Council Meeting Date: March 24, 2008 **Agenda Item: 10(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Ordinance No. 492, Planned Area 2 Legislative Rezone for the Ridgecrest Commercial Area
DEPARTMENT:	Planning and Development Services
PRESENTED BY:	Joseph W. Tovar, FAICP, Director

PROBLEM/ISSUE STATEMENT:

The City Council last reviewed the staff proposal on the proposed new planned area legislative rezone for the Ridgecrest commercial area at your March 3 meeting. The March 24 meeting is the fifth Council discussion on this item. Staff is attaching the following two items for Council discussion:

- Results of a Council- requested study looking at the economic feasibility of a prototypical mixed used development of 4, 5, and 6 stories.
  - The study has two portions: the feasibility analysis/model summary and the model results
  - The study shows that, of the three options, the 6 story option is "probably feasible", using assumptions consistent with the Easton study (Property Tax Exemption). For this option to be feasible, the rents would have to be a little higher than today's current market or savings would need to come from the development side.
  - A five-story building is "possibly feasible". To achieve this would require a combination of higher rents and lower development costs as wells as improved building efficiency.
  - A major driving cost factor is the cost of providing parking.

- Revised set of regulations that reflect Council direction for items discussed on March 3, 2008. The major addition to the March 3 set of regulations pertain to parking:
  - Change parking regulations to require 80% of the required parking to be located on-site, 10% to be located within Planned Area 2, and another 10% to be located on non-residential property located within 1,000 feet of a development.
  - Change how offsite parking is enforced: For the first three years of occupancy, the development's representative will provide a parking management plan to the City. The City will review the plan with regards to parking impacts on the residential neighborhood. If there are impacts, the development's representative will agree to acquire additional areas for parking or to reduce the square footage in the building to be leased to

offset the number of vehicles from the site that are impacting the neighborhoods.

The consultant will attend the March 24 meeting to present a summary of the findings and respond to questions. Following the discussion with the consultants, the Council may decide to discuss other aspects of the revised staff proposal to prepare for the March 31 discussion.

The Council will discuss the proposal on March 31, 2008 and is scheduled to take final action that evening.

If Council members have questions about the consultant study or staff recommendation please contact Steve Cohn at 206-546-1418 or scohn@ci.shoreline.wa.us prior to the meeting.

RECOMMENDATION

No action is necessary.

Attachments
A. Com munity Attributes Economic Feasibility Study
B. 20.9 1 Ridgecrest Commercial Planned Area 2

Approved By: City Manager ___ City Attorney ___

City of Shoreline
Development Feasibility Analysis

Summary of Findings

This analysis examines alternative development scenarios for a mixed-use residential and retail development at the corner of 5th Avenue NE and NE 165th Street in Shoreline. Five- and six-story scenarios of such a development both might be feasible. Neither appear to be feasible without significant risk or opportunity costs, and at six stories the development provides a more likely scenario for market feasibility. The developer of this property suggests that a six-story building would be feasible, while this study suggests that such a building would require either a higher tolerance of risk or land costs lower than expected based on market data.

Specifically, the analysis presented in this report demonstrates the following:

- **Six-story development of apartments with ground-floor retail is probably feasible, but likely would require compromises on costs or development style or increases in rents.** The feasibility of developing at six stories is in fact somewhat questionable, based on current industry costs, along with revenues assumptions based on local market conditions.

  The development would likely require increasing the revenue producing space relative to the total building space (often referred to in the industry as the "building efficiency"). This requires decreasing common space in the building such as lobbies, corridors, stair wells, and utility rooms, or reducing building amenities.

- **Five stories is possibly feasible, but would require a combination of higher rents, lower development costs, below market land costs as well as improved building efficiency.** Similarly, a five story building is possibly feasible, though maximizing building efficiencies would be required in addition to improvements in other factors.

- **Affordable housing requirements impact development feasibility at any building scale but do not by themselves preclude the project from being infeasible.** A 6-story building could be feasible under either level of affordability restriction given sufficient cost reductions, higher rents charged for the market units, or increases in building efficiency. A 5-story building appears infeasible under either affordability level without

major improvements in those aspects and could prove to be completely infeasible. Affordability requirements have a lesser impact on project feasibility overall than do changes in costs, rents, or building efficiency.

- **Green Building requirements may increase development costs, requiring unrelated cost reductions and/or increases in rents.** Any additional costs necessary to build green would increase the need to improve performance in the other factors noted above. An experienced design and construction team could possibly mitigate or avoid an increase in cost altogether through efficient design and construction.

- **Providing a public plaza increases development costs slightly but associated costs could be offset by improvements in costs, rents, or building efficiency.** The cost of the plaza is relatively small in proportion to the total project cost and could be overcome by slightly increased rents, decreased costs, or improvements in other areas.

INTRODUCTION

Background and Purpose

The City of Shoreline requires analysis of a proposed real estate development project to understand better the degree to which alternative building heights might affect financial feasibility from a developer's perspective. In addition to height limit impacts, the analysis assesses the impacts on feasibility of other City requirements, including requirements for affordable housing, open space (in the form of a plaza) and environmentally sustainable (or 'green') building.

Approach and Methods

Analysis consists of pro forma income modeling of development scenarios, based on building program information provided by City staff. Other assumptions draw from previous studies sponsored by the City and limited research of secondary data. The analysis includes sensitivity analysis performed on development costs, revenues and financial variables.

Organization of Report

The report is organized into the following sections:

- **Scenario Assumptions and Definitions.** Descriptions of the scenarios modeled for feasibility.

- **Assumptions and Feasibility Measures.** This section describes the assumptions and provides key definitions used in the report.

- **Findings.** Summary of key findings and analysis of key factors that affect feasibility.

- **Analysis of City Requirements.** Assessment of the key requirements that the City is considering for development.

- **Other Findings and Considerations.** This section describes the impact of variations in key assumptions on financial feasibility of each scenario.

- **Appendix. Model documentation and pro forma financial statements and cash flow projections.** For each scenario, the model includes the following exhibits:
  - A point-in-time pro forma analysis of costs and revenues illustrate hypothetical project feasibility for a given building program.
  - A 10-year cash flow analysis considers the feasibility of the project over time under conventional financing structure, modeled for both a leveraged approach utilizing both debt and equity and an unleveraged approach relying exclusively on investor equity.

Scenario Assumptions and Definitions

Site Description

The site analyzed is located at the corner of 5th Avenue NE and NE 165th St. in Shoreline and covers 2.6 acres (112,000 s.f.) of land.

Building Heights and Program Scenarios

The analysis considers ground floor retail with rental apartments above, with building heights at 4, 5 and 6 stories. The three scenarios modeled include 131,250 s.f. of gross building area devoted to apartments for the 4-story scenario, 175,000 s.f. for the 5-story scenario, and 218,750 s.f. for the 6-story scenario.

Each scenario modeled includes 5,000 s.f. of retail space, a 2,000 s.f. public plaza and one level of above-ground structured parking to serve the building. The analysis finds parking requirements to be in excess of what could fit on one level of structured parking. Providing the additional parking could result in significant additional costs to the project, reducing feasibility under baseline assumptions.

Property Tax Exemption for Affordable Housing

All scenarios include the property tax exemption available for projects that make 20% of more of the total units affordable to households with incomes below a certain defined level, as outlined in the Shoreline Multifamily Property Tax Exemption Program study prepared by Property Counselors in July 2007. The tax exemption is shown as a savings in the operating expense tables in each scenario's cash flow projection.

Affordable Housing

Housing affordability is determined in many public policies based on the household income requirements to cover rents or mortgages. Household incomes are expressed in terms of the percentage of the King County median household income (AMI, for area median income).

This analysis assumes that affordable housing would be targeted to households earning 65% or 70% of the AMI, and that no more than 30% of household income would be spent on rent. The baseline AMI value in this study is the State Office of Financial Management's 2007 estimate for King County median household income, which was estimated to be $67,300.[1]

The alternative affordability requirements of 65% and 70% of AMI are $43,700 and $47,100 respectively. At 30% of household income, supportable monthly rents are $1,090 and $1,180.

The analysis assumes that 20% of building units are devoted to affordable housing.

Green Building

The City desires that the project achieve a 3-star rating in the King County Master Builders Association's 'Built Green' system. Developing a building with improved environmental performance can add to its overall cost, but not at a magnitude that would be expected to solely drive feasibility. A survey of recent research and green building literature indicates that a building designed to meet the City's requirements can add from between 1% to 6% in cost above that necessary to construct the a similar non-green building.[2] Based on this range a baseline cost premium of 3% of hard costs was factored into the model. Sensitivity analysis was performed to assess the impacts on project feasibility of higher or lower 'green' cost premiums.

Public Plaza

The City will require the developer to provide a public plaza as a community amenity. This ground-level plaza reduces the potential leasable ground area that could be developed as leasable space. However, the property is sufficiently large that the height and FAR limits would allow more units on site than are

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[1] Actual affordability requirements will be a policy decision of the City of Shoreline. This report does not represent a full analysis or recommendation of what levels of 'affordability' should be required in the City.

[2] Davis Langdon Adamson, "Costing Green: A Comprehensive Cost Database and Budgeting Methodology" (2004); Davis Langdon, "Cost of Green Revisited: Reexamining the Feasibility and Cost Impact of Sustainable Design in the Light of Increased Market Adoption" (2006); and Capital E, "The Costs and Financial Benefits of Green Buildings: A Report to California's Sustainable Building Task Force" (2003).

contemplated even under the six-story scenario. On such a large site, even a 2.5 FAR level would allow 251 units, just over the 250 proposed for a 6-story building. Provision of a plaza thus does not reduce the number of units that could be provided. The plaza would however slightly reduce the number of parking stalls that could be provided in a ground-level garage structure, increasing the number that would need to be provided in an underground parking structure or at an off-site location.

ASSUMPTIONS AND FEASIBILITY MEASURES

Baseline Assumptions

Baseline assumptions for the analysis (shown in detail in the attached appendix) reflect industry averages for development costs along with market rents chosen to reflect market rents for new apartments in Shoreline.

Inputs represent values that were either researched specifically for this project, developed through discussions with key project team members, or assumptions made based on professional experience and judgment. Actual values seen in individual development proposals may vary (perhaps considerably) from these initial assumptions, as they are driven by factors unique to each developer, the specifics of the proposed development program, specific site characteristics, and market conditions at the time.

Residual Land Value

Residual land value (RLV) is the primary indicator of project feasibility presented in this report. RLV expresses the amount of money that a developer should be willing to pay for land for the opportunity to develop the project. RLV reflects what the revenue from the project would be expected to cover for land costs, after fully funding all development costs including hard costs (materials and labor), soft costs (design fees, permits and other costs) and an investment return to the developer and investors.

Sensitivity analysis demonstrates how changes in RLV reflect the significance of City requirements (green building, affordability, and provision of a public plaza). Residual land value is expressed in terms of value per square foot throughout.

IRR and ROI

Internal Rate of Return (IRR) presents the effective compound annual growth rate of profits from the investment, based on development costs and operating revenues. Overall, leveraged IRR rates parallel the results identified above for residual land values: a developer's IRR for a 6-story building is positive under each affordability scenario but slightly below the typical market expectations of 15% IRR, averaging between 13.3% to 13.9%.

Return on Investment (ROI) presents the dollar return received by the investor as a percentage of their initial investment. This study assessed leveraged ROI

values based on the present value of operating income and ultimate disposition of the property and found that ROI values for each scenario exceed typical market expectations of 25% for all scenarios. ROI values shown range from 67% for a 4-story building under the 65% AMI affordability scenario to 121% for a 6-story building under the 70% AMI scenario.

FINDINGS

Baseline Findings

The analysis suggests that with the baseline assumptions a developer would be willing to pay $19.42 per s.f. of land, for the opportunity to develop a 6-story building at the site, with no requirements for market affordability (shown in row 3, column 1 of **Exhibit 1**).

Acquiring land in Shoreline would be expected to require closer to $50 per s.f., based on the City's recent studies and previous Community Attributes research in Shoreline (2007). This "hurdle value" is a general reflection of expected costs for acquiring land, demolishing any existing improvements and addressing any environmental remediation required on the site.

The baseline assumptions suggest that the project would not likely generate sufficient net operating income to cover development costs and to pay market rates for land. Developing at lower heights and incorporating an income qualification for 20% of the units further challenges the feasibility of the development. (Negative values in the table suggest that the developer would not be willing to pay for the land.)

