replacement of the roof membrane (flat roof) with upgraded insulation is needed. This cost does not address the desire to replace the high maintenance flat roof with a pitched roof structure.....\$80,000
2. The present kitchen requires general upgrades throughout. The existing space will require stripping down to the structure and installing new finishes, a complete electrical rewire, new plumbing, and new equipment. This does not address the need for a new expanded kitchen to provide storage, chef’s office, additional prep and serve counter space, loading access, and additional cooking equipment to provide more appropriate meal choices.....\$115,000
3. A new building heating boiler system and upgraded distribution is required.....\$57,500
4. New plumbing is needed throughout the house. The current restroom fixtures (sinks, toilets, and showers) are in various states of disrepair and in need of replacement. There is significant leakage throughout the house as a result of these items and other locations of plumbing failure. Bathroom upgrades related to layout and finishes are also needed beyond the plumbing maintenance issues noted above to bring them up to current standards.....\$210,000
5. Electrical upgrades are needed throughout the house. The existing service is undersized for today’s electrical needs and the technology system requirements are currently not being met. Once improvements of this type are started, we would expect that a complete rewiring of the building would be in order.....\$207,000
6. The foundation of the house is cracked and as a result there is significant water leakage in the basement areas. This has resulted in mold and mildew problems which pose a health risk for the residents of the house. The basement has little or no ventilation, resulting in an unhealthy environment and unusable space. (Study space that once existed in the basement can no longer be used.) Repair foundation.....\$34,500
7. Currently only the study rooms in the 1971 addition and the first floor community spaces are air conditioned. Air conditioning in all the study rooms and the rest of the building is needed.....\$115,000
8. Various areas of fascia and soffit are currently in poor condition and in need of replacement. Additional work is anticipated to deal with areas of trim that should be done as this work also to reduce ongoing maintenance issues.....\$57,500



- 9. Accessibility improvements are needed. Reconfiguration of exterior circulation/grades is needed to make the existing south entrance completely accessible from the public right-of-way. The multiple interior levels of the building are not accessible to each other, limiting movement between the various activity, study and sleeping areas within the building.
 - a. The addition of an elevator is desired.....\$69,000
 - b. Building configuration changes to accommodate an elevator.....\$57,500
 - c. Accessible south entrance improvements.....\$11,500
 - 10. The windows are original to the phases of construction to the building. These require replacement with new thermally efficient units.....\$126,500
- Projected Total Construction Costs.....\$1,141,000

Report of Structural Soundness

Numerous cracks were observed in the foundation walls of the building. These did not appear to be presenting major structural settlement problems. If further development of the existing building is pursued, more extensive investigation and testing are warranted before proceeding. However there is significant evidence of moisture penetration issues that were observed in areas of the basement. This will need to be addressed as noted by the “Estimated Cost for Rehabilitation” section of this report.

Economic Feasibility for Reuse of Existing Structure

The “Estimated Cost for Rehabilitation” section deals with modifications and upgrades needed for the existing facility to remain in use as a fraternity house, however they do not address the issues noted in the “Evaluation” section of this letter. A program of space needs developed by Delta Tau Delta projected a requirement of approximately 25,000 square feet to meet the space needs of the chapter to address the future housing and academic mission support of Delta Tau Delta. This indicates a 7,280 square foot addition would be needed to the existing 17,720 square foot structure. Construction of additional space in and around the existing structure will be extremely difficult due to the amount of site available and access around it for construction. Adding space will also be extremely difficult for visually and structurally ties to the existing building, and to accommodate internal circulation flow. The original facility utilized concrete and concrete masonry walls throughout its construction for walls and floors. Although durable, this creates great difficulty in making any modifications to the layout of the walls and modifications to the utilities within those walls. Remodeling costs that deal with the type of issues identified are generally higher than new constructions on a square footage basis. A single story addition of approximately 1,350 square feet enclosing the existing courtyard is possible without eliminating window access into the study rooms in the surrounding 2nd and 3rd floor areas, but will eliminate a valued outdoor activity area. Other additional space will require the addition of floor levels above the existing floors as noted below. Due to the issues previously noted, it is questionable if the additional space is feasible.

