

Central and Eastern Europe Local Government and Housing Privatization

FINAL REPORT

ASSISTANCE TO THE
CITY OF TRENCIN, SLOVAKIA

REPORT OF FIELD MISSION
APRIL 4, 1994 TO APRIL 16, 1994

December 1994

Prepared for the Office of Housing and Urban Programs
Agency for International Development



ICMA
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International City/County Management Association
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National League of Cities

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U.S. Agency for International Development
Bureau for Global Programs, Field Support, and Research
Office of Environment and Urban Programs

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TABLE OF CONTENTS

1 INTRODUCTION	1
2 STRATEGIC LAND USE PLANNING AND PROPERTY DISPOSITION	
POLICIES	3
Industrial Development Policies	12
Office Development Policies	14
Retail Development Policies	15
New Residential Development Policies	17
3 MARKETING STRATEGY	20
Overview	20
Specific Recommendations	21
4 SITE DEVELOPMENT STRATEGIES	28
5 MARKETING DOCUMENT	53
Opportunities in Slovakia	53
Trencin Economy	54
Transportation	56
Local Government	56
Culture and Sports	57
Property Market	57
Residential Market	57
Retail Market	58
Office Market	59
Business Park Market	60
6 CONCLUSION	60

ATTACHMENT A: Trencin Housing Survey

ATTACHMENT B: Office, Retail, and Business Survey

ATTACHMENT C: Sample Development Site Prospectus for a Development Competition

ABSTRACT

This report is the final product of a request by USAID to the Urban Land Institute (ULI) under ICMA's prime contract (Local Government and Housing Privatization) to provide consultant services in Trencin, Slovakia. It results from three field missions in Slovakia between February 1993 and April 1994, and it contains the findings and recommendations of the ULI team. The recommendations are presented as policies and initiatives that the city should adopt. These policies and initiatives form a comprehensive real estate development strategy for both public and privately-owned land in Trencin as called for in the RFS.

EXECUTIVE SUMMARY

This report is the final product of a request by USAID to the Urban Land Institute (ULI) under ICMA's prime contract (Local Government and Housing Privatization) to provide consultant services in Trencin, Slovakia. It results from three field missions in Slovakia between February 1993 and April 1994, and it contains the findings and recommendations of the ULI team. The recommendations are presented as policies and initiatives that the city should adopt. These policies and initiatives form a comprehensive real estate development strategy for both public and privately-owned land in Trencin as called for in the RFS.

Development Strategy

Trencin's potential for long-term economic growth and real estate development, properly planned and implemented, appears most favorable. However, to achieve this potential, an effective business, civic, and political environment must be created. The essential components of this environment, as recommended in this report, must be focused, packaged, and implemented in a way that will create the kind of growth and development that the city wants. The city of Trencin needs to take the initiative and debate these proposed policies and decide for itself what kind of future it wants. To accomplish this goal requires strong leadership from the city, the business community, and the citizens of Trencin. Without this leadership and the creative actions that follow, Trencin runs the risk of losing control of its future and delaying or undermining the benefits that its new free-market economy can generate.

The development strategy outlined by the ULI team includes the following components:

- Conduct market surveys and analysis of the residential, retail, office, and industrial (business park) development potential in Trencin.
- Implement strategic land use planning and real estate development policies.
- Formulate a disposition strategy for city-owned properties, with specific development strategies for seven key publicly-owned sites and three privately-owned sites.
- Create and implement a marketing strategy that will facilitate economic development and create demand for real estate in Trencin, including recommended ways to best accomplish the goals of the strategy.
- Provide a sample marketing document and supporting material that can be used to attract investors in real estate to Trencin.

Strategic Land Use Planning and Property Disposition Policies

The city of Trencin should take aggressive actions to ensure that in the transition to a free-market economy, it continues providing the essential functions that government can best

provide. At the same time, the city needs a new land development strategy that harnesses the creativity and financial resources of the private sector to provide many of the functions that the government used to provide. Especially during this time of economic and political transition the city must take firm steps to remove the barriers that inhibit the private sector from functioning. This is particularly important because the city government does not have the financial resources to provide all essential needs. The city does, however, have property assets and inherent powers that can help direct and facilitate the provision of these social needs through the private sector. The partnership of the public and private interests is the most powerful and effective strategy for achieving these goals.

A comprehensive real estate development strategy in Trenchin should also include steps to solve the problem of managing privatization of publicly-owned housing, including rehabilitating deteriorating units and maintaining the privatized buildings over the long term. These properties represent, on the one hand, the city's greatest real estate assets, while on the other, the city's greatest liability because of their deteriorating condition.

The following is a summary of recommended strategic land use planning and property disposition policies for the city:

General Land Use Planning and Property Disposition Policies

- Create a modern land use zoning system that introduces more specificity into the master plan that the city is currently developing.
- Modernize city property records to satisfy the requirements of a privatized property market and to speed up private real estate development in Trenchin.
- Invest in property only to achieve the city's strategic goals and not for financial investment.
- Retain or acquire ownership of properties required for essential government services.
- Retain or acquire ownership of particularly strategic properties that are essential for special purposes of city-wide importance.
- Identify the city's most important underdeveloped properties and assets and adopt a development strategy for each.
- In general, sell or lease all city-owned properties other than those required for essential government services or held for strategic purposes, as outlined in previously recommended policies.
- Identify and adopt development goals and strategies for selected privately-held properties and properties partially owned by the city that are crucial for the city's economic development.
- Categorize all other city-owned properties according to established criteria and determine whether they should be sold, leased, or retained.
- For the few city-owned properties that are key to development of the city but which are to be sold for development, establish a new, more effective, form of development competi-

tion to replace the current architectural competitions that are holdovers from the previous economic system.

Industrial Land Development Policies

- Create a modern business park.
- Target industrial marketing efforts toward those industries in Trencin that appear to be most competitive in the new economic environment.
- Maintain a centralized listing of abandoned/unused industrial buildings and sites that are available for reinvestment.
- Form an airport authority to be responsible for converting a portion of the military airport for civilian use.

Office Development Policies

- Identify and maintain a listing of sites and buildings in and near the Centrum area, the historical center of the city, that are suitable for office (re)development.
- Enforce existing regulations against illegal conversions of upper floors from residential to commercial uses within the Centrum.

Retail Development Policies

- Continue to encourage the concentration of retail shops and services within specialized districts and centers through the master planning and zoning process.
- Encourage the establishment of a hierarchy of retail centers through the master planning and zoning process.

Residential Development Policies

- Carry out housing privatization according to a privatization strategy.
- Assess partially completed residential buildings and complete construction of those that are needed and that meet current standards.
- Zone areas for detached or other low-density residential development on suitable properties in conformance with the master plan, adjacent to existing neighborhoods, and easily served by infrastructure and transit.
- Create a private real estate brokerage industry in Trencin independently or in concert with a national association in Slovakia.

Marketing Strategy

A comprehensive marketing strategy is required for Trencin to grow economically, sustain private real estate investment, and attract investors. A marketing program provides a long-term action framework to enhance the specific development strategies that the ULI team has

created for individual development sites in Trenchin. Without this type of broad community-wide marketing program, efforts to market individual development sites in Trenchin will likely fail. A marketing document has been developed, and an example of a development prospectus is provided. These documents should be sent to prospective investors for key sites in Trenchin.

The following are the team's specific recommendations for setting up an effective marketing program to attract investors to Trenchin:

- Organize a public-private partnership of current and emerging business and civic leaders to create a vision of what Trenchin should be in the year 2000 and beyond.
- Identify actions that will enhance civic pride among citizens in Trenchin.
- Develop a targeted business recruitment strategy.
- Establish an Office of Economic Development within the city government in order to manage the city's business development process.
- Create a Department of Real Estate within the city government to oversee the disposition of unwanted city-owned real estate.

Summary

The team recognizes that the policies recommended in this report represent an ambitious agenda for the city to achieve. It is the team's hope that Trenchin will use these ideas and the step-by-step approaches that accompany them to generate an intensive debate about its future. This debate should result in a development strategy that encourages, supports, and shapes the kind of real estate investment needed to achieve its vision of the future. This report represents a range of issues that need to be dealt with as Trenchin evolves into a true free-market economy. It is a long-term process, and the city needs to start now and tackle their problems one step at a time. This can only happen with the active support of the city government, the business community, and the citizens of Trenchin working in partnership. The team hopes that Trenchin will use this report as its framework for deciding its future real estate development policies.

Assistance to the City of Trencin, Slovakia
Report of Field Mission
April 4, 1994 to April 16, 1994

1 INTRODUCTION

This report is the final product of a request by USAID to the Urban Land Institute (ULI) under ICMA's prime contract (Local Government and Housing Privatization) to provide consultant services in Trencin, Slovakia. It results from three field missions in Slovakia between February 1993 and April 1994, and it contains the findings and recommendations of the ULI consultant team. The recommendations are presented as policies and initiatives that the city should adopt to carry out a comprehensive real estate development strategy for both public and private land in Trencin as called for in the RFS. The ULI team included the following:

- Michael Beyard—senior director of research with the Urban Land Institute in Washington, D.C. and a real estate economist and urban planner.
- Alan Billingsley—senior vice president of Sedway & Associates, a real estate and urban economics consulting firm in San Francisco, who has spent the past 14 years providing advice to cities and real estate investors on the best use of property, and advises cities on economic development strategies.
- Vern (Pete) Halter—a former developer who now owns a firm that provides marketing assistance to developers of major residential communities in North America.
- Miriam Maxian—Slovak/American who has dedicated the past three years to developing and implementing programs in local government reform and housing policy in Central and Eastern Europe, but primarily Slovakia.
- Victor Niznansky—owner of a real estate economics consulting firm in Piestany and director of the Trencin-based regional center.
- Jaroslava Zapletalova—owner of a research firm in Bratislava which focuses on housing policy and economics.

Mr. Toru Konishi, an economist with the World Bank, attended the team's final presentation with the mayor and the city council committee.

In Slovakia, USAID has chosen to focus its efforts at the local as well as the national level. One of USAID's early steps was to examine cities throughout the country to choose a community in which the political environment and economy would be receptive to a pilot program of economic development assistance. As a result of this survey, USAID chose Trencin, due to its progressive leaders, including the mayor and the board, and to an economy which is one of the healthiest in the country.

In response to specific requests by Mayor Rehak, USAID asked the Urban Land Institute to provide a mission of its experts in market analysis, real estate development strategies, and marketing.

In February 1993, an agreement was reached with the mayor on the overall goals of the USAID assistance program in Trencin, and a preliminary investigation of economic, urban planning, and real estate development issues was undertaken. From April 1993 until October 1993 the city prepared information about economic and demographic trends and high priority development sites in Trencin. In December 1993, the ULI team returned to Slovakia to analyze these sites, review the data collected by the city, collect more focused information, and develop a preliminary development strategy for the city.

Between January and March 1994, Ms. Zapletalova and Mr. Niznansky, assisted by Ms. Maxian, personally conducted four detailed market surveys—a tremendous amount of research. Typically in a market economy, substantial data are available on market supply, demand, and preferences in real estate. However, in Slovakia, with a newly created market economy, few such data are available. Therefore, this research was absolutely essential to the team's efforts. The four surveys are: a housing survey of 90 questions for 116 households regarding incomes, housing problems, and willingness and ability to purchase their units; a retail survey of more than 100 stores regarding tenant types and their rents by location, size, and retail category; an office survey that documented tenant types, rents, and availability of space; and a survey of major industrial companies regarding products, employment, and expansion plans.

In April 1994, the ULI team returned to analyze the market data, finalize development and marketing strategies for the city, and recommend site specific development strategies for the high priority sites in Trencin.

During its three missions in Trencin, the ULI team developed a thorough understanding of the local economy as well as specific development issues by reviewing background materials on Slovakia, touring the city and its development sites, and interviewing dozens of local experts in the city government, the district office, the housing management company (TEBYS), corporate and civic leaders, Slovak development consultants, and private builders and brokers.

The development strategy outlined by the ULI team includes the following:

- A market analysis of the residential, retail, office, and industrial (business park) development potential in Trencin.
- A draft of a marketing document which can be used to attract investors in real estate to Trencin.
- Recommended policies regarding strategic land use planning.

- A disposition strategy for city-owned properties, with specific recommendations for seven key sites.
- A marketing strategy that will facilitate economic development and create demand for real estate in Trencin, including recommended structures to best accomplish these goals.

2 STRATEGIC LAND USE PLANNING AND PROPERTY DISPOSITION POLICIES

The city of Trencin should take aggressive actions to ensure that in the transition to a free-market economy, the city continues providing essential functions that government can best provide. During this transition period, the city must also take aggressive actions to remove the barriers that inhibit the private sector from functioning. The city needs a new land development strategy that harnesses the creativity and financial resources of the private sector to provide many of the functions that the government used to provide. This is particularly important in the new economic environment because the city does not have the financial resources to provide essential needs. The city does, however, have assets and inherent powers that can help to direct and facilitate the provision of these needs through the private sector. The partnership of public and private interests is the most powerful and effective strategy for achieving these goals.

The following policies are recommended to speed the transformation of the city's role in the land development process:

2.1 Create a modern land use zoning system that introduces more specificity into the master plan that the city is currently developing.

Land use zoning categories need to be more specific than those described in the master plan. For example, where the master plan calls for residential development, zoning should establish different categories of residential development that reflect the city's goals concerning the type and density of housing units it wants in different parts of the city. Some of the important rules that can be established within a specific type of zone include: the maximum number of units per hectare, the number of allowable floors, attached versus detached units, maximum land coverage allowed, required landscaping along streets and sidewalks, and permitted maximum and minimum front and side yard setbacks. Most communities in free-market economies have at least three types of residential zones; some cities have many more. Special zones can also be set up for historic districts such as Trencin's historic Centrum. Specific guidelines that define allowable building use by floor within this district should allow the city to prevent the conversion of upper floors from residential to commercial uses.

The zoning system should be designed to be as simple and understandable as possible while at the same time protecting the city's interests and encouraging the types of development the city wants in the appropriate places. The zoning categories must be set up different-

ly than under the previous economic system because many of the land uses that used to be provided by the government, such as retail services, are now provided by the private sector. They must have separate categories of their own, although mixed-use zones are often appropriate. Examples of zoning regulations in cities the size of Trencin should be requested from North America and Western Europe. The American Planning Association (APA) in Chicago, Illinois, has model regulations available. An expert zoning consultant should be retained to work with the city government and its citizens to establish a modern land use zoning system in Trencin.

Rather than inhibiting development, well-conceived zoning will encourage development by setting clearly understandable rules and guidelines that developers and investors can use to make preliminary judgements about appropriate land uses and locations. Zoning is also one of the most important determinants of land value since the residual value of a property is based on the allowable highest and best use that zoning helps establish.

If a site has no zoning and the approval process is not clear and predictable, developers will be inhibited from proceeding since each application becomes an ad hoc process that depends on the government official in charge of granting approval. Finally, zoning is the most appropriate tool that the city government can use to specify the type of development it desires in a particular location. In addition, zoning rules are legally enforceable whether property is owned publicly or privately.

Already, several towns in the Trencin district (such as Trencianska Turna) are developing modern zoning regulations. As a result, new development is likely to be drawn away from Trencin and into these smaller towns if Trencin does not follow their example.

The city architect's role should be expanded to include enforcing and interpreting zoning regulations. This will require changing the current law at the state level whereby the state's representative at the district office approves all development plans. The mayor should work with other Slovak mayors to lobby Parliament to return land use and zoning decisions from the state to the city.

2.2 Invest in property only to achieve the city's strategic goals and not for financial investment.

The property market in general is highly volatile, making it an inappropriate investment strategy for a government entity. The city should invest in less risky investments than real estate in order to ensure its long-term financial viability and to continue to provide the essential services that its citizens expect. Although land prices have increased significantly in Slovakia since privatization began, this will not always be the case. In free-market economies the real estate market is cyclical, and slumps in property values are a recurring phenomenon.

Cities in general are not efficient in managing and enhancing the value and performance of property. This is a highly specialized entrepreneurial skill that is more art than science. Even experts in the real estate market often misjudge where the market is heading and can lose as well as make great sums of money. When this happens to a private investor, bankruptcy can be the result; a city should not take on this amount of risk because of its many social responsibilities.

Of course, it is in the strategic interest of cities to own some properties. Such properties fall into the following categories:

- Properties required for essential government services,
- Properties required for future government facilities,
- Strategic properties that are necessary for special purposes of city-wide interest.

2.3 Retain or acquire ownership of properties required for essential government services.

Essential government services in a free-market economy are, of course, different from those in a planned economy. Many functions that used to be government services such as retail stores, entertainment facilities, and job-generating industries are rapidly being privatized. The scope of essential government services is therefore becoming more focused in Slovakia only on those functions which the private sector cannot perform more efficiently. This trend should be encouraged because the city government simply does not have the resources to continue to provide services which the private sector can.

Nevertheless, there are important services which only the government (or a quasi-public company in the case of a port, airport, or social housing) can perform in the current economy, and the government needs to own appropriate properties on which to perform these functions in the most efficient and cost-effective way. Most of these functions generate little or no income and therefore cannot and should not be privatized. These properties are:

- Parks/recreational facilities
- Schools
- Hospitals
- Government administrative/office buildings
- Courthouses
- Roads/streets/sidewalks
- Museums/cultural facilities
- Airport
- Water lines/supply
- Sewer/drainage lines/treatment

- Port facilities
- Social housing

Public easements, which are partial property rights for specific purposes, are also required for some transportation/communications/utility lines.

2.4 Retain and acquire ownership of particularly strategic properties that are essential for special purposes of city-wide importance.

In addition to properties required to perform today's essential government services, it is appropriate for the city to acquire and retain ownership of particularly strategic properties necessary for special purposes benefit the entire city. Alternatively, the city may swap properties in order to assemble strategic sites for such a purpose. These strategic properties could include the following:

- Key industrial properties to be utilized to attract job-generating industries.
- Key strategically located properties which should be held until their full development potential can be achieved, and their positive impact on the community can be maximized.
- Sites that are appropriate for planned future government facilities.

The last category of strategic properties should be derived from a formalized capital improvement study which examines the need for public facilities over the next ten to twenty years in Trencin and recommends a plan for incorporating them into the capital budget. In the current economic environment, however, the city government realistically cannot afford many (if any) new facilities. Therefore, land retention or purchases for this purpose should be strictly limited to those facilities for which a reasonable expectation exists that they can actually be built.

2.5 Identify the city's most important underdeveloped properties and assets and adopt a development strategy for each.

As part of the earlier phases of this mission and in consultation with the city administration, the most important properties in Trencin were identified. These properties were chosen based on the following criteria: strategic location, size, suitability for development, proximity to urbanized area, topography and views, access, proximity to services, availability of utilities, and character of the surrounding neighborhood.

At the request of Mayor Rehak, the team widened the scope of the original assignment to include some properties which were not owned by the city but which were nevertheless of strategic importance to the city. In addition, some of the best sites identified earlier were found in our latest mission to be tied up with restitution issues and thus no longer available for development or divestiture. As a result, most unencumbered city-owned sites are small, fragmented, and not suited for large scale development.

The team developed and presented to the mayor development strategies recommended for each of its most important remaining city-owned properties. They are:

- **Druzba Shopping Center**—a community shopping center and library site at the southern gateway to the newer part of the Centrum where office buildings are concentrating.
- **Horny Sianec**—a forested site above the Centrum adjacent to the Brezina mountain park and high quality private housing units, many of which are under construction.
- **Juh Shopping Center**—a community shopping center site in the center of the high-rise Juh housing estate at the southern edge of Trencin.
- **Pred Priorom**—a small vacant lot across the street from the Prior department store (one of the few vacant parcels in the Centrum).
- **Slovenska Kniha**—a historic low-rise, commercial structure on a high visibility corner at the edge of the Centrum across from the state's district office near city hall.
- **Sadova**—the "crown jewel" of city-owned commercial development sites, situated between the train station and the historic town square, at the base of the castle, and next to a formal city park.
- **Agrostav**—a vacant industrial parcel surrounded by other industrial uses at the southern edge of Trencin where industrial reinvestment is beginning to occur.

Development strategies for these sites are presented in Section 4.

2.6 In general, sell or lease all city-owned properties other than those required for essential government services or held for strategic purposes, as outlined in previously recommended policies.

Of the most important city-owned properties, only the Agrostav and Sadova properties should be considered for continued city ownership. The former site should be utilized to attract a desirable, "clean" (non-polluting) industrial firm that can provide skilled jobs, and the latter should be held until the market strengthens for a landmark development on this strategic site.

2.7 Identify and adopt development goals and strategies for selected privately held properties and properties partially owned by the city that are crucial for the city's economic development.

