

**COUNCIL ACTION FORM**

**SUBJECT: DEMOLITION OF GREEK HOUSE AT 138 GRAY AVENUE**

**BACKGROUND:**

Acacia fraternity is seeking approval to demolish their existing Greek house in order to construct a new fraternity. The current house at 138 Gray Avenue was constructed in 1920 and has been a fraternity on and off again over its existence. A location map can be found in Attachment A and a picture of the existing house can be found in Attachment B. The zoning of the property is High Density Residential (RH). In addition, it has the East University Impacted Area Overlay District (O-UIE). **This overlay requires City Council approval prior to demolition of any structure currently or formerly used by a “Greek” organization.** Section 29.1110 (O-UIE) describes the process and submittal requirements for obtaining demolition approval from the City Council. A portion of that section can be found in Attachment C.

The Acacia house currently accommodates 29 of its membership of 45 men. A larger number of their members wish to live in the house so the Corporate Board of the Acacians seeks to demolish the structure and build another one to accommodate 43 members and to improve the common and amenity space of the house. The existing Acacia house is one of the smallest Greek houses in terms of number of beds. Acacia is also the one of the smallest fraternities in terms of total members, based on the figures from 2014 Greek Parking Study. If a new house were to be built, it would remain in the smallest quintile in terms of numbers of beds.

The Corporate Board of the Acacians, represented by their contact person, Michael Stott of Stott, Barrientos & Associates Architects, has provided the documentation required. Required documentation includes costs estimates and an approved site development plan application. The applicant’s submittal is found in Attachment D, while a complete review of the criteria can be found in the Addendum. At this time the site development plan has been submitted to staff for approval. Council is not required to approve the replacement development site plan. **The property owners are requesting approval for demolition of their current house with a condition that they will not proceed with the demolition until they receive site plan approval. This is the same approach that was approved by the City Council for two prior requests of demolition of Greek houses.**

The applicant asserts the following points in support of their request to demolish and rebuild:

- remodeling and expansion (by adding another floor) of the existing structure would still not provide the capacity (36 members) that the Board desires (43 members),
- An expanded building would still not provide the amenity space (study areas, dining areas, project workspace, and storage areas),

- Additional parking to accommodate the new residents is not possible due to the orientation of the existing footprint of the building, and
- A remodeled house would remain a relatively energy inefficient building.

By contrast, a new structure would increase the capacity to 43 residents, provide study areas separate from sleeping areas, have a dining room with a capacity of 50, allow an increase in parking spaces, and be more energy efficient.

**To approve demolition of a fraternity home, Council must find the request is consistent with Section 29.110 (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.”

Section 29.110 (2)c describes the finding of economic hardship to include “Denial of a demolition request has deprived, or will deprive, the owner of the property of reasonable use of, or economic return on, the property.”

A formal evaluation of the remodel and addition option described by the applicant has not been done with Staff. From staff’s assessment of the site, it appears there is an opportunity for an addition to the existing structure. The addition would trigger parking requirements to meet the new need related to the addition, but it may be possible to reuse the current non-conforming parking spaces in their current configuration to support an addition. Staff also notes that under the remodel and addition option, the property would likely be eligible for property tax abatement on the new improvements.

With prior requests for demolition, Council has approved demolition contingent upon site plan approval and submittal to the City of building permit plans. There has also been a condition that prior to demolition, the property owners provide verification of the financial feasibility of building the proposed replacement project to ensure there is no speculative demolition that occurs without assurance of the replacement building being constructed.

**ALTERNATIVES:**

1. The City Council can approve the request for demolition of the Greek residence at 138 Gray Avenue with the conditions that:
  - a. A minor site development plan is approved by the Director of Planning and Housing before a demolition permit is issued.
  - b. An application for a building permit consistent with the building elevations and floor plans submitted with the minor site development plan as represented by Exhibit E is submitted before a demolition permit is issued.