After reviewing the information provided above, I believe the cost to rehabilitate and expand the existing structure to meet the programmatic needs of the chapter would be as much or more than the cost of new construction on this site. The difficulty of working with the conditions noted previously, and the unforeseen conditions that occur with remodeling an existing building present a high cost risk to remodeling and adding to this building. The following estimates deal with the feasibility for modifications and upgrades that are needed for the programmatic changes required to meet the needs of the chapter.

- 1. The construction cost to implement the program noted above for renovation and additional space is estimated as follows.
 - a. Existing building remodel: 17,720 s.f. at \$160 / s.f. =\$2,836,000
 - b. New construction within the existing courtyard space: 2,200 s.f. x \$175 / s.f. =..... \$385,000
 - c. New construction of 3rd. floor addition to south wing: 1,325 s.f. x \$250 / s.f. =..... \$332,000
 - d. New construction of 4th floor addition to east wing: 2,060 s.f. x \$250 / s.f. =..... \$515,000
 - e. New construction of 4th floor addition to north wing: 1,750 s.f. x \$250 / s.f. =..... \$438,000

Estimated total construction cost (remodel plus additions)..... **\$4,417,000**
- 2. The design solution that has been developed is new construction that meets, exceeds and accommodates for future needs for Delta Tau Delta and their desired program goals. It includes demolition and new construction.
 - a. New construction meeting base space program, 25,000 s.f. x \$175 / s.f. = **\$4,375,000**
 - b. New construction per design with expanded educational space, 30,325 s.f. x \$175 / s.f. = **\$5,450,000**



3. In our estimation, new construction is the best way to proceed and has the following advantages:
 - a. More cost effective solution.
 - b. A better design solution that meets and exceeds the desired space program much better than remodeling the existing and expanding the structure can do.
 - c. A more marketable product to the end user / the student.
 - d. A building for the neighborhood and the community that is much more in keeping with the desired "Greek" neighborhood style.

The Delta Tau Delta Board has explored its fundraising ability for the two options noted above. There is no support within the alumni base to fund a major remodeling/addition type project due to compromises that would be required of spatial and aesthetic qualities of this type of project. Support for a new facility that can provide the quality and support of the educational mission of Delta Tau Delta has strong support.

I believe that a remodeled building will cause financial hardship for the fraternity in initial construction costs as well as on-going maintenance. Most importantly, it will produce a less than desirable design solution and end product for the Delta Tau Delta student as well as the neighborhood and the Greek Community.

If you have any questions, please do not hesitate to contact me.

Sincerely,



H. Scott Sankey, AIA
Partner



Attachment 2

Estimated Market Value in:

Current Condition:

Following is data on actual sales in the East University area documented in a 2002 Formal Appraisal for First American Bank.

Sale date: 1/1/2000
2132 Sunset Drive
Lot size: 24,340 sq. ft.
Building area: 9,915 sq. ft.
Sale price per sq. foot: \$105

Sale date: June 1998
2035 Sunset
Lot size: 30,875 sq. ft.
Building area: 13,320 sq. ft.
Sale price per sq. foot: \$68

Sale date: 8/1/2000
138 Gray Ave
Lot size: 19,819 sq. ft.
Building area: 8,279 sq. ft.
Sale price per sq. foot: \$73

After Completion of Demolition:

Not available at this time. Would need to be determined following an appraisal after demolition.