Exhibit 1
Residual Land Values (RLV) by Height and Affordability Requirement

Site	No Affordability Requirement	Affordable Scenario 65% AMI	Affordable Scenario 70% AMI
4 Story Building	($14.81)	($22.09)	($19.67)
5 Story Building	$2.31	($7.40)	($4.17)
6 Story Building	$19.42	$7.29	$11.34

Feasibility Analysis

Three general relationships drive the feasibility of a real estate investment:

1. **Construction Cost vs. Revenue**. The relative cost to construct a given space versus the value it can generate when leased or sold to a user;

2. **Building Efficiency.** The proportion of total building space that can be utilized in revenue-generating activities;

3. **Financial Valuation.** The attractiveness of a given type of space or use to investors and capital markets.

These three factors were found to have a more significant influence on project feasibility than the three City requirements identified outlined above (affordability, green building, and the public plaza).

Capitalization Rates

Feasibility determination is most sensitive to financial valuation. A key measure of value is called a capitalization rate, or cap rate. The cap rate is one year's worth of stabilized net operating income (stabilized after all units are leased and operating costs are predictable) expressed as a percentage of overall property value (determined either by sales prices, or in this case, development costs, including land costs). Trends in cap rates within a market reflect the investment market's appetite for risk. A relatively small shift in cap rates can dramatically affect the value of a project.

The baseline assumptions include cap rates at 5.00%, based on Seattle market averages, the market-wide cap rates for apartments in March 2008 are estimated at 5.50% (Real Capital Analytics, 2008). A baseline assumption of 5.00% reflects an adjustment to attempt to reflect the developer's own perception of apparently lower market risk.

Exhibit 2 below illustrates the effect of a shift in cap rates on project feasibility (assumes 20% of apartment units set to be affordable at the 70% AMI level; RLVs for the second scenario of 65% AMI rents would be lower.)

Exhibit 2
Sensitivity of RLV to Cap Rates

			Cap Rate		
# Floors	4.50%	4.75%	**5.00%**	5.25%	5.50%
4	$ 10.69	($ 5.29)	($ 19.67)	($ 32.67)	($ 44.50)
5	$ 35.89	$ 14.81	($ 4.17)	($ 21.33)	($ 36.94)
6	**$ 61.10**	$ 34.91	$ 11.34	($ 9.99)	($ 29.38)

Even for a 6-story project, a decrease in cap rates from 5.00% to just above 4.50% is necessary to generate RLVs sufficient to fund the assumed land purchase price. At 4.50%, six stories are still necessary for feasibility (clearing the RLV hurdle value of $50 per s.f.).

Building Efficiency

Building efficiency, the proportion of the building's total ("gross") square footage that can be leased and thus generate income, is a second critical factor. At the suggestion of City staff, the base case modeled a 80% building efficiency factor, meaning that only 80% of the total building square footage is leasable and thus generates income. The remaining 20% generates no revenue and thus becomes a

burden on the leasable space. Any increase in building efficiency therefore becomes a significant increase in operating income.

Exhibit 3 below shows the effect on project feasibility of increasing building efficiency over the baseline assumption of 80%. It is apparent than an increase in building efficiency from 80% to 90% would in itself be sufficient to make a 6-story building feasible.

Exhibit 3
Sensitivity of RLV to Building Efficiency

	Building Efficiency Factor				
# Floors	75.00%	**80.00%**	85.00%	90.00%	95.00%
4	($ 34.73)	($ 19.67)	($ 6.29)	$ 5.67	$ 16.45
5	($ 24.02)	($ 4.17)	$ 13.44	$ 29.16	$ 43.30
6	($ 13.31)	$ 11.34	$ 33.16	**$ 52.64**	**$ 70.15**

Construction Cost and Lease Rates

The relationship between construction costs and rent rates, while important, generates smaller impacts than does a change in cap rates or improvements in building efficiency. **Exhibits 4 and 5** below present the impact of changes in construction hard cost per square foot and residential lease rates, respectively.[3]

Exhibit 4 shows that construction costs would need to decrease to about $100 per s.f. – by nearly 20% - for a 6-story building to become feasible under current conditions, and by just over 20% for a 5-story building to be feasible, with all other baseline assumptions held constant. Continuing construction cost increases in recent years suggests such declines are unlikely. The risk of further cost increases, on the other hand, remains real and could make a project infeasible in the future, requiring revenue increases to make up for cost growth.

Exhibit 4
Sensitivity of RLV to Construction Hard Cost (Apartment Costs)

	Construction Hard Cost per S.F. (Apartments)				
# Floors	$ 80.00	$ 100.00	**$ 120.00**	$ 140.00	$ 160.00
4	**$ 52.19**	$ 16.26	($ 19.67)	($ 55.60)	($ 91.53)
5	**$ 91.65**	$ 43.74	($ 4.17)	($ 52.07)	($ 99.98)
6	**$ 131.10**	**$ 71.22**	$ 11.34	($ 48.55)	($ 108.43)

Exhibit 5 shows that market rents would need to rise by nearly 20% to make a 6-

[3] Construction costs and lease rates were modeled on apartments rather than a weighted average of all spaces in the building to simplify analysis. Apartments were selected as the baseline as they make up the vast majority of the building space on this project, at between 131,000 s.f. and 218,000 s.f. versus only 5,000 s.f. of retail space. Any variation in the cost to construct retail space would have a negligible affect on overall feasibility relative to changes in apartment construction costs.

story building feasible if all other conditions remained constant, while a 5-story building would require an increase of approximately 25%.

Exhibit 5
Sensitivity of RLV to Changes in Apartment Lease Rates

	Market Lease Rate (Apartments)				
# Floors	$ 20.00	**$ 22.00**	$ 24.00	$ 26.00	$ 28.00
4	($ 39.08)	($ 19.67)	($ 0.25)	$ 19.16	$ 38.57
5	($ 30.05)	($ 4.17)	$ 21.72	$ 47.60	**$ 73.49**
6	($ 21.02)	$ 11.34	$ 43.69	**$ 76.05**	**$ 108.40**

Analysis of City Requirements

Affordable Housing

The proportion of total apartment units required to be held to affordable to households earning a certain income, and the level of that affordability, were found to be important but not critical factors in the overall feasibility of the project.

Affordable housing is a key City goal and the developer will be required to lease a minimum of 20% of the residential units at rents that are affordable to households earning less than the average in Shoreline. Limiting any portion of the rentable units to a lower level of income necessarily impacts the income the building can generate. However, as with the discussion on green building cost above, setting 20% of the apartments under relatively small reductions in rent produces a smaller impact on project feasibility than more general factors such as cap rates, building efficiency, and construction cost or market lease rate changes.

Rents observed in the Shoreline market in early 2008 appear to cluster around approximately $1.60 per leasable square foot.[4] Adding a moderate premium that might be charged for a new building, and considering the rent escalation that could occur before a new building comes on-line, raises likely 'market rents' to an average of $1.80 per square foot per month, or about $22.00 per s.f. per year. **Exhibit 6** below illustrates the range of incomes and rents affordable to households earning various percentages of the King County AMI. The projected rate of $1.80 per s.f. would locate the 'market rent' in Shoreline as equivalent to about 75% of the median income affordability for the County overall.

[4] This is based on a survey of apartments advertised in the Shoreline area in March 2008, as well as input from City staff, information published in the Dupre & Scott Apartment Advisor (Oct. 2007), and the report compiled for the City of Shoreline by Property Counselors in 2007.

Exhibit 6
Area Median Income Levels With Corresponding Affordable Rents

% of King Co. Median Income	Max. Income	Affordable Rent / Mo.	Max. Rent / SF / Mo.	Max. Rent / SF / Yr.
100%	$ 67,300	$ 1,680	$ 2.40	$ 28.80
90%	$ 60,600	$ 1,520	$ 2.17	$ 26.06
80%	$ 53,800	$ 1,350	$ 1.93	$ 23.14
75%	**$ 50,500**	**$ 1,260**	**$ 1.80**	**$ 21.60**
70%	$ 47,100	$ 1,180	$ 1.69	$ 20.23
65%	$ 43,700	$ 1,090	$ 1.56	$ 18.69
60%	$ 40,400	$ 1,010	$ 1.44	$ 17.31

Based on this, two scenarios were modeled for this study: one considering the proposed project with 20% of units leased at rents affordable to households earning 70% of King County median income; and the second modeling the same building but with those 20% of units at rents affordable to households earning slightly less: 65% of King County median.

Exhibit 1 above shows the impact of varying affordability requirements on project feasibility overall, in the form of residual land values. **Exhibit 7** below shows the opportunity cost to the developer of setting aside 20% of the total apartment units at rents affordable at 65% and 70% of County median, respectively. The first column shows the total Net Operating Income (NOI) the project could expect under the three building size scenarios if fully rented at Shoreline market rates. The second and third columns show the reduction in NOI that would occur if 20% of units were rented at 65% and 70% affordability requirements.

Exhibit 7
Opportunity Cost of Affordable Units in Reduced Net Operating Income

	Affordability as % of King County Median Income		
	No Aff. Req.	**65% AMI**	**70% AMI**
4 Story Building	$ 1,563,900	($ 40,950)	($ 27,300)
5 Story Building	$ 2,064,400	($ 54,600)	($ 36,400)
6 Story Building	$ 2,564,900	($ 68,250)	($ 45,500)

Green Building

Exhibit 8 below illustrates the range of impacts that meeting the City's Built Green certification requirement might have on overall project feasibility. Eliminating any 'green' cost premium would not be sufficient by itself to make the project feasible.

Exhibit 8
Sensitivity of Residual Land Values to Green Construction Cost Premium

	Cost Premium to Achieve Green Requirement				
# Floors	0.00%	1.00%	3.00%	5.00%	7.00%
4	$ (11.62)	$ (14.30)	$ (19.67)	$ (25.03)	$ (30.40)
5	$ 5.98	$ 2.60	$ (4.17)	$ (10.93)	$ (17.69)
6	$ 23.57	$ 19.49	$ 11.34	$ 3.18	$ (4.98)

Exhibit 9 below presents the impact that different levels of cost premium have on the overall feasibility of the project, in terms of added cost per unit.

Exhibit 9
Cost Premium per Apartment for Green Construction

	Total Green 'Premium'	# of Apts.	Add'l Cost per Apt.
4 Story Building	$ 970,917	150	$ 6,473
5 Story Building	$ 1,202,442	200	$ 6,012
6 Story Building	$ 1,433,967	250	$ 5,736

** Assumes 3% premium over standard Hard Construction Costs.*

The cost premium required to build 'green' depends on a number of factors, some specific to a given project's user profile, space program, and location, as well as on some that are within the developer's control on any project. Development practices such as employing an effective, integrated team approach to design and construction, and working with designers and builders experienced in green construction are foremost among these and can reduce or eliminate the cost premium to build green.

Public Plaza

In addition, the proposed design is that the ground floor will be almost entirely structured parking. Providing the plaza will thus reduce the capacity of that garage by about six parking spaces. Those stalls would need to be provided either in a below-grade parking garage or off-site, which could increase costs compared to the structured garage.

Exhibit 10 illustrates the maximum number of parking stalls that could be provided on-site for each building scenario (4-, 5-, or 6-stories), with and without the public plaza.

Exhibit 10
Additional Cost per Apartment to Add Public Plaza

	# Stalls	# of Stalls On-site	% of Stalls	(w/o Plaza)
4 Story Building	217	217	0%	211
5 Story Building	281	240	15%	275
6 Story Building	345	240	30%	339

Exhibit 11 below illustrates the direct cost of constructing a 2,000 s.f. public plaza and the amount by which that cost would increase the development cost per apartment if the cost were allocated equally among all apartments.

Exhibit 11
Additional Cost per Apartment to Add Public Plaza

	Plaza Cost *	# of Apts.	Add'l Cost per Apt.
4 Story Building	$ 352,800	150	$ 2,352
5 Story Building	$ 352,800	200	$ 1,764
6 Story Building	$ 352,800	250	$ 1,411

** Direct costs only. Costs of replacing the foregone structured parking would be additional and would depend on whether those stalls were provided on-site underground or at an off-site location.*

Note that these costs are the direct cost of building the plaza itself and do not reflect any costs that might be incurred to replace the approximately six parking stalls that would be displaced by the plaza. Providing those stalls on-site in an underground garage could add a further $196,000 to the 'cost' of the plaza. If those stalls were provided in a surface lot on site or at an off-site location that cost would be substantially lower.

Other Findings and Considerations

Assumed Building Configuration

The above estimates were developed based on assumptions provided by the City that the building would be constructed with 50 apartments per floor above the first floor. The first (ground level) floor would be comprised only of 5,000 square feet of retail space, a total of approximately 2,000 s.f. of residential entry area, and the remaining 82,000 s.f. as a structured parking garage.

