

A HIGH-END REAL ESTATE INVESTMENT STUDY

BET Investments
Real Estate Investors & Developers

REAL ESTATE ANALYSIS

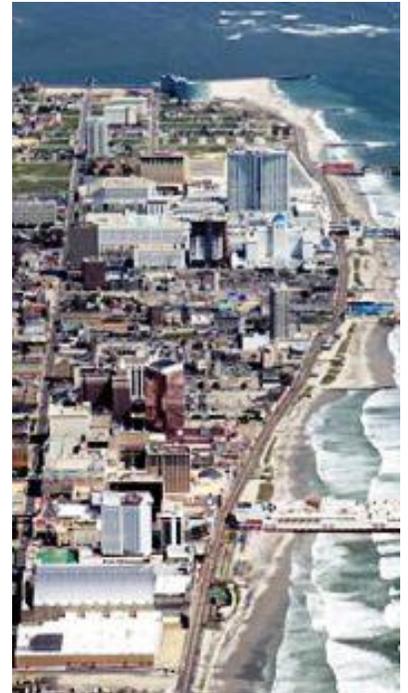
Econsult Solutions, Inc. (“ESI”) was retained by Boardwalk Florida Enterprises, LLC, an affiliate of BET Investments, Inc. (“BET”), to analyze the appropriateness of developing a high-end residential real estate investment on a two-and-a-half acre parcel of ground, owned by BET, adjacent to the Boardwalk and the Convention Center in Atlantic City. ESI’s report presented an analysis of the potential benefits associated with the introduction of (establishment of) a proposed property tax incentive program to encourage this project along with new residential real estate investment in general for Atlantic City, relative to a “minimal improvement” scenario.

ESI concluded that the proposed development could generate significant net fiscal benefits for Atlantic City. With a significant overall development cost, the project is expected to add a significant amount in property market value to Atlantic City’s residential and commercial property base.

Using the current 65% effective (equalized) assessment ratio, this could add a significant amount to the city’s property tax assessment base. However, we concluded that it will not be developed without a tax incentive, and the likely as-is development would be significantly smaller in scale. We assumed that, without the tax incentive, the property would be developed with smaller and lower-priced amounts of residential and retail space.

On the other hand, the proposed BET improvement is estimated to generate a large amount in municipal tax revenues and total tax revenues per year over the baseline scenario over the years 2007 to 2020.

Without this proposed development, Atlantic City would forego a significant amount of current revenue and a large future addition to the property tax base. As a result, future tax rates on existing properties – residential and non-casino commercial – would have to be higher than they otherwise might be with a lower future tax base.



FOR MORE INFORMATION:

Steve Mullin, mullin@econsultsolutions.com
Peter Angelides, angelides@econsultsolutions.com
Lee Huang, huang@econsultsolutions.com
Dick Voith, voith@econsultsolutions.com

1435 Walnut Street, 4th floor
Philadelphia, PA 19102
215-717-2777
econsultsolutions.com

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