An initial exploration of privately-owned or partially city-owned properties with great development potential include the following three sites. Further research needs to be done to examine other private properties which may also hold high development potential in Trencin. The three identified properties are:

- **Zamostie**—a flat, largely vacant site adjacent to industrial uses at the western gateway to Trencin by the intersection of the new freeway to Austria and the main arterial road into Trencin; the best site for a modern business park in Trencin.

- **Garden Gateway**—a sloping, vacant site at the entrance to the Juh housing estate with great views of the surrounding mountains and adjacent to a city park; the best site for low-density attached housing. The city currently has plans for a recreation/entertainment center on this site. The ULI team believes that a different site should be found for this center, perhaps within the Juh housing estate, if financing is ever secured.
- **Laugaricio Hotel**—a deteriorating, high-rise hotel at the Vah River bridge entrance to the historic Centrum of Trencin.

2.8 Categorize all other city-owned properties according to the following criteria and make a determination as to whether they should be sold, leased, or held.

The city estimates that it may be the owner or part owner of up to 6000 individual parcels in Trencin. Many of these parcels have little if any real value. Some are partial interests that have resulted from restitution actions, others are useless slivers of land, and still others are left-over pieces resulting from previous transactions. The city is currently negotiating with some adjacent property owners or owners who hold a majority interest in a property in order to get rid of unwanted small pieces of land. The team supports these efforts and recommends that this process should be formal rather than ad hoc. Each of these properties should be considered for sale, lease, or give-away based on the following criteria:

- **Size threshold.** Isolated small parcels with no substantial strategic value to the city should be sold as quickly as possible to adjacent property owners or other interested parties at the highest negotiated price possible.
- **Partial interests.** Where the city has a partial interest in a property, the interest should be sold as quickly as possible to the owners with majority interest at the highest negotiated price possible.
- **Property adjacent to essential government assets.** These properties should be evaluated to determine if they are needed to accommodate realistic estimates of future growth needs, and should be retained only if they are important to the adjacent use/asset in terms of aesthetics, history, function, or amenity to the public. If they are not realistically needed, they should be sold at the highest negotiated price on the open market.
- **Sites that are needed to provide government facilities in the near future.** Sites should be retained only if the city realistically needs them for expansion of facilities over the next 10 to 20 years **and** if the city realistically will have the money to pay for these facilities. Appropriate sites should be designated by the city and retained.
- **Other sites that may be of special importance to the city.** There are some sites that the city should retain for specific strategic economic development reasons. For example, an important, strategically-located site might be held until market demand justifies a high value use for the property. Sale of such a parcel in the future should be accompanied by a development competition or at a minimum, specific development requirements so that the city achieves its development objectives. Alternatively, an industrial property might be held to accommodate future demand by firms who will have a significant economic impact on Trencin and supply needed jobs.

- **All other city-owned land should be sold at the highest negotiated price on the open market according to a time table.** If the offered price is considered too low, the city has three options:
 - Temporarily take the property off the market and try to lease it;
 - Sell at a low price; or
 - Create an interim use that generates income, such as a parking lot or outdoor market.

2.9 Establish a new form of development competition to determine the development and disposition of a limited number of strategic city-owned properties.

The current city approach to development is not suited to a free-market system and must be changed. The existing system of holding architectural competitions for development sites in Trencin is out-of-date and ineffectual because the government has no money to build the projects that win, because these projects do not include any economic or financial analysis, and because in many cases the government no longer owns the sites.

The proposed new form of development competition should be limited to a few of the most important publicly-owned sites that are to be privatized. These sites should be those where the interests of the city are high, where the results will have a major impact on the image and liveability of the city, or where the desired social benefits are most essential. In almost all cases, however, development of public and private land should be determined by the free market responding to local supply and demand conditions and not by a competition. Investors should negotiate directly with private (or public) land owners to purchase a property and negotiate with the city for approval to build based on a master plan and zoning regulations. These regulations, including required development criteria and standards, must be clearly written (under the direction of the chief architect with input from local citizens) and approved by the city council. Copies of the master plan and zoning regulations should be available to anyone; there can be no secret regulations in a democratic, free-market economy.

The physical design of a project, on which the current competition is based, should be the last step in the development process (before approval and construction), not the first. The development process must first start with an understanding of the market and the supply and demand constraints that the market imposes. Based on this market analysis, a developer/investor team will look for sites that are zoned for the identified land use that the community wants and needs. Next the investor will perform a detailed financial analysis to compare the income that could be generated by the proposed development during the next twenty years or so; the development costs including planning and construction costs, land costs, and the cost of borrowed money; and the project's operating costs. If the project makes sense financially, then the investor's architects physically design the project to meet the public's requirements with regard to zoning and public health and safety codes; and the anticipated users' requirements as determined by the market study. The investor then applies for all necessary government approvals and permits. Negotiations between the city and the investor are common parts of the development process prior to government approval and construction.

The new competition should be based on a prospectus for a specific project that outlines the type of land uses envisioned and the characteristics desired by the city (see the Druzba site example). The prospectuses, along with the competition rules, should be sent to a pre-selected group of Slovak and international developers—**not** architects. Architects will, of course, be part of the investor's team along with market analysts, urban planners, lawyers, and finance specialists. In many cases, foreign investors will hire local architects to work with their own architects to make sure that the project's design conforms to the local master plan, zoning codes, public health and safety requirements, and local customs and practices.

The competition must be among developers, and not architects, because in free-market economies, developers are the ones who make developments happen. Developers coordinate the entire project including planning, designing, building, and paying for development projects. Slovak and foreign developers may include banks, insurance companies, pension funds, and other institutional investors plus private development companies. In pre-selecting developers, their financial resources and the quality and success of their past developments should be carefully considered.

In its prospectus, the city should specify the requirements that a developer must meet, many of which should already be included in zoning regulations. The following are examples of building and site requirements:

- The maximum and/or minimum buildable area in square meters
- Allowable uses
- Building height and number of floors
- Building envelope including setbacks and maximum site coverage
- Characteristics such as an interior or public arcade
- Landscaping requirements
- Number of parking spaces
- Public amenities such as sidewalks, street trees, underground utilities
- Public services to be included such as a library, cinema, or day care facilities
- Special building materials
- Operating hours (for a shopping center)
- Types of tenants (such as supermarket).

The following are examples of other requirements that could be considered:

- Use of local architects to work with the developer's architects
- Deadline for securing financing
- Development schedule
- Successful experiences with developing similar types of projects.

The city must recognize, however, that the value of the property is dependent on its income-generating potential. Thus, restrictions or requirements that increase development costs or decrease net income from a property will reduce its value in sales negotiations. Thus, the city must balance its desire to impose restrictions to achieve its goals with its desire to maximize revenue from the sale or lease of the property. The city's architect, director of finance, redevelopment authority director, economic authority director, the mayor, a city council member, and a local business leader should be considered to judge the competition.

This new type of development competition should be judged on the basis of:

- Price offered for the land
- City requirements met
- Local taxes and jobs generated
- Engineering and design standards achieved
- Additional benefits provided that were not required by the city
- Quality, experience, and financial strength of the developer.

When the city's finances permit, government buildings (such as a new courthouse or city office building) may still be built according to a variation of the current architectural competition. However, even in the case of government buildings, the competition must be based not only on how well a proposal fulfills the detailed building program, but also its estimated construction costs, its projected operating costs, its engineering and design standards, and the ability of the government to pay the cost.

2.10 Modernize city property records to satisfy the requirements of a privatized property market and to speed up private real estate development in Trencin.

The current property records in Trencin are not suitable for the establishment of a comprehensive system of private land ownership, property taxation, land and building sales, or real estate development. Ownership history, sales history including sales prices, property taxes, total square meters of building area, total square meters of land area, existing square meters of land use(s) by modern zoning category, official zoning designation for the site, easements, and other pertinent information should be recorded for each land parcel in the city. Examples of individual property record formats and data categories should be collected from established market economies such as those in North America and Western Europe to provide detailed models.

Establishing modern property records and, specifically, sales price records is critical for determining land and building values over time. These values are necessary not only to develop a true free-market system of private land transactions and development but also to create a more efficient system of city taxation including property taxes and transaction taxes when properties change hands. In America, these taxes are often the major sources of revenues for a city.

In free-market economies the sales price, i.e., the value of a property, is determined by numerous factors. The most important of these are:

- **Zoning**, which determines the specific land uses allowed on the property
- **Size of the land parcel**
- **Size of allowable buildings** and their characteristics (the total square meters allowed)
- **Location**
- **Availability of utilities**
- **Access**
- **Visibility** (for some commercial uses)
- **Condition** of land and/or buildings
- **Marketing approach**
- **Special Features** such as historic character, appearance, views, quality of materials, landscaping, proximity to services, and character of adjacent uses.

In order to accurately assess how much these factors affect value, the city should examine the sales price and/or income flow of "comparable" properties. This requires accurate and complete property records. For example, a historic retail building in the Centrum can be valued by finding several properties in the Centrum that are as comparable as possible (in terms of factors listed above) which were **recently** sold or leased. These figures should be **adjusted** for the subject property to reflect differences from the comparable property. Adjusting these figures and valuing properties in this way is an art and not a science.

If the property is generating income, its value can be estimated by dividing the net income (rental income less operating expenses) by a "capitalization" rate, i.e., the rate of return generally sought by investors in the market. This rate differs by the land use, the country, and the city; and is determined by the demand for and risk of the investment relative to the demands for and the risks of other investments that an investor could make. An example of this method for determining value is as follows: if a shopping center generates 1 million SK net income per year, and the market estimate of a capitalization rate is 12.5 percent, then the estimated value is 8 million SK. Section 4 includes four illustrative examples of how land value can be estimated in Trencin using the income approach.

Industrial Development Policies

Manufacturing industries continue to be an extremely important component of Trencin's economic base. Although many industries are downsizing, strong potential exists to attract dynamic new industrial firms. Land and buildings should be actively marketed in Trencin to satisfy the needs of prospective firms. Given the cost of new construction and the availability of numerous excess industrial buildings, it is likely that much industrial demand will be met through the re-use of existing industrial buildings which have been vacated in Trencin. If TOS (a manufacturer of factory machinery) proceeds with bankruptcy and liquidation as predicted, additional industrial space will become available, providing further opportunity.

Because a strong industrial economy is critical to Trencin's future, the city should aggressively pursue a policy to accommodate expansion of successful existing firms and to accommodate the location of new industries to Trencin. The following steps are required to prepare Trencin for anticipated future industrial development.

2.11 Create a modern business park.

Today's clean industries demand an attractive, well-serviced environment that can accommodate many different uses and activities in a single location. While industries that locate in Slovakia are today looking for low-cost environments, they nevertheless need land that is suitably zoned and served by appropriate infrastructure including roads, utilities, and lines of communication. Planning for such a location will provide a competitive advantage for Trencin as a site for new industries. The large tract of land at the western edge of Zamostie next to the new freeway is the best site in Trencin for such a development. To accomplish this the team recommends that the city:

- Zone the Zamostie site for a modern business park.
- Form a joint venture with private land owners in the area to create a business park and/or swap land that the city owns in other locations for land at the Zamostie site so that the city owns the entire site.
- Organize the site into developable sections for distribution/warehouses; low-rise flex and service center buildings; and light manufacturing and assembly buildings.
- Subdivide the land into saleable/leaseable lots of varying sizes to accommodate large and small users.
- Market the business park through industrial brokers in Vienna, Frankfurt, and Bratislava. Also, place a large sign with a telephone number to call at the entrance to the site. The sign should be large enough to be read from the highway (and freeway when completed).
- Phase the construction of roads and infrastructure as demand warrants after the first user purchases or leases land in the park; proceeds from the sale can be used to help pay for the infrastructure.
- Provide build-to-suit facilities when demand warrants.

This strategy will cost the city very little in upfront costs with later site improvement costs paid for by the tenants through purchase prices, leases, and property taxes.

2.12 Target industrial marketing efforts toward those industries in Trencin that appear to be most competitive in the new economic environment.

The most competitive industries include those related to textiles/clothing, aircraft repair, and spirits. It is likely in the future that other light manufacturing, fabrication, and assembly operations (such as Leonische Slovakia) will choose to locate in Trencin due to the combination of highly skilled workers, low operating costs/wages, and proximity to Western markets. In addition, as the political and economic situation stabilizes in Slovakia, small companies in

the construction products and services industry should rebound, and prospects for attracting multinational firms should increase, even as wages rise toward Western European standards.

2.13 Maintain a centralized listing of abandoned/unused industrial buildings and sites in Trencin that are available for purchase or lease.

This listing should include owner telephone numbers; location (mapped); address; size of building; characteristics such as number of floors, outdoor area, condition of building, special features, and utilities availability; and sale/rental asking price. This listing should be maintained either by a private business organization like the Chamber of Commerce or by a new city agency such as a redevelopment authority. These buildings will likely accommodate small start-up industries (incubator space) and most established industries that are looking for space in Trencin at low cost (such as Leonische Slovakia).

2.14 Form an airport authority that is responsible for converting a portion of the airport for civilian use.

A commercial airport in Trencin is essential for the long-term development of the area as a favored location for multinational industries. Converting the airport will allow more efficient use of the existing airfield by private aircraft and will accommodate for the first time commuter air service to Bratislava and perhaps other large cities in Slovakia, and ultimately to Vienna when demand warrants. An airport authority would provide the most effective means to negotiate with the military and the state to convert the airfield, develop commuter service, operate and maintain the new facility, and perhaps develop a free trade zone/ business park at the airport.

Office Development Policies

Trencin has long been an important administrative center within central Slovakia and has established a significant base of office users. Typically, office workers are highly skilled and educated and achieve above-average wages within Slovakia. As the local economy expands and attracts firms requiring office space, which it is already beginning to do, Trencin needs to be ready to accommodate this demand. Research has indicated a low vacancy rate within Trencin, particularly in desirable office locations in the Centrum and Dolne Mesto districts.

Except for the construction of the new Slovak Insurance Company building and the planned construction of the K + K office building, the demand for expanded private office space in Trencin is currently being accommodated by existing buildings, primarily in and near the Centrum—including the historic district.

Renovations of historical buildings are proceeding, including the recent renovation of a building by a Swedish firm, Q-Ex, and the current renovation of a retail/office building on the main square. Few new office buildings are being developed due to the unavailability of vacant land parcels in and near the Centrum that are suitable for office development; the lack

of financing; the uncertainty of government approval due to the lack of specific zoning regulations; the time required to build new office space compared to the quick upgrade of older buildings; the ease with which firms can illegally convert residential units in the Centrum to office space; and the desirable nature and central location of many historic structures.

The following steps are recommended:

2.15 Identify and maintain a listing of sites and buildings in and near the Centrum including the Dolne Mesto district that are suitable for office (re)development.

- The city's master plan should designate appropriate sites for office use.
- The office sites should be listed with the Chamber of Commerce or an appropriate city agency to provide information to interested investors, developers, and corporate users.
- Existing buildings that are suitable for redevelopment or restoration as office space should also be centrally listed. Examples include the "Slovenska Kniha" building, Palackeho 29, and the Laugaricio hotel building.

Currently, market rental rates for office space in Trencin probably do not justify building a significant amount of speculative office space, but rates are likely to increase in the future as demand increases and existing buildings are filled.

2.16 Enforce existing regulations against illegal conversions of upper floors from residential to commercial uses within the Centrum.

If the city desires to maintain its policy of preserving housing within the Centrum, it should tighten and enforce its regulations against illegal conversions from residential to commercial office use. The city should establish an enforcement division and assign an existing city employee or employees the responsibility to inspect buildings in the Centrum where illegal conversions are believed to have taken place. Warnings, fines, and evictions could be progressively imposed on offenders; however, the city should first assist the offending commercial users in finding alternative space because the purpose of the enforcement policy is not to harass new businesses but to maintain a residential population in the Centrum and to strengthen the existing market for legitimate office space.

Retail Development Policies

A healthy retail market is dependent upon local resident and visitor expenditure potential and the provision of retailing which satisfies both needs. In general, retail property in Trencin appears to be quite valuable and does not require subsidies for development. Thus, the city of Trencin should facilitate the development of retail space but does not need to subsidize this development.

2.17 Continue to encourage the concentration of retail shops and services within specialized districts and centers.

Retail shops and services should be zoned and encouraged in line with market demand in districts and centers where it already exists including the Centrum and the Druzba, Juh, and Sihot community shopping centers. "Strip" retail development along highways on the fringes of Trencin should generally be discouraged. Instead, to the extent possible, retailing should be located where there is easy access for pedestrians and transit riders, and where retailers can take advantage of the synergistic effects of locating next to one another.

2.18 Encourage the establishment of a hierarchy of retail centers through the master planning and zoning process.

For retailers who provide goods and services for which shoppers will travel substantial distances, a location within a "regional" center is desirable. In Trencin, the Centrum serves this purpose quite well, providing a department store (Prior); specialty retailers who carry such goods as crystal, art, antiques, handmade goods, imported goods, fashions, jewelry, electronics, and music; entertainment, such as cinema, bars, and clubs; restaurants, pastry shops, and ice cream shops; and tourist-oriented retailers.

The regional orientation is reinforced by the Centrum's function as a cultural, historical, and governmental center. Thus, the Centrum will continue to achieve the highest rental rates and sell the highest quality goods and services in Trencin.

Community-serving retail centers and concentrations should be zoned to provide more local-serving needs, but still draw shoppers from a large area within Trencin. A substantial number of shoppers, however, should be able to access the center through walking and transit. Such centers as the Druzba Center, Juh Center, Sihot Center, and others should continue to serve this function. These community retail centers should provide such goods and services as food, pharmacy, household goods, fabrics, video rental, hardware, shoe repair, inexpensive clothing, tobacco, fast food, liquor, variety, beauty/barber, and laundry. However, these centers cannot achieve their potential unless they are upgraded and expanded. Private investors will choose appropriate retail tenants based on market research (the needs of the residents) and the interest of retailers to locate in a particular retail center.

Secondary retailing that provides convenience goods, such as small food stores, pharmacies, miscellaneous variety stores, and cafes should be located within major residential neighborhoods, perhaps on the first floors of some existing apartment buildings. Zoning should permit these retailers to be in small concentrations or as individual stores. The advantage of these small centers is that they offer considerable convenience for the city residents.

The Centrum retailing district is currently gaining strength through renovation and introduction of new dynamic retailers. Except for zoning and master planning protection, this area

needs little government assistance. However, the vacant site located across from the Prior department store and the Slovenska Kniha building, both under city ownership, should be sold to private investors so that they may achieve their full potential.

Similarly, community retail centers, such as the Druzba, Juh, and Sihot Centers, should also be sold to private investors who will expand and maximize the potential of these properties. As a pilot project, the team recommends the sale of the Druzba Center under an innovative competition among developers that will allow the city to achieve a fair price for the property while promoting the strengthening and expansion of the center.

New Residential Development Policies

The creation of new housing units in Trencin is required to provide residential choices for the city's residents other than their deteriorating apartment flats. Purchasers of new housing units will vacate some existing apartments, which will then be available to those currently on the city's waiting list. The creation of a new housing market is essential for supporting other types of real estate investment in Trencin and for stimulating the local construction industry. The following recommendations should be carried out to create a market for new housing in Trencin.

2.19 Begin housing privatization immediately.

It is unlikely that the state housing privatization laws that restrict the city from achieving a true market value for its rental properties will be changed. As a result, the city should begin to privatize its residential properties immediately. To accomplish this huge task, the city must develop policies and procedures for ensuring that its housing stock can be successfully sold, rehabilitated, and managed professionally over the long term. The existence of privatized apartments that can be freely bought and sold will help stimulate the development of a residential market for housing throughout Trencin by creating mobility, choice, and equity accumulation—all essential elements of a residential market.

2.20 Assess partially completed residential buildings and complete construction of those needed which meet current standards.

The city should determine the cost to complete each unfinished building in its inventory and consider offering the units in these buildings for sale under a "pre-construction" program. By so doing, the city could sell the shell of a unit to a purchaser or more than one unit (allowing a purchaser to combine two or more units) at a fair market price since such buildings are not controlled by the state pricing law. The proceeds received for the "pre-construction" sale should provide much of the funds necessary to complete the building's units. This will not only remove unsightly construction sites from Trencin at little or no cost to the city, but it will also make available new apartment units suitable for tenants who choose to relocate.

2.21 Zone areas for detached or other low-density attached residential development on suitable properties in conformance with the master plan, adjacent to existing neighborhoods, and easily served by infrastructure and transit.

An analysis of the city map indicates that due to the absence of zoning, no sites have been identified as neighborhood or village areas for privately-owned detached or low-density attached housing. This needs to be addressed because review of the ULI housing survey done for this project indicates that there are about 1500 to 2200 residents of Trencin who could afford housing priced above 800,000 SK. If Trencin does not zone or otherwise allocate sites for such housing, those desiring a single family home will leave the city to live in an out-lying village and commute to work. This would mean less population and less tax revenue for the city. Since the city currently has no identified sites for large scale attached or detached housing development the team has identified three potential areas for such an opportunity.