Upper floors would total approximately 43,750 square feet. This is less than half the total ground-level footprint, representing a substantial setback from the first floor footprint. The same number of units could theoretically be arranged within a lower building height. Assuming an average gross unit size of 875 square feet, up to 104 apartments could be laid out on a single floor if the entire ground-level footprint was carried through to upper floors. Such an arrangement could arrange the maximum number of apartments modeled here, 250 units, in three stories above the ground floor. (A total of four stories.)

Several other considerations are worth noting regarding this arrangement. First, urban design considerations might mitigate against this approach, as such a massive building could incite opposition from neighbors if it far exceeded the scale or massing of other buildings now present or allowed in the neighborhood.

Second, construction costs would most likely not differ substantially between four-story and six-story configurations, as the basic 'wood-frame over concrete podium' construction type would apply at up to a total of six stories including the ground floor.

Parking Configuration

All scenarios assume a single level of structured garage parking at ground level, rather than on the surface. Higher costs for structured parking significantly increase development costs and revenue requirements.

The cost of providing the large parking structure assumed here is substantial, and cost considerations alone might warrant provision of a portion of that parking in a surface lot instead. This is a possibility on this site given that the ground-floor parking garage assumed is nearly twice as large as it would need to be to physically support the housing towers above. If the garage were downsized to only the area that would match the residential 'footprint', nearly half of the garage parking could be replaced with a surface lot on site. This could reduce total development costs by approximately $3.4 million, from approximately $5.4 million to roughly $2.0 million.

Property Acquisition costs

A hurdle value for evaluation of RLV of $50 per s.f was assumed based on the anticipated cost of property acquisition identified in a 2007 study for the City of Shoreline by Property Counselors. The actual land value would depend on the revenue potential of existing uses and the potential for future income-producing uses on the property.

Tab	Name	Description	
1	Findings	Summary of Project Outcomes by Number of Floors	Summary Charts
2	Sensitivity Tables	Sensitivity Tables by Number of Floors	
3	Sensitivity Model 65%	Simplified model and sensitivity analysis outcomes - Affordable Units at 65% of King County AMI	
4	Sensitivity Model 70%	Simplified model and sensitivity analysis outcomes - Affordable Units at 70% of King County AMI	
5	Sensitivity Model - Market	Simplified model and sensitivity analysis outcomes - No affordability requirement	
6	Space Program	Square Footage and Space calculations by floor	Inputs
7	Inputs	Assumptions & Inputs	
8	Pro Formas - 65%	Development Pro Formas by # of floors - Affordable units at 65% of King County AMI	Analysis: Development Pro Formas & 10-year Cash Flow Projections
9	10-Year CF - 65% Lev.	Leveraged cash flow projection - 65% AMI	
10	10-Year CF - 65% Unlev.	Unleveraged cash flow projection - 65% AMI	
11	Pro Formas - 70%	Development Pro Formas by # of floors - Affordable units at 70% of King County AMI	
12	10-Year CF - 70% Lev.	Leveraged cash flow projection - 70% AMI	
13	10-Year CF - 70% Unlev.	Unleveraged cash flow projection - 70% AMI	
14	Pro Formas - Market	Development Pro Formas by # of floors - No affordability requirement	
15	10-Year CF - Market Lev.	Leveraged cash flow projection - No affordability requirement	
16	10-Year CF - Market Unlev.	Unleveraged cash flow projection - No affordability requirement	

Exhibit 1: Summary of Findings

Summary of Findings

FINANCIAL OUTCOMES UNDER CURRENT MARKET ASSUMPTIONS
By % of King County Area Median Income (AMI) for Affordable Units
Assumptions:
- *Projects are leveraged (financed with both debt and equity)*
- *Includes Public Plaza at 2,000 s.f.*
- *Includes 3% Cost Premium for Green Construction*

Notes:
Boldface fonts indicate RLV values that exceed the defined hurdle rate.
Red fonts indicate negative values, where the cost of development (including land) exceeds the value of the property developed.

1.1 - Residual Land Value (RLV) per Land S.F.

Hurdle: $50.00	*Affordability as % of King County Median Income*		
	No Aff. Req.	**65% AMI**	**70% AMI**
4 Story Building	($ 14.81)	($ 22.09)	($ 19.67)
5 Story Building	$ 2.31	($ 7.40)	($ 4.17)
6 Story Building	$ 19.42	$ 7.29	$ 11.34

1.2 - Project Net Present Value (NPV)

	Affordability as % of King County Median Income		
	No Aff. Req.	**65% AMI**	**70% AMI**
4 Story Building	($ 1,718,135)	($ 2,589,696)	($ 2,299,175)
5 Story Building	$ 1,623,337	$ 461,256	$ 848,616
6 Story Building	$ 4,964,809	$ 3,512,207	$ 3,996,408

1.3 - Internal Rate of Return (IRR) - Leveraged

Hurdle: 15.00%	*Affordability as % of King County Median Income*		
	No Aff. Req.	**65% AMI**	**70% AMI**
4 Story Building	11.15%	10.70%	10.85%
5 Story Building	12.76%	12.25%	12.42%
6 Story Building	13.92%	13.37%	13.55%

1.4 - Return on Investment (ROI) - Leveraged

Hurdle: 25.00%	*Affordability as % of King County Median Income*		
	No Aff. Req.	**65% AMI**	**70% AMI**
4 Story Building	**74.79%**	**66.85%**	**69.46%**
5 Story Building	**105.32%**	**95.22%**	**98.53%**
6 Story Building	**129.74%**	**117.77%**	**121.69%**

1.5 - Underground or Off-Site Parking Required

	# Stalls	**% of Stalls**	**(w/o Plaza)**
4 Story Building	0	0%	0
5 Story Building	41	15%	35
6 Story Building	105	30%	99

1.6 - Impact of Public Plaza on Development Cost per Apartment

Plaza Cost * : $ 148,000

	# of Apts.	Add'l Cost per Apt.
4 Story Building	150	$ 987
5 Story Building	200	$ 740
6 Story Building	250	$ 592

** Direct costs only. Costs of replacing the foregone structured parking would be additional and would depend on whether those stalls were provided on-site underground or at an off-site location.*

1.7 - Impact of Building 'Green' on Development Cost per Apartment

	Green Premium	# of Apts.	Add'l Cost per Apt.
4 Story Building	$ 896,492	150	$ 5,977
5 Story Building	$ 1,129,592	200	$ 5,648
6 Story Building	$ 1,362,692	250	$ 5,451

** Assumes 3% premium over standard Hard Construction Costs.*

1.8 - Impact of Affordable Housing on NOI: Opportunity Cost

	Affordability as % of King County Median Income		
	No Aff. Req.	**65% AMI**	**70% AMI**
4 Story Building	$ 1,563,900	($ 40,950)	($ 27,300)
5 Story Building	$ 2,064,400	($ 54,600)	($ 36,400)
6 Story Building	$ 2,564,900	($ 68,250)	($ 45,500)

Exhibit 2: Sensitivity Tables

Sensitivity Analyses

AFFORDABLE UNITS @ 65% AMI

2.1 Summary by Number of Floors

# Floors	TDC	NOI	Market Value	Net Value	RLV
4	$ 38,569,371	$ 1,522,950	$ 30,459,000	$ (8,110,371)	$ (2,485,371)
5	$ 46,653,584	$ 2,009,800	$ 40,196,000	$ (6,457,584)	$ (832,584)
6	$ 54,737,796	$ 2,496,650	$ 49,933,000	$ (4,804,796)	$ 820,204

2.2 Sensitivity: Cap Rates

# Floors	4.50%	4.75%	**5.00%**	5.25%	5.50%
4	$ 7.99	($ 7.84)	($ 22.09)	($ 34.98)	($ 46.71)
5	$ 32.30	$ 11.40	($ 7.40)	($ 24.41)	($ 39.88)
6	**$ 56.61**	$ 30.65	$ 7.29	($ 13.84)	($ 33.06)

2.3 Sensitivity: Hard Cost per Square Foot (Apartments)

# Floors	$ 80.00	$ 100.00	**$ 120.00**	$ 140.00	$ 160.00
4	$ 49.77	$ 13.84	($ 22.09)	($ 58.02)	($ 93.95)
5	**$ 88.41**	$ 40.51	($ 7.40)	($ 55.31)	($ 103.21)
6	**$ 127.06**	**$ 67.17**	$ 7.29	($ 52.59)	($ 112.48)

2.4 Sensitivity: Market Lease Rates

# Floors	$ 20.00	**$ 22.00**	$ 24.00	$ 26.00	$ 28.00
4	($ 41.51)	($ 22.09)	($ 2.68)	$ 16.73	$ 36.15
5	($ 33.29)	($ 7.40)	$ 18.48	$ 44.37	**$ 70.25**
6	($ 25.06)	$ 7.29	$ 39.65	**$ 72.00**	**$ 104.36**

2.5 Sensitivity: Building Efficiency

# Floors	75.00%	**80.00%**	85.00%	90.00%	95.00%
4	($ 37.16)	($ 22.09)	($ 8.72)	$ 3.25	$ 14.03
5	($ 27.26)	($ 7.40)	$ 10.20	$ 25.92	$ 40.06
6	($ 17.36)	$ 7.29	$ 29.12	$ 48.60	**$ 66.10**

2.6 Sensitivity: Green Building Premium

# Floors	0.00%	1.00%	**3.00%**	5.00%	7.00%
4	$ (14.04)	$ (16.73)	$ (22.09)	$ (27.46)	$ (32.82)
5	$ 2.74	$ (0.64)	$ (7.40)	$ (14.16)	$ (20.92)
6	$ 19.53	$ 15.45	$ 7.29	$ (0.87)	$ (9.02)

AFFORDABLE UNITS @ 70% AMI

2.1 Summary by Number of Floors

# Floors	TDC	NOI	Market Value	Net Value	RLV
4	$ 38,569,371	$ 1,536,600	$ 30,732,000	$ (7,837,371)	$ (2,212,371)
5	$ 46,653,584	$ 2,028,000	$ 40,560,000	$ (6,093,584)	$ (468,584)
6	$ 54,737,796	$ 2,519,400	$ 50,388,000	$ (4,349,796)	$ 1,275,204

2.2 Sensitivity: Cap Rates

# Floors	4.50%	4.75%	**5.00%**	5.25%	5.50%
4	$ 10.69	($ 5.29)	($ 19.67)	($ 32.67)	($ 44.50)
5	$ 35.89	$ 14.81	($ 4.17)	($ 21.33)	($ 36.94)
6	**$ 61.10**	$ 34.91	$ 11.34	($ 9.99)	($ 29.38)

2.3 Sensitivity: Hard Cost per Square Foot (Apartments)

# Floors	$ 80.00	$ 100.00	**$ 120.00**	$ 140.00	$ 160.00
4	**$ 52.19**	$ 16.26	($ 19.67)	($ 55.60)	($ 91.53)
5	**$ 91.65**	$ 43.74	($ 4.17)	($ 52.07)	($ 99.98)
6	**$ 131.10**	**$ 71.22**	$ 11.34	($ 48.55)	($ 108.43)

2.4 Sensitivity: Market Lease Rates

# Floors	$ 20.00	**$ 22.00**	$ 24.00	$ 26.00	$ 28.00
4	($ 39.08)	($ 19.67)	($ 0.25)	$ 19.16	$ 38.57
5	($ 30.05)	($ 4.17)	$ 21.72	$ 47.60	**$ 73.49**
6	($ 21.02)	$ 11.34	$ 43.69	**$ 76.05**	**$ 108.40**

2.5 Sensitivity: Building Efficiency

# Floors	75.00%	**80.00%**	85.00%	90.00%	95.00%
4	($ 34.73)	($ 19.67)	($ 6.29)	$ 5.67	$ 16.45
5	($ 24.02)	($ 4.17)	$ 13.44	$ 29.16	$ 43.30
6	($ 13.31)	$ 11.34	$ 33.16	**$ 52.64**	**$ 70.15**

2.6 Sensitivity: Green Building Premium

# Floors	0.00%	1.00%	**3.00%**	5.00%	7.00%
4	$ (11.62)	$ (14.30)	$ (19.67)	$ (25.03)	$ (30.40)
5	$ 5.98	$ 2.60	$ (4.17)	$ (10.93)	$ (17.69)
6	$ 23.57	$ 19.49	$ 11.34	$ 3.18	$ (4.98)