- c. Approval of the demolition request is valid the for life of the minor site development plan permit SDP-15-44 approval. *(This is for two years with a one year extension)*
  - d. Proof of financing for the construction of the new structure submitted for review and acceptance by the Planning and Housing Director. *(this would likely be a letter or loan document from a financial institution that is willing to make a loan on the construction of the project.)*
2. The City Council can approve the request for demolition of the Greek residence at 138 Gray Avenue without conditions.
  3. The City Council can deny the request for demolition of the Greek residence at 138 Gray Avenue if it finds that the criteria of Section 29.1110 (2) (c) are not satisfied.
  4. The City Council can defer action on this request and refer it back to City staff and/or the applicant for additional information within the next 30 days.

**CITY MANAGER’S RECOMMENDATION:**

The Greek neighborhood adds value to the community by, among other things, its distinct and diverse architecture and as a desirable housing option for students at Iowa State University. The East University Impacted Area Overlay District was created to preserve the existing Greek houses to the greatest extent possible in recognition of these valuable traits. If new construction occurs in the O-UIE, the City has established minimum design criteria that are intended to promote compatibility with the existing distinct and diverse architecture.

More than a dozen Greek homes have been renovated in order to improve safety and meet the needs of today’s students. This has been a response to the trend of increased Greek membership and to preserve and improve the neighborhood. At least three Greek houses have been demolished in recent years—two houses (Delta Tau Delta at 2121 Sunset Drive and Sigma Chi at 2136 Lincoln Way) in order to construct new, larger homes for the increased Greek population and one (129 Ash Avenue) in order to allow the construction of a parking ramp for a church.

Acacia is one of the smallest Greek houses associated with Iowa State University and many members have expressed a desire to live in the house. The Board of the Acacians has provided evidence that it believes meets the zoning criteria for demolition and has proposed a new Greek house on the same site as the current building.

In staff’s view of the criteria, the applicant is focused on whether reasonable use of the property is afforded to them if they cannot expand on site with a new building. As with other fraternities, there has been an interest in reinvestment to continue to be competitive in maintaining membership. Cost comparison of the two options shows the new building option to be more expensive, but in the applicant’s view it has greater value for the property in the long term and that the remodel and addition option is not viable for meeting their desired membership needs. The applicant believes they have demonstrated that, as a Greek Organization that wants to maintain a fraternity on the

property that they own, that the only economical and reasonable use of the land is to allow for demolition of the existing home.

**Therefore, it is the recommendation of the City Manager that the 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*
  - \$100,000
  
- (ii) *Estimate of any additional cost that would be incurred to rehabilitate the building for the intended use.*
  - \$2,111,000. This cost is detailed on the fourth page of Attachment C
  - The architect states that this is the greatest amount of improvements that can be done to the existing structure. It provides space for only 36 residents, not the desired 43.
  - Staff notes that the remodeling of the existing structure may be eligible for a 100 percent exemption of the increased value of the structure for three years or a partial exemption for up to 10 years. Assuming the rehabilitation costs translate to an equivalent increase in value, the value of the exemption would be \$37,854 for each of the three years (\$113,561 total).
  
- (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.*
  - No estimated market value is available but staff has, in the past, used the assessed value information from the City Assessor as a proxy for market value. The 2015 assessed value of the property is \$523,300, with \$226,400 of that in the value of land and \$296,900 in improvements. Note that the Acacians bought the property for \$850,000 in 2000.