- **The Garden Gateway.** At the entrance to the Juh housing estate, units at this site could be constructed at a lot cost of 212,500 SK, yielding a finished product cost of 1,125,000 SK. This appears to be the best site for large-scale, low-density housing in Trencin. Current plans for this site—a recreation/entertainment center—are, in the view of the ULI team, unfeasible since the city has no way to pay for the land and construction costs. Private investors will probably not be interested in providing such a center since the cost of land and construction would require that fees to use it would be too high for most people in Trencin to pay.
- **Sihot V.** Because of the flat topography along the Vah River, it is estimated that the lot cost would be about 200,000 SK, with a finished product selling for about 1,000,000 SK. Preliminary engineering studies should be done to ensure that the site is buildable.
- **Juh V.** Because this site is most distant from the Centrum and on the far side of Juh it is the third priority.

The city does not own these sites; however, it is important to designate such areas for future low-density housing to ensure that the city does not lose the critical social group that can afford such housing to the outlying areas. In addition, creation of new housing in these areas would help reduce overcrowding in the housing estates and free up apartment units to be renovated and sold. The city of Trencin should work with the property owners of the sites that it chooses for low-density residential development in order to plan and possibly organize joint ventures to develop their infrastructure in exchange for a share of the profit from the sale of lots or the entire building site.

2.22 Create a private real estate brokerage industry in Trencin independently or in concert with a national association in Slovakia.

For a true real estate market to evolve in Trencin, it is essential to create a private real estate brokerage industry that is licensed, regulated, and trained by the city or the state to offer and transfer ownership and leasing of real estate in a professional manner. A brokerage

industry consists of privately-owned companies that handle ownership and lease transactions for city-owned as well as privately-owned properties.

Numerous challenges need to be overcome to set up a private real estate brokerage industry:

- The absence of laws to regulate such a business.
- The general public's lack of knowledge regarding the rights and responsibilities of private real estate ownership.
- The absence of any governing body to regulate the industry.
- The absence of an educational body to teach the concepts, rules, and procedures needed to train those entering the industry,

The following policies and procedures are recommended to overcome these barriers and develop a private real estate brokerage industry:

- The city should require the registration and licensing of all brokerage companies and agents who work for these companies.
- The city should help set up a real estate training program at a local technical school. Successful conclusion of the program should require that participants pass a written exam on the following subjects:
 - National real estate and housing privatization law including the foreclosure law when it is implemented
 - City of Trencin apartment sale rules and policies
 - Real estate financing programs and how to work with tenants to identify the best financing opportunity for their situation
 - How an owners' association works, with special focus on rules, restrictions, voting rights, resale rights, association dues, and what these dues are used for
 - Owner's and building manager's responsibilities
 - Real estate terms and their meaning
 - Ethics including penalties for misconduct, misrepresentation, and failure to obtain or renew annual licenses
 - City master plan, zoning, and land use regulations.
- The terms and conditions for a sale or lease between the agent and the seller (or lessor) should be set forth in writing before the agent can offer the property for sale or lease. This should be signed and witnessed by both parties. The agreement is called a "listing" agreement.
- Any disputes between a buyer, seller, or agent should be arbitrated by the city office that regulates the industry.
- To start the brokerage industry, the city of Trencin should manage the following process:
 - Publish a series of articles in the local newspaper that explain the legitimacy and opportunities of the profession and how the business will work.
 - Require applicants to the real estate training program to obtain a license.
 - Promote opportunities to start and own a brokerage business.

- List with private brokers unwanted city-owned properties (other than housing units managed by TEBYS). The city should list the following types of property: office, retail, industrial, and other commercial buildings for sale; office, retail, and industrial space for lease; all types of commercial land for sale; and housing sites (lots) for sale.
- City-owned properties should not be offered directly for sale by city employees since their financial incentive is not strong enough to ensure a maximum effort to market the property. City-owned properties should also not be offered for sale by TEBYS as the company should focus exclusively on selling the city's public housing.

3 MARKETING STRATEGY

The goal of this marketing strategy is to provide practical and achievable objectives, policies, and programs that will help the city of Trencin develop economically to achieve its vision of the future. A strategy of this breadth is required to sustain private real estate investment in Trencin. Without this type of broad, community-wide marketing program, efforts to market individual development sites in Trencin will most likely fail. As result, this marketing program provides a long-term action framework to enhance the specific development strategies that the team has developed for individual development sites in Trencin.

Overview

Today, all cities irrespective of their size or location must compete for investors within a global context. Thus, it is imperative for Trencin to think globally while acting locally. Within Slovakia, Trencin stands out because of its strong, progressive business and governmental leadership and because of its strategic location near Western Europe. Further, Trencin has a location and history that can play an important role in its economic growth. At this particular time in history, these factors can prove to be a powerful competitive advantage if properly managed.

Nevertheless, Trencin faces a future in which it can either reap significant social and economic rewards by maximizing its unique position and capturing substantial growth, or miss its opportunity to be a leader within Slovakia and Central Europe. In order to maximize its potential, Trencin must:

3.1 Create a community-wide marketing strategy.

The marketing strategy should focus immediately on:

- Reinventing a sense of pride in the city that visitors and potential investors can see, feel, and relate to.
- Creating a sense of economic security and hope for the city and the region through the development of civic and business leadership and outreach programs.
- Developing a targeted and cost-effective marketing program that is proactive rather than reactive in attracting new businesses to the city.

Each of these general policies is developed in greater detail later in the report. The team recognizes that the cost of funding some of the specific programs needed to carry them out may present a challenge, but a comprehensive program should involve not only the city government but also other organizations in Trencin that are already acting on some of these issues and may share in the costs. Most importantly, however, the commitment of the people involved is key to the successful implementation of these programs. In short, these programs must be highly focused efforts led by people committed to their success.

Specific Recommendations

3.2 Organize a public-private partnership of current and emerging business and civic leaders to create a vision of what Trencin should be in the year 2000 and beyond.

Before any significant real estate and business development can occur, the city and its current and future business and civic leaders should unite in a focused effort to visualize what Trencin should be in the coming years. There are three areas that are central to this effort:

- Development of a short- and long-term vision for the city's future, i.e., one that focuses on attracting tourists and business people who will add to the Trencin economy and stimulate the real estate market immediately. A long-range business development plan is also needed that will focus on current and future national and international business development opportunities.
- An intense effort to teach the small entrepreneur not only how to start and succeed in business but, of equal importance, how to identify the type of businesses and services that the Trencin economy needs.
- Continued improvement in civic pride by the residents of Trencin.

The order of events needed to accomplish these goals is as follows:

- Identify a group of "can do" business and civic leaders to lead the effort to visualize exactly what Trencin should be like by the year 2000 and beyond and to oversee achievement of this vision. It is important to note that such a group is not a political organization but is instead a group of working citizens in partnership with government leaders who, because of their leadership roles, can dramatically affect the social life of Trencin. This group should not set policy but instead should directly enhance the social and business environment of the city. A suggested name for such a committee could be "Trencin 2000." Typical members of such a group are:
 - Two presidents of major industries in Trencin
 - Two presidents of local banks
 - Two presidents of local civic associations
 - A senior representative of the army or air force
 - The president of the Chamber of Commerce
 - A senior representative of the sports authority (if one is set up)
 - A representative of the arts

- A representative of the mayor's office
 - Two or more representatives from small, privately-owned businesses
 - The owner of an important local newspaper, radio station, or television station
 - One leader from the clergy.
- Focus the activities of Trencin 2000 on volunteer programs, not policy-making. Sample programs to undertake at this time are:
 - Development of a communication program to better tell the Trencin story, especially its vision for the future, to both its own citizens and the world.
 - Creation or redirection of community organizations to expand civic initiative and responsibility.
 - Continued improvement of Trencin residents' lifestyle through the development of business- and civic-sponsored social activities such as sports, concerts, and fairs.
 - Creation of new small business opportunities for the residents of Trencin and the region.
 - Enhancement of highly visible streetscapes such as the main road through town which offers many people's only view of the city.
 - Continued landscape improvements in the Centrum.
 - Select the initial group of volunteers to staff Trencin 2000. Careful selection is essential if the organization is to succeed. Generally, leadership that creates changes and opportunities for a community will emerge out of groups like the proposed Trencin 2000. It is important to remember that it is the people in such organizations who make things happen. Through the efforts of energetic people, physical improvements, events, and other civic organizations can become an important part of the city's growth strategy. These organizations should be staffed by **volunteers** as they are in North America. The net cost of these organizations is minimal because people donate their time as a contribution to the community. The roles of these organizations can begin modestly and expand over time as finances allow. Examples of organizations that can emerge or become refocused and motivated are:
 - A new historical society that could take the leadership role in making the city's history come alive.
 - An arts alliance that could develop arts programs among local artists and Trencin's school system.
 - A horticultural society that could develop a plan to improve the city's landscape.
 - A sports authority that could work in concert with the army to use the city's extensive cultural and sports facilities to bring series of regional and national concerts, sporting events, and civic events to the city, enhancing revenues for its stores, restaurants, and other services.
 - An entrepreneurial institute could be founded to teach the residents in Trencin—and perhaps, in time, the country—how to start and operate a business. Initially, one of the city-owned buildings could be used for this effort with the faculty consisting of volunteers from industry, banking, government, and the school system.
 - A community or four-year college could be planned in Trencin to help attract new business as well as keep Trencin's youth from leaving the city to pursue higher

education and employment elsewhere; City University could be expanded to provide this.

- Mentor companies could be designated from those represented in the Trencin 2000 group to advise new businesses.
- Design the Trencin 2000 committee not to compete with city government or other organizations such as the Chamber of Commerce. Such groups have either a public policy-making responsibility or a specific focus, such as representing the interest of businesses. All such organizations are essential, but they do not address at the public level all of the civic, social, and entrepreneurial needs that can be addressed, and in many cases resolved, by the voluntary energy of the city's citizens. Simply put, committed citizens, when focused, can achieve miracles. Trencin is like other cities; there are citizens waiting to be asked to contribute their ideas and effort. With strong city and business leadership in concert with civic organizations like those described above, the future of Trencin has few limits.
- To achieve the best possible results, the following process is recommended for managing Trencin 2000:
 - Reach unanimous decisions on annual agendas that are realistic and have specified beginning and ending dates for each item.
 - Appoint a chairman and subcommittees as well as appropriate people from outside the organization to address each agenda item.
 - Each subcommittee should:
 - Define achievable goals with a clear beginning and ending date.
 - Assign responsibilities.
 - Create an outreach program to bring in other citizens.
 - Determine a realistic budget and specify who will obtain the money, as well as how they will do it.
 - Set start and completion dates for all major tasks.
 - Develop future tasks that can further enhance the mission of the subcommittee while achieving each agenda item.
 - The organization as a whole should support and promote the effort of each subcommittee's work including public recognition for their efforts.
 - A suggested motto for Trencin 2000 is "progress is a journey, not a destination." The work of the organization in making Trencin a one-of-a-kind city never ends.

3.3 Enhance civic pride among citizens in Trencin.

The future of economic growth in Trencin will be determined in large part by what visiting businessmen, industrialists, and tourists think about the city. This will be determined by:

- The people of Trencin—How do they feel about themselves and their city, and how welcome do they make visitors feel?
- The physical surroundings—Are there signs of care and attention to detail, evidence that the government and people are working to preserve the history of the city into the present and future?

- The commitment—In the effort to become a part of the world economy, Trenčín should be clearly focused on becoming a place with its own identity and not simply like other cities in Slovakia or abroad.

To enhance civic pride in a cost-effective way, suggested steps are to:

- Identify zones, in priority order, in which city beautification should occur to best present the city to visitors. Beautification can be accomplished by creating an "adopt a road or park program" for local companies or civic associations to ensure the planting of colorful, annual flowers in highly visited areas. Examples include:
 - The intersection and park where the Vah River bridge reaches the Centrum,
 - The main bypass road through town along the Vah River,
 - The historic Centrum,
 - Vacant lots or land (private and public) that can be seen when passing through the city.
- Create historic markers that can be placed in front of all historic buildings, historic flags or signs that can be displayed on buildings and light poles along the highway leading through the city, or a series of strategically placed billboards advertising Trenčín as a place to visit or invest.
- Adopt a motto to create civic pride that can be translated to visitors and the world such as: "Trenčín—where history meets the future"; "Trenčín—a city where people make the difference"; or "Trenčín—the city that can do it."
- Work with local and regional media to develop a campaign that promotes progress in Trenčín. Suggestions include a weekly feature story on a citizen who has helped improve the city or a business entrepreneur of the week explaining how he or she started and succeeded, a monthly feature comparing business growth and the economy in Trenčín with those of other cities in Slovakia, a weekly or monthly feature story on civic groups or individuals who are making a contribution to the city's improvement, a major awards program sponsored by the newspaper for both civic and business achievement that presents quarterly awards with a grand award given annually at a banquet sponsored by the city and the major industries in Trenčín, and regularly sending out stories to the international press regarding business growth and opportunities.

The use of local and regional media in marketing Trenčín is essential. The press represents "third party credibility," and its message is generally trusted more than any other single source of information by potential investors and visitors. Good press regularly reported can quickly and effectively position Trenčín as a place to invest and visit. Such messages also create civic pride—the cornerstone of true success.

3.4 Develop a targeted business recruitment strategy.

While there is a desire for immediate business development in Trenčín, truly effective recruitment of the type of job-generating, non-polluting industries that the city wants cannot be achieved without addressing the first three marketing recommendations. Without a clear

vision for the future of the city, and an active program to enhance civic pride, Trencin risks attracting industries that may not be compatible with its plans for the future. Should this occur, Trencin may find itself run by industry instead of becoming a city that is a master of its own vision.

New business must be pursued simultaneously with carrying out the first three recommendations. The city should develop an immediate strategy for enhancing existing business and civic opportunities that will generate immediate economic gain for the city. Suggestions are:

- Continue restoring the historic Centrum and redeveloping Dolne Mesto so that they can be positioned and promoted for new businesses with a special focus on tourism in the historic Centrum and business offices in Dolne Mesto. Core businesses in and around the historic Centrum should include restaurants, cafes, bars and clubs, cinemas, and specialty stores selling crystal, antiques, arts and crafts, electronics, fashion, jewelry, and other specialized products. Positioning the Centrum as a high-end specialty retail area will serve to ensure economic vitality in the heart of Trencin and attract not only investors and other visitors but the citizens of Trencin as well. It is important to note that developing such a business core should be reflected in the city's vision statement, master plan, and zoning.
- Encourage development of a domestic and foreign tourist industry. As a district town, Trencin appears to be moving faster than many of the outlying villages in business development, and it is well positioned to retain its role as the lodging, retail, and entertainment center for its district. Trencin should advertise and promote its assets (in outlying areas and in newspapers). The most important for visitors are its castle, its museums and churches, its shops, its parkland, and its restaurants/bars in the Centrum.
- Market Trencin as a regional entertainment center. Because of the city's extensive cultural and athletic facilities, a focus should be developed around the use of these facilities for major sporting events, exhibitions, and cultural programs. These would play an important role in positioning Trencin as a major market, supporting retail services and lodging in the city, and making the city more attractive for foreign investors.
- Develop a long-term industrial development strategy that targets firms related to the successful businesses already located in Trencin. These are the fashion/textile industry, the military, aircraft repair, spirits, and when the economy improves, construction materials. This strategy should also have a clear social and political direction as to other types of industries that are most desired and most suitable for the Trencin labor force. Such an effort must go hand-in-hand with the city's master planning and zoning efforts. A long-term industrial development strategy should run concurrently with the short-term business plan previously outlined. Suggestions include:
 - Create a strategy to make Trencin a transportation and distribution center. Not only is transportation a clean industry, it also takes advantage of all of the city's natural transportation assets. To accomplish this, the airport should be a central element. Consideration should be given to establishing a trade free zone there or elsewhere in the city. The city in concert with the army or air force should consider identifying land or warehouse facilities that could be offered to one or more companies in

- exchange for installation of the needed radar approach control system. Without such a system, neither passenger traffic nor distribution opportunities will occur.
- Target businesses that are already selling products or services to existing businesses and the military in Trencin. With the city's becoming the command headquarters for the Slovakia Armed Services, it enjoys a unique opportunity to recruit businesses that hold military contracts. Other major industries in the city offer similar opportunities. A suggested approach to recruit such business is for the mayor to work with the military and other Trencin industries to develop a targeted list of companies and services they use. Once identified, a three-year personal recruitment campaign should begin. This should include personal letters from both the mayor and the head of the business that identified the subject company. The letter should include:
 - An invitation from the mayor to visit the city.
 - Suggestions as to how the opening of an office, distribution center, or manufacturing facility in Trencin could improve the company's operation.
 - The city's general marketing brochure.
 - Prospectus sheets promoting available development sites or facilities.
 - Incentives offered by the city or others to open a branch office or other facilities.
 - Draft personal letters from the mayor to the heads of international companies such as Coca Cola, Pepsi Cola, Boeing Aircraft, and other companies throughout the world. The mayor should invite them to become a sponsor and partner in the Trencin 2000 program. In exchange for such a sponsorship, the city could offer use of Trencin for free advertising, its sports and civic facilities for events sponsored by the international companies, and incentives to do business in the city such as city endorsements and promotion. While such efforts produce results only rarely, they may enable Trencin to find a company capable of boosting the city's international visibility significantly.
 - Target an ongoing correspondence campaign to advertising companies, movie producers, and major television networks inviting them to use the city as a site for films and advertising.
 - Target major international clothing manufacturers promoting both the city's highly skilled labor force and advantageous cost of labor. This could be accomplished by:
 - Identifying retail stores that contract out the manufacturers of their clothing.
 - Targeting manufacturers that might be interested in expanding or relocating facilities to lower cost labor markets.
 - Encouraging the establishment of small start-up companies by local entrepreneurs in Trencin or from other parts of Slovakia.
 - Encouraging existing clothing manufacturers in Trencin to develop smaller subcontractor "cottage" companies to supply them with products for sale under their brand name.

3.5 Establish an Office of Economic Development within the city government to manage the city's business development process.

It is recommended that the city establish a separate business development department within the city government to manage its long-term promotional and sales process. This department could be identified as the "Office of Economic Development."

Key to the success of this department's long-term efforts is a business development plan that carefully targets its efforts. The city cannot afford to use an unfocused, "shotgun" approach to business development. The city must also have a well-planned marketing program for each targeted industry and company. To be successful, the city's new Office of Economic Development should be responsible for:

- Managing the sale of unwanted city-owned properties; outside companies could be retained to help promote and sell these properties.
- Setting up procedures for issuing all contracts to companies that manage the city's social housing and other properties. It would be the department's responsibility to audit all financial records of such a company as well as to keep track of tenant satisfaction with the housing management companies.
- Developing and implementing the city's economic development program for attracting business, industry, and tourism to the city.

3.6 Create a Department of Real Estate within the city government to oversee the disposition of unwanted city-owned real estate.

The highest and best value for unwanted city-owned properties can be achieved by harnessing the private sector. By creating an entrepreneurial real estate market in Trencin, more effort and promotional energy will likely be brought to the sales process, thus leading to higher prices and faster sales. To ensure proper controls over such an industry, it is also suggested that the city create a Department of Real Estate. This department would be responsible for:

- Licensing all real estate agents who are then allowed to sell or lease real estate in the region.
- Registering all properties sold or leased in the city including prices paid upon transfer.
- Collecting a transfer fee, based on sales price, when property resales occur; this fee will help the city recapture at a later date any revenue loss that may occur now if it sells property at a below-market price due to state-imposed price limitations. Obviously, collecting such a fee will be unrealistic if the city does not have in place both a system to track such transactions. Imposition of a transfer fee would require a change in the state privatization law.
- Processing the sales (privatization) of the city's apartments to occupants. The actual selling of units should be handled by independent, outside real estate companies such as TEBYS and others that have been especially trained and licensed by the city.

Competition among management companies should be encouraged. Although there appears to be no other organization capable of managing all the high-rise housing in Trencin at this time, there are small companies and individuals capable of managing smaller numbers of units. It is therefore possible for the city to gradually replace TEBYS if its performance continues to be poor.

The city should closely monitor performance by TEBYS in the short run and by other management companies in the long run. The city should draw up performance guidelines, and if the performance of a management company does not meet the city's standards, the company should be replaced with 12 month's notice. This should noticeably improve the quality of housing management and sales.

