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Subject: condo conversion fee update

Hello Supervisor Farrell--

We have reviewed the January 2011 Condominium Conversion Nexus Analysis prepared by Keyser Marsten Associates. We believe the data in the report are recent enough to provide a reliable estimate of the nexus amount attributable to condominium conversion, and that an updated report is not necessary for fee discussions at this time.

Attached is an updated estimate of potential fee revenue, which depends heavily on 1) the assumed current value of TICs and 2) the fee level. We've chosen an average value of \$500K, based on the nexus study, which estimates that the low end is \$300K-\$500K, and average recent sales prices (approximately \$600K in the past two years).

Table IV-5 of the nexus study lists the maximum supported fees per unit to be:

\$21,787 for a \$300K unit

\$30,117 for a \$400K unit

\$34,603 for a \$500K unit.

Estimates of increased property and property transfer tax revenue that could result from condominium conversions also depend heavily on TIC values and the number of TIC owners that would elect to convert. Kurt Fuchs will look into this more next week and get back to you.

Please let us know if you have questions,
Michelle

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