Exhibit 3: Sensitivity Model, 65% AMI

VALUE INPUTS	% of Apts	
Market Lease Rate	80%	$ 22.00
Affordable Lease Rate (65% AMI)	20%	$ 19.00
Retail Lease Rate		$ 24.00
Vacancy		5%
Operating Expense		30%
Parking Req'd - Apts.		1.27
Parking Req'd - Retail		5.00
Initial Cap Rate - Mixed Use		5.00%
Apartment Hard Cost		$ 120.00
Retail Hard Cost		$ 110.00
Structured Parking Hard Cost		$ 45.00
Public Plaza Hard Cost		$ 50.00
Sitework Cost		$ 6.00
Soft Cost %		30%
Land Cost		$ 50.00
Cost Premium for 'Green'		3.0%
Developer Return Req'd		15.00%

SPACE INPUTS	
# Floors	6
Property Size	112,500
Setbacks	21,250
Avg. apartment size	700
Building Efficiency	80%
# Apartment Units / Floor	50
Retail SF (Gross)	5,000
Public Plaza SF	2,000
Surface Parking SF	-
Structured Pkg SF	84,250

COST MODEL	SF (Gross)	Cost	Per SF
Land Acq.	112,500	$ 5,625,000	$ 50.00
Sitework	112,500	$ 675,000	$ 6.00
Apartment Hard Cost	218,750	$ 26,250,000	$ 120.00
Retail Hard Cost	5,000	$ 550,000	$ 110.00
Public Plaza Hard Cost	2,000	$ 100,000	$ 50.00
Structured Parking Hard Cost	84,250	$ 3,791,250	$ 45.00
Total Hard Cost	223,750	$ 36,991,250	$ 165.32
Green Building Premium	3.0%	$ 920,738	$ 4.12
Soft Cost	30%	$ 9,686,096	$ 43.29
Developer Return	15.00%	$ 7,139,713	$ 31.91
Total Project Cost		$ 54,737,796	$ 244.64

INCOME MODEL	SF (Net)	Total	Per SF
Apartments NOI - Market	140,000	$ 2,002,000	$ 14.30
Apartments NOI - Affordable 2	35,000	$ 432,250	$ 12.35
Retail NOI	4,000	$ 62,400	$ 15.60
TOTAL NOI	179,000	$ 2,496,650	$ 11.16
Capitalized Value		$ 49,933,000	$ 223.16
Net Project Value		$ (4,804,796)	$ (21.47)
Residual Land Value		$ 820,204	$ 7.29

SUMMARY BY # OF FLOORS, 65% AMI

# of Floors	TDC	NOI	Total Value	Net Value	RLV
4	$ 38,569,371	$ 1,522,950	$ 30,459,000	$ (8,110,371)	$ (2,485,371)
5	$ 46,653,584	$ 2,009,800	$ 40,196,000	$ (6,457,584)	$ (832,584)
6	$ 54,737,796	$ 2,496,650	$ 49,933,000	$ (4,804,796)	$ 820,204

SENSITIVITY ANALYSES, 65% AMI

3.1 RLV Sensitivity: Cap Rates

$ 7.29	4.50%	4.75%	5.00%	5.25%	5.50%
4	$ 7.99	($ 7.84)	($ 22.09)	($ 34.98)	($ 46.71)
5	$ 32.30	$ 11.40	($ 7.40)	($ 24.41)	($ 39.88)
6	**$ 56.61**	$ 30.65	$ 7.29	($ 13.84)	($ 33.06)

% Decrease required to reach Hurdle Rate: 10%

3.2 RLV Sensitivity: Building Efficiency

$ 7.29	75.00%	80.00%	85.00%	90.00%	95.00%
4	($ 37.16)	($ 22.09)	($ 8.72)	$ 3.25	$ 14.03
5	($ 27.26)	($ 7.40)	$ 10.20	$ 25.92	$ 40.06
6	($ 17.36)	$ 7.29	$ 29.12	$ 48.60	**$ 66.10**

% Increase required to reach Hurdle Rate: 19%

3.3 RLV Sensitivity: Apartment Hard Cost

$ 7.29	$ 80.00	$ 100.00	$ 120.00	$ 140.00	$ 160.00
4	$ 49.77	$ 13.84	($ 22.09)	($ 58.02)	($ 93.95)
5	**$ 88.41**	$ 40.51	($ 7.40)	($ 55.31)	($ 103.21)
6	**$ 127.06**	**$ 67.17**	$ 7.29	($ 52.59)	($ 112.48)

% Decrease required to reach Hurdle Rate: 17%

3.4 RLV Sensitivity: Market Lease Rate

$ 7.29	$ 20.00	$ 22.00	$ 24.00	$ 26.00	$ 28.00
4	($ 41.51)	($ 22.09)	($ 2.68)	$ 16.73	$ 36.15
5	($ 33.29)	($ 7.40)	$ 18.48	$ 44.37	**$ 70.25**
6	($ 25.06)	$ 7.29	$ 39.65	**$ 72.00**	**$ 104.36**

% Increase required to reach Hurdle Rate: 18%

3.5 RLV Sensitivity: Green Building Premium

$ 7.29	0.00%	1.00%	3.00%	5.00%	7.00%
4	($ 14.04)	($ 16.73)	($ 22.09)	($ 27.46)	($ 32.82)
5	$ 2.74	($ 0.64)	($ 7.40)	($ 14.16)	($ 20.92)
6	$ 19.53	$ 15.45	$ 7.29	($ 0.87)	($ 9.02)

Decrease to 0% will not raise RLV to Hurdle Rate.

3.6 RLV Sensitivity: Public Plaza S.F.

$ 7.29	0	1000	2000	3000	5000
4	($ 21.96)	($ 22.02)	($ 22.09)	($ 22.16)	($ 22.30)
5	($ 7.26)	($ 7.33)	($ 7.40)	($ 7.47)	($ 7.61)
6	$ 7.43	$ 7.36	$ 7.29	$ 7.22	$ 7.09

Removing Public Plaza completely will not raise RLV to Hurdle Rate.

Exhibit 4: Sensitivity Model, 70% AMI

VALUE INPUTS	% of Apts	
Market Lease Rate	80%	$ 22.00
Affordable Lease Rate (70% AMI)	20%	$ 20.00
Retail Lease Rate		$ 24.00
Vacancy		5%
Operating Expense		30%
Parking Req'd - Apts.		1.27
Parking Req'd - Retail		5.00
Initial Cap Rate - Mixed Use		5.00%
Apartment Hard Cost		$ 120.00
Retail Hard Cost		$ 110.00
Structured Parking Hard Cost		$ 45.00
Public Plaza Hard Cost		$ 50.00
Sitework Cost		$ 6.00
Soft Cost %		30%
Land Cost		$ 50.00
Cost Premium for 'Green'		3.0%
Developer Return Req'd		15.00%

SPACE INPUTS	
# Floors	6
Property Size	112,500
Setbacks	21,250
Avg. apartment size	700
Building Efficiency	80%
# Apartment Units / Floor	50
Retail SF (Gross)	5,000
Public Plaza SF	2,000
Surface Parking SF	-
Structured Pkg SF	84,250

COST MODEL	SF (Gross)	Cost	Per SF
Land Acq.	112,500	$ 5,625,000	50
Sitework	112,500	$ 675,000	6
Apartment Hard Cost	218,750	$ 26,250,000	120
Retail Hard Cost	5,000	$ 550,000	110
Public Plaza Hard Cost	2,000	$ 100,000	50
Structured Parking Hard Cost	84,250	$ 3,791,250	45
Total Hard Cost	223,750	$ 36,991,250	$ 165.32
Green Building Premium	3.0%	$ 920,738	$ 4.12
Soft Cost	30%	$ 9,686,096	$ 43.29
Developer Return	15.00%	$ 7,139,713	$ 31.91
Total Project Cost		$ 54,737,796	$ 244.64

INCOME MODEL	SF (Net)	Total	Per SF
Apartments NOI - Market	140,000	$ 2,002,000	$ 14.30
Apartments NOI - Affordable 1	35,000	$ 455,000	$ 13.00
Retail NOI	4,000	$ 62,400	$ 15.60
TOTAL NOI	179,000	$ 2,519,400	$ 11.26
Capitalized Value		$ 50,388,000	$ 225.20
Net Project Value		$ (4,349,796)	$ (19.44)
Residual Land Value		$ 1,275,204	$ 11.34

SUMMARY BY # OF FLOORS, 70% AMI

# of Floors	TDC	NOI	Total Value	Net Value	RLV
4	$ 38,569,371	$ 1,536,600	$ 30,732,000	$ (7,837,371)	$ (2,212,371)
5	$ 46,653,584	$ 2,028,000	$ 40,560,000	$ (6,093,584)	$ (468,584)
6	$ 54,737,796	$ 2,519,400	$ 50,388,000	$ (4,349,796)	$ 1,275,204

SENSITIVITY ANALYSES, 70% AMI

4.1 RLV Sensitivity: Cap Rates

$ 11.34	4.50%	4.75%	5.00%	5.25%	5.50%
4	$ 10.69	($ 5.29)	($ 19.67)	($ 32.67)	($ 44.50)
5	$ 35.89	$ 14.81	($ 4.17)	($ 21.33)	($ 36.94)
6	$ 61.10	$ 34.91	$ 11.34	($ 9.99)	($ 29.38)

% Decrease Required to Reach Hurdle Rate: 10%

4.2 RLV Sensitivity: Building Efficiency

$ 11.34	75.00%	80.00%	85.00%	90.00%	95.00%
4	($ 34.73)	($ 19.67)	($ 6.29)	$ 5.67	$ 16.45
5	($ 24.02)	($ 4.17)	$ 13.44	$ 29.16	$ 43.30
6	($ 13.31)	$ 11.34	$ 33.16	$ 52.64	$ 70.15

% Increase Required to Reach Hurdle Rate: 11%

4.3 RLV Sensitivity: Apartment Hard Cost

$ 11.34	$ 80.00	$ 100.00	$ 120.00	$ 140.00	$ 160.00
4	$ 52.19	$ 16.26	($ 19.67)	($ 55.60)	($ 91.53)
5	$ 91.65	$ 43.74	($ 4.17)	($ 52.07)	($ 99.98)
6	$ 131.10	$ 71.22	$ 11.34	($ 48.55)	($ 108.43)

% Decrease Required to Reach Hurdle Rate: 17%

4.4 RLV Sensitivity: Market Lease Rates

$ 11.34	$ 20.00	$ 22.00	$ 24.00	$ 26.00	$ 28.00
4	($ 39.08)	($ 19.67)	($ 0.25)	$ 19.16	$ 38.57
5	($ 30.05)	($ 4.17)	$ 21.72	$ 47.60	$ 73.49
6	($ 21.02)	$ 11.34	$ 43.69	$ 76.05	$ 108.40

% Increase Required to Reach Hurdle Rate: 18%

4.5 RLV Sensitivity: Green Building Premium

$ 11.34	0.00%	1.00%	3.00%	5.00%	7.00%
4	($ 11.62)	($ 14.30)	($ 19.67)	($ 25.03)	($ 30.40)
5	$ 5.98	$ 2.60	($ 4.17)	($ 10.93)	($ 17.69)
6	$ 23.57	$ 19.49	$ 11.34	$ 3.18	($ 4.98)

Decrease to 0% cost premium will not raise RLV to Hurdle Rate.

4.6 RLV Sensitivity: Public Plaza S.F.

$ 11.34	0	1000	2000	3000	5000
4	($ 19.53)	($ 19.60)	($ 19.67)	($ 19.73)	($ 19.87)
5	($ 4.03)	($ 4.10)	($ 4.17)	($ 4.23)	($ 4.37)
6	$ 11.47	$ 11.40	$ 11.34	$ 11.27	$ 11.13

Removing Public Plaza completely will not raise RLV to Hurdle Rate.