4 SITE DEVELOPMENT STRATEGIES

This section of the report provides development strategies for the most important city-owned sites, as described in Section 2, and includes five illustrative examples of how to estimate land value for these sites. These examples are provided only to illustrate the methodology, not the actual land values. The team used an extremely conservative capitalization rate of 20 percent in these calculations because of the high level of risk in the Slovak property market. In-depth research of recent property transactions in Trencin and throughout Slovakia is needed to estimate what the true capitalization rates are.

SITE DEVELOPMENT STRATEGY NO. 1

SITE: Druzba Shopping Center
2.5 hectares of land

OWNERSHIP:
City

CURRENT LAND USE:
Approximately 5000 square meters of retail and library building (library about 1500 square meters); parking lot; and vacant land.

PROPOSED LAND USE:
Community shopping center and library utilizing existing structures plus 1500 square meters of additional retail space, for a total of 6500 square meters plus parking to be developed on half of site.

Remaining site area could be reserved for future retail expansion, or could be marketed for residential development, allowing approximately 60 to 70 units at moderate density.

PROPOSED DEVELOPMENT CHARACTERISTICS:

Expanded retail center, oriented toward the primary shopping needs of residents of the Dolne Mesto, Dlhe Hony, and Biskupice districts, and the secondary needs of other residential districts and villages located south of central Trencin.

Retail services, anchored by a strong grocery/drug/variety store.

Cinema would also be a desirable anchor.

Local serving retailers, including meat shop, bakery, clothing, fabric, cleaners, restaurant, fast food, spirits, and other shops.

Library, similar in size to the existing facility, to be retained in some form within the center, probably on the second floor of the existing retail center.

Indoor market with multiple vendors would be a desirable use.

Public uses, such as post office branch, day care center.

One and two story retailing, with housing permitted (but not required) on upper levels.

Existing structures can be retained or demolished.

Setback line established along Soblahovska Street, consistent with setback of mid-rise buildings.

Establish pedestrian link through the retail center between Soblahovska and Legionarska streets.

Expanded parking to be provided.

Attractive landscaping and signage required.

MARKET AND PLANNING CONSIDERATIONS:

High priority development site with immediate development and sale potential.

Strong market support from residents, with additional support (especially for restaurants) from nearby offices.

Transition between downtown (new office district) and Dlhe Hony residential area.

Excellent pedestrian and automobile access and visibility from Soblahovska Street.

Most important redevelopment site for retail services in Trencin.

Not competitive with historic Centrum district.

RECOMMENDED DEVELOPMENT STRATEGY:

Undertake new type of development competition, targeted toward developers, with selection based upon strength of economic, financial, social, planning, anchor tenant, and architectural considerations.

Prospectus to be developed for private investors/developers—**not** architects.

Development requirements/mandated social benefits established by the city.

Price of property set by winning developer and design.

Developer/investor selection by a blue ribbon panel of city officials and business representatives.

Enforcement of development requirements by the city.

DEVELOPMENT PRIORITY:

High.

ILLUSTRATIVE FINANCIAL ANALYSIS: DRUZBA SITE

Site size	Proposed Land Use
.50 hectares	Existing Parking and Children's Playground
1.25 hectares	Druzba Shopping Center
1.25 hectares	Future Shopping Center Expansion or Low-rise Housing

Site Size	Coverage	Allowable Floorplate	Existing Floorplate	New Construction
1.25 hectares	40%	5000 m ²	1500 m ² Druzba 2500 m ² Library 3500 Total	1500 m ²

Total Proposed Building Area	Layout Proposal	Proposed Use*
3000 m ² (Druzba)	Floor 1 5000 m ²	Druzba Shopping Center
2000 m ² (Library)	Floor 2 1500 m ²	Library
1500 m ² (new constr.)		
6500 m ² Total	Total 6500 m ²	

Floor	Area	Supportable Rent per m ²	Total Estimated Rent
Floor 1 (anchor)	2000 m ²	2000 SK/m ²	4,000,000 SK
Floor 1 (shops)	3000 m ²	5000 SK/m ²	15,000,000 SK
Floor 2 (library)	1500 m ²	0	0
Total	6500 m ²		19,000,000 SK

*Existing Druzba Shopping Center and the library building are to be stripped and re clad. The library will be moved to Floor 2 of Druzba, and an anchor retail tenant will be moved into the existing library building. The first floor of Druzba and the new construction will be the site of the shopping center's shops.

Capitalization Rate: 20%
Total Estimated Value: 95,000,000 SK

Estimated Construction/ Reconstruction Cost/m²	Total Estimated Construction/ Reconstruction Cost	Profit @ 10%
5000 m ² x 9000 SK/m ² *	45,000,000 SK	7,200,000 SK
1500 m ² x 18,000 SK/m ²	27,000,000 SK	
Total	72,000,000 SK	

Total Estimated Construction/Reconstruction Cost	72,000,000 SK
Total Profit @ 10%	7,200,000 SK
Estimated Total Development Cost	79,200,000 SK
Total Estimated Value	95,000,000 SK
Total Estimated Development Cost	79,200,000 SK
Total Residual Land Value	15,800,000 SK

Note: The capitalization rate used in this illustrative analysis is a very conservative estimate that reflects the high level of risk in Slovakia. As a result, the estimated residual land value is conservatively low. An in-depth review of property transactions in Trencin and throughout Slovakia is needed in order to determine what the real capitalization rates are.

*Reconstruction costs are estimated to be half of new construction costs.

SITE DEVELOPMENT STRATEGY NO. 2

SITE: Horny Sianec (Cherry Orchard)

OWNERSHIP:

2 hectares city-owned land, 2 hectares privately-owned land

CURRENT LAND USE:

4 hectares of partially-wooded vacant land

PROPOSED LAND USE:

Highest quality housing in Trencin. Positioned as possibly the most prestigious site remaining in the area near the city's historic district. Due to its elevation, tree cover, privacy, and potential views of the city and beyond, this city-owned site is truly one-of-a-kind.

MARKET AND PLANNING CONSIDERATIONS:

The site potentially offers the city a one-of-a-kind location for high-end housing. Its prominence, views, limited access, and location within walking distance to the city's business district present an ideal opportunity to create a living environment for attracting the executives who will likely come to Trencin with new businesses.

The availability of sites for such housing is essential in recruiting major industry.

Due to the rugged terrain, development costs will be high, requiring high cost/high quality housing.

RECOMMENDED DEVELOPMENT STRATEGY:

The city should zone the site for housing in its master plan to protect the asset.

Because the site is owned in part by private individuals it is suggested the city consider either a joint venture or a land swap whereby the city would exchange other city-owned sites for sole ownership of the site.

Home sites in this location should be priced at levels previously unseen in Trencin due to the unique quality of the site.

The site plan could either be designed to accept twenty 3000 meter lots estimated to sell from 1,500,000 SK or for forty 1500 square meter lots estimated to sell for 1,050,000 SK.

It is anticipated that purchasers will buy the home site and contract with an independent builder to construct their homes.

Because the market for these home sites does not likely exist in sufficient numbers at this time, it is recommended the city obtain control of the site but not proceed with the actual development until such time as sufficient pre-sales (sale of lots in advance of construction of the site infrastructure) can pay for the site development cost.

To take advantage of any demand that may exist for these lots now, a reservation program is suggested that would allow a potential purchaser to reserve a lot until such time as ten lots are preselected. At this time the preselected lots should be sold (closed) and developed. It is important that the city reserve the right to return all reservation money deposits with reasonable interest should other options become available to the city to sell the site to a third party.

DEVELOPMENT PRIORITY:

High

ILLUSTRATIVE FINANCIAL ANALYSIS: HORNY SIANEC

Estimated Development Costs	
Water	300,000
Sewer	1,000,000
Electrical	275,000
Gas	350,000
Road	3,750,000
Security Fence	300,000
Grading/Site Work	568,000
Reserve	454,000
Total estimated development costs	7,000,000

Estimated Revenues		
Density	15 Units (Single Family)	30 Units (Attached)
Estimated lot sales price per lot	1,350,000 SK	1,050,000 SK
Gross realizable value (Total retail lot sales)	20,250,000 SK	31,500,000 SK
Net realizable value (Gross Value less development costs)	13,250,000 SK	24,500,000 SK
Value (Profit) per lot	883,300 SK	816,700 SK
Estimated joint venture profit for each partner	6,625,000 SK	12,250,000 SK

SITE DEVELOPMENT STRATEGY NO. 3

SITE: Juh Shopping Center
4.0 hectares of land

OWNERSHIP:
City

CURRENT LAND USE:
Undersized retail building

PROPOSED LAND USE:
Community shopping center of about 15,000 square meters.

PROPOSED DEVELOPMENT CHARACTERISTICS:

Expanded and substantially renovated retail center, oriented toward the primary shopping needs of Juh housing estate residents.

Retail services, anchored by a strong grocery/drug/variety store.

Local-serving retailers, including meat shop, bakery, clothing, fabric, cleaners, restaurant, fast food, spirits, and other shops.

Some limited entertainment/recreation uses could be included if financially feasible.

One and two story retailing.

Existing structures can be retained, rehabilitated, and integrated into new center or demolished and rebuilt to modern retailing standards; temporary structures in parking lot are to be removed.

Reinforce/improve pedestrian linkages from within the Juh housing estate through innovative site planning and design.

Attractive landscaping and signage required.

MARKET AND PLANNING CONSIDERATIONS:

High priority development site with immediate development and sale potential.

Strong market support from residents, with additional support from army housing currently under construction; potential for future additional support from housing development to the east of the army housing and from the Juh Gateway housing site.

Retail center is central to 15,000 people living in 5000 housing units within the Juh housing estate; there is little retail competition for this market.

Excellent pedestrian access from within Juh housing estate.

After the Druzba site, this is the most important retail services redevelopment site in Trencin.

RECOMMENDED DEVELOPMENT STRATEGY:

Undertake new type of development competition, targeted toward developers, with selection based upon strength of economic, financial, social, planning, anchor tenant, and architectural considerations.

Prospectus to be developed for private investors/developers—not architects.

Development requirements including mandated social benefits established by the city.

Price of property set by winning developer and design.

Developer/investor selection by a blue ribbon panel of city officials and business representatives.

Enforcement of development requirements by the city.

DEVELOPMENT PRIORITY:

High.

45

SITE DEVELOPMENT STRATEGY NO. 4

SITE: Pred Priorom
1200 square meters

OWNERSHIP:
City

CURRENT LAND USE:
Vacant, with some parking

PROPOSED LAND USE:
Mixed-use retail and office building of between 2200 and 3200 square meters

PROPOSED DEVELOPMENT CHARACTERISTICS:
Currently vacant lot used for some parking.

Proposed three floors of space, with between 2200 and 3200 square meters gross floor area.

Prime Centrum retail space on ground floor which will achieve top rental rates in Trencin.

Office space and services on second and third floors.

MARKET AND PLANNING CONSIDERATIONS:

Although small, it is the most important developable parcel in the Centrum.

Building height and envelope should be standardized throughout the historic district.

Design and materials should be required which are compatible with the historic district.

Access easements are required for businesses located behind the site, including the Turkish restaurant.

Projected annual rental rates are 8000 SK per square meter for the ground floor; 4000 SK per square meter for the second floor; and 2000 SK per square meter for the third floor.

RECOMMENDED DEVELOPMENT STRATEGY:

Define the permissible development characteristics of the site through a process similar to "zoning" as conducted in the West.

46

Development parameters should address maximum floor area, height, uses by floor, arcades, etc.; in addition, a process for evaluating design to ensure compatibility with the sensitive historical district is warranted.

List the property for sale by publishing information on the property and informing local and national brokers. In addition, a list of prospective buyers should be compiled, with solicitations sent to each.

Set asking price; a preliminary estimate of a realistic sales price is 6.4 million SK although the market may not currently be strong enough to support the price given the economic and political instability in Slovakia.

Sell property through a negotiated process; sell to first bidder who meets the city's price, development, and financial requirements. If a strong developer for this site is found, consider lowering the price to close the deal quickly.

DEVELOPMENT PRIORITY:

High

ILLUSTRATIVE FINANCIAL ANALYSIS: PRED PRIOROM

Site Size	Layout	Leasable area*	Supportable Rent**	Total Estimated Rent
	Floor 1	800 m ²	8000 SK/m ²	6,400,000 SK
	Floor 2	800 m ²	4000 SK/m ²	3,200,000 SK
	Floor 3	600 m ²	2000 SK/m ²	1,200,000 SK
1200 m ²	Total	2200 m ²		10,800,000 SK

Capitalization Rate	20%
Total Estimated Value (Land + Improvements)	54,000,000 SK
Estimated Construction Cost SK/m ² ***	18,000 SK/m ²
Estimated Total Construction Cost @ 2200 m ²	39,600,000 SK
Profit @ 20%	8,000,000 SK
Total Development Cost	47,600,000 SK

Total Estimated Value	Total Estimated Development Cost	Estimated Residual Land Value
54,000,000 SK	47,600,000 SK	6,400,000 SK

Note: The capitalization rate used in this illustrative analysis is a very conservative estimate that reflects the high level of risk in Slovakia. As a result, the estimated residual land value is conservatively low. An in-depth review of property transactions in Trencin and throughout Slovakia is needed in order to determine what the real capitalization rates are.

*Assumes 67% coverage of a 1200 m² lot.

**Based on USAID Market Study.

***\$68/sq.ft. at Kaplas Ka; \$47/sq.ft. at Billa (estimated); for Prior, a construction cost of \$60/sq.ft. was estimated. To convert from \$/sq.ft. to SK/m²: \$60 x 30 SK = 1800 SK/sq.ft. x 10 sq.ft./m² = 18,000 SK/m².

SITE DEVELOPMENT STRATEGY NO. 5

SITE: Slovenska Kniha
1,170 square meters of land

OWNERSHIP:
City

CURRENT LAND USE:
Unrestored historic building with two levels of retail services and under-utilized interior courtyard

PROPOSED LAND USE:
Because of the site's unique location adjacent to major government offices at the heart of the Centrum area, it presents itself as a natural location for a business and service center on the upper levels with retail uses below. Typical business uses for this space could be:

- Manufacturer's representatives
- Secretarial services
- Small business services
- Business reception center to support or represent one-person offices
- Real estate brokers
- Consultants

MARKET AND PLANNING CONSIDERATIONS:
Prime commercial site with easy access to city and district offices.

Located in the historic Centrum where restorations of similar commercial structures are underway.

The city is planning to restore the historic square on which the building is located; restoration of this structure will reinforce this investment and raise property values/taxes in the vicinity.

High quality restoration of this prominent building should set a standard for others in the neighborhood.

RECOMMENDED DEVELOPMENT STRATEGY:
The city should restore and redevelop this building.

Reposition the building to present a historical character.

Create courtyard entries off both Centrum streets leading into the building to allow for the perception of different building and private entries increasing the perceived value of private offices.

The street level should be designed to accommodate higher use retail such as office supply stores, fine dining, and high end retail shops.

The zoning for the building should be established to protect the use of the facility with businesses and retail characteristics consistent with those proposed.

After the building is leased and has a normalized year of operation, the city should market this building for sale to a private investor with lease restrictions to ensure that it remains a business service center.

DEVELOPMENT PRIORITY:

High

ILLUSTRATIVE FINANCIAL ANALYSIS: SLOVENSKA KNIHA

Site Size	Layout	Leasable m ²	Supportable Rent	Total Estimated Rent
	Floor (Basement)	390 m ²	2000 SK/m ²	780,000 SK
	Floor 1	390 m ²	6000 SK/m ²	2,340,000 SK
	Floor 2	390 m ²	3000 SK/m ²	1,170,000 SK
460 m ²	Total	1170 m ²		4,290,000 SK

Capitalization Rate	20%
Total Estimated Value After Construction	21,450,000 SK
Estimated Reconstruction Cost/m ²	12,000 SK/m ²
Estimated Total Reconstruction Cost	14,040,000 SK

Profit (20% of Reconstruction Cost)	2,808,000 SK
Estimated Total Redevelopment Cost (Reconstruction plus Profit)	16,840,000 SK
Estimated Residual Land Value (Total Estimated Value less Total Redevelopment Cost)	4,610,000 SK

Note: The capitalization rate used in this illustrative analysis is a very conservative estimate that reflects the high level of risk in Slovakia. As a result, the estimated residual land value is conservatively low. An in-depth review of property transactions in Trencin and throughout Slovakia is needed in order to determine what the real capitalization rates are.

SITE DEVELOPMENT STRATEGY NO. 6

SITE: Sadova

OWNERSHIP:

City

CURRENT LAND USE:

Vacant land plus Sadova Street, which should be closed and incorporated into the site

PROPOSED LAND USE:

Temporary use as an outdoor flea market or farmer's market; long-term use as a premier commercial site

PROPOSED DEVELOPMENT CHARACTERISTICS:

This is one of Trencin's premier properties and should be held for its highest use. Development on the site must be of the highest architectural quality; however, it is unlikely that the market could support such a development today.

Development should be about three to six stories in height and should provide a strong facade to the adjacent park. A high level of finish and materials should be required.

MARKET AND PLANNING CONSIDERATIONS:

The Sadova site benefits from its strong visibility: the site is located on Trencin's main thoroughfare, near the train station. As such, it is a "gateway" site. This visibility will be of interest to a corporate user or to a hotel operator.

It is unlikely that demand currently warrants high land prices. Therefore the city should be prepared to hold the property for a number of years.

Demand likely exists in this strategic location for an outdoor market, whose users could pay rent to the city. The costs to the city would be nominal.

Any development at this site must be especially sensitive to the historical and cultural importance of its surroundings, the adjacent city park, and views of the Trencin Castle.

RECOMMENDED DEVELOPMENT STRATEGY:

Because this is such a strategic parcel, Trencin should continue to hold the property until a suitable developer, investor, or corporate user can be identified to purchase or lease the site. It is unlikely that a high-quality development can be built in the short term.

In the interim, because a suitable disposition may not be identified for a number of years, the city should maintain the parcel through laying a gravel base and creating a market. This could be a farmers' market, or a typical market of stalls/kiosks. All rentals should be on a short-term basis. These rentals will provide income to the city until the site is developed.

Alternatively, if parking in the Centrum should become a problem, the parcel could be utilized for paid parking to generate some income for the city.

The city should only sell or lease this property based upon a high land value with assurances of a very high quality of development.

In the long term, this site is suitable for the development of a high quality corporate office building, with shops and restaurants on the ground level.

Outdoor cafes should be encouraged along the park. If demand warrants, a high quality hotel could also be developed on the site.

The development should be of a mid-rise configuration, framing the adjacent park with an impressive facade; view corridors toward the castle should be maintained.

The adjacent historical house should be restored for an appropriate use, such as an office or a restaurant.

Because of the site's importance, the city should consider holding a competition among potential developers when the local market strengthens in five or ten years.

DEVELOPMENT PRIORITY:

The site should immediately be made available for an interim use, such as a market. However, the city should be prepared to hold the property for a number of years.

The property should be listed with property brokers in Bratislava, Vienna, and Frankfurt for high quality corporate use.

SITE DEVELOPMENT STRATEGY NO. 7

SITE: Agrostav

OWNERSHIP:

City

CURRENT LAND USE:

Vacant buildings and land

PROPOSED LAND USE:

Non-polluting industrial firms

PROPOSED DEVELOPMENT CHARACTERISTICS:

As required by user.

MARKET AND PLANNING CONSIDERATIONS:

Site is located in an existing industrial area. Leonische Slovakia, a Western-owned firm, occupies a nearby industrial building that it renovated.

Proximity to airport increases land value.

RECOMMENDED DEVELOPMENT STRATEGY:

Target desirable, clean industrial users, similar to the adjacent Leonische Slovakia; give preference to users who create a significant number of skilled jobs.

Site should be utilized as part of an economic development strategy; site for lease or sale should be negotiated on favorable terms for a desired user.

Subsidies offered should be proportionate to the economic impact of jobs created.

Site should be listed in the Chamber of Commerce's data base of industrial properties.

City representative to coordinate marketing of site, and to coordinate response and negotiations of offers.

Site should be listed with broker representatives in Bratislava, Vienna, and Frankfurt.

Market to industrial users immediately.

DEVELOPMENT PRIORITY:

High.

The following section provides development strategies for the three significant privately-owned sites that are important for the future growth and development of Trencin.

SITE DEVELOPMENT STRATEGY NO. 8

SITE: Zamostie
Estimated 20 hectares

OWNERSHIP:
Multiple private owners

CURRENT LAND USE:
Vacant fields with marginal industrial uses on some parcels.

PROPOSED LAND USE:
Modern business park for clean industrial users, office buildings, and some retail services.

PROPOSED DEVELOPMENT CHARACTERISTICS:
Master planned business park for multiple users.

Park to be segmented to accommodate multiple user types, including manufacturing/assembly, warehouse/distribution, firms requiring office/warehouse space, and firms requiring office space.

Commercial service area to be provided near exit from freeway, with restaurant and motel uses.