- The construction cost estimate for rehabilitation is \$2,111,000 for a 36 bedroom house, the value after rehabilitation is assumed to be the existing value plus improvements for a total of approximately \$2,634,000. Staff calculates the value of the remodeled home to be approximately \$73,000 per bedroom or in the context of the addition \$300,000 per new bedroom added.
  - The construction cost estimate for demolition of the existing and new construction is \$3,616,000. This is assumed to be the assessed value of the project. The per bedroom value of the new home would be approximately \$84,000 and a comparison of net increase of 14 beds it would be \$258,000.
  - Neither construction cost estimate includes architect fees, permit fees, or other soft costs.
- (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 Michael Stott has provided the following statement:

**ECONOMIC FEASIBILITY OF REHABILITATION OR REUSE OF THE EXISTING STRUCTURE**

As noted above, the anticipated cost of making improvements to the existing structure exceeds \$2 million. However, the more salient point is the fact that remodeling and expansion of the existing structure would yield results that do not come close to meeting the stated priorities and basic student needs of ACACIA, nor does it address the basic needs of today's modern fraternity house in general. In fact, the existing structure, in its current location and orientation on the site prohibits meaningful expansion of the existing parking and the structure itself.

Based upon review and evaluation of the two options, the Corporate Board of The Acacians along with their alumni members have determined that OPTION A is not a feasible course of action since it does not address the needs of the Iowa State chapter either short or long term. If the physical housing needs of the fraternity are not addressed it will continue to create a financial hardship by making it more and more difficult to attract new members to the fraternity. Furthermore, given the fact that keeping and remodeling the old house would not produce the results needed, any dollars spent on such an endeavor would be wasted.

However, among the Corporate Board of The Acacians, there is strong and unanimous support for removing the existing structure, and building a new house on the existing site that will address the modern housing needs of today's fraternity. As presently designed, the new facility on the existing site will also provide much improved study and project workspace areas to its members. In regard to the aforementioned priorities of leadership and academic excellence, these key improvements are vital to the success of ACACIA and is its mission here at Iowa State.

Given the issues presented we sincerely believe that the only viable course of action for ACACIA is the demolition of the existing structure in order to allow for a new facility that will improve not only conditions for the fraternity, but will also have a very positive impact on the neighborhood and the Greek community.