Exhibit 5: Sensitivity Model, Market

VALUE INPUTS	% of Apts	
Market Lease Rate	100%	$ 22.00
Affordable Lease Rate	0%	$ 20.00
Retail Lease Rate		$ 24.00
Vacancy		5%
Operating Expense		30%
Parking Req'd - Apts.		1.27
Parking Req'd - Retail		5.00
Initial Cap Rate - Mixed Use		5.00%
Apartment Hard Cost		$ 120.00
Retail Hard Cost		$ 110.00
Structured Parking Hard Cost		$ 45.00
Public Plaza Hard Cost		$ 50.00
Sitework Cost		$ 6.00
Soft Cost %		30%
Land Cost		$ 50.00
Cost Premium for 'Green'		3.0%
Developer Return Req'd		15.00%

SPACE INPUTS	
# Floors	6
Property Size	112,500
Setbacks	21,250
Avg. apartment size	700
Building Efficiency	80%
# Apartment Units / Floor	50
Retail SF (Gross)	5,000
Public Plaza SF	2,000
Surface Parking SF	-
Structured Pkg SF	84,250

COST MODEL	SF (Gross)	Cost	Per SF
Land Acq.	112,500	$ 5,625,000	50
Sitework	112,500	$ 675,000	6
Apartment Hard Cost	218,750	$ 26,250,000	120
Retail Hard Cost	5,000	$ 550,000	110
Public Plaza Hard Cost	2,000	$ 100,000	50
Structured Parking Hard Cost	84,250	$ 3,791,250	45
Total Hard Cost	**223,750**	**$ 36,991,250**	**$ 165.32**
Green Building Premium	3.0%	$ 920,738	$ 4.12
Soft Cost	30%	$ 9,686,096	$ 43.29
Developer Return	15.00%	$ 7,139,713	$ 31.91
Total Project Cost		**$ 54,737,796**	**$ 244.64**

INCOME MODEL	SF (Net)	Total	Per SF
Apartments NOI - Market	175,000	$ 2,502,500	$ 14.30
Apartments NOI - Affordable 1	-	$ -	#DIV/0!
Retail NOI	4,000	$ 62,400	$ 15.60
TOTAL NOI	179,000	$ 2,564,900	$ 11.46
Capitalized Value		$ 51,298,000	$ 229.26
Net Project Value		$ (3,439,796)	$ (15.37)
Residual Land Value		**$ 2,185,204**	**$ 19.42**

SUMMARY BY # OF FLOORS, 70% AMI

# of Floors	TDC	NOI	Total Value	Net Value	RLV
4	$ 38,569,371	$ 1,563,900	$ 31,278,000	$ (7,291,371)	$ (1,666,371)
5	$ 46,653,584	$ 2,064,400	$ 41,288,000	$ (5,365,584)	$ 259,416
6	$ 54,737,796	$ 2,564,900	$ 51,298,000	$ (3,439,796)	$ 2,185,204

SENSITIVITY ANALYSES, 70% AMI

5.1 RLV Sensitivity: Cap Rates

$ 19.42	4.50%	4.75%	5.00%	5.25%	5.50%
4	$ 16.08	($ 0.18)	($ 14.81)	($ 28.05)	($ 40.09)
5	$ 43.08	$ 21.62	$ 2.31	($ 15.17)	($ 31.06)
6	**$ 70.09**	$ 43.42	$ 19.42	($ 2.29)	($ 22.03)

% Decrease Required to Reach Hurdle Rate: 10%

5.2 RLV Sensitivity: Building Efficiency

$ 19.42	75.00%	80.00%	85.00%	90.00%	95.00%
4	($ 29.88)	($ 14.81)	($ 1.44)	$ 10.53	$ 21.31
5	($ 17.55)	$ 2.31	$ 19.91	$ 35.63	$ 49.77
6	($ 5.22)	$ 19.42	$ 41.25	$ 60.73	$ 78.24

% Increase Required to Reach Hurdle Rate: 11%

5.3 RLV Sensitivity: Apartment Hard Cost

$ 19.42	$ 80.00	$ 100.00	$ 120.00	$ 140.00	$ 160.00
4	$ 57.05	$ 21.12	($ 14.81)	($ 50.74)	($ 86.67)
5	$ 98.12	$ 50.21	$ 2.31	($ 45.60)	($ 93.51)
6	$ 139.19	$ 79.31	$ 19.42	($ 40.46)	($ 100.34)

% Decrease Required to Reach Hurdle Rate: 17%

5.4 RLV Sensitivity: Market Lease Rates

$ 19.42	$ 20.00	$ 22.00	$ 24.00	$ 26.00	$ 28.00
4	($ 39.08)	($ 14.81)	$ 9.45	$ 33.72	$ 57.99
5	($ 30.05)	$ 2.31	$ 34.66	$ 67.02	$ 99.37
6	($ 21.02)	$ 19.42	$ 59.87	$ 100.31	$ 140.76

% Increase Required to Reach Hurdle Rate: 9%

5.5 RLV Sensitivity: Green Building Premium

$ 19.42	0.00%	1.00%	3.00%	5.00%	7.00%
4	($ 6.76)	($ 9.45)	($ 14.81)	($ 20.18)	($ 25.54)
5	$ 12.45	$ 9.07	$ 2.31	($ 4.46)	($ 11.22)
6	$ 31.66	$ 27.58	$ 19.42	$ 11.27	$ 3.11

Decrease to 0% cost premium will not raise RLV to Hurdle Rate.

5.6 RLV Sensitivity: Public Plaza S.F.

$ 19.42	0	1000	2000	3000	5000
4	($ 14.68)	($ 14.74)	($ 14.81)	($ 14.88)	($ 15.02)
5	$ 2.44	$ 2.37	$ 2.31	$ 2.24	$ 2.10
6	$ 19.56	$ 19.49	$ 19.42	$ 19.36	$ 19.22

Removing Public Plaza completely will not raise RLV to Hurdle Rate.

Exhibit 6: Space Program

SITE PROGRAM & BASIC INPUTS

	% of Site	S.F.	
Site Area	100%	112,500	
Setbacks	19%	21,250	
Max. Ground Floor Building Area	81%	91,250	
Retail SF (first floor, 1 bldg)	4%	5,000	
Public Plaza	2%	2,000	
Surface Parking	0%	-	Stalls
Structured Parking	75%	84,250	240 Stalls
Average Upper Floor Area	38.9%	43,750	
Max. Parking Underground	80%	90,000	257 Stalls
% of Parking Leased	0%		

Unit Size (gross SF)	875
Number of units per floor	50

FAR

Assumed Lot Coverage %:		80%
FAR	Building SF	# Units
2.5	225,000	251
3	270,000	303
4	360,000	406

BUILDING DETAIL BY FLOOR

Floor	Retail	Apartments (Gross SF)	Public Plaza	Surface Parking	Structured Parking	Calculated FAR	# Apartments	Parking Req'd	Parking Provided
6	-	43,750	-	-	-	2.7	50	64	
5	-	43,750	-	-	-	2.3	50	64	
4	-	43,750	-	-	-	2.0	50	64	
3	-	43,750	-	-	-	1.6	50	64	
2	-	43,750	-	-	-	1.2	50	64	
1	5,000		2,000	-	84,250	0.8	-	25	240

BUILDING SUMMARY BY # OF STORIES

	Retail	Apartments	Public Plaza	Surface Parking	Structured Parking	Underground Parking	# Apartments	Parking Stalls Req'd	Sfc. + Str. Parking Provided	Underground or Off-Site Parking Req'd	% Parking Offsite / Undgrd
6 Story Building	5,000	218,750	2,000	-	84,250	36,750	250	345	240	105	30%
5 Story Building	5,000	175,000	2,000	-	84,250	14,350	200	281	240	41	15%
4 Story Building	5,000	131,250	2,000	-	84,250	-	150	217	240	-	0%

Exhibit 7: Market Data Inputs and Assumptions

SPACE, COST & REVENUE ASSUMPTIONS BY USE TYPE

Use	% AMI	Average Unit Size	Lease Rate	Operating Expense Vacancy	Operating Expense Ratio	Bldg Efficiency	Parking Ratio	Hard Cost / SF	TDC / SF	Net Income / SF	Market Value / SF	Net Value / SF	
Apartments - Shoreline Market	75%	700	$ 22.00	5%	30%	80%	1.27	$ 120.00	$ 156.00	$ 14.30	$ 286.00	$ 130.00	
Apartments - 70% AMI	70%	700	$ 20.00	5%	30%	80%	1.27	$ 120.00	$ 156.00	$ 13.00	$ 260.00	$ 104.00	
Apartments - 65% AMI	65%	700	$ 19.00	5%	30%	80%	1.27	$ 120.00	$ 156.00	$ 12.35	$ 247.00	$ 91.00	
Retail		5,000	$ 24.00	5%	30%	80%	5.00	$ 110.00	$ 143.00	$ 15.60	$ 240.00	$ 97.00	
Site Development								$ 6	$ 8				
Public Plaza								$ 50	$ 65				
Surface Parking		350	$ 10.00	40%	10%			$ 5.00	$ 6.50	$ 5.00	$ 100.00	$ 93.50	TDC / Stall $ 2,275
Structured Parking		350	$ 10.00	50%	10%			$ 45.00	$ 58.50	$ 4.00	$ 80.00	$ 21.50	$ 20,475
Underground Parking		350	$ 10.00	60%	10%			$ 0.00	$ 0.00	$ 3.00	$ 60.00	$ 60.00	$ -

% of Apartments to be Affordable 20% ("Affordable rent": =< 30% of income)

OTHER COST ASSUMPTIONS

Soft Cost %	30%	of Hard Cost
Marketing & Sales costs	8.0%	of Sale Price
Assumed Average Land Cost / SF	$ 50.00	per land SF
Cost Premium for "Green" Constr.	3.0%	

"Market rate" in Shoreline -->

RENTS & AFFORDABILITY BY HOUSEHOLD INCOME

% of King Co. Median Income	Max. Income	Affordable Rent / Mo.	Max. Rent / SF / Mo.	Max. Rent / SF / Yr.	Studio	1-BR	2-BR
100%	$ 67,300	$ 1,680	$ 2.40	$ 28.80	$ 1,380	$ 1,680	$ 2,100
90%	$ 60,600	$ 1,520	$ 2.17	$ 26.06	$ 1,249	$ 1,520	$ 1,900
80%	$ 53,800	$ 1,350	$ 1.93	$ 23.14	$ 1,109	$ 1,350	$ 1,688
75%	**$ 50,500**	**$ 1,260**	**$ 1.80**	**$ 21.60**	$ 1,035	$ 1,260	$ 1,575
70%	$ 47,100	$ 1,180	$ 1.69	$ 20.23	$ 969	$ 1,180	$ 1,475
65%	$ 43,700	$ 1,090	$ 1.56	$ 18.69	$ 895	$ 1,090	$ 1,363
60%	$ 40,400	$ 1,010	$ 1.44	$ 17.31	$ 830	$ 1,010	$ 1,263

FINANCIAL ASSUMPTIONS

Discount Rate		6.00%
Exit Cap Rate Premium	2.00%	
Initial Cap Rate - Apartments	5.00%	7.00%
Initial Cap Rate - Retail	6.50%	8.50%
Initial Cap Rate - Mixed	5.00%	7.00%
Cost Inflation		4.00%
Income Inflation		3.00%
Res. Sale Price Inflation		5.00%
Taxable Assessed Value as % of Market Value		80%
Property Tax Rate per $1000 of Assessed Value		$ 12.03
Entrepreneurial Return (Developer Hurdle for IRR)		15.00%
Entrepreneurial Return (Developer Hurdle for ROI)		25.00%

Debt Financing Assumptions

Perm. Loan to Value Ratio (LTV)	80%
Perm. Loan to Cost Ratio (LTC)	75%
Debt Coverage Ratio	1.20
Loan Term	20
Loan Interest	6.50%

RENT REFERENCE DATA

	Corresponds to # bedrooms	Studio	1 BR	2 BR	Weighted Avg.
Dupre & Scott	N. King Co. 2000 and later apts. rent/SF	$ 1.81	$ 1.62	$ 1.50	$ 1.66
Arabella Apts. (per Property Counselors), assumed at 700 SF/unit			$ 1.36		

Inflated to 2008 Esc. for infl. and new constr. 15%	AMI Equiv.	Per Unit	Per SF / Yr.	Per SF / Mo. (escalated)	Per SF / Mo. (current)
Dupre & Scott avg., N.King County, 02/2008	79%	$ 1,333	$ 22.86	$ 1.90	$ 1.66
Property Counselors	85%	$ 1,429	$ 24.50	$ 2.04	$ 1.78
Arabella	65%	$ 1,098	$ 18.83	$ 1.57	$ 1.36
Forest Hills Estates	79%	$ 1,331	$ 22.81	$ 1.90	$ 1.65
Developer Assumed Rent	69%	$ 1,169	$ 20.04	$ 1.67	
Average	76%	$ 1,272	$ 21.81	$ 1.82	

RESIDENTIAL UNIT SIZE MIX

	Studio	1-BR	2-BR	Weight. Avg.
SF / Unit	575	700	875	
Proportion of Apartments	35%	40%	25%	700
# persons	1.0	1.5	3.0	1.70
Parking Req'd	1.00	1.30	1.60	1.27

TIMING ASSUMPTIONS

	Period	Start Year	End Year
Construction Period	1	2009	2009
Lease up Period	1	2010	2010
Condo Absorption Rate / yr	30	2010	
Property Tax Exemption	12	2010	2021
Property sale in year:	15	2023	