Direct access from E75/E50 highway.

MARKET AND PLANNING CONSIDERATIONS:

Site will have excellent highway access; location of industry on this site will minimize industrial truck traffic within Trencin.

Site adjacent to other industrial uses.

Flat topography appropriate for industrial use.

Site of sufficient size to support modern business park.

RECOMMENDED DEVELOPMENT STRATEGY:

Designate this site for light industrial and business park use in the master plan.

Heavy industry is not allowed.

Zoning should specify permitted uses, density, lot coverage, landscaping, etc.

Plan the layout of streets and utilities and officially designate their future location.

Phase construction of roads and utilities as lots are sold to users and investors.

Develop a marketing plan for the park, including creation of a brochure and construction of a large sign along the E75/E50 highway. A telephone number and contact should be indicated on the sign, including broker representatives in Bratislava, Vienna, and Frankfurt.

The business park property should be at least partially acquired by the city. The property can be controlled through direct purchase, land swaps, and/or a joint venture with private owners.

Lots should be offered for lease or sale; favorable terms should be offered to desirable industries with strong job creation.

A Western European or North American developer/consultant should be retained to assist in developing a site plan which meets current industry requirements, determining marketable parcel sizes and configurations for each of the park's segments, developing an effective marketing program, and developing appropriate restrictions to ensure the development of a high quality park.

The city should work with the state to ensure that a freeway exit is provided at the E50/E75 interchange.

Because of the unique importance of this site for high-quality, job-generating businesses, the city should **not zone** this site for residential or any other land use.

DEVELOPMENT PRIORITY:

High priority site to attract new business enterprises; proceed immediately to develop master plan and implement development strategy for site.

SITE DEVELOPMENT STRATEGY NO. 9

SITE: Garden Gateway
Estimated 5.2 hectares of land

OWNERSHIP:
Multiple, including some city ownership

CURRENT LAND USE:
Vacant land at the entrance to the Juh housing estate

PROPOSED LAND USE:
Prime low-density multifamily residential development

PROPOSED DEVELOPMENT CHARACTERISTICS:
Density to an average of about 30 units per hectare, for a total of around 280 units.

Mix of attached units, including townhomes, terraced housing, and duplexes/
fourplexes.

Generally four story maximum.

Terraced housing on slope areas to maximize views.

Pedestrian link through the site from Soblahovska to Juh housing estates; linkages also
to adjacent city park.

MARKET AND PLANNING CONSIDERATIONS:
High-priority site for low-rise attached housing.

Market demand for housing priced primarily between 1.0 and 1.5 million SK.

Contiguous to existing residential areas and a park.

Portions of the property with views.

Excellent transportation access.

Utilities available to site.

Central access to retail within Druzba, Juh, and the Centrum.

Connects Juh to the rest of Trencin.

RECOMMENDED DEVELOPMENT STRATEGY:

Master plan the entire site for residential development.

Zone the property for multifamily, low-rise housing at an overall density of around 30 units per hectare; a limited amount of local-serving retail may be permitted.

Plan the layout of roads and infrastructure and officially designate their location.

Land should be subdivided into lots by land owners as they prepare to develop.

Owners/developers should pre-sell units or lots in a phased manner; infrastructure costs are to be financed through pre-sales.

DEVELOPMENT PRIORITY:

High priority development site for housing; proceed immediately to master plan site; implementation dependent upon property owners.

ILLUSTRATIVE FINANCIAL ANALYSIS: GARDEN GATEWAY

Site Size	5.2 hectares
Number of Housing Units per Hectare*	40
Total Number of Housing Units	280
Estimated Land Sales Price per m ² **	500 SK
Estimated Land Sales Price per Hectare	5 million SK

Estimated Land Sales Price per Unit	125,000 SK
Estimated Land Preparation Cost Roads/Utilities/ Grading per m ² ****	350 SK
Estimated Land Preparation Cost per Hectare	3.5 million SK
Estimated Land Preparation Cost per Unit	87,500 SK
Estimated Construction Cost per Unit****	800,000 SK

Estimated Total Cost per Unit*****	Profit @ 20 percent	Estimated Total Development Cost per Unit
1,012,500 SK	200,000 SK	1,212,500 SK

Notes: The capitalization rate used in this illustrative analysis is a very conservative estimate that reflects the high level of risk in Slovakia. As a result, the estimated residual land value is conservatively low. An in-depth review of property transactions in Trenčin and throughout Slovakia is needed in order to determine what the real capitalization rates are.

1500-2200 Trenčin households can afford to buy units above 800,000 SK based on USAID survey results.

*Typical low-rise attached housing density.

**Typical sales price in Trenčin based on USAID research.

***Typical residential land preparation cost in Trenčin based on USAID research.

****Source: Neo Domus Architects.

*****Sum of land, land preparation, and construction costs.

SITE DEVELOPMENT STRATEGY NO. 10

SITE: Laugaricio Hotel

OWNERSHIP:

Private

CURRENT USE:

Hotel rooms and limited multi-tenant office space

PROPOSED LAND USE:

Short-term: Multi-tenant office space and use of remaining space as hotel rooms.

Long-term: Premier renovated office building for major corporate user or upgraded hotel.

MARKET AND PLANNING CONSIDERATIONS:

The structure is the highest visibility commercial structure in Trenchin and serves as the gateway to the Centrum at the Vah River bridge.

The property is suitable for a high image office building or first class hotel. With the recent opening of the Tatra Hotel, the market is weak for hotel rooms; as a result, the temporary conversion of some hotel rooms to office space, which is already happening, will make the property more economically viable.

The market for office space is currently not sufficiently strong to justify substantial building renovation.

RECOMMENDED DEVELOPMENT STRATEGY:

Zone for commercial mixed use, allowing office, hotel, and retail use.

Permit the continued conversion of some floors to office use in line with demand.

Continue to operate remaining space as a hotel as long as it is economically viable.

In the longer term, encourage the substantial renovation of this building into a first class structure.

Property should be sold to a major single-tenant office user, preferably a high-image international firm. Alternatively, the property could be sold to an investor who could convert the structure into a high quality hotel.

DEVELOPMENT PRIORITY:

Long-term priority for substantial renovation.

5 MARKETING DOCUMENT

The following section summarizes the results of the team's market study. It has been structured as a stand-alone piece which the city can send to potential investors to introduce them to Trencin and its development opportunities. It is also designed to accompany prospectuses on specific real estate sites which the city wants to sell, lease, or develop. Some of the information in this section reflects recommendations made by the USAID team. It is assumed that these recommendations will be implemented as part of the city's overall development strategy.

Opportunities in Slovakia

Slovakia is a stable parliamentary democracy. It is one of a group of four Central European countries—the rest of which are the Czech Republic, Hungary, and Poland—that are of particular interest to international investors. These four countries are also leading contenders for future admission into the European Union.

Slovakia, however, offers the advantage of having been somewhat overlooked by Western investors. The country has operated in the shadow of the somewhat larger economies of the Czech Republic, Hungary, and Poland, these countries having been the recipients of considerable international investment. Slovakia is a relatively small country of 5.4 million persons and has a Gross Domestic Product (GDP) of about US\$35 billion. As a result, investment in Slovakia has largely been limited to relatively small (but entrepreneurial) Austrian and German firms and individuals. In short, Slovakia is an investment opportunity that has largely been overlooked.

Although Slovakia is somewhat behind its Central European neighbors in developing a Western-style market economy, it has nonetheless made great strides since economic liberalization began in 1989. A majority of the economy has been privatized so that much of the painful transition from a socialist to a market economy has already occurred. A new round of privatization of state-owned firms is currently being prepared. As exports to other Central and Eastern Europe countries declined and as heavy industries downsized, GDP has declined from about \$7200 per capita in 1992 to approximately 7 percent less in 1993. Several prominent economic institutions expect that GDP will achieve positive growth in 1994 as the economy shifts its orientation toward the West and the impacts of industrial downsizings are absorbed.

Slovakia offers a promising environment for investors. Investment from international sources totalled about \$320 million through mid-1993, and additional investment is actively being sought. Further, significant tax holidays are available for such investors. An inflation level at 24 percent in 1993 was reasonable by Central and Eastern European standards, and is likely to decline as economic reforms take hold.

Most importantly, the country offers strong fundamentals for investment, including the following:

- High educational levels and educational achievement levels comparable to those of Western Europe. Over five percent of the population has a university education.
- Strong technical skills from trade schools and from job training within the state-owned firms.
- Low wages relative to Western Europe, with annual factory wages averaging around \$2400.
- An excellent transportation network, with immediate access to neighboring countries such as Austria, Czech Republic, and Hungary, and with Germany only about 300 kilometers from Bratislava.
- The economy is likely to remain stable, with limited budget deficits and continued reform, as required in an agreement with the International Monetary Fund.
- The currency is relatively stable and can be easily converted to Western currencies through Slovak banks.

Trencin Economy

Trencin is a city rich in history and dates back to at least 179 A.D., making it one of the oldest cities in Slovakia. The current population of the city is estimated to be about 60,000. Trencin is the center of an administrative sub-district with a total of about 100,000 inhabitants. Trencin employment totals about 32,000, reflecting both high female labor force participation and some in-migration of commuters.

Trencin and Bratislava together have achieved the county's strongest local economies. Thus, Trencin provides a particularly good opportunity for investment. The unemployment rate at the end of 1993 was relatively low at about eight percent. Since 1989, dramatic downsizing of major industries within Trencin has occurred, including both state-owned firms and companies which have been newly privatized, resulting in thousands of jobs lost. Despite these layoffs, the population has remained stable and unemployment has risen only modestly, reflecting a dynamic local economy. Thousands of new jobs have been created by a strong emerging services industry and by smaller new businesses.

Trencin is home to several strong major industries as well as dynamic smaller new firms. The strong major firms include:

- Merina, a textile manufacturer
- OZETA, a men's clothing manufacturer
- KARA, a manufacturer of fur coats and accessories
- Kudotex, a textile manufacturer
- Old Herold Ferm, a distillery of spirits
- Konstruckta, an engineering and construction company

Several other large firms, particularly those oriented toward the military, heavy factory machinery, and construction activity, are likely to continue to downsize as they adjust to reduced activity in these sectors. One of the area's historically largest employers, TOS, who mainly produced factory machinery, is undergoing bankruptcy and liquidation. Trencin has been fortunate in that few firms which it housed have required bankruptcy.

Trencin also houses numerous small and dynamic firms who have been undergoing expansion. Most notable of these is Leonische Slovakia, a cabling assembly firm from Germany, which currently has over 150 employees with plans to expand to 400. Q-Ex, a Swedish company that specializes in import and export trade, has established a substantial base in Trencin and has renovated a historic building for its headquarters. Numerous other small firms provide construction, food processing, and other goods. Two aircraft repair firms are located at the airport with substantial employment. This business appears promising as it shifts focus away from military to private and commercial activity.

In 1992, Trencin employment was distributed among major sectors as follow:

Agriculture and forestry	3%
Construction	10%
Transport and communication	9%
Industry	42%
Services	<u>36%</u>
Total:	100%

Industrial employment is distributed as follows:

Food processing	6.5%
Textile and apparel	38.2%
Machinery	46.9%
Metal working	6.7%
Wood processing	<u>1.7%</u>
Total:	100.0%

The economic base of Trencin is dependent upon its role as the fashion center of Slovakia, due to a strong clothing and textile industry; its role as the aircraft repair center for Central Europe; the presence of other industries such as food and spirits production, agriculture, machine tools, construction; and an emerging tourism industry. Exhibitions and fairs relative to the textile and clothing industry, cosmetics, rubber and plastic products, furniture, toys, sports equipment, and crafts equipment are held annually in the city's exhibition center in Pod Sokolicami.

Trencin has been established as the administrative headquarters of the Slovak army and air force, with a total of about 1200 personnel. In addition, a state-owned company with about

1100 employees repairs military and commercial aircraft. A privately-owned aircraft repair company has an additional 600 employees.

Schools in Trencin produce a well-educated and well-trained work force. The City University, a joint venture of the city and the University of Seattle, has operated a marketing and management school for over 200 students since 1991, with lectures offered in English.

Transportation

Trencin is located along a major road and rail system which leads directly northeast from Bratislava and Vienna, at a distance of approximately 120 and 180 kilometers, respectively. A major new highway from Vienna, the last leg of which is currently under construction, will be completed to Trencin by 1996. Continued construction of this highway will provide a high speed link to eastern Slovakia and Ukraine. In addition, an improved four-lane highway is planned from Trencin to Brno and Prague to the northwest (crossing the border at Drietoma) and is expected to be completed within the next decade.

Trencin also lies along a main line of the Slovakian State Railway, thereby providing for the efficient transport of goods and excellent passenger service.

The airport in Trencin was constructed by the army as the repair base for military aircraft. While still functioning in a reduced capacity as a military aircraft repair facility, the airport is also available for civilian use. Already, private aircraft repair is being provided. In addition, the city plans to establish an airport authority in order to upgrade the facility for civilian and commercial use. A free trade zone will be established, making this an excellent location for cargo transport. When demand warrants, commercial commuter air service is expected.

Local Government

Trencin has an excellent municipal government, oriented toward the needs of business. The city is actively seeking investment, especially in businesses that will expand the community's economic base and regional employment. The city's Chamber of Commerce will assist businesses and investors to identify sites which optimally meet their needs. The city will streamline the approvals and licensing processes and, in some cases, will assist in acquisition of the property.

As a city which understands the needs of business, Trencin also understands the need to have a firmly defined planning process. This process provides clear answers as to the potential use of a property while also providing important protection to nearby property owners.

Culture and Sports

Trencin offers considerable facilities for sports and culture to enhance the local quality of life. The old city has been carefully preserved, including most notably the Trencin Castle, Saint Michael's Carnet (the town tower and walls), several churches, and the Tatra Hotel. The M.A. Bazovsky Gallery of fine art provides both a permanent collection and travelling exhibits. A major cultural center hosts symphony, concerts, theater, and ballet.

Trencin is also a major center for sports events, with a football stadium, ice hockey hall, and aquatic center. A major league hockey and minor league football team are located in Trencin.

Property Market

With much of the property market privatized only since 1989, Trencin has moved rapidly toward the creation of an active property market. The city of Trencin has been a leader in promoting this market, including the disposition of city-owned land and buildings. In all of Central Europe, information on property values, transactions, rents, and demand is quite limited, given the recent privatization of property. Trencin intends to be a leader in providing information on its markets for investors. This report provides some overview information in this regard.

A mission sponsored by the U.S. Agency for International Development (USAID) in 1993 and 1994 was comprised of real estate market research and development planning experts. This consultant team provided the city of Trencin with key research and development planning advice. Some of the findings and conclusions of this preliminary research are included in the following report.

Residential Market

The previous economic system provided a strong supply of rental apartments in Trencin, generally within mid- to high-rise buildings. Approximately 14,300 such units have been built since the end of World War II. Over a period of time, most of these units will be privatized as tenants elect to purchase them.

Trencin has a distinct shortage of housing units. Virtually no occupiable units are available, and there is a waiting list. In addition, according to an army official, 500 households of high-ranking military personnel are to be relocated to Trencin.

With the privatized economy, increasing numbers of households can afford more desirable housing. According to survey research by the consultant team, between 10 and 15 percent of households in publicly-owned flats have the ability and desire to purchase new privately constructed housing. This ability is due to relatively high incomes and savings. In addition,

some households currently living in private housing can be expected to create additional demand for such new "move-up" housing.

A portion of personal savings is held in banks which operate building societies (similar to those in the U.K. and Germany). These building societies provide matching national government contributions. In Trencin they have encouraged 2.4 billion SK in savings for home purchase since they were created in 1991. Many of these households that have above-average income and savings will seek better forms of housing. To accommodate this demand, the city is utilizing its master planning process to provide tracts of land appropriate for desirable single family and low-density attached housing. The city is providing additional land for this purpose by offering property it owns for sale.

Based upon its research, the consultant team estimates a demand for between 1500 and 2200 private homes in single family and low-density multifamily (two to three story) configuration. This demand should expand in the future, as an increasing number of Trencin area residents develop the resources to purchase desirable private housing. This analysis assumes a minimum price of about 1.0 million SK for a desirable new private attached home, and a minimum price of about 2.0 million SK for a single family detached home. Single family home lots can be developed and marketed for a minimum of around 500,000 SK.

Retail Market

Most retail shops in Slovakia were privatized during the early years following market liberalization in 1989. As a result, a dynamic retail and service economy has emerged, dominated by small independent operators. New forms of retail shops, restaurants, and services are continually being created, and previously existing retail shops have benefitted from dramatically improved operations.

In particular, Trencin has experienced the emergence of a strong and creative retail sector. The Centrum area, the historical center of the city, remains the dominant retailing area, generally serving the regional retail and entertainment needs of residents of a broad region around the city. The Centrum is anchored by the well-established department store—Prior. As a result of the Centrum's dominance as a retail center, shops in this district achieve the strongest patronage and highest rents. Retailers in neighborhood centers, providing local service needs, generally achieve lesser but still strong performance.

Research by the consultant team indicates that Trencin has a shortage of suitable retail space to accommodate this growing and dynamic industry. Analysis indicates that average retail sales volumes per shop are high. Rental rates, which vary over a wide range, are generally low relative to sales volume, but are rapidly moving to higher levels. International investors are already examining the market, with the Austrian retailer BILLA planning construction of a 1700 square meter food and variety store.

The city of Trencin plans to accommodate the needs of this vital industry. In the Centrum, the historic character will be protected, while allowing the construction of additional shops oriented towards the regional needs of the community. Revitalization and expansion of older neighborhood centers, many of which were poorly conceived in their design and construction, will be encouraged. Sites will be made available in the city's master plan to accommodate new retailing concepts within concentrated centers as they emerge.

According to research, retail sales volume from residents of Trencin totals around 3.70 billion SK annually, of which 1.34 billion SK is for groceries, 390 million SK is for beverages, 1.77 billion SK is for non-food items, and 200 million SK is for services. In addition, Trencin is likely to attract more retail sales volume from the surrounding region than it loses to surrounding jurisdictions. According to city records, there are about 1500 retail businesses including kiosks in Trencin. Consultant team surveys indicate an average shop size of about 70 square meters, for total shop space of approximately 100,000 square meters. Assuming total retail sales volume in Trencin of about 4.00 billion SK annually, retail sales volume averages about 40,000 SK per square meter.

Rental rates, however, vary widely. The consultant team's survey indicates that in the Centrum, rental rates range from 250 to 14,400 SK per square meter annually, averaging around 3500 SK. The higher end of this range generally reflects kiosk or stall rentals. Current rates for new rentals are generally in the 3000 to 9000 SK per square meter annual range. Since 1991, average rental rates have increased nearly 20-fold. Rents at the lower end of the survey range can certainly be expected to increase as leases expire.

Retail shops were also surveyed in neighborhood shopping districts and centers, indicating rental rates ranging from about 100 to 5300 SK per square meter, averaging around 900 SK. In general, newer lease rates range from 1000 to 3000 SK per square meter. Rental rates, on average, have increased by about 230 percent since 1991 in these local shopping areas.

Office Market

Trencin is emerging as a major office and administrative center for central Slovakia, and as a result is developing a substantial office market. Most of the city's non-governmental office space is located immediately southwest of the historic center in an area known as Dolne Mesto, where mid- to high-rise office buildings are concentrated. Administrative office buildings are also located within the city's historical center and within industrial districts. These buildings are occupied by a mixture of tenants, including construction, office equipment, computer sales and service, architects, lawyers, accountants, and other businesses.

Research has indicated that office space vacancy is quite low. As a result, two new office buildings are being developed in Trencin—one by the Slovak Insurance Company, and one for K+K, an office technologies supply and service firm. In addition, space above retail shops within the historical center is being renovated for high quality office use, but in small spaces. For large space users, firms have acquired buildings for renovation to office use,

such as was done by the Swedish firm Q-Ex. Achievable rental rates for high quality space, including utilities and services, range up to around 2000 SK per square meter per year.

Business Park Market

As an industrial city, Trencin has a substantial supply of land and buildings suitable for clean modern industry. The city is developing sites for industry, including land and buildings formerly used by major industries which are available for reuse. The city's efforts include the development of a 16-hectare modern business park, with sites offered for sale. In addition, for desirable industries which supply excellent employment, the city will provide certain incentives. For example, for Leonische Slovakia, a German-owned firm which is providing 400 well-paid skilled jobs, the city provided substantial assistance in securing a suitable property.

6 CONCLUSION

Properly planned and implemented, Trencin's potential for long-term economic development appears most favorable. However, to achieve this potential, an effective civic and business environment must be created. The essential components of this environment must be focused, packaged, and implemented in a way that will create the kind of growth and development that the city wants. This report outlines some suggestions for creating this environment, but the city needs to decide for itself what kind of future it wants. To accomplish this goal requires strong leadership from the city, the business community, and the citizens of Trencin working in partnership. Without this leadership and the focus it brings, Trencin runs the risk of losing control of its future and delaying the benefits that its new free-market economy can generate.