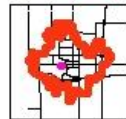
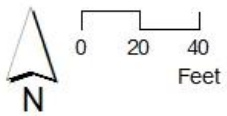
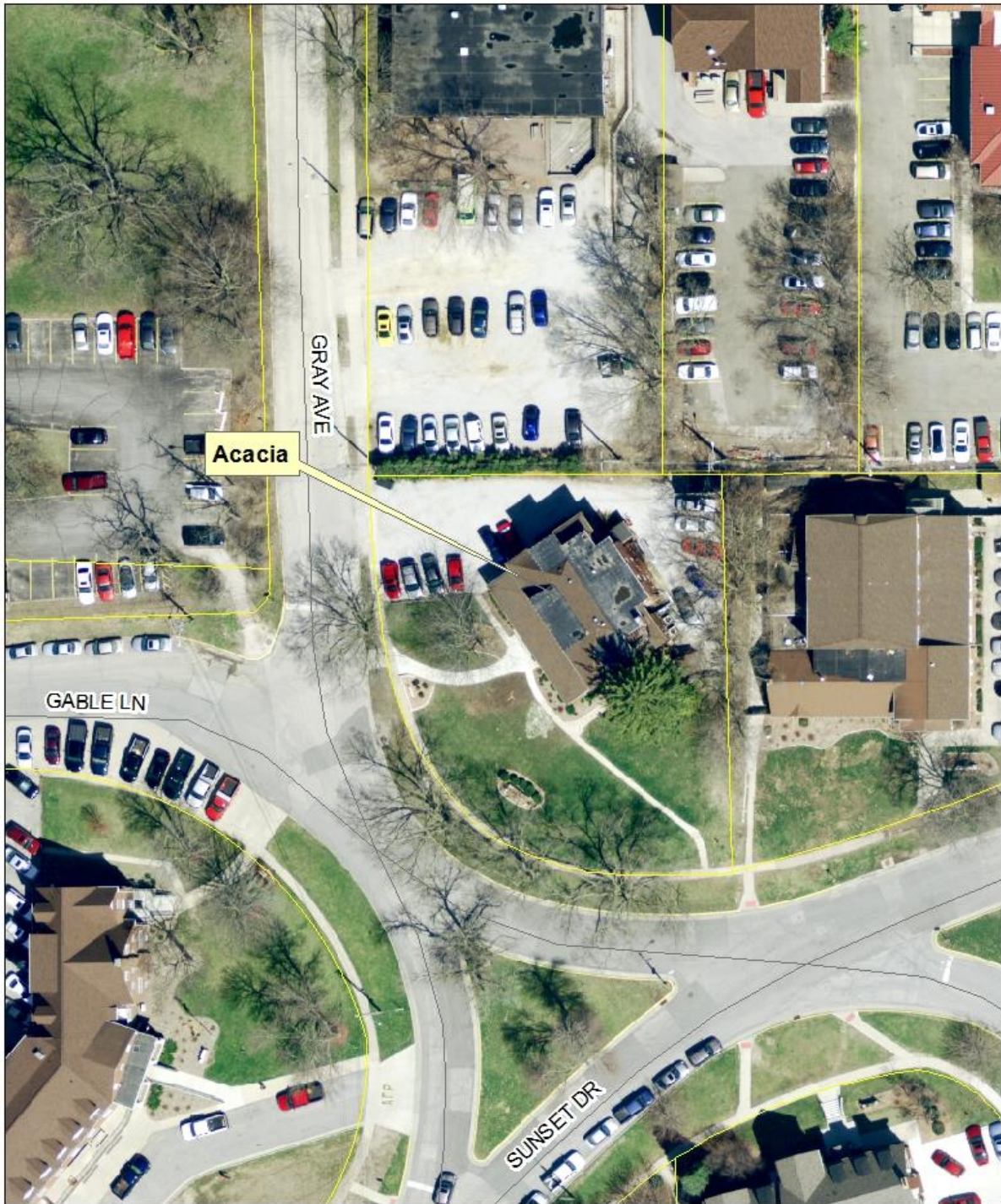
- (vi) *Amount paid for the property, the date of purchase, and the party from whom purchased, including a description of the relationship, if any, between the owner of record or applicant and the person from whom the property was purchased, and any terms of financing between the seller and buyer.*

- The current structure was built as the Acacia house in 1920. At some point in the past, it was sold and its use was an apartment house. The current Greek organization has owned the property since 2000 after purchasing it for \$850,000
- (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.*
- The second page of Harold Zarr's letter (page 17 of this report) provides the last two years of revenues and expenses.
- (viii) *Remaining balance on any mortgage or other financing secured by the property and annual debt service, if any, for the previous two years.*
- The mortgage balance is \$137,066 as of July 31, 2015.
- (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.
- (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 \$523,300, with \$226,400 of that in the value of land.
- (xii) *Real estate taxes for the previous two years.*
- 2014 taxes payable in September 2015 and March 2016 are \$9,402.
- (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 registered with the Iowa Secretary of State.
- (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.*

- **A minor site development plan and architectural drawings (elevations and floor plans) have been submitted. Staff has reviewed them and anticipates that they will meet all the standards of the City and will subsequently be approved.**
- The City Council is not asked to approve the site development plan—the zoning ordinance gives that responsibility to the Director of Planning and Housing. However, staff is including a site plan and an artist's rendition of the proposed new house for the Council's information in Attachment E.