Exhibit 8: Development Pro Formas - 65% AMI

Development Feasability Analysis: Increase in Max. Number of Floors

Affordability at 65% of Area Median Income

	Value / SF	4 Story Building Area (SF)	4 Story Building Cost	4 Story Building Subtotals	5 Story Building Area (SF)	5 Story Building Cost	5 Story Building Subtotals	6 Story Building Area (SF)	6 Story Building Cost	6 Story Building Subtotals
Site Market Value / Acquisition Cost	$ 50.00	112,500	$ 5,625,000	$ 5,625,000	112,500	$ 5,625,000	$ 5,625,000	112,500	$ 5,625,000	$ 5,625,000
Site Improvement Costs	$ 6.00	112,500	$ 675,000	$ 675,000	112,500	$ 675,000	$ 675,000	112,500	$ 675,000	$ 675,000
Construction Costs										
Commercial Subtotal				$ 650,000			$ 650,000			$ 650,000
Retail	$ 110.00	5,000	$ 550,000		5,000	$ 550,000		5,000	$ 550,000	
Public Plaza	$ 50.00	2,000	$ 100,000		2,000	$ 100,000		2,000	$ 100,000	
Residential Subtotal				$ 15,750,000			$ 21,000,000			$ 26,250,000
Apartments		131,250	$ 15,750,000		175,000	$ 21,000,000		218,750	$ 26,250,000	
80% Apartments - Shoreline Market	$ 120.00	105,000	$ 12,600,000		140,000	$ 16,800,000		175,000	$ 21,000,000	
20% Apartments - 65% AMI	$ 120.00	26,250	$ 3,150,000		35,000	$ 4,200,000		43,750	$ 5,250,000	
Parking Subtotal				$ 3,791,250			$ 3,791,250			$ 3,791,250
Surface Parking	$ 5.00	0	$ 0		0	$ 0		0	$ 0	
Structured Parking	$ 45.00	84,250	$ 3,791,250		84,250	$ 3,791,250		84,250	$ 3,791,250	
Underground Parking	$ 0.00	0	$ 0		14,350	$ 0		38,750	$ 0	
Premium for Green Construction	2.0%			$ 605,738			$ 763,238			$ 920,738
Total Hard Costs				$ 21,471,988			$ 26,879,488			$ 32,286,988
Soft Development Costs	30%			$ 6,441,596			$ 8,063,846			$ 9,686,096
Total Development Costs (Incl. Land)				$ 33,538,584			$ 40,568,334			$ 47,598,084
Entrepreneurial Return	15%			$ 5,030,788			$ 6,085,250			$ 7,139,713
= Total Property Cost				$ 38,569,371			$ 46,653,584			$ 54,737,796
Minimum Rental Market Value (= Property Cost - Sale Income)				$ 38,569,371			$ 46,653,584			$ 54,737,796
x Capitalization Rate				5.00%			5.00%			5.00%
= Minimum Rental NOI Required				$ 1,928,469			$ 2,332,679			$ 2,736,890

RENTAL INCOME	Rent / SF	4 Story Building Gross Rental Income	4 Story Building Vacancy + Operating Expenses	4 Story Building Net Operating Income	5 Story Building Gross Rental Income	5 Story Building Vacancy + Operating Expenses	5 Story Building Net Operating Income	6 Story Building Gross Rental Income	6 Story Building Vacancy + Operating Expenses	6 Story Building Net Operating Income
Apartments - Shoreline Market	$ 22.00	$ 1,848,000	($ 646,800)	$ 1,201,200	$ 2,464,000	($ 862,400)	$ 1,601,600	$ 3,080,000	($ 1,078,000)	$ 2,002,000
Apartments - 65% AMI	$ 19.00	$ 399,000	($ 139,650)	$ 259,350	$ 532,000	($ 186,200)	$ 345,800	$ 665,000	($ 232,750)	$ 432,250
Retail	$ 24.00	$ 96,000	($ 33,600)	$ 62,400	$ 96,000	($ 33,600)	$ 62,400	$ 96,000	($ 33,600)	$ 62,400
Surface Parking	$ 10.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Structured Parking	$ 10.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Underground Parking	$ 10.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
TOTALS		$ 2,343,000	($ 820,050)	$ 1,522,950	$ 3,092,000	($ 1,082,200)	$ 2,009,800	$ 3,841,000	($ 1,344,350)	$ 2,496,650
Total Rental NOI				$ 1,522,950			$ 2,009,800			$ 2,496,650
Capitalized Value				$ 30,459,000			$ 40,196,000			$ 49,933,000
FINANCING										
Max. Loan (LTV)	80%			$ 24,367,200			$ 32,156,800			$ 39,946,400
Max. Loan (LTC)	75%			$ 28,927,028			$ 34,990,188			$ 41,053,347
Max. Loan (DCR)	1.20			$ 14,185,116			$ 18,719,752			$ 23,254,388
Max Perm. Loan Amount				$ 14,185,116			$ 18,719,752			$ 23,254,388
		No, Development Cost Exceeds Property Value			No, Development Cost Exceeds Property Value			No, Development Cost Exceeds Property Value		
		Value of Rental NOI		$ 30,459,000	Value of Rental NOI		$ 40,196,000	Value of Rental NOI		$ 49,933,000
		Value of Unit Sales		$ 0	Value of Unit Sales		$ 0	Value of Unit Sales		$ 0
		Total Property Value		$ 30,459,000	Total Property Value		$ 40,196,000	Total Property Value		$ 49,933,000
		Net Project Value		($ 8,110,371)	Net Project Value		($ 6,457,554)	Net Project Value		($ 4,804,796)
		Effective Cap Rate		3.9%	Effective Cap Rate		4.3%	Effective Cap Rate		4.6%
		RLV		($ 2,485,371)	RLV		($ 832,584)	RLV		$ 820,204
		RLV per SF		($ 22.09)	RLV per SF		($ 7.40)	RLV per SF		$ 7.29
		Required RLV/SF		$ 50.00	Required RLV/SF		$ 50.00	Required RLV/SF		$ 50.00
TVM Calculations (Leveraged)	Sale in Year:	2023	Project NPV	($ 2,589,696)	Project NPV		$ 461,256	Project NPV		$ 3,512,207
			IRR	10.70%	IRR		12.25%	IRR		13.37%
			ROI	66.85%	ROI		95.22%	ROI		117.77%
TVM Calculations (Unleveraged)	Sale in Year:	2023	Project NPV	$ 9,206,801	Project NPV		$ 16,028,805	Project NPV		$ 22,850,808
			IRR	8.84%	IRR		9.80%	IRR		10.45%
			ROI	31.45%	ROI		43.51%	ROI		52.01%

Exhibit 9: Cash Flow Projection (Leveraged), 65% AMI

Affordability at 65% AMI - Leveraged

Property sale in year:	15		Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20
			Year 0 in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Cost Escalation	3.00%			1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	1.811
Income Escalation	3.00%			1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	1.811
Residential Value Inflator	5.00%			1.050	1.103	1.158	1.216	1.276	1.340	1.407	1.477	1.551	1.629	1.710	1.796	1.886	1.980	2.079	2.653
4 STORY BUILDING	**2008 $**	**PV**																	
Development Expenses + Land Acq.	$ 33,538,584	$ (34,880,127)		$ (34,880,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																			
Annual Rental Income	$ 2,343,000	$ 27,423,784		$ -	$ 2,485,689	$ 2,560,259	$ 2,637,067	$ 2,716,179	$ 2,797,665	$ 2,881,594	$ 2,968,042	$ 3,057,084	$ 3,148,796	$ 3,243,260	$ 3,340,558	$ 3,440,774	$ 3,543,998	$ 3,650,318	$ -
Vacancy & Operating Expenses	$ (820,050)	$ (9,598,324)		$ -	$ (869,991)	$ (896,091)	$ (922,973)	$ (950,663)	$ (979,183)	$ (1,008,558)	$ (1,038,815)	$ (1,069,979)	$ (1,102,079)	$ (1,135,141)	$ (1,169,195)	$ (1,204,271)	$ (1,240,399)	$ (1,277,611)	$ -
Bus Passes	$ (62,500)				$ (66,306)	$ (68,295)													
Property Tax Exemption					$ 341,747	$ 351,999	$ 362,559	$ 373,436	$ 384,639	$ 396,178	$ 408,063	$ 420,305	$ 432,914	$ 445,902	$ 459,279	$ 473,057	$ -	$ -	$ -
Annual Rental NOI		$ 21,022,085		$ -	$ 1,891,138	$ 1,947,872	$ 2,076,653	$ 2,138,952	$ 2,203,121	$ 2,269,214	$ 2,337,291	$ 2,407,410	$ 2,479,632	$ 2,554,021	$ 2,630,642	$ 2,709,561	$ 2,303,599	$ 2,372,706	$ -
Debt Service	$ 14,185,116			$ -	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ (1,269,125)	$ -
Principal Repayment (cumulative)					$ (357,622)	$ (739,194)	$ (1,146,322)	$ (1,580,715)	$ (2,044,200)	$ (2,538,726)	$ (3,066,371)	$ (3,629,353)	$ (4,230,040)	$ (4,870,955)	$ (5,554,794)	$ (6,284,431)	$ (7,062,932)	$ (7,893,572)	$ -
Property Disposition	7.00%	$ 23,064,843		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net CF		$ (2,589,696)		$ (34,880,127)	$ 622,013	$ 678,747	$ 807,528	$ 869,827	$ 933,996	$ 1,000,089	$ 1,068,166	$ 1,138,285	$ 1,210,507	$ 1,284,896	$ 1,361,517	$ 1,440,436	$ 1,034,474	$ 53,250,977	$ -
Equity Investment	$ 19,353,467	$ 12,936,964		$ (19,353,467)	$ 622,013	$ 678,747	$ 807,528	$ 869,827	$ 933,996	$ 1,000,089	$ 1,068,166	$ 1,138,285	$ 1,210,507	$ 1,284,896	$ 1,361,517	$ 1,440,436	$ 1,034,474	$ 53,250,977	$ -
IRR	10.70%																		
ROI	66.85%	pmt: $	[illegible]																
5 STORY BUILDING	**2008 $**	**PV**																	
Development Expenses + Land Acq.	$ 40,568,334	$ (42,191,067)		$ (42,191,067)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																			
Annual Rental Income	$ 3,092,000	$ 36,190,499		$ -	$ 3,280,303	$ 3,378,712	$ 3,480,073	$ 3,584,475	$ 3,692,010	$ 3,802,770	$ 3,916,853	$ 4,034,359	$ 4,155,389	$ 4,280,051	$ 4,408,453	$ 4,540,706	$ 4,676,927	$ 4,817,235	$ -
Vacancy & Operating Expenses	$ (1,082,200)	$ (12,666,675)		$ -	$ (1,148,106)	$ (1,182,549)	$ (1,218,026)	$ (1,254,566)	$ (1,292,203)	$ (1,330,969)	$ (1,370,899)	$ (1,412,026)	$ (1,454,386)	$ (1,498,018)	$ (1,542,958)	$ (1,589,247)	$ (1,636,925)	$ (1,686,032)	$ -
Bus Passes	$ (62,500)				$ (66,306)	$ (68,295)													
Property Tax Exemption					$ 450,995	$ 464,525	$ 478,460	$ 492,814	$ 507,599	$ 522,827	$ 538,511	$ 554,667	$ 571,307	$ 588,446	$ 606,099	$ 624,282	$ -	$ -	$ -
Annual Rental NOI		$ 27,781,760		$ -	$ 2,516,885	$ 2,592,392	$ 2,740,508	$ 2,822,723	$ 2,907,405	$ 2,994,627	$ 3,084,466	$ 3,177,000	$ 3,272,310	$ 3,370,479	$ 3,471,593	$ 3,575,741	$ 3,040,003	$ 3,131,203	$ -
Debt Service	$ 18,719,752			$ -	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ (1,674,833)	$ -
Principal Repayment (cumulative)					$ (471,945)	$ (975,497)	$ (1,512,773)	$ (2,086,031)	$ (2,697,681)	$ (3,350,294)	$ (4,046,615)	$ (4,789,569)	$ (5,582,280)	$ (6,428,081)	$ (7,330,526)	$ (8,293,410)	$ (9,320,780)	$ (10,416,955)	$ -
Property Disposition	7.00%	$ 30,438,111		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net CF		$ 461,256		$ (42,191,067)	$ 842,052	$ 917,559	$ 1,065,675	$ 1,147,890	$ 1,232,572	$ 1,319,794	$ 1,409,633	$ 1,502,166	$ 1,597,476	$ 1,695,646	$ 1,796,760	$ 1,900,908	$ 1,365,169	$ 68,817,646	$ -
Equity Investment	$ 21,848,581	$ 20,803,741		$ (21,848,581)	$ 842,052	$ 917,559	$ 1,065,675	$ 1,147,890	$ 1,232,572	$ 1,319,794	$ 1,409,633	$ 1,502,166	$ 1,597,476	$ 1,695,646	$ 1,796,760	$ 1,900,908	$ 1,365,169	$ 70,274,016	$ -
IRR	12.25%																		
ROI	95.22%	pmt: $	[illegible]																
6 STORY BUILDING	**2008 $**	**PV**																	
Development Expenses + Land Acq.	$ 47,598,084	$ (49,502,007)		$ (49,502,007)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																			
Annual Rental Income	$ 3,841,000	$ 44,957,214		$ -	$ 4,074,917	$ 4,197,164	$ 4,323,079	$ 4,452,772	$ 4,586,355	$ 4,723,946	$ 4,865,664	$ 5,011,634	$ 5,161,983	$ 5,316,842	$ 5,476,348	$ 5,640,638	$ 5,809,857	$ 5,984,153	$ -
Vacancy & Operating Expenses	$ (1,344,350)	$ (15,735,025)		$ -	$ (1,426,221)	$ (1,469,008)	$ (1,513,078)	$ (1,558,470)	$ (1,605,224)	$ (1,653,381)	$ (1,702,982)	$ (1,754,072)	$ (1,806,694)	$ (1,860,895)	$ (1,916,722)	$ (1,974,223)	$ (2,033,450)	$ (2,094,453)	$ -
Bus Passes	$ (62,500)				$ (66,306)	$ (68,295)													
Property Tax Exemption					$ 560,243	$ 577,050	$ 594,362	$ 612,193	$ 630,558	$ 649,475	$ 668,959	$ 689,028	$ 709,699	$ 730,990	$ 752,920	$ 775,507	$ -	$ -	$ -
Annual Rental NOI		$ 34,541,436		$ -	$ 3,142,633	$ 3,236,912	$ 3,404,363	$ 3,506,494	$ 3,611,689	$ 3,720,040	$ 3,831,641	$ 3,946,590	$ 4,064,988	$ 4,186,937	$ 4,312,545	$ 4,441,922	$ 3,776,407	$ 3,889,699	$ -
Debt Service	$ 23,254,388			$ -	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ (2,080,542)	$ -
Principal Repayment (cumulative)					$ (586,268)	$ (1,211,799)	$ (1,879,224)	$ (2,591,347)	$ (3,351,162)	$ (4,161,863)	$ (5,026,859)	$ (5,949,785)	$ (6,934,521)	$ (7,985,206)	$ (9,106,258)	$ (10,302,389)	$ (11,578,627)	$ (12,940,337)	$ -
Property Disposition	7.00%	$ 37,811,380		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net CF		$ 3,512,207		$ (49,502,007)	$ 1,062,091	$ 1,156,370	$ 1,323,822	$ 1,425,952	$ 1,531,147	$ 1,639,498	$ 1,751,099	$ 1,866,048	$ 1,984,446	$ 2,106,396	$ 2,232,004	$ 2,361,380	$ 1,695,865	$ 87,297,056	$ -
Equity Investment	$ 24,343,695	$ 28,670,519		$ (24,343,695)	$ 1,062,091	$ 1,156,370	$ 1,323,822	$ 1,425,952	$ 1,531,147	$ 1,639,498	$ 1,751,099	$ 1,866,048	$ 1,984,446	$ 2,106,396	$ 2,232,004	$ 2,361,380	$ 1,695,865	$ 87,297,056	$ -
IRR	13.37%																		
ROI	117.77%	pmt: $	[illegible]																