ATTACHMENT A
TRENCIN HOUSING SURVEY

Trencin Housing Survey

I. Information regarding building and apartment

1. Location: District
Municipality
2. Address of building
3. Year of completion
4. Type of building

a. Municipal for rent	70
b. Cooperative	33
c. Enterprise	2
d. Other (specify)	14
5. Number of stories
6. Number of units in building
7. How many vacant units exist in the building?

None/No answer	111
One Unit	7
Two Units	1
8. Why are the units vacant?
9. Are there any commercial spaces in the building? Yes: 17 No: 102
 - a. If yes how many?
 - b. How many square meters? Square Meters
 - c. Are they currently rented? Yes NO
 - d. What is the monthly rental income from commercial space?SK
 - e. How much was received in 1993?SK
10. Unit Number
11. The Unit is on floor
12. Type of Housing the occupant is currently in

a. Owner of unit (previously municipal, coop, family house)	9
b. Renter of municipal unit	68
c. Tenant in a cooperative unit	30
d. Owner of a cooperative unit	1
e. Lodging with extended family	0
f. Renting a municipal unit from "user"	0
g. Renting a cooperative unit from "user"	3
h. Owner of private property	0
i. Other (specify) _____	6
No Answer	2

13. Area of unit :
 Usable (square meters)
 Livable (square meters)

14. Category of unit
 a. I category -- With central heating and basic requirements (bathroom, hot water) 116
 b. II category -- without central heating but with basic requirements 3
 c. III category -- without central heating and partial basic requirements
 d. IV category -- without central heating and without basic requirements

15. How many rooms does your unit have?
 a. studio 3
 b. 1 room 2
 c. 2 room 31
 d. 3 room 60
 e. 4 room 20
 f. 5 rooms and more 3

16. If your unit was sold today, what do you estimate would be the selling price?SK

No Answer: 25.
 Median : 200,000 SK
 Range: 10,000 to 2,000,000

17. Please rate the following structural qualities of your living environment:

	Excellent	Adequate	Bad	Not Applicable	Ans	No
a. Running cold water	1 60	2 46	3 11	4	0	2
b. Running hot water	1 38	2 59	3 15	4	5	2
c. Frequency of electricity	1 48	2 41	3 26	4	2	2
d. Heating	1 50	2 47	3 15	4	4	3
e. Condition of elevator	1 19	2 34	3 19	4	5	42
f. paved walkways	1 21	2 55	3 28	4	9	6
g. cracks in building exterior	1 13	2 45	3 33	4	23	5
h. cooking facilities	1 17	2 51	3 38	4	9	4

18. Are there any rodents, mice, ants or roaches in your building? Yes 45 No 73

19. What type of heating is used to heat the building?
 a. Central Heating 72
 b. Heating Unit for Building (Coal Fuel) 2
 c. Heating Unit for Building (Gas Fuel) 38
 d. Gas 5
 e. Etazove? Heating 2
 f. Other 0

20. What are the principal inconveniences of your current living conditions?
circle the appropriate number in each row

	Yes	No	No Answer
a. The unit is too small	1 40	2 73	6
b. the room are too small	1 44	2 71	4
c. the kitchen is too small	1 57	2 56	6
d. the "living" area is too small	1 43	2 69	7
e. The total are is too small	1 52	2 63	4
f. the unit has a bad layout	1 56	2 61	2
g. inappropriate materials were used	1 69	2 45	5
h. outside noise	1 47	2 67	5
i. interior noise (neighbors, elevator etc.)	1 44	2 69	6
j. excessive air ventilation (draftiness)	1 45	2 69	5
k. inadequate supply of utilities (water, heat)	1 34	2 83	2
l. high cost of maintenance and utilities	1 67	2 48	4
m. poor location	1 29	2 86	4
n. crowded conditions	1 35	2 76	8
o. bad neighbors	1 19	2 94	6
p. low living standard	1 45	2 66	8
q. other	1 10	2 30	79

II. Social Situation of the Household

21. How many people live in the unit?	0	1	2	3	4	5	6	7	8
a. Total		10	25	23	34	20	5	1	1
b. From that female	2	59	38	16	2	1	1		
c. Number of income producing	25	42	39	10	3				
d. Number of dependant children	46	22	32	17	2				
e. Number unemployed	96	20	3						

22. How many households live in the unit?

- 1: 116
2: 3

23. What type of household do you have?

a. One member	10
b. Two member (husband/wife, partner)	17
c. Husband and wife with children	76
d. Husband/Wife/Children and other relatives	3
e. Husband with children	1
f. Wife with children	8
g. Husband with children and other relatives	0
h. Wife with children and other relatives	0
i. other (specify)	4

24. Number of years of marriage (household)

a. Up to 5 years	3
b. 5 to 10 years	15
c. 10 to 20 years	39
d. 20 to 30 years	21
e. More than 30 years	20
No Answer	21

25. How many children do you have?	Which live with you?					Which do not live with you?				
	0	1	2	3	4	0	1	2	3	4
a. Age less than five	93	17	9			119				
b. 5 to 10	93	17	8	1		119				
c. 11 to 15	88	22	6	3		118	1			
d. 16 to 20	94	19	5	1		118	1			
e. adults	92	22	5			102	6	6	4	1

26. How long has your family lived in this unit/building? years .

Range 6 years to 55 years
Median: 12 years

27. Place of Employment of husband:	Husband	Wife
a. Own a Business	9	1
b. State Firm	29	35
c. Private Small to Medium Sized Business (up to 25 employees)	9	6
d. Private Medium Sized Business (26 to 100 employees)	4	0
e. Private Large Business (more than 100 employees)	4	6
f. Government Administration	6	3
g. International/Foreign Firm	1	0
h. Military	15	8
i. Not Working	3	10
j. Pensioner	17	10
k. Housewife	0	9
l. Invalid	4	7
No Answer	18	8

28. Education	Husband	Wife
a. Elementary	1	18
b. Occupational training	18	18
c. High School (12 years)	11	14
d. High School with Diploma	31	45
e. University	34	22
f. Requalification	1	0
g. No Answer	17	2

29. Does your family have health problems? (Circle appropriate number in each row)

	<u>Yes, often</u>	<u>Yes, occasionally</u>	<u>No</u>	<u>No Ans</u>
a. Regular illness	1 8	2 66	3 23	22
b. Chronic respiratory illness	1 12	2 8	3 53	46
c. Allergies	1 9	2 10	3 53	47
d. Very serious illness (specify)	1 11	2 10	3 62	36
e. Invalid	1 13	2 1	3 62	43

III. Economic Situation of Household

30. What is the total monthly income of the household (including supplements for children, health, pension, social welfare etc.) Net income after taxes.

a. to 3000 SK	9
b. 3001 to 5000 SK	29
c. 5001 to 7000 SK	24
d. 7001 to 10000 SK	31
e. 10001 to 13000 SK	17
f. 13001 to 15000 SK	6
g. 15001 Sk and more	0

31. Do you receive social welfare ?

a. Yes :	9
in the amount of .....SK in the last month (300, 500, 700, 1200, 1340, 1400, 1600, 2000, 4350SK)	
b. No:	110

32. Does your family own? (Circle appropriate number in each row)

	Yes		No		N/A
a. Garden	1	19	2	90	10
b. Land above 400 Square meters	1	7	2	98	14
c. Cottage/Weekend home	1	4	2	101	14
d. House Under Construction	1	3	2	98	18
e. Family House	1	11	2	96	12
f. Other Financial Assets	1	7	2	94	18

33. Is there income other than from the primary job?

	Yes		No		N/A
Sales of products.....	Yes	1	No	117	1
We rent land, cottage, rooms in apartment.....	Yes	0	No	117	2
Other (specify)	Yes	3	No	115	1

34. From whom do you expect the largest assistance in ensuring housing? (Circle only one)

a. From bank (low interest loan, construction savings etc.)	15
b. from family, friends	10
c. We depend on ourselves	83
d. We expect state (national, district, okres) assistance	8
e. We expect assistance from the municipality	1
f. We expect to depend on charity organizations	0
g. We will not receive assistance and will have to move to less expensive apartments	2

IV. Upgrading of unit

35. Do you agree that your building/unit needs to be upgraded ("modernized")?

a. yes	61
b. only partly, it isn't so bad	35
c. no, not necessary	21
No answer	2

36. Do you expect that the current technical condition of the building where you live requires:
(Circle appropriate number in each row)

	Significant	Moderate	None	NA
Construction changes	1 38	2 64	3 15	2
Financial resources	1 44	2 55	3 15	5

37. What according to you, was the reason that current technical conditions in your building/unit is so bad? Circle appropriate number in each row.

	Yes	No	Don't Know	NA
Use of inappropriate materials	1 61	2 21	3 24	13
Bad construction workmanship	1 72	2 23	3 14	10
Aggressive Air conditions	1 13	2 70	3 18	18
Bad Upkeep by renters	1 29	2 60	3 10	20
Negligence of owner, lack of interest of housing management company	1 66	2 35	3 10	8

38. Are you willing to participate in financing: (Circle appropriate number in each row)

	0 to 10,000 SK	10,000 to 50,000 SK	50,000 to 100,000 SK	No	Don't Know	NA
a. Heating insulation of building	37	3	0	52	16	11
b. Resolving leaky roof	30	3	0	49	22	15
c. Change in heating system	23	3	0	67	14	12
d. Installing metering equip (water, heating etc.)	33	11	0	56	9	20
e. Security System	34	0	0	53	16	16
f. Elevator	23	0	0	61	9	26
g. Plumbing/Toilet Fixtures	43	1	0	45	17	12

39. What is a deciding factor for you to participate in the upgrading ("modernization") of your building/unit? Circle the appropriate number.

	Yes	No	Not Applicable	No Ans
a. Saving of housing costs in the future	77	13	16	13
b. Opportunity to improve health	45	24	21	29
c. Increase comfort of living	65	21	11	22
d. Increase Value of Housing	44	29	18	28

40. What method will you acquire resources for the upgrading (modernization) of your building/unit?
(Circle only one, the most important, resource)

a. Savings	47
b. Sale of assets	1
c. Loan from Bank	25
d. Loan from Personal friend/relative	1
e. Loan based on documented return from energy savings	14
f. Contract Savings	10
g. Gift (relatives etc.)	3
h. No answer	18

75

V. Privatization of housing

Questions 41 to 49 should be answered by only families which are considering acquisition of an apartment into private ownership.

41. Did the cooperative or municipal housing company offer the apartment for purchase into private ownership?

a. Yes 46
 b. No. 51
 No Answer 22

42. If yes, how much money is it in your case? Enter amount SK

Range: 750 SK to 100,000 SK
 Median: 30,000
 No answer: 97

43. Did you decide in your family that you would request purchase of your unit?

a. yes 46
 b. not decided yet 51
 c. does not apply (do not want to buy apartment) 22
 d. No answer 23

44. What influenced your decision to buy or not to buy the apartment into personal ownership? (Circle appropriate number in each row).

	Significant Influence	No Influence	Not Applicable	No Answer
a. Purchase price in relation to value	38	19	15	47
b. Current financial resources of family	9	29	16	65
c. Current technical state of the building	9	26	19	65
d. Current technical state of the unit	15	22	19	65
e. Living environment	12	29	15	63
f. Social etiquette of neighbors	6	32	15	66
g. Amenities (stores, clinics, schools etc.) in area	21	24	13	61

45. How will you finance the purchase of the apartment? (Circle only one, most important resource.)

a. Savings (we already have some part in cash) 30
 b. Sale of assets 0
 c. Loan 23
 d. Gift (from relatives etc.) 0
 e. Financing from Municipality 3
 f. Contract Savings (Stavebne Sporene) 8
 No Answer 55

46. Are you capable of paying on a regular basis maintenance costs?
 (Circle appropriate number in each row)

	Can Afford	We will not afford it	Do not yet know	Not Applicable	No Ans
a. Services (central heating, hot water, elevator, garbage, gas, electricity)	45	2	19	0	53
b. Regular building repairs	34	3	27	2	53
c. Regular apartment repairs	47	3	15	1	53
d. Large repairs (roof etc.)	20	9	35	3	52
e. Modernizing living area	28	4	31	3	53

VI. Value Judgements

47. How do you rate the technical state of the building in which your unit is located in relation to your expectation of good living?

- a. Good 12
- b. Average 82
- c. Bad 23
- No Answer 2

48. How do you consider the technical state of your unit in relation to your requirements?

- a. good 19
- b. average 79
- c. bad 19
- No answer 2

49. How do you rate the living environment in which you live in relation to the health of your family members?

- a. Good 33
- b. Average 69
- c. Bad 15
- No answer 2

50. How do you rate the social activities of you neighbors in the building and the development in relation you your expectations of good neighbors?

- a. Good 59
- b. Average 49
- c. Bad 11
- No answer 0

Questions 51 and 51 should be answered by only those wishing to buy a unit into personal ownership

51. Is the price of your unit fair? Yes: 31 No: 5 NA: 83

52. Can you afford this unit? Yes: 47 No: 3 NA: 69

53. Has your building changed management companies within the last year?

Yes 27 No: 77 NA: 15

54. How do you rate the following services provided by the current cooperative or municipal housing management company ?

	Satisfied	Unsatisfied.	Not Applic.	No Answer
a. Masonry work	7	31	70	11
b. Painters	11	34	63	11
c. Plumbing	23	39	47	10
d. Central Heating Provision	60	29	20	10
e. Hot Water Provision	63	33	12	11
f. Elevator	32	28	31	28
g. Roof maintenance	26	29	53	11
h. Replace apartment components	8	58	42	11
i. Maintenance of valves on central water system	18	44	45	12
j. Care for telecommunications	46	28	35	10
k. Collection of rent	67	8	32	12

55. Do you see a need for a state subsidy or housing allowance if rent was equal to the economic costs of operating and maintaining this building?

- a. Yes: 97
- b. No: 17
- c. NA 5

VII. Commuting and Transportation

56. How far do you commute to work?

Husband..... km
 Median: 4 km
 No answer: 47
 Range: 1 km to 700 km

Wife..... km
 Median: 4 km
 No answer: 60
 Range: 1 to 20 km

Others (Specify) km
 Median: 4 km
 No answer: 104
 Range: 1 to 90 km

57. Distance of current unit from the center of town -- with public transportation.

a. up to five minutes 15
 b. 5 to 15 minutes 46
 c. 15 to 30 minutes 58
 d. more than 30 minutes 0
 e. No available public transportation 0

58. Distance of current unit from recreational areas, which the family is using (forest, park, playground) with public transportation.

a. up to five minutes 15
 b. 5 to 15 minutes 30
 c. 15 to 30 minutes 50
 d. more than 30 minutes 13
 e. No available public transportation 1
 No answer 10

59. Do you own automobiles?

Yes: 62
 New: 1
 One year: 1
 Two years: 1
 Three Years: 3
 More than 3yrs: 56
 No: 57

60. Would you accept commuting further to work if you were able to afford improved living conditions?

Husband	Yes: 70	No: 18	NA: 31
Wife	Yes: 66	No: 26	NA: 27

61. What is the maximum acceptable distance from work?

Husband..... km
 No answer: 46
 Range: 1 to 999 km

Median: 20 km

Wife..... km
No answer: 47
Range: 2 to 100 km
Median: 15 km

Others (specify) km
No answer: 109
Range: 1 to 300 km
Median: 20 km

62. What is the maximum acceptable time for commuting to work?

Husband..... minutes.
No answer: 42
Range: 1 to 999 min.
Median: 30 min.

Wife..... minutes
No answer: 43
Range: 1 to 120 min
Median: 30 km

Other (specify) minutes
No answer: 110
Range: 20 to 480 min
Median: 45 min

63. What is the preferred distance from your home to public transportation.

a. less than 250 meters	80
b. 251 to 500 meters	31
c. 501 to 750 meters	1
d. 751 to 1000 meters	1
e. Over 1000 meters	0
No answer	6

64. Do you prefer commuting to work by:

	Husband	Wife
a. Car	22	15
b. Public Transportation	31	39
c. Train	0	1
d. Walking	22	22
e. Bicycle	8	2
f. No answer	36	40

65. If you were to move to a new home, in which area would you like to live?

	First Choice	Second Choice
Kubra	10	10
Brezina	14	7
Soblahov	6	4
Cherry Orchard Site	4	4
Zlatovce	4	1
Zablatie	2	0
Trencianske Teplice	15	7
Infill in older areas	21	7
Undecided	34	11
No answer	9	68

66. If you were to live in a new community, which facilities would be desirable?

	Desirable	Not Necessary
a. Supermarket	95	15
b. School	82	25
c. Medical Center	96	13
d. Police Station	34	70
e. Kindergarten	58	49
f. Church	28	78
g. Pharmacy	95	13
h. Recreation Facilities	54	47
i. Playgrounds	75	29
j. Post Office	82	26
k. Laundry	28	76
l. Dry Cleaner	56	50
m. Restaurant	30	74
n. Auto Service	3	101
o. Child Care	32	72
p. Hairdresser/Beauty Salon	53	52

VIII. Costs for Housing

67. What is the cost of housing in your household?

67a. to be answered only by occupants of rental units, municipal units, and enterprise units

a. rent	.....	SK/month
b. heating and hot water	.....	SK/month
c. water	.....	SK/month
d. other services (elevator, lighting common areas, cleaning, garbage, cleaning, chimneys).....	.....	SK/month
e. electricity	.....	SK/month
f. gas.	.....	SK/month
g. other (specify)	.....	SK/month

Total Housing Costs
 Range: 549 to 1979 SK
 Answered: 76
 median: 1312 SK
 Mean: 1293 SK
 Std Dev: 283 SK

67b. to be answered by occupants of cooperative units

a. annuity	.....	SK/month
b. repair/reserve fund	.....	SK/month
c. insurance	.....	SK/month
d. management/housing company	.....	SK/month
e. heat and hot water	.....	SK/month
f. water.	.....	SK/month
g. elevator, lighting common areas, cleaning, garbage, cleaning, other	.....	SK/month
h. electricity	.....	SK/month
i. gas.	.....	SK/month

j. other SK/month

Total Housing Costs

Range: 540 to 1998 SK
Answered: 34
median: 1209 SK
Mean: 1212 SK
Std Dev: 354 SK

67c. to be answered by occupants in a family house What are your costs of housing? Estimate the costs for the entire year 1993.