# ATTACHMENT A: 138 GRAY AVENUE LOCATION



**ATTACHMENT B: 138 GRAY AVENUE EXISTING HOUSE**



## ATTACHMENT C: SECTION 29.1110 (2) [EXCERPTS]

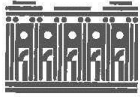
(2) **Demolition.** Demolition of existing structures shall be strictly prohibited except in the instance of meeting either subsection (a) or (b) below:

- (a) The owner can provide evidence that the structure was never used by “Greek” organizations as housing for students.
- (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,
- (ii) Estimate of any additional cost that would be incurred to rehabilitate the building for the intended use.
- (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.)
- (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.
- (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.
- (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.
- (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.
- (viii) Remaining balance on any mortgage or other financing secured by the property and annual debt service, if any, for the previous two years.
- (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.
- (x) Any listing of the property for sale or rent, price asked and offers received, if any, within the previous two years.
- (xi) Assessed value of the property according to the most recent assessments.
- (xii) Real estate taxes for the previous two years.
- (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.
- (xiiii) 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.

(c) Determination of Economic Hardship. The City Council shall review all the evidence and information required of an applicant and make a determination whether the denial of a demolition permit has deprived, or 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. If a suitable alternative is not presented to the Council within the 30-day period, the Demolition Permit shall be issued.

## ATTACHMENT D: APPLICANT'S SUBMITTAL



**SB&A**  
ARCHITECTS  
1421 South Bell Avenue  
Suite 101  
Ames, Iowa 50010  
tel 515.232.8447  
fax 515.232.9521

18 November 2015

Mr. Charlie Kuester  
Planner, Department of Planning and Housing  
City of Ames  
515 Clark Street  
Ames, IA 50010

### RE: PROPOSED DEMOLITION OF EXISTING ACACIA FRATERNITY HOUSE

Dear Mr. Charlie Kuester,

The Corporate Board of the Acacians, the not-for-profit ownership entity of the Iowa State Chapter of ACACIA Fraternity chapter house, has determined that their current structure located in Ames, is no longer suited to meet the educational and living needs of undergraduate students today and in the future. This letter will address the process that the alumni board has gone through to determine the most prudent course of action to address, not only their needs for growth, but also to modernize and improve the quality of life conditions for study and academic achievement for which they are known. Leadership and academic excellence are two of the top priorities for ACACIA. These are the driving factors behind the need for the construction of a new chapter house.

#### THE EXISTING HOUSE

Currently, the structure, built in 1920 that houses ACACIA Fraternity accommodates twenty-nine men on four levels. The basement of the house is utilized for mechanical systems, some storage, a small theater and recreation room as well as two "enhanced-suite style study/sleeping rooms" housing five residents.

The main floor includes a foyer, the chapter room, a four season sun porch, small galley kitchen, some limited storage and three sleeping/study rooms with two beds in each room. The main entry foyer inside the front door house has been recently renovated and is very stately, yet comfortable. A main staircase accesses the upper levels. The chapter meeting room also functions as a dining room, study space and project work area. A large porch at the main entrance to the house welcomes visitors and is one of the favorite features of the home as expressed by the men who live there.

The upper levels contain narrow corridors and sleeping/study rooms. The second floor has no common area, but houses up to fourteen residents. The third floor, which is a half story, houses four residents including the chapter president and his roommate. A small library/lounge is located at the top of the stairs and is a favorite place for both group and individual studying.

The capacity of the current structure is twenty-nine residents. More members have expressed a desire to live in the home if space were available for living as well as additional space for study, group projects and meeting space. On average, the chapter's overall membership annually is approximately forty-five undergraduate members. The remaining members live and study on or off campus, and come to the house primarily for social events or meetings. Many of the men in the home study in their bedrooms if there is no quiet space available in the common areas of the house.

[www.sbaarchitecture.com](http://www.sbaarchitecture.com)

The house is in excellent condition. It has been well maintained and renovated from time to time over the years. The residents take pride in, and exceptional care of the facility. The condition of the current house further underscores the quality of the men that are attracted to, and join ACACIA Fraternity.