After Changes Recommended by the City Council:

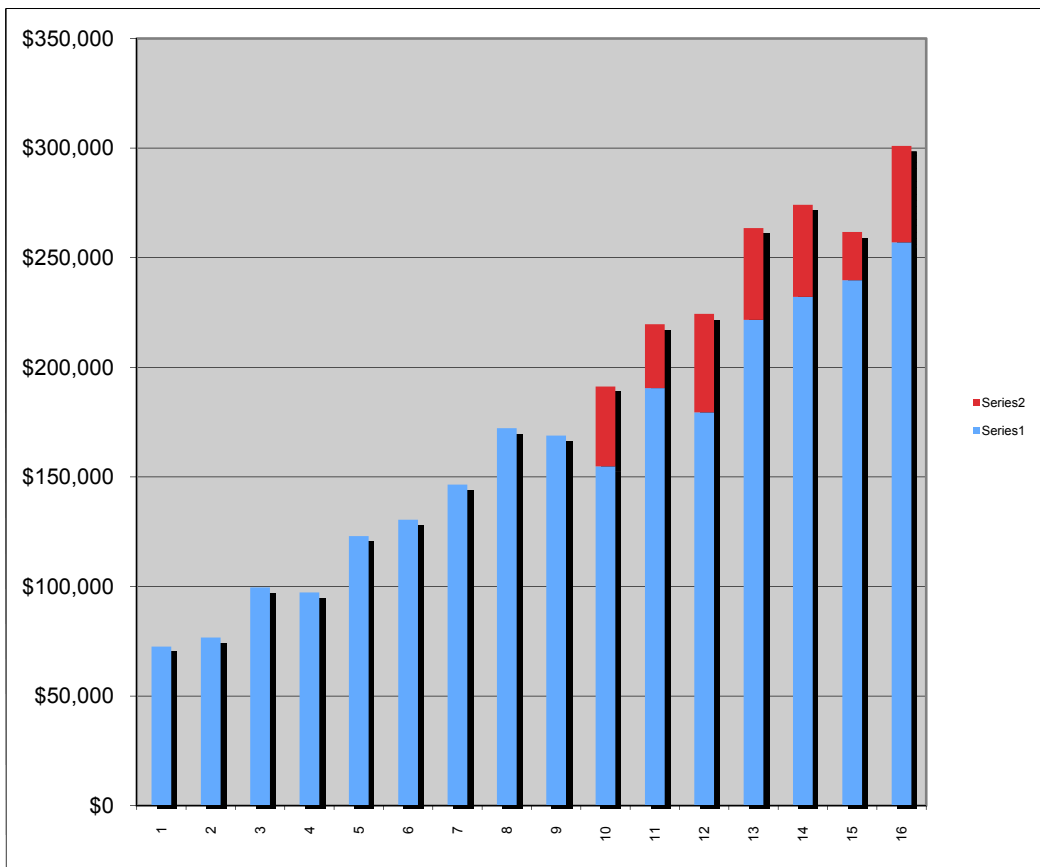
Not available at this time. Would need to be determined following receipt of information from City Council.

After Renovation of the Existing Property for Continued Use:

Not available at this time. Would need to be determined following development of the property.

Gamma Pi of Delta Tau Delta Inc Annual Rent Trends, Lease Income

	HC Rent Received	House and Cook	Total HC Income	% Increase
1997-98	\$72,585	\$0	\$72,585	
1998-99	\$76,726	\$0	\$76,726	5.40%
1999-00	\$99,580	\$0	\$99,580	22.95%
2000-01	\$97,292	\$0	\$97,292	-2.35%
2001-02	\$122,980	\$0	\$122,980	20.89%
2002-03	\$130,449	\$0	\$130,449	5.73%
2003-04	\$146,490	\$0	\$146,490	10.95%
2004-05	\$172,211	\$0	\$172,211	14.94%
2005-06	\$168,843	\$0	\$168,843	-1.99%
2006-07	\$154,814	\$36,411	\$191,225	11.70%
2007-08	\$190,507	\$29,144	\$219,651	12.94%
2008-09	\$179,448	\$44,932	\$224,380	2.11%
2009-10	\$221,637	\$41,876	\$263,513	14.85%
2010-11	\$232,128	\$42,000	\$274,128	3.87% Compounded
2011-12	\$239,727	\$22,000	\$261,727	-4.74% annual rent
2012-13	\$257,000	\$44,000	\$301,000	13.05% only increase 9.5%



Attachment 5
Section viii
Remaining Mortgage Balances

A) First American Bank Mortgage

1530 South Duff
Ames, Iowa 50010

Commercial Promissory Note (refinanced existing loan)

Purpose of Loan	Remodel and sprinkle for fire code
Date initiated:	January 31, 2011
Initial loan amount:	\$303,520
Terms:	3 year balloon payment , 10 year amortization
Interest Rate:	6.25%
Due Date:	February 1, 2014
Monthly Payment:	\$3,421.26
Remaining Balance 12/31/13	\$236,032

Secured by first REM on property.