- a. housing tax SK/year
- b. insurance SK/year
- c. cost of heating fuel SK/year
- d. electricity SK/year
- e. gas SK/year
- f. other services (water, garbage, septic, other)..... SK/year
- g. costs for maintenance and repair SK/year
- h. other (specify)SK/year

Range: 128 to 2294 SK
Answered: 5
median: 806 SK
Mean: 1046 SK
Std Dev: 905 SK

68. What is the maximum monthly (yearly) costs which you are able to afford for housing?

.....Sk/month
Range: 100 to 3000 SK
No Answer: 17 respondents
median: 1500 SK

.....Sk/year
Range: 1200 to 36000 SK
No Answer: 16
median: 18000 SK

IX. Future Housing Plans

69. What do you plan in the next year, concerning your housing? (Circle only one answer)

- a. Stay in this unit 96
- b. Rent Other Unit 1
- c. Buy this Unit 15
- d. Buy Other Unit 1
- e. Move to Other Location (City) 2
- No answer 4

70. Do you plan in the next three years to move to another location?

- a. Yes 14
- b. No 100
- No answer 5

71. Do you plan to build or buy a new home in the next three years?

Yes 20
No 92
No answer: 7

72. In what way do you intend to fulfill your decision to build or buy a new home?

a. Paying a firm to build a house based on model	2
b. Building a new house ourselves.	8
c. Paying a firm to build a custom home	2
d. Buying an existing house that requires renovation	5
e. Buying an existing house in good condition	5
f. Buying a house during construction	1
g. Do not plan	54
h. Other	1
i. NA	41

73. What type of housing preference do you have?

	First Choice	Second Choice
a. Condominium in Cooperative (more than three stories)	6	5
b. Condominium in Cooperative (one to three stories)	4	9
c. Single family detached	65	2
d. Two generational	6	3
e. Single family attached (duplex)	2	14
f. Single family attached (townhouse/rowhouse)	7	10
g. Undecided	4	4
h. rent	3	3
i. NA	22	69

74. At what stage of construction do you think you will move into your new house?

a. Unfinished	4
b. Partially finished	26
c. Fully finished	52
d. Don't know	11
e. NA	26

75. What is your housing size preference?

a. Up to 40 meters	4
b. 40 to 80 meters	39
b. 81 to 100 meters	27
c. 101 to 120 meters	19
d. 121 to 150 meters	4
e. 151 to 200 meters	3
f. more than 201 meters	2
NA	21

76. How many rooms are desirable in your new home? (not including kitchen and bathroom)

a. one or two	12
b. 3 rooms	30
c. 4 rooms	35
d. 5 rooms	16
e. 6 rooms	2
f. more than six rooms	1

77. Is it necessary to be able to expand (add another room, another story) you home in the future?
- a. yes 18
 - b. no 79
 - c. NA 22

78. How would you pay for the new house? (Please put percentage so total adds to 100)

	10%	20	30	40	50	60	70	80	90	100	NA
a. Savings	5	6	3	0	15	1	0	1	0	4	84
b. Current Income During Construction....%	1	6	0	2	1	0	0	1	0	1	107
c. Loan from Bank.....%	1	2	2	3	8	0	1	2	0	5	95
d. Construction Savings.....%	0	2	1	0	11	0	3	1	0	2	97
e. Selling Real Estate Assets.....%	0	0	1	1	0	0	0	0	0	0	117
f. Extended Family Savings (Gift or Loan).....	3	2	0	1	0	0	0	1	0	3	109
g. Other.....%	1	1	0	0	1	0	0	0	0	2	114
TOTAL	100%										

79. What is the highest price you are willing to pay for a new home?

a. Under 100,000 Sk	22
b. 100,000 to 300,000 SK	9
c. 300,000 to 500,000 SK	8
d. 500,000 to 900,000 SK	2
e. 900,000 to 1,200,000 SK	5
f. 1,200,000 to 1,500,000 SK	3
g. 1,500,000 to 2,000,000 SK	1
h. Over 2,000,000	1
i. Self help	1
No answer	67

80. What is the maximum downpayment you expect to pay?

a. Less than 10%	25
b. 10 to 20%	10
c. 21 to 30%	4
d. 31 to 40%	1
e. 41 to 50%	9
f. over 50%	4
No answer	66

X. Preferred Housing Features

81. For your new home, do you prefer

a. A one story house	19
b. A two story house	6
c. other (specify)	2
d. undecided	4
No answer	66

84

82. Do you prefer to have a garage?

- a. Yes 28
- b. No 2
- c. Undecided 3
- No answer 86

83. Do you prefer to have a garage even if it meant a smaller living space?

- a. yes 13
- b. no 15
- c. Undecided 4
- No answer 87

84. What type of foundation do you prefer?

- a. full basement 21
- b. half basement 5
- c. slab on grade 4
- d. other ..specify 1
- e. Undecided 1
- No answer 87

85. Would you choose to have a basement even if it increased the housing price?

	Yes	No	No answer
Up to 25,000 SK	21	5	93
25,001 to 50,000 SK	9	7	103
50,001 to 75, 000 SK	3	10	106
75001 to 100,000 SK	2	11	106
More than 100,000 SK	0	12	107

86. If you were to buy a finished house now, which of the following amenities should be provided by the builder?

	Yes	No	No Answer
a. Microwave	1 13	2 31	75
b. Clothes Dryer	1 10	2 32	77
c. Washing Machine	1 31	2 16	72
d. Dishwasher	1 9	2 34	76
e. Freezer	1 32	2 15	72
f. Refrigerator	1 31	2 16	72
g. Stove	1 39	2 8	72
h. Kitchen Cabinets	1 26	2 19	74
i. Satellite TV line	1 24	2 18	77
j. Cable TV line	1 22	2 21	76
k. Bidet	1 16	2 26	77
l. Bathroom Tile	1 38	2 8	73
m. Shower Stall	1 32	2 12	75
n. Bathtub	1 41	2 5	73
o. Sinks	1 41	2 5	73
p. Toilets	1 41	2 5	73
q. Wooden Floors	1 25	2 18	76
r. Carpeting	1 8	2 34	77
s. Telephone Line	1 37	2 9	73

ATTACHMENT B

OFFICE, RETAIL, AND BUSINESS SURVEY
TRENCIN, SLOVAKIA

[logo]

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(Office, Retail, and Business Survey)

Zoning Plan for the City of Trenčín

Input Data for the Preparation of a Strategy for the Utilization of Land and Buildings Owned by the City

The following are credited for the preparation of input data:

Ing. Karol Ambra - Association of consultants for the development of townships and regions, APEL Piešťany

Ing. Marián Fabián- Regional association of townships and cities of the Central Považie region, Trenčín

A study, "Principles of Socio-economic Development of the City and the Region," prepared by V. Nižňanský in January 1993 is also part of the input data.

April 1994

87

Retail Survey by Type of Store

1. Non-food retail

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed	Reason for Location
	Aquariums	80	688	+25	location
	Carpets	55			
1	Goldsmith's shop	150	3000		location
2	Video club	36	833		ditto
5	Household goods	1000	600		tradition
6	Sport goods	125	732		location
7	Electrical appliances	160	2500	+400	ditto
10	Perfumes	40	6250		ditto
11	Textiles, shoes	60	2833		ditto
14	Electronics	110	2000		ditto
	Bicycles	58	586		no other choice
	Hunting goods	120	600	+30	ditto
	Hats	40	480	+40	ditto
17	Mini ZOO	80	3000		ditto
22	Textiles	500	1000		tradition
19	Office supplies-paper	48			ditto
	Drugstore	104	540	+30	no other choice
30	Car-glass replacement	20	2400		ditto
32	Car center	34	8823	+50	location
33	Children's world	36	1388	+50	advantag. rent
34	Bridal shop	31	2000		location
35	Inexpensive textiles	60	1666		no other choice
36	Boutique	144	2500		private ownership
37	Computers	50	2000	+50	location
38	Leather goods	83	1036	+40	no other choice
40	Furniture	50	360		advantag. rent
43	Office supplies-equipment	50	2500		no other choice
45	Arawer-car sales	350	1000	+150	location
46	Laugocar-cars	1000	250		location

B-3

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed	Reason for Location
48	Drugstore	35	485		location
49	Latest fashion	100	3000		location
50	Optician	88	5700		tradition
	Flowers, gifts	40	1125		no other choice
52	Office computers	55	818		location
57	Goldsmith's shop	28	2000	+20	no other choice
59	Jewelry	90	2000		tradition
60	Books	108	1728		ditto
61	Art	200	1330		location
63	Music store	32	6250		ditto
67	Electrical appliances	478	195	+400	ditto
70	Office supplies-paper	30	800	+50	no other choice
71	Clothing	80	1176		ditto
72	Bicycles	60	650	+40	ditto
73	Clothing, textiles	400	250		ditto
74	Gardening supplies	20	10	+20	ditto
77	Drugstore	95	195	+30	ditto
79	Sundries	300	335		location
82	Sundries	96	200		
86	Textiles	50	360	+100	ditto
	Electrical goods	99	380		no other choice
93	Interior accessories	80	525		ditto
102	Car market	56	1321		
104	Textiles-fabrics	76	1105		rent
101	Drugstore	245	157		
98	Fitness	200	200	+100	appropriate

89

2. Food Stores

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed	Reason for Location
9	Grocery	40	600	+20	rent
12	Seafood, seafood products	160	2062	+80	ditto
	Delicatessen	154	357		location
16	Vegetables	100	600		ditto
21	Smoked meats	100	3000		ditto
20	Grocery, eggs	30	666		ditto
27	Grocery	30	666		no other choice
28	Grocery	51	1176		ditto
29	Grocery	100	2500		tradition
	Grocery, delicatessen	40	1050		no other choice
56	Precooked products	45	1387		location
69	Minimarket	400	195		
66	Fruits-vegetables	105	147		
76	Fruits-vegetables	24	1000	+24	no other choice
80	Fruits-vegetables	12	583		location
84	Smoked meats	80	625		tradition
95	Smoked meats	90	657		no other choice
97	Grocery	150	660		
100	Smoked meats	109	1383		
103	Drinks	120	96		
	Fruits-vegetables	250	98		

3. Restaurants

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed	Reason for Location
3	Wine bar	100	3000		tradition
4	Bar	55	2180	+30	location
8	Beer cellar	62	2830	+60	ditto
13	Fast food	50	2000	+40	no other choice
14	Ice cream	50	3000		tradition
18	Bar	21	952		location
25	Restaurant	242	545	+50	no other choice
	Restaurant/café	86	1116	+50	tradition
26	Candy store	80	352	+20	ditto
	Milk bar	96	1250		location
39	Delicatessen	60	2783	+200	location
44	Restaurant	100	2200	+1000	wants to settle in
58	Cafeteria	80	375	+100	from necessity
65	Fried pancakes shop	190	800	+100	tradition
	Candy store "Južanka"	140	800	+14	
78	Beer bar	85	150	+40	no other choice
81	Restaurant	2000	250		location
82	Restaurant/café	200	750		tradition
90	Billiard club	300	1067		
91	Refreshments	120	190		
94	Refreshments	80	375	+80	no other choice
96	Restaurant/café	200	650		location
99	Delicatessen	375	150		

4. Retail/services

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed	Reason for Location
	Hairstylist	39	8072		no other choice
42	Hairstylist	35	857		tradition
47	Haircutter	98	367	+30	ditto
51	Funeral services	98	1469		ditto
	Haircutter	40	1500		no other choice
62	Haircutter/hairstylist	59	2542	+20	location
75	Video rentals	3	360	+9	no other choice
	Clock repair	8	640		cheap
	Video rentals	12	286		ditto
	Hairstylist	22	570	+10	no other available
85	Car, laundry machine repairs	30	400		location
89	Fitness	246	796		no other available
92	Electrical appliances repairs	80	525		ditto
	Fitness	200	200	+100	location

5. Kiosks

Designation	Type	Area (m ²)	Rent (SK/m ²)	Reason for Location
1	Clothing	4	5000	location
2	Newsstand	12	1500	ditto
3	Newsstand	8	3750	ditto
4	Music shop	5	5000	no other available
7	Refreshments	10	270	ditto
7	Newsstand	10	270	ditto
6	Grocery	9	574	ditto
6	Refreshments	25	360	ditto
	Vegetables	32	2000	ditto
5	Grocery, buffet	12	625	location
4	Clothing	7	11,430	no other available
4	F+G	7	11,430	ditto
8	Flowers	15	560	ditto
4	Seafood + newsstand	8	3750	location
8	Refreshments	10	3540	ditto
	Cyklo	16	3125	
9	Stamps, business cards	5	14,400	location
9	Game room, flowers	5	14,400	ditto
9	Heated wafers	5	14,400	ditto
9	Boutique	5	14,400	
	Newspapers	7	4400	location
10	Cafeteria	12	7000	location
11	Flowers	15	3200	ditto
12	Tobacco products	15	5300	ditto
12	Snack bar	28	400	ditto
12	Video rentals	10	2600	no other available
	Grocery	18	330	location
12	Quick refreshments	85	200	no other available
12	Grocery	18	200	location

Retail Leasing Survey by Neighborhood

I. CENTRUM

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed
A. Non-food goods				
Mierove námestie				
1	Goldsmith's shop	150	3000	
2	Video club	36	833	
43	Office supplies	50	2500	
49	Latest fashion	100	3000	
50	Optician	88	5700	
57	Goldsmith's shop	28	2000	+20
60	Books	108	1728	
61	Art, art accessories	200	1330	
63	Music (records, CDs, cassettes)	32	6250	
Palackého ulica				
32	Car center	34	8823	+50
33	Children's world	36	1388	+50
34	Bridal shop	31	2000	
35	Inexpensive textiles	60	1666	
36	Boutique	144	2500	
37	Computers	50	2000	+50
38	Leather goods	83	1036	+40
Štúrovo nám.				
10	Perfumes	40	6250	
11	Textiles, shoes	60	2833	+30
nám. sv. Anny				
17	Mini ZOO	80	3000	
46	Laugocar	1000	250	
Others				
59	Jewelry	90	2000	
5	Household goods	1000	600	
7	Electrical appliances	160	2500	+400
14	Electronics	110	2000	
	Arawer, cars	350	1000	

B-9

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed
B. Food stores				
12	Seafood, seafood products	160	2062	+80
16	Vegetables	100	600	
9	Grocery	40	600	+20
56	Precooked products	45	1387	+45
C. Consumption establishments				
3	Wine bar	100	3000	
4	Bar	55	2180	+30
8	Beer cellar	62	2830	+60
13	Fast food	50	2000	+40
15	Ice cream	50	3000	
26	Candy store	80	352	+20
39	Delicatessen	60	2783	+200
58	Cafeteria	80	375	+100
D. Services				
42	Hairstylist	35	857	
51	Funeral services	98	1469	
62	Haircutter, hairstylist	59	2542	+20
E. Kiosks				
1	Clothing	4	5000	+200
2	Newsstand	12	1500	
3	Newsstand	8	3750	
7	Refreshments	10	270	
7	Newsstand	10	270	
9	Rubber stamps, business cards	5	14,400	
9	Game room, flowers	5	14,400	
9	Heated wafers	5	14,400	
9	Boutique	5	14,400	
4	Clothing	7	11,430	
4	Seafood, newsstand	8	3750	
4	Music shop	5	5000	

II. SIHOŤ

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed
A. Non-foodstuffs				
19	Office supplies-paper	48		
22	Textiles	500	1000	
23	Drugstore	104	540	+30
48	Drugstore	35	485	
B. Foodstuffs				
20	Grocery, eggs	30	666	
21	Meat, smoked products	100	3000	
27	Grocery	30	666	+30
29	Grocery	100	2500	
84	Meat, smoked products	80	625	+50
C. Consumption establishments				
18	Bar	21	952	
25	Restaurant	242	545	+50
90	Billiard club	300	1067	
91	Refreshments	120	190	
96	Restaurant/cafe	200	650	
D. Services				
47	Haircutter	98	367	+30
85	Car, laundry machine repairs	30	400	
89	Fitness	246	296	
E. Kiosks				
	Newsstand	12	1500	
	Grocery	12	625	
	Grocery	9	574	
	Refreshments	25	360	
	Refreshments	10	3540	
F. Office space				
	Výsk. ústav lekársky		1200	
	Merina		875	
	Merina		190	

III. BISKUPICE

Designation	Type	Area (m²)	Rent (SK/m²)	Space Needed
A. Non-foodstuffs				
67	Electr., household supplies	478	195	+400
72	Bicycles	60	650	+40
B. Foodstuffs				
28	Grocery	51	1176	
76	Fruits-vegetables	24	1000	+24
66	Fruits-vegetables	105	147	
C. Consumption establishments				
65	Fried pancakes shop	140	800	+100
E. Kiosks				
11	Flowers	15	3200	
F. Office space				
Slovakotex			850	+400 services

IV. JUH

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed
A. Non-foodstuffs				
70	Office supplies-paper	30	800	+50
71	Clothing	80	1176	
77	Drugstore	95	195	+30
B. Foodstuffs				
69	Minimarket	400	195	
C. Consumption establishments				
78	Beer bar	85	150	+40
E. Kiosks				
	Tobacco products	15	5300	
	Snack bar	28	400	
	Video rental	10	2600	
	Cafeteria/refreshments	85	200	
	Grocery	18	200	
F. Office space				
	Keramoprojekt		1400	

V. ZÁMOSTIE

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed
A. Non-foodstuffs				
79	Sundries	300	335	
86	Textiles	50	360	+100
93	Wood, interior accessories	80	525	
101	Drugstore	245	157	
102	Car market	56	1321	
B. Foodstuffs				
80	Fruits-vegetables	12	583	
95	Meat, smoked products	90	657	+50
100	Meat, smoked products	109	1383	
C. Consumption establishments				
81	Restaurant	2000	250	
82	Restaurant/cafeteria	200	750	
94	Refreshments	80	375	
99	Delicatessen	375	150	
D. Services				
92	Laundry mach. repairs, electr. appliances	200	200	+100

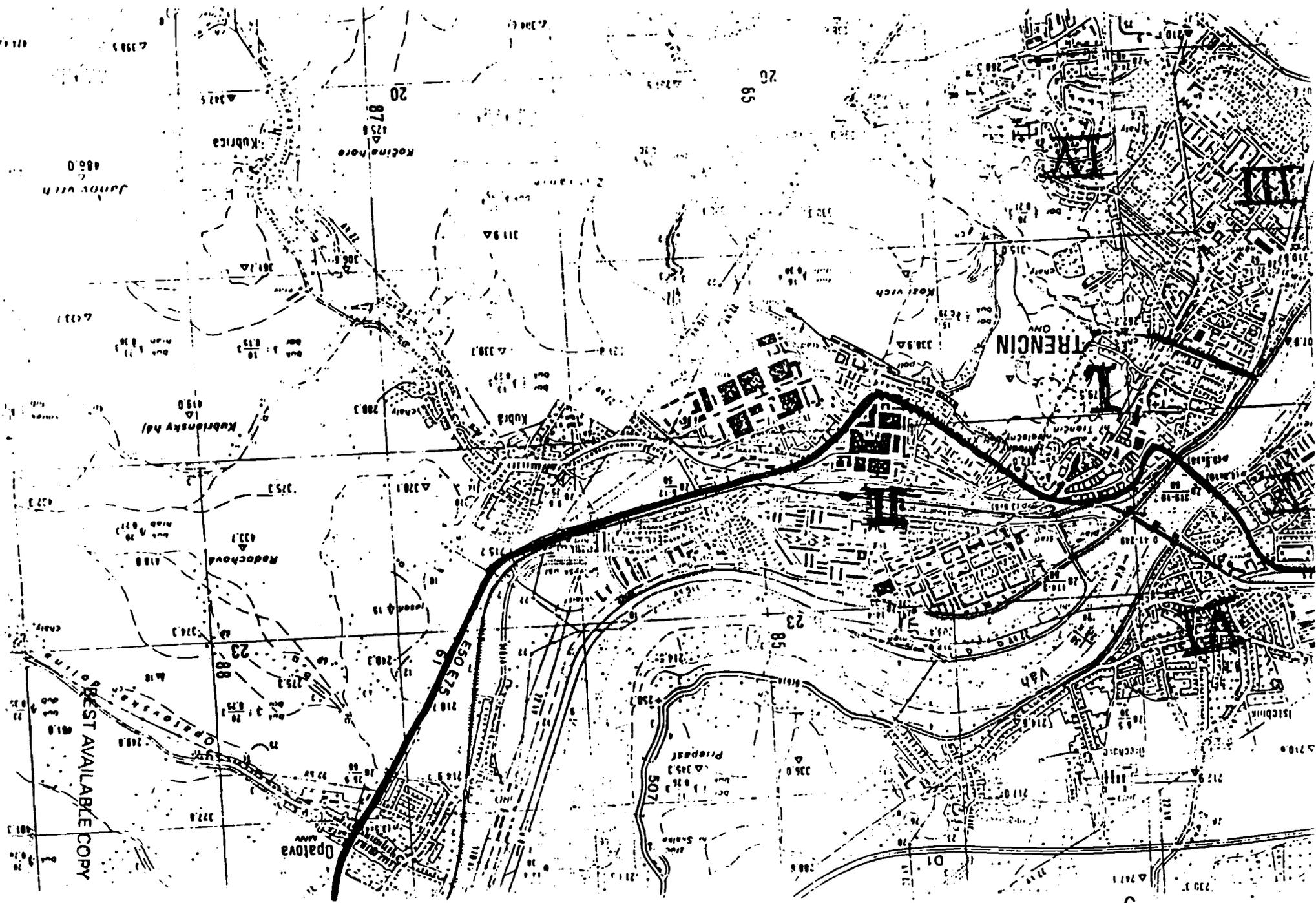
VI. Local districts

Designation	Type	Area (m ²)	Rent (SK/m ²)	Space Needed
A. Non-foodstuffs				
	Misc. goods	96	200	
B. Foodstuffs				
	Grocery	150	600	
	Drinks	120	96	
	Fruits-vegetables	250	98	

Development of Prices for Leasing "JEDNOTA" Spaces (SK/m²)

	1991	1992	1993
Downtown			
Retail	182	2000	1200 - 2000
Restaurants	190	190	1050 - 1260
Suburbs			
Retail	170 - 750	200 - 430	550 - 950 (3390)
Restaurants	285 - 308	480	440 - 1120
Countryside			
Retail	450 - 680	230 - 684	300 - 1100
Restaurants	--	160 - 890	570 - 1150

Retail Neighborhoods



BEST AVAILABLE COPY

Office Space Survey

Property no. 1: **Výskumný ústav sklársky, Štefánikova 20**

Company: STIP - construction activities

Area: 120 m²

Annual lease: 1200 SK/m²

Average price: 500-700

Wants to change location, reason: dissatisfaction with the contract, wants 20-30 year lease, potentially to purchase

Property no. 2: **Merina, Štefánikova ul.**

Company: Mapro stav - construction activities

Area: 18 m²

Annual lease: 875 SK/m²

Average price: up to 900

Wants to change location: move to downtown

Company: HTC Computers - sale, service

Area: 80 m²

Annual lease: 190 SK/m²

If the location to be changed then to downtown

Downtown location averages 2000 SK/m²

Property no. 3: **Keramoprojekt**

Company: K+K, office equipment

Area: 150 m²

Lease: 1400 SK/m²

Insufficient area, they want 200+200

They do not want to change the location

They want a long-term lease

Average prices: retail up to 1500 SK/m²
 service up to 1500
 storage 600

Company: Travel agency

Area: 18 m²

Lease: 1400 SK/m²

They want to move downtown, insufficient area

Average lease: up to 800 SK/m²

Property no. 4: Slovakotex

Company: Geoplan
Area: 27 m²
Annual lease: 850 Sk + services (appr. 400 Sk)
Average price: up to 600 SK/m²

Property no. 5: Agrostav

Company: Leonische Slovakia
Annual lease: production, basement, boiler room: 366 SK/m²
administration: 200 SK/m²

**List of Companies with Their Headquarters in Trenčín
(Business Survey)**

Name	# of employees				Product	Ownership
	1989	1991	1992	1994		
Ozeta a.s	5015	6045	5821	5809	textiles	100% state
Merina			1987		textiles	
Ludotex			341		textiles	
Kara			376		textiles	
TOS	3500		2420	1420	machinery	51.7% FNM 48.3 coupons
Konštrukta Industry š.p.	2360	1500	1300	750	machinery	100% state
Konštrukta Defense š.p.				329	design	100% state
Old Herold Ferm			524		foodstuffs	
Trenč. pekárne			141		foodstuffs	
Mäsový priemysel			197		foodstuffs	
Zlatokov			620		metal processing	
Kovotex			287		metal processing	
Voj.opravovne			658		military	
Letecké opravovne			1178		military	
Naza			231		wood processing	
Vodeko			391		construction	
Cestné stavby			314		construction	
Dekora			248		construction	
Leonische Slovakia					electr. appliances	
Tre-co						
Q-EX						
STIP				25	construction	
SLOVLIK s.r.o				25	foodstuffs	
Mapro stav				5	construction	
Jednota	2000	1438	1250	771	stores, food co-ops	
Financial institutions						
VÚB			116			
ČSOB			19			
SŠTSP			154			
Inv. a roz. banka			10			
Komunálna banka						

B-19

Selected Data on Management of City's Real Estate

A. Land lease

The city cadastre is by the municipal office decree divided into three zones (see the plan).