#### **REQUIREMENTS OF THE PROPOSED PROJECT**

The Iowa State Chapter of ACACIA Fraternity has been growing steadily in recent years. Many have expressed the desire to live in the house. However, space is limited, causing many members to live elsewhere in housing on or off campus. Leadership and academic excellence are hallmarks of the fraternity. As such, it has been determined by the alumni board of The ACACIANS that the following elements should be addressed in a major building project:

- 1) Increase the capacity of the house from 29 to 42 men
- 2) Modify sleeping areas into more modern suites that incorporate study areas
- 3) Provide larger study areas separate from sleeping areas
- 4) Provide a kitchenette on each floor for convenience
- 5) Provide some community space on each floor
- 6) Increase number of bathrooms to provide ratio of 4:1 (4 persons – 1 bathroom)
- 7) Increase the dining area to accommodate up to 50 individuals
- 8) Provide a chapter room to accommodate up to 50 individuals that is separate from the dining area
- 9) Provide meaningful workspace for student projects
- 10) Provide meaningful space for social interaction (ie. game room, media/presentation room, etc.)
- 11) Provide additional storage areas for residents

#### **EVALUATION**

We have studied and evaluated the existing house to determine how it might be expanded to meet the current requirements for ACACIA in an effort to maintain their standards of leadership and academic excellence that they have become known for across the country and at Iowa State University. The existing house has become a somewhat of a financial burden for the owner and the alumni. Recruiting and maintaining students has become increasingly difficult for the Iowa State ACACIA chapter in its current facility because many recruits desire to, but are unable to live in the house. Additionally, the current accommodations are not equal to those being offered by other fraternities in the Iowa State Greek community, and being able to participate in group social functions as well as academic programs is difficult.

Students today who are entering college demand more of their college living experience than was acceptable in the past. They expect privacy and are required to have access to electronic capabilities such as the internet and video webcasts. The communal dining experience at fraternities is one of the top expectations for students who become members of fraternities. Small, private restroom/shower facilities are much preferred to large ganged restrooms and showers.

In order to compete, these new campus housing environments need to accommodate flexibility in how they address space for studying, socializing and living. Student workspaces for projects are increasingly important along with private storage areas for personal items and bicycles.

The alumni base for ACACIA is strongly in support of developing a new house on the existing site, since it is evident that remodeling and adding to the existing structure will not come close to meeting the future needs and goals of the Iowa State ACACIA chapter. The cost of operating expenses also must be considered as a key factor in favor of new construction. Efficient energy resulting in lower energy costs has a major economic impact on operations.

Analysis by the Corporate Board of The Acacians has indicated a house size of 42 members is needed to keep the Iowa State chapter competitive in terms of housing costs and amenities with other fraternities, as well as being comparable with the living costs at the University and off-campus private housing providers.

#### **OPTION A – RENOVATE AND EXPAND THE EXISTING STRUCTURE**

**Advantages:**

- 1) Current house has been well cared for, and is in good condition.
- 2) Reap the benefits of mechanical and electrical improvements that have been made and remodeling that has been done over recent years
- 3) Though it is an older structure, many features of the house are very appealing to the men who reside there.
- 4) Slightly less overall project cost

**Disadvantages:**

- 1) Orientation of the existing structure limits the on-site parking capability
- 2) Orientation of the existing structure prohibits meaningful, efficient at-grade expansion, and thus limits expansion to the elimination of existing third floor (1/2 story) and addition of new, full- story third and fourth floors.
- 3) Limitations to the size of a proposed upper floors would allow only additional sleeping areas and not additional study areas.
- 4) Cannot meet the goals or requirement of a proposed project that will require significant fund-raising efforts. Net gain in occupancy would be seven (7), for a total occupancy of thirty-six (36) far short of the goal of forty-two (42).
- 5) Common areas could not be expanded, (ie, dining rooms, kitchen, etc.) to accommodate the increased occupancy.
- 6) Extensive renovation would be required of the existing structure to accommodate the structural loading that would result from the addition of a fourth floor
- 7) Existing spaces in the lower floors of the house would be impacted negatively by structural modifications required to accommodate the additional story.
- 8) The resulting costs/square foot of net additional space would be much higher due to the extensive modifications required in the existing structure.
- 9) Current structure lacks student project workspace
- 10) Current structure lacks resident storage areas
- 11) Less energy efficient
- 12) Existing mechanical systems can be costly to maintain.