Exhibit 10: Cash Flow Projection (Unleveraged), 65% AMI

Affordability at 65% AMI - Unleveraged

Property sale in year:	15	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20
	Year On	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Cash Inflows	4.00%		3,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expense Escalators	3.00%		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reserves (if applicable)	5.00%		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

4 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 33,538,584	$ (34,880,127)	$ (34,880,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 2,343,000	$ 27,423,784	$ -	$ 2,485,689	$ 2,560,259	$ 2,637,067	$ 2,716,179	$ 2,797,665	$ 2,881,594	$ 2,968,042	$ 3,057,084	$ 3,148,796	$ 3,243,260	$ 3,340,558	$ 3,440,774	$ 3,543,998	$ 3,650,318	$ -
Vacancy & Operating Expenses	$ (820,050)	$ (9,598,324)	$ -	$ (869,991)	$ (896,091)	$ (922,973)	$ (950,663)	$ (979,183)	$ (1,008,558)	$ (1,038,815)	$ (1,069,979)	$ (1,102,079)	$ (1,135,141)	$ (1,169,195)	$ (1,204,271)	$ (1,240,399)	$ (1,277,611)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 341,747	$ 351,999	$ 362,559	$ 373,436	$ 384,639	$ 396,178	$ 408,063	$ 420,305	$ 432,914	$ 445,902	$ 459,279	$ 473,057	$ -	$ -	$ -
Annual Rental NOI		$ 21,022,085	$ -	$ 1,891,138	$ 1,947,872	$ 2,076,653	$ 2,138,952	$ 2,203,121	$ 2,269,214	$ 2,337,291	$ 2,407,410	$ 2,479,632	$ 2,554,021	$ 2,630,642	$ 2,709,561	$ 2,303,599	$ 2,372,706	$ -
Property Disposition	7.00%	$ 23,064,843	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,147,395	$ -
Net CF		$ 9,206,801	$ (34,880,127)	$ 1,891,138	$ 1,947,872	$ 2,076,653	$ 2,138,952	$ 2,203,121	$ 2,269,214	$ 2,337,291	$ 2,407,410	$ 2,479,632	$ 2,554,021	$ 2,630,642	$ 2,709,561	$ 2,303,599	$ 54,520,102	$ -
Equity Investment	$ 33,538,584	$ 10,548,344	$ (33,538,584)	$ 1,891,138	$ 1,947,872	$ 2,076,653	$ 2,138,952	$ 2,203,121	$ 2,269,214	$ 2,337,291	$ 2,407,410	$ 2,479,632	$ 2,554,021	$ 2,630,642	$ 2,709,561	$ 2,303,599	$ 54,520,102	$ -
IRR		8.84%																
ROI		31.45%																

5 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 40,568,334	$ (42,191,067)	$ (42,191,067)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,092,000	$ 36,190,499	$ -	$ 3,280,303	$ 3,378,712	$ 3,480,073	$ 3,584,475	$ 3,692,010	$ 3,802,770	$ 3,916,853	$ 4,034,359	$ 4,155,389	$ 4,280,051	$ 4,408,453	$ 4,540,706	$ 4,676,927	$ 4,817,235	$ -
Vacancy & Operating Expenses	$ (1,082,200)	$ (12,666,675)	$ -	$ (1,148,106)	$ (1,182,549)	$ (1,218,026)	$ (1,254,566)	$ (1,292,203)	$ (1,330,969)	$ (1,370,899)	$ (1,412,026)	$ (1,454,386)	$ (1,498,018)	$ (1,542,958)	$ (1,589,247)	$ (1,636,925)	$ (1,686,032)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 450,995	$ 464,525	$ 478,460	$ 492,814	$ 507,599	$ 522,827	$ 538,511	$ 554,667	$ 571,307	$ 588,446	$ 606,099	$ 624,282	$ -	$ -	$ -
Annual Rental NOI		$ 27,781,760	$ -	$ 2,516,885	$ 2,592,392	$ 2,740,508	$ 2,822,723	$ 2,907,405	$ 2,994,627	$ 3,084,466	$ 3,177,000	$ 3,272,310	$ 3,370,479	$ 3,471,593	$ 3,575,741	$ 3,040,003	$ 3,131,203	$ -
Property Disposition	7.00%	$ 30,438,111	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,817,646	$ -
Net CF		$ 16,028,805	$ (42,191,067)	$ 2,516,885	$ 2,592,392	$ 2,740,508	$ 2,822,723	$ 2,907,405	$ 2,994,627	$ 3,084,466	$ 3,177,000	$ 3,272,310	$ 3,370,479	$ 3,471,593	$ 3,575,741	$ 3,040,003	$ 71,948,849	$ -
Equity Investment	$ 40,568,334	$ 17,651,538	$ (40,568,334)	$ 2,516,885	$ 2,592,392	$ 2,740,508	$ 2,822,723	$ 2,907,405	$ 2,994,627	$ 3,084,466	$ 3,177,000	$ 3,272,310	$ 3,370,479	$ 3,471,593	$ 3,575,741	$ 3,040,003	$ 71,948,849	$ -
IRR		9.80%																
ROI		43.51%																

6 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 47,598,084	$ (49,502,007)	$ (49,502,007)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,841,000	$ 44,957,214	$ -	$ 4,074,917	$ 4,197,164	$ 4,323,079	$ 4,452,772	$ 4,586,355	$ 4,723,946	$ 4,865,664	$ 5,011,634	$ 5,161,983	$ 5,316,842	$ 5,476,348	$ 5,640,638	$ 5,809,857	$ 5,984,153	$ -
Vacancy & Operating Expenses	$ (1,344,350)	$ (15,735,025)	$ -	$ (1,426,221)	$ (1,469,008)	$ (1,513,078)	$ (1,558,470)	$ (1,605,224)	$ (1,653,381)	$ (1,702,982)	$ (1,754,072)	$ (1,806,694)	$ (1,860,895)	$ (1,916,722)	$ (1,974,223)	$ (2,033,450)	$ (2,094,453)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 560,243	$ 577,050	$ 594,362	$ 612,193	$ 630,558	$ 649,475	$ 668,959	$ 689,028	$ 709,699	$ 730,990	$ 752,920	$ 775,507	$ -	$ -	$ -
Annual Rental NOI		$ 34,541,436	$ -	$ 3,142,633	$ 3,236,912	$ 3,404,363	$ 3,506,494	$ 3,611,689	$ 3,720,040	$ 3,831,641	$ 3,946,590	$ 4,064,988	$ 4,186,937	$ 4,312,545	$ 4,441,922	$ 3,776,407	$ 3,889,699	$ -
Property Disposition	7.00%	$ 37,811,380	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 85,487,898	$ -
Net CF		$ 22,850,808	$ (49,502,007)	$ 3,142,633	$ 3,236,912	$ 3,404,363	$ 3,506,494	$ 3,611,689	$ 3,720,040	$ 3,831,641	$ 3,946,590	$ 4,064,988	$ 4,186,937	$ 4,312,545	$ 4,441,922	$ 3,776,407	$ 89,377,597	$ -
Equity Investment	$ 47,598,084	$ 24,754,732	$ (47,598,084)	$ 3,142,633	$ 3,236,912	$ 3,404,363	$ 3,506,494	$ 3,611,689	$ 3,720,040	$ 3,831,641	$ 3,946,590	$ 4,064,988	$ 4,186,937	$ 4,312,545	$ 4,441,922	$ 3,776,407	$ 89,377,597	$ -
IRR		10.45%																
ROI		52.01%																

Exhibit 11: Development Pro Formas, 70% AMI

Development Feasability Analysis: Increase in Max. Number of Floors

Affordability at 70% of Area Median Income

	Value / SF	4 Story Building Area (SF)	4 Story Building Cost	4 Story Building Subtotals	5 Story Building Area (SF)	5 Story Building Cost	5 Story Building Subtotals	6 Story Building Area (SF)	6 Story Building Cost	6 Story Building Subtotals
Site Market Value / Acquisition Cost		112,500	$ 50	$ 5,625,000	112,500	$ 50	$ 5,625,000	112,500	$ 50	$ 5,625,000
Site Improvement Costs		112,500	$ 675,000	$ 675,000	112,500	$ 675,000	$ 675,000	112,500	$ 675,000	$ 675,000
Construction Costs										
Commercial Subtotal				$ 650,000			$ 650,000			$ 650,000
Retail	$ 110.00	5,000	$ 550,000		5,000	$ 550,000		5,000	$ 550,000	
Public Plaza	$ 50.00	2,000	$ 100,000		2,000	$ 100,000		2,000	$ 100,000	
Residential Subtotal				$ 15,750,000			$ 21,000,000			$ 26,250,000
Apartments		131,250	$ 15,750,000		175,000	$ 21,000,000		218,750	$ 26,250,000	
80% Apartments - Shoreline Market	$ 120.00	105,000	$ 12,600,000		140,000	$ 16,800,000		175,000	$ 21,000,000	
20% Apartments - 70% AMI	$ 120.00	26,250	$ 3,150,000		35,000	$ 4,200,000		43,750	$ 5,250,000	
Parking Subtotal				$ 3,791,250			$ 3,791,250			$ 3,791,250
Surface Parking	$ 5.00	0	$ 0		0	$ 0		0	$ 0	
Structured Parking	$ 45.00	84,250	$ 3,791,250		84,250	$ 3,791,250		84,250	$ 3,791,250	
Underground Parking	$ 0.00	0	$ 0		14,350	$ 0		36,750	$ 0	
Premium for Green Construction	2.0%			$ 605,738			$ 763,238			$ 920,738
Total Hard Costs				$ 21,471,988			$ 26,879,488			$ 32,286,988
Soft Development Costs	30%			$ 6,441,596			$ 8,063,846			$ 9,686,096
Total Development Costs (incl. Land)				$ 33,538,584			$ 40,568,334			$ 47,598,084
Entrepreneurial Return	15%			$ 5,030,788			$ 6,085,250			$ 7,139,713
= Total Property Cost				$ 38,569,371			$ 46,653,584			$ 54,737,796
Minimum Rental Market Value (= Property Cost - Sale Income)				$ 38,569,371			$ 46,653,584			$ 54,737,796
x Capitalization Rate				5.00%			5.00%			5.00%
= Minimum Rental NOI Required				$1,928,469			$2,332,679			$2,736,890