B) Delta Tau Delta Fraternity

10000 Allisonville Rd
Fishers, IN 46038

Mortgage Note

Purpose of Loan	Remodel and repair retaining wall to Iowa Code
Date initiated:	September 10, 2009
Initial loan amount:	\$290,100
Terms:	20 year year amortization
Interest Rate:	7.5% (adjusted on 10 and 15 year anniversary)
Due Date:	September 10, 2034
Monthly Payment:	\$2,334.03
Monthly escrow payment	\$241.75
Remaining Balance 12/31/13	\$258,026

Secured by second REM on property.

Gamma Pi of Delta Tau Delta Fraternity
 Economic Data for Parking Variance Request, AMes Planning and Zoning

		Delta Tau Delta		ISU Residence Hall			
	Capacity	Annual Room Cost	Annual Room and Board Cost	Annual Room and Board	DTD (% of ISU Room Only)	DTD (% of ISU Room + Board)	
Lease 2011-12 Academic Year	56	\$4,492	\$6,048	\$6,212	102.6%	97.4%	
Lease 2012-13 Academic Year	56	\$5,104	\$6,704	\$7,054	113.7%	95.0%	
Lease 2013-14 Academic Year	56	\$5,120	\$6,741	\$7,177	111.5%	93.9%	
Lease 2014-15 Academic Year	56	\$5,120	\$6,738	\$7,384	106.6%	91.3%	
Lease 2015-16 Academic Year (new facility w/current parking and 30-yr mortgage)	64	\$5,487	\$7,187	\$7,706	109.9%	93.3%	
Lease 2015-16 Academic Year (new facility w/current parking and 20-yr mortgage)	64	\$6,140	\$7,840	\$7,706	123.0%	101.7%	
Lease 2015-16 Academic Year (new facility w/new parking facility and 30-yr mortgage)	64	\$6,579	\$8,279	\$7,706	131.8%	107.4%	



Delta Tau Delta Fraternity

Gamma Pi of Delta Tau Delta, Inc.

February 06, 2014

To: Jeff Benson, Planning and Zoning, City of Ames

From: Stephen E. Jones, President, Gamma Pi of Delta Tau Delta House Corporation

Re: Additional economic data to support parking variance request

1. I have attached a worksheet that includes the following budget data for Gamma Pi of DTD operations: Operating budget data for academic years 2011-12, 2012-13, 2013-14 (current year), proposed budget for 2014-15, and proposed budgets for three scenarios with the proposed new facility beginning in academic year 2015-16.
2. The Gamma Pi House Corporation owns the facility and it is then leased to the undergraduate chapter on an annual lease.
3. Included in the annual lease budget are expenses for P&I payments on existing mortgages, facility depreciation expense, property taxes, property insurance, liability insurance, annual maintenance budget, a capital fund charge, and service contracts. The service contract line includes the salary, payroll taxes, and health insurance benefits for the full-time house-mother and the cook, internet service, and other payments to the State of Iowa (unemployment insurance, etc.)
4. A basic principle we have used since 1998, is to keep our combined room and board cost for the members living in the facility a little below the combined room and board in the ISU residence halls. The data spreadsheet shows that we have been about 100-110% of ISU rates for the room cost but when combined with our meal costs, we have been from 94% - 97% of the ISU combined room and board. The ISU rates are updated each year as they change. The room and meal rates are as listed on the ISU residence system website.
5. Our current active membership is 95, and usually fluctuates a little year to year based on graduation rates and recruitment. DTD recruitment has been strong with 24-26 new members pledged during the summer informal rush; the chapter usually adds another 3-4 new members during the academic year. The chapter active membership was at 105 last year and will likely be above 100 again by fall semester.
6. As noted in in the previous variance submittal, the capacity of the current building is 56 but has been as high as 68 (1975 – 1990). The reason for the drop in capacity is due to reconfiguration of rooms to provide space more competitive with the newer ISU residence halls. Our annual lease to the undergraduate chapter is based on occupancy of 56 men. The chapter pays for that occupancy even if it drops. The spring semester census in the facility can

be less than full and this is usually due to students on study abroad or coop work internships. This is a problem for all of the Greek system facilities and it does impact annual budgets.