#### **OPTION B – TEAR DOWN THE EXISTING HOUSE AND REPLACE WITH NEW CONSTRUCTION**

**Advantages:**

- 1) Increase the capacity of the house to forty-two (42) residents.
- 2) Provide larger sleeping quarters with study areas.
- 3) Provide bathrooms that can accommodate privacy for multiple users at a time
- 4) Provide multiple study areas separate from sleeping areas that accommodate both individual and group study
- 5) Provide a separate dining room that can accommodate up to fifty (50).

- 6) Provide a dedicated chapter room with a capacity of fifty (50) which can also be utilized as group study and guest speaker presentation space.
- 7) Provide student project workspace.
- 8) Expand recreation and media/presentation areas to accommodate additional residents.
- 9) Provide storage for both residents and fraternity.
- 10) Expand parking to accommodate up to 20 spaces.
- 11) Maximize the use of the site.
- 12) Opportunity to re-create the spaces in the existing house that are favorites of the residents
- 13) Opportunity to utilize historic fixtures and artifacts from the existing house in the design of the new house
- 14) More energy efficient
- 15) Able to meet all of the goals or requirements of the fraternity.

**Disadvantages:**

- 1) Higher overall construction cost

**COMPARISON OF ANTICIPATED CONSTRUCTION COSTS:**

**OPTION A – RENOVATE AND EXPAND EXISTING STRUCTURE**

Selective Demolition (Eliminate 3 <sup>rd</sup> story, and cut into existing construction on lower floors to accommodate additional columns/footings)	65,000
Protection of existing structure during demolition and construction	25,000
Structural modifications to foundation at walls	120,000
Parking lot improvements (12 spaces)	20,000
Add two stories (4,650 total sq. ft. @ ~\$340.00/S.F)	1,581,000
Add fire sprinkler	100,000
Add new egress stair	200,000
<b>TOTAL ANTICIPATED CONSTRUCTION COST – OPTION A</b>	<b>2,111,000</b>

**OPTION B – NEW CONSTRUCTION**

Demolition of existing house	\$100,000
Parking lot improvements	\$43,000
Add for “pervious” concrete paving (Storm Water Management and Water Quality)	\$46,000
New construction (16,318 total sq. ft. @ \$210.00/S.F.)	\$3,427,000
<b>TOTAL ANTICIPATED CONSTRUCTION COST – OPTION B</b>	<b>\$3,616,000</b>



**ECONOMIC FEASIBILITY OF REHABILITATION OR REUSE OF THE EXISTING STRUCTURE**

As noted above, the anticipated cost of making improvements to the existing structure exceeds \$2 million. However, the more salient point is the fact that remodeling and expansion of the existing structure would yield results that do not come close to meeting the stated priorities and basic student needs of ACACIA, nor does it address the basic needs of today's modern fraternity house in general. In fact, the existing structure, in its current location and orientation on the site prohibits meaningful expansion of the existing parking and the structure itself.

Based upon review and evaluation of the two options, the Corporate Board of The Acacians along with their alumni members have determined that OPTION A is not a feasible course of action since it does not address the needs of the Iowa State chapter either short or long term. If the physical housing needs of the fraternity are not addressed it will continue to create a financial hardship by making it more and more difficult to attract new members to the fraternity. Furthermore, given the fact that keeping and remodeling the old house would not produce the results needed, any dollars spent on such an endeavor would be wasted.

However, among the Corporate Board of The Acacians, there is strong and unanimous support for removing the existing structure, and building a new house on the existing site that will address the modern housing needs of today's fraternity. As presently designed, the new facility on the existing site will also provide much improved study and project workspace areas to its members. In regard to the aforementioned priorities of leadership and academic excellence, these key improvements are vital to the success of ACACIA and is its mission here at Iowa State.