Lease prices:

Downtown 300 SK/m²

Densely built regions 200

Others 100

For example:

Lease to Billa company (Žembrákovec) 200 SK/m² of land

Department store across from Slovlik 200

B. Lease of space

Leonische Slovakia in the Agrostav business park:

Production 366 SK/m² annually

Administration 200

C. Sale of land

Realized:

To Integro company (tire service), location "Žembrákovec" 2000

To Peugeot company (representation), location at the Prior building 5000 SK/m²

Single family houses, location nad Tehelňou 550 SK/m²

Offer:

To a commercial bank, located at the Prior building 7500 SK/m²

ATTACHMENT C

**SAMPLE DEVELOPMENT SITE PROSPECTUS
FOR A DEVELOPMENT COMPETITION**

**SANTA CLARA COUNTY TRANSIT DISTRICT
REQUEST FOR DEVELOPMENT TEAM PROPOSALS
LONG-TERM GROUND/AIR RIGHTS LEASE OR LAND PURCHASE
ALMADEN PARK & RIDE LOT
TOTAL SITE SIZE: 11.088 ACRES
SAN JOSE, CALIFORNIA**

This document presents the proposal requirements for the Santa Clara County Transit District's Almaden Park & Ride Lot joint development opportunity. Based upon the responses received to the District's Request for Qualifications (RFQ), four development teams have been selected to receive this Request for Proposals (RFP). The proposals will be evaluated on the basis of preliminary development schematics, the terms of the ground/air rights lease or land purchase offer, the appropriateness and quality of the development concept, the experience of the team, and the financial capacity of the developer.

TRANSIT DISTRICT OBJECTIVES

The District seeks to achieve several objectives through joint development of the Almaden Park & Ride Lot. These objectives include the following:

- generate revenue for the District;
- increase ridership on the light rail transit system by building residential projects that increase use of the transit system and divert traffic; and
- enhance or improve the environment around the transit facility.

DEVELOPER WORKSHOP

Before June 19, 1992, the development team proposal due date, the Transit District will convene a Developer Workshop to which the four teams receiving this RFP will be invited. The purpose of this workshop will be to expose uniformly all the development teams to the public policy issues surrounding joint development of the Almaden Park & Ride Lot, and provide access to knowledgeable public agency representatives who can respond to development team concerns. The workshop will further be used as a forum for providing the development teams with information pertinent to the site's development, such as the Transit District's current space needs and future right-of-way needs and the Santa Clara Valley Water District's plans for its adjoining property.

The District is in the process of contacting the relevant public sector representatives appropriate to attend the Developer Workshop. You will be notified of the Workshop date as soon as it is confirmed.

DEVELOPMENT CONDITIONS/REQUIREMENTS

1. The District will consider ground/air rights lease or land purchase proposals. However, the District has expressed a preference for a ground/air rights lease.
2. The District will consider proposals for rental and/or ownership housing projects.
3. The District will provide a minimum lease term of 50 years.
4. The Almaden Park & Ride Lot currently provides surface parking for 550 vehicles. The District will need to provide a minimum of 300 parking spaces for transit patrons. All development proposals should include siting consideration of the District's parking needs. Please indicate whether your development program requires shared parking with the Transit District, separate surface parking for the District, or a separate parking structure for the District.
5. The development proposal must bear all costs related with relocating and/or reconfiguring the 300 parking spaces required by the Transit District, both in the short-term, during project construction, and in the long-term, during operation of the project.
6. The District must maintain operation of the light rail line throughout construction and operation of the high density housing project. All development proposals must include an explicit plan ensuring no disruption to the District's transit operations, including access to and use of transit parking.
7. The District would consider affordable housing development on the property with units affordable to low-income households (50 to 80 percent of median household income) and moderate-income households (80 to 120 percent of median household income). Based upon the direction of the District's Governing Board, it is preferred that no more than 40 percent of the project units be affordable.
8. A primary goal of the joint development is revenue generation for the District.
9. The District must make provisions for a future extension of the light rail line into the Almaden Valley. The right-of-way (ROW) needs for this extension must be

accommodated by the residential development. The map in Appendix A identifies the District's current plans for the ROW. These plans are flexible and can be altered. The ROW needs will be one of the scheduled topics at the Developer Workshop mentioned above.

10. The Santa Clara Valley Water District currently has two easements on the District's Almaden Park & Ride Lot Property. These easements are noted on the map in Appendix A. The District is in the process of negotiating with the Water District; the goal of these negotiations is Water District abandonment of the easement off Coleman Road. These easements will also be one of the scheduled topics at the Developer Workshop.
11. The District's bonding capacity is not available to this project as a potential source of funds due to the private purpose of the proposed high density housing development. The District can only incur bonded indebtedness to acquire, construct, complete or repair any or all improvements, works, property or facilities of the District.
12. The map in Appendix B identifies the location of the District's existing transit-related improvements.
13. The Almaden Park & Ride Lot comprises four parcels. The title report for these parcels is included in Appendix C.
14. The Transit District is in the process of conducting a complete hazardous materials assessment of the site. The results will be available from the District upon request in the near future.

SUBMISSION REQUIREMENTS

Development Team

Identify the company, contact name and title, address, and telephone number of the lead development entity. The contact should be an individual authorized to negotiate on behalf of the developer and should be the individual responsible for execution of the development. In addition, list the firm name, address, role, and name of each key team member, including the architect, and any other major team members or consultants. Each team should include, at minimum, a developer, an architect, and an entity designated to manage the project at completion. Provide resumes for all project principals.

Development Concept

1. Provide a general statement regarding the proposed character of the development.
2. Provide a written summary of the proposed residential uses, including:
 - total number of units by type (e.g., senior apartments, family units, etc.);
 - average unit size;
 - rental/sales rates;
 - target market; and
 - unit and site amenities.
3. Provide a written summary of any retail/commercial uses, including:
 - approximate square footage and site placement of retail/commercial space; and
 - proposed use.
4. Provide your anticipated development schedule, including anticipated construction start and completion date.
5. Describe you anticipated marketing program.
6. Summarize your short- and long-term ownership plans and management concept for the development.
7. In the interest of promoting transit use, the District's Governing Board has expressed an interest in the project's provision of a financial break to tenants using the light rail. Please discuss a recommended strategy which involves project-related incentives. If your strategy includes additional incentives provided by the District, please identify these strategies in your proposal.

Site Layout and Architectural Design

Describe your team's approach to site and building design, including consideration of the Transit District's 300-space parking requirement and transit patron access to the site. Specifically address your proposed residential density, building height, massing, and site design. Include preliminary site design, architectural drawings, and massing diagrams at an approximate scale of 1" = 25 feet. Include additional information regarding the quality of construction materials, finishes, and design. The site plan should show the relationship between the building and parking/garage entrance to the transit station. As stated previously, the District will need to provide a minimum of 300 parking spaces for transit patrons. Your development proposal should

ALMADEN PARK & RIDE LOT RFP

include siting consideration of the District's parking needs. Your proposal should additionally describe how the District's buses will be accommodated on the site, both during and after project construction.

Project Pre-Development

The City of San Jose has indicated that high-density housing would be an acceptable use at the Almaden Park & Ride Lot. The City has further indicated that a minimum density of 25 units per acre would be encouraged for the site.

The City of San Jose is supportive of the Santa Clara County Transit District's joint development interest. Accordingly, the City of San Jose Planning Department is currently pursuing a staff- or Council-initiated General Plan Amendment request for the site. This request will recommend a General Plan land use designation of Transit Corridor High Density Residential, which would permit high density housing (at a density of 12 units per acre or more) within 2,000 feet of a passenger rail station at building heights up to 90 feet. The property's four parcels are currently subject to Light Industrial and Public Park and Open Space General Plan designations. The General Plan Amendment request will be accompanied by a staff- or Council-initiated Environmental Impact Report (EIR). If approved, the site could have a new General Plan land use designation by November 1992.

The property is currently zoned for Manufacturing (M-1 and M-4) use. The selected development team will be responsible for obtaining all necessary development entitlements, including General Plan amendments (if not previously obtained), Planned Development Zonings, and Planned Development permits. The development team also will be required to prepare environmental clearance documents, as necessary, for these development entitlements. Development must follow any and all applicable laws, whether local, state or federal. Compliance with these laws shall be the sole responsibility of the development team. All off-site and on-site preparation costs will be at the sole cost and expense of the developer team, including, but not limited to, gas, water, electric and sanitary sewer services, storm drainage, access, grading, and flood mitigation measures.

The Transit District's Governing Board requests that each development team state within their proposal how they propose to work with the community in making the project proceed as smoothly as possible. Please include a strategy to work with the community in your proposal.

ALMADEN PARK & RIDE LOT RFP

Financial Terms

1. Each development team must submit a ground/air rights lease or land purchase offer. You may propose alternative lease structures or purchase offers. However, if more than one structure/offer is proposed, each must be separately analyzed and summarized.
2. In the ground/air rights lease offer, state the lease payment schedule and terms proposed. The District will favor offers which include District participation in the project's gross income stream, including any sale proceeds.
3. In the land purchase offer, state the purchase price and terms.
4. The ground/air rights lease or land purchase offer must include a pro forma analysis with the following components:
 - estimated construction costs, including any developer fees;
 - financing assumptions, including estimated amount financed, interest rate, loan costs, and equity requirement;
 - summary of gross rental or sale income from the residential and commercial uses; and
 - operating expense assumptions.
5. To ensure consistency and equivalency among the rental housing proposals, please use the following economic assumptions in the pro forma analysis:
 - an annual CPI adjustment of 4.0 percent;
 - an apartment vacancy rate of 5.0 percent;
 - a retail/commercial vacancy rate of 10.0 percent (if a retail/commercial component is included);
 - a discount rate of 12.0 percent, with the cash flow discounted to the completion of the construction period; and
 - sale of the improvements at the end of 10 years of operations utilizing a capitalization rate of 8.5 percent.
6. To ensure consistency and equivalency among the condominium proposals, please use the following economic assumptions in the pro forma analysis:
 - an annual CPI adjustment of 4.0 percent;
 - a retail/commercial vacancy rate of 10.0 percent (if a retail/commercial component is included); and
 - a discount rate of 12.0 percent, with the cash flow discounted to the completion of the construction period.

ALMADEN PARK & RIDE LOT RFP

7. Identify prospective construction and permanent lenders.

Summary Ground/Air Rights Lease Terms

Please complete the attached "Ground/Air Rights Lease Terms Summary" document included as Appendix D stating your proposal(s). If you have included several alternative structures, please duplicate the summary form and complete one copy for each alternative.

Summary Land Purchase Terms

Please complete the attached "Land Purchase Terms Summary" document included as Appendix E stating your proposal(s). If you have included several alternative offers, please duplicate the summary form and complete one copy for each alternative.

Financial Capacity

The District seeks assurance that the development team has the financial capacity to carry out the proposed project. All submitted financial information will be kept confidential.

1. For the development entity or, in the case of a company specifically formed for this project, provide the following information for each of its guarantors:
 - financial statements for the two most recent calendar or fiscal years;
 - letters from the developer's lenders attesting to the developer's capacity to undertake this project;
 - names, addresses, and telephone numbers of two (2) business references; and
 - names, addresses, and telephone numbers of two (2) public sector representatives with whom the developer has previously engaged in joint development activities.

If not included in the notes of the balance sheets, please attach a list of all outstanding long term debt including the name of the lender, amount, and date due. If the lead development company is a subsidiary, please also provide the financial statements of the parent company. The financial information must evidence the capacity to provide equity for a large-scale development project.

2. Identify the source(s) of the developer's equity required to fund the project.
3. Is the development entity or any named individual in the proposed project involved in any litigation or other legal disputes that could result in a financial settlement having a

ALMADEN PARK & RIDE LOT RFP

materially adverse effect on the ability to execute this project? If yes, please explain, and include information regarding the status of the litigation.

4. Has the development entity or any named individual in the proposed project been involved in any litigation or other legal dispute regarding a real estate venture during the past five years? If yes, please explain, and include detailed information regarding the outcome of the litigation or dispute.
5. Is the development entity currently involved with the development of a potentially competing project in the market area? If so, please identify the project and its status, including anticipated date of completion.
6. Has the development entity or any named individual in the proposed project ever filed for bankruptcy or had projects that have been foreclosed? If yes, please list the dates and circumstances.

Experience and Reputation

1. List and describe the development entity's experience in developing and operating comparable development projects in California, with emphasis on the following:
 - the precise role that the entity and principals of the entity played in the project's development;
 - project description, including date, location, concept, land uses, size, rent/price structure, and cost,
 - financial structure of the project, including amount and source of equity and debt financing;
 - quality of architectural and landscape design (provide photographs of projects) and integration of project with surrounding development, including public transit facilities, if applicable;
 - project and property management;
 - public/private cooperation; and
 - market and economic success.
2. Provide the names and phone numbers of lenders and any joint venture partners for each of the projects listed above.
3. Provide detailed information regarding the architect's experience designing high density housing in urban and transit-related settings. Identify projects and include photographs

ALMADEN PARK & RIDE LOT RFP

(if built) or diagrams (if "to be built") of at least three projects comparable to the type and density of the development team's proposed project.

Provide names, addresses, and phone numbers of three references for comparable projects designed by the development team architect. Include descriptions of the projects for which these individuals are references.

4. Provide a list of apartment projects that are currently under the proposed management company's management. For each project, include the project's location, number of units, number of affordable units, number of years under the company's management, project owner and address, and current vacancy rates.

Provide at least three references of building owners for whom the management company is currently managing a building. List only references of buildings located in the San Francisco Bay Area.

5. Has any member of the development team won awards for excellence? If so, please describe.

Submission Information

Development teams interested in developing the Almaden Park & Ride Lot (or a portion thereof) through a ground lease or leased air rights arrangement with the Santa Clara County Transit District should submit proposals as outlined above. Proposals must be received by 5:00 p.m. on June 19, 1992. No late submissions will be accepted. Send five (5) copies of your proposal to:

Amy L. Herman
Vice President
Sedway & Associates
Four Embarcadero Center, Suite 720
San Francisco, CA 94111

To obtain additional information or to ask questions regarding the site and/or proposal process, please contact Amy Herman of Sedway & Associates, real estate consultants to the Transit District, at (415) 781-8900. Tom Rountree, Senior Property Agent of the Santa Clara County Transportation Agency, is an additional resource. Mr. Rountree can be contacted at 1570 Old Oakland Road, Suite 203, San Jose, California, 95131. Mr. Rountree's phone number is (408) 299-3641.

PROPOSAL EVALUATION

The proposals will be reviewed by a committee comprised, at minimum, of representatives from the following: the Santa Clara County Transportation Agency; another public agency with joint development experience; legal counsel to the Santa Clara County Transit District; and Sedway & Associates, consultants to the Transit District. The proposals will be evaluated on the basis of preliminary development schematics, the terms of the ground/air rights lease offer, the appropriateness and quality of the development concept, the experience of the team, and the financial capacity of the developer. The proposal evaluation committee will submit recommendations to the Transit District.

The District may request the submission of additional proposal materials during the evaluation process. In addition, the evaluation process may include a meeting between select members of the evaluation committee and the development team. Teams will receive at least one week notice of any meeting scheduled for proposal presentation and evaluation purposes.

The selection process will be structured to allow developers to improve their business offers during the selection process, if they so choose.

The District seeks assurances that development teams will be able to complete the project satisfactorily and manage the site throughout the term of the lease.

Development teams should not undertake any activities or actions to promote or advertise their submissions except in the course of District-sponsored presentations, if any are requested by the District.

TIMETABLE

The tentative timetable for the developer selection process is as follows:

- District Issues Request for Proposals (RFP) May 1, 1992
- District Convenes Developer Workshop To be Determined
- Deadline for Submitting Proposals June 19, 1992
- Recommendations Presented to Transit District Board of Supervisors August 11, 1992
- District Executes Exclusive Right to Negotiate Agreement August 11, 1992
- Finalize Business Terms and Schedule of Performance Subject to Negotiations
- Execute Ground Lease Subject to Negotiations

ALMADEN PARK & RIDE LOT RFP

EXCLUSIVE RIGHT TO NEGOTIATE PHASE

1. The District will execute a 90-day Exclusive Right to Negotiate Agreement with the selected development team (hereinafter referred to as "Developer"). During this phase, the development concept, business terms, and performance schedule will be finalized. A sample "Agreement for Exclusive Negotiations" is included in this RFP as Appendix F. The consideration for the Exclusive Right to Negotiate period will be a certified check in the amount of \$25,000 payable to the District to be paid within seven (7) days following the execution of the Exclusive Right to Negotiate Agreement. This check will provide the District with confirmation of your interest to pursue the ground/air rights lease or land purchase agreement. This amount will constitute the first option payment, as explained below. If the check is not received within seven (7) days, the District retains the right to select an alternative development team.
2. The District will grant an initial six-month option period to the Developer after execution of the ground/air rights lease or land purchase agreement in which the Developer may conduct necessary studies and seek to obtain development approvals. Payment for this initial period will be covered by the \$25,000 confirmation payment.
3. Up to four additional option period extensions in 90-day increments will be provided for additional option payments of \$25,000 each. However, all option payments apply toward the first ground/air rights lease payment or the land purchase price. To receive these extensions, the Developer must demonstrate good faith efforts to move the project forward in a timely manner. If mutually agreeable, the District and the Developer have the right to further extend the option period. Option payments received during the extension periods will be credited against the first lease payment or the land purchase price.
4. If the Developer fails to obtain development entitlements and/or project financing despite the demonstration of good faith efforts to move the project forward in a timely manner, the negotiation fee and option payments shall be refunded to the Developer, without payment of interest, and the Developer shall surrender to the District copies of all plans, studies and reports prepared by the Developer with respect to the Almaden Park & Ride Lot property.

LIMITATIONS

1. The District is under no obligation to select any proposal submitted, and may at its discretion reject any or all submissions.

ALMADEN PARK & RIDE LOT RFP

2. When the development team for the site is selected, the development team will be responsible for obtaining approvals from the City of San Jose. The District makes no guarantees as to these approvals.
3. The ground/air rights lease or land purchase offer must be net of a commission to the lessee's real estate broker. The District will not pay a commission to the lessee's broker.
4. The final selection of a developer will not require competitive bidding and will be at the sole discretion of the Santa Clara County Transit District's Governing Board.