7. The proposed capacity of the new facility will be 64-men. The total live-in capacity is actually 65 since we have always have maintained a full-time house-mother. There is an apartment in the existing building as well as the proposed new building for the house-mother (House Director!).
8. We have a full time cook who prepares 9-meals a week (lunch and dinner). The cook commutes to our facility. We maintain a reserved parking stall in our current parking lot for the House Director as well as the cook. This arrangement is the same for most all of the other facilities in the Greek system.
9. The projected cost of the new facility is \$4,725,000. A capital campaign feasibility study was completed in 2012-13 and Gamma Pi plans to raise \$2.9M from alumni to support the project. For capital fundraising for Greek facilities, an important metric is what portion of the facility is deemed educational use as this governs what % of the capital raised be considered tax deductible contributions for a qualified educational purpose. A parking facility would not be considered educational use and all of the direct additional expense for a new facility would be considered non tax deductible.
10. A nominal estimate for a 65-stall two-level parking facility would be \pm \$15,000/space or a total cost of \$975,000. Our architect, RDG Planning and Design recently designed the new parking facility for St. Thomas Aquinas Catholic Church, which is about 1-1/2 blocks from the DTD property. That facility was approved by the City of Ames with respect to style and aesthetics for the neighborhood area. The estimate for a similar facility scaled to our site and required capacity is \$1,250,000 plus a 15% contingency.
11. The attached document shows the impact of the new building project with and without a new parking facility. The costs for the out-years beginning with the 2015-16 academic year are compared with the current and expected ISU room and board costs since this is a main competitive price point.
12. The economic costs in the attachment include the expenses for property taxes, property insurance, maintenance, liability insurance, employee salaries and benefits, as well as depreciation costs. The ISU residence hall system does not pay property taxes, ISU is self-insured, and do not have liability insurance costs. We try to manage our annual cost for room and board per student and still be competitive with the ISU residence hall system.
13. Since the \$1,250,000 cost for the parking facility will result in an additional equal amount of borrowing, the impact on the annual cost of room and board is clear – room cost increases dramatically and we lose competitive advantage. This tends to decrease competitive advantage for recruitment.
14. The other factor to be considered is the increase in property taxes. The property tax for the new facility will be considerably higher than our current annual taxes of \$15,866/year. Even

after accessing the tax abatement options with the City of Ames, we expect a much higher property tax over the longer term. Adding another \$1,250,000 of assessed valuation for a new parking facility increases the tax impacts.

15. Iowa State University announced on Tuesday, February 4, 2014, the construction of a new 700-student capacity residence hall immediately north of our property (Gable Lane) and just east of the current Buchanan Hall. ISU is not subject to the local zoning requirements for parking and there will not be 700 parking spaces in the current Buchanan Hall parking lot.
16. The economics of providing competitive living space in the Greek facilities is tied to providing space and amenities that are available in the ISU residence halls as well as the off-campus student apartments. Students want quality living and study space, access to internet, and being close to campus is a big advantage. The attraction of the Greek area in the East University Impacted Area OL district is the walking access to campus. The Greek neighborhood area is 100% built-out and parcel sizes make it difficult and very expensive to meet the current parking requirements.
17. Our position is that adding the additional expense of a new parking facility will place the fraternity at a disadvantage when compared with the economics of our main competitors, the ISU residence hall system and the off-campus student apartments.
18. The additional expense of a new parking facility will lead to another \$1,250,000 in additional debt obligation plus additional property taxes on the added value of that improvement.