Given the issues presented we sincerely believe that the only viable course of action for ACACIA is the demolition of the existing structure in order to allow for a new facility that will improve not only conditions for the fraternity, but will also have a very positive impact on the neighborhood and the Greek community.

If you have questions or require additional information, please reach me at 515-450-8254 (cell), or [mstott@sbaarchitecture.com](mailto:mstott@sbaarchitecture.com). Thank you.

Sincerely,



Michael T. Stott, AIA, Principal  
SB&A Architects LLC



## Corporate Board of The Acacians

*The Iowa State Chapter of Acacia Fraternity  
Fulfilling the mission of ACACIA -- Making Good Men Better!*

November 9, 2015

Harold D. Zarr Jr.  
Corporate Board President – The Acacians  
834 South East Michael Drive  
Ankeny, Iowa 50021-3671

Mr. Michael T. Stott, AIA  
SB&A Architects  
1421 South Bell Avenue, Suite 101  
Ames, Iowa 50010

Dear Mr. Stott:

I have compiled the information that you requested. All of the information is based on our Form 990 document that is filed with the Internal Revenue Service on an annual basis. I have included copies of our fiscal 2013 and 2014 forms with this document, as they are public documents open for the general public's inspection.

Here are the answers to your questions.

### 1. Property Information

Date of Purchase	July 31, 2000
Purchase Amount	\$850,000
Seller of Property	Susan M. Lasslia
Property Description	Lots 4 and f in Block 1 of College Hieghts Addition to Ames, Iowa
Relationship between Parties	none

### 2. Recent Appraisals

The property has not been appraised for its current value during the past two years. The last time it was appraised was at the time of purchase in year 2000.

The property has been owned and enhabited continuously since the time of purchase by members of Acacia Fraternity. It has not been offered for sale or rent to any third party during the past two years.

### 3. Form of Ownership

The property is owned by "The Acacians" which is the name of the alumni body of the Iowa State Chapter of Acacia Fraternity. The Acacians are registered as a not-for-profit organization with the Iowa Secretary of State. A set of the current Article of Incorporation and By-Laws were registered with the Iowa Secretary of State on June 13, 2014.

### 4. Revenue and Expenses on Property

The following data is based on fiscal year-end tax returns filed with the Internal Revenue Service for fiscal years 2014 and 2015. All financial data shown is as of July, 31, of the respective year.

	<u>July 31, 2014</u>	<u>July 31, 2015</u>
Gross Revenue	\$ 199,136	\$ 194,669
Itemized Expenses		
Depreciation	36,769	37,114
Utilities	23,119	18,983
Property taxes	8,956	9,182
Renovation and repair	10,691	6,995
Insurance	12,230	11,896
Miscellaneous	9,575	10,631
Interest expense	4,239	3,619
Alumni newsletter	3,833	2,983
Rush expense	2,099	4,807
Professional fees	1,985	15,537
Food expense	30,959	31,976
Dues and operating fees	11,238	13,974
Social events	7,222	7,806
Greek Week	2,035	2,270
Storage	<u>856</u>	<u>876</u>
Net Income	\$ <u>33,330</u>	\$ <u>16,020</u>
Mortgage Balance	\$ <u>163,367</u>	\$ <u>137,066</u>
Assessed Value	\$ <u>523,300</u>	\$ <u>523,300</u>

If you need to contact me for further information, my contact information is provided below. Take care and best wishes.

Fraternally,

*Harold D. Zarr Jr.*

Harold D. Zarr Jr.

Corporate Board President – The Acacians

[acacia\\_814@hotmail.com](mailto:acacia_814@hotmail.com)

515-964-6696 (work)

515-257-4683 (home)

# ATTACHMENT E: PROPOSED ACACIA BUILDING [SITE PLAN AND FRONT FAÇADE]