RENTAL INCOME	Rent / SF	4 Story Building Gross Rental Income	4 Story Building Vacancy + Operating Expenses	4 Story Building Net Operating Income	5 Story Building Gross Rental Income	5 Story Building Vacancy + Operating Expenses	5 Story Building Net Operating Income	6 Story Building Gross Rental Income	6 Story Building Vacancy + Operating Expenses	6 Story Building Net Operating Income
Apartments - Shoreline Market	$ 22.00	$ 1,848,000	($ 646,800)	$ 1,201,200	$ 2,464,000	($ 862,400)	$ 1,601,600	$ 3,080,000	($ 1,078,000)	$ 2,002,000
Apartments - 70% AMI	$ 20.00	$ 420,000	($ 147,000)	$ 273,000	$ 560,000	($ 196,000)	$ 364,000	$ 700,000	($ 245,000)	$ 455,000
Retail	$ 24.00	$ 96,000	($ 33,600)	$ 62,400	$ 98,000	($ 33,600)	$ 62,400	$ 96,000	($ 33,600)	$ 62,400
Surface Parking	$ 10.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Structured Parking	$ 10.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Underground Parking	$ 10.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
TOTALS		$ 2,364,000	($ 827,400)	$ 1,536,600	$ 3,120,000	($ 1,092,000)	$ 2,028,000	$ 3,876,000	($ 1,356,600)	$ 2,519,400
Total Rental NOI				$ 1,536,600			$ 2,028,000			$ 2,519,400
Capitalized Value				$ 30,732,000			$ 40,560,000			$ 50,388,000
FINANCING										
Max. Loan (LTV)	80%			$ 24,585,600			$ 32,448,000			$ 40,310,400
Max. Loan (LTC)	75%			$ 28,927,028			$ 34,990,188			$ 41,053,347
Max. Loan (DCR)	1.20			$ 14,312,256			$ 18,889,271			$ 23,466,287
Max Perm. Loan Amount				$ 14,312,256			$ 18,889,271			$ 23,466,287

	4 Story Building	5 Story Building	6 Story Building
No, Development Cost Exceeds Property Value			
Value of Rental NOI	$ 30,732,000	$ 40,560,000	$ 50,388,000
Value of Unit Sales	$ 0	$ 0	$ 0
Total Property Value	$ 30,732,000	$ 40,560,000	$ 50,388,000
Net Project Value	($ 7,837,371)	($ 6,093,584)	($ 4,349,796)
Effective Cap Rate	3.98%	4.35%	4.60%
RLV	($ 2,212,371.31)	($ 466,583.61)	$ 1,275,203.69
RLV per SF	($ 19.67)	($ 4.17)	$ 11.34
Required RLV/SF	$ 50.00	$ 50.00	$ 50.00
TVM Calculations (Leveraged) Sale in Year:	2023		
Project NPV	($ 2,299,175)	$ 848,616	$ 3,996,408
IRR	11%	12%	13.55%
ROI	69.46%	98.53%	121.69%
TVM Calculations (Unleveraged) Sale in Year:	2023		
Project NPV	$ 9,603,051	$ 16,557,139	$ 23,511,226
IRR	8.93%	9.90%	10.55%
ROI	32.63%	44.81%	53.40%

Exhibit 12: Cash Flow Projection (Leveraged), 70% AMI

Affordability @ 70% AMI - Leveraged

Property sale in year:	15	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20
		Year 0 = 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Cost inflation	3.00%		1.025	1.056	1.088	1.120	1.154	1.189	1.224	1.261	1.299	1.338	1.378	1.419	1.462	1.506	1.551	1.811
Income inflation	3.00%		1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	1.806
Residential value inflation	5.00%		1.050	1.103	1.158	1.216	1.276	1.340	1.407	1.477	1.551	1.629	1.710	1.796	1.886	1.980	2.079	2.653

4 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 33,538,584	$ (34,880,127)	$ (34,880,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 2,364,000	$ 27,669,579	$ -	$ 2,507,968	$ 2,583,207	$ 2,660,703	$ 2,740,524	$ 2,822,740	$ 2,907,422	$ 2,994,644	$ 3,084,484	$ 3,177,018	$ 3,272,329	$ 3,370,499	$ 3,471,614	$ 3,575,762	$ 3,683,035	$ -
Vacancy & Operating Expenses	$ (827,400)	$ (9,684,353)	$ -	$ (877,789)	$ (904,122)	$ (931,246)	$ (959,183)	$ (987,959)	$ (1,017,598)	$ (1,048,126)	$ (1,079,569)	$ (1,111,956)	$ (1,145,315)	$ (1,179,675)	$ (1,215,065)	$ (1,251,517)	$ (1,289,062)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 344,810	$ 355,154	$ 365,809	$ 376,783	$ 388,086	$ 399,729	$ 411,721	$ 424,072	$ 436,795	$ 449,898	$ 463,395	$ 477,297	$ -	$ -	$ -
Annual Rental NOI		$ 21,211,608	$ -	$ 1,908,682	$ 1,965,943	$ 2,095,265	$ 2,158,123	$ 2,222,867	$ 2,289,553	$ 2,358,240	$ 2,428,987	$ 2,501,857	$ 2,576,912	$ 2,654,220	$ 2,733,846	$ 2,324,245	$ 2,393,973	$ -
Debt Service	$ 14,312,256		$ -	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ (1,280,500)	$ -
Principal Repayment (cumulative)				$ (360,827)	$ (745,820)	$ (1,156,596)	$ (1,594,882)	$ (2,062,522)	$ (2,561,480)	$ (3,093,854)	$ (3,661,883)	$ (4,267,953)	$ (4,914,613)	$ (5,604,581)	$ (6,340,757)	$ (7,126,237)	$ (7,964,321)	$ -
Property Disposition	7.00%	$ 23,271,570	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,614,785	$ -
Net CF		$ (2,299,175)	$ (34,880,127)	$ 628,182	$ 685,443	$ 814,765	$ 877,623	$ 942,367	$ 1,009,053	$ 1,077,740	$ 1,148,487	$ 1,221,357	$ 1,296,412	$ 1,373,720	$ 1,453,346	$ 1,043,745	$ 53,728,258	$ -
Equity Investment	$ 19,226,328	$ 13,354,624	$ (19,226,328)	$ 628,182	$ 685,443	$ 814,765	$ 877,623	$ 942,367	$ 1,009,053	$ 1,077,740	$ 1,148,487	$ 1,221,357	$ 1,296,412	$ 1,373,720	$ 1,453,346	$ 1,043,745	$ 53,728,258	$ -
IRR	10.85%																	
ROI	69.46%																	

5 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 40,568,334	$ (42,191,067)	$ (42,191,067)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,120,000	$ 36,518,227	$ -	$ 3,310,008	$ 3,409,308	$ 3,511,587	$ 3,616,935	$ 3,725,443	$ 3,837,206	$ 3,952,323	$ 4,070,892	$ 4,193,019	$ 4,318,810	$ 4,448,374	$ 4,581,825	$ 4,719,280	$ 4,860,858	$ -
Vacancy & Operating Expenses	$ (1,092,000)	$ (12,781,379)	$ -	$ (1,158,503)	$ (1,193,258)	$ (1,229,056)	$ (1,265,927)	$ (1,303,905)	$ (1,343,022)	$ (1,383,313)	$ (1,424,812)	$ (1,467,557)	$ (1,511,583)	$ (1,556,931)	$ (1,603,639)	$ (1,651,748)	$ (1,701,300)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 455,079	$ 468,731	$ 482,793	$ 497,277	$ 512,195	$ 527,561	$ 543,388	$ 559,690	$ 576,480	$ 593,775	$ 611,588	$ 629,936	$ -	$ -	$ -
Annual Rental NOI		$ 28,034,458	$ -	$ 2,540,278	$ 2,616,486	$ 2,765,325	$ 2,848,285	$ 2,933,733	$ 3,021,745	$ 3,112,398	$ 3,205,770	$ 3,301,943	$ 3,401,001	$ 3,503,031	$ 3,608,122	$ 3,067,532	$ 3,159,558	$ -
Debt Service	$ 18,889,271		$ -	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ (1,690,000)	$ -
Principal Repayment (cumulative)				$ (476,219)	$ (984,331)	$ (1,526,472)	$ (2,104,921)	$ (2,722,110)	$ (3,380,633)	$ (4,083,259)	$ (4,832,942)	$ (5,632,831)	$ (6,486,291)	$ (7,396,909)	$ (8,368,512)	$ (9,405,185)	$ (10,511,287)	$ -
Property Disposition	7.00%	$ 30,713,748	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,440,833	$ -
Net CF		$ 848,616	$ (42,191,067)	$ 850,278	$ 926,486	$ 1,075,325	$ 1,158,285	$ 1,243,733	$ 1,331,745	$ 1,422,398	$ 1,515,770	$ 1,611,943	$ 1,711,001	$ 1,813,031	$ 1,918,122	$ 1,377,532	$ 70,910,391	$ -
Equity Investment	$ 21,679,062	$ 21,360,621	$ (21,679,062)	$ 850,278	$ 926,486	$ 1,075,325	$ 1,158,285	$ 1,243,733	$ 1,331,745	$ 1,422,398	$ 1,515,770	$ 1,611,943	$ 1,711,001	$ 1,813,031	$ 1,918,122	$ 1,377,532	$ 70,910,391	$ -
IRR	12.42%																	
ROI	98.53%																	

6 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 47,598,084	$ (49,502,007)	$ (49,502,007)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,876,000	$ 45,366,874	$ -	$ 4,112,048	$ 4,235,410	$ 4,362,472	$ 4,493,346	$ 4,628,147	$ 4,766,991	$ 4,910,001	$ 5,057,301	$ 5,209,020	$ 5,365,290	$ 5,526,249	$ 5,692,037	$ 5,862,798	$ 6,038,682	$ -
Vacancy & Operating Expenses	$ (1,356,600)	$ (15,878,406)	$ -	$ (1,439,217)	$ (1,482,393)	$ (1,526,865)	$ (1,572,671)	$ (1,619,851)	$ (1,668,447)	$ (1,718,500)	$ (1,770,055)	$ (1,823,157)	$ (1,877,852)	$ (1,934,187)	$ (1,992,213)	$ (2,051,979)	$ (2,113,539)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 565,348	$ 582,308	$ 599,778	$ 617,771	$ 636,304	$ 655,393	$ 675,055	$ 695,307	$ 716,166	$ 737,651	$ 759,780	$ 782,574	$ -	$ -	$ -
Annual Rental NOI		$ 34,857,309	$ -	$ 3,171,873	$ 3,267,029	$ 3,435,384	$ 3,538,446	$ 3,644,599	$ 3,753,937	$ 3,866,556	$ 3,982,552	$ 4,102,029	$ 4,225,090	$ 4,351,842	$ 4,482,398	$ 3,810,819	$ 3,925,143	$ -
Debt Service	$ 23,466,287		$ -	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ (2,099,500)	$ -
Principal Repayment (cumulative)				$ (591,610)	$ (1,222,841)	$ (1,896,347)	$ (2,614,960)	$ (3,381,698)	$ (4,199,787)	$ (5,072,665)	$ (6,004,000)	$ (6,997,710)	$ (8,057,969)	$ (9,189,237)	$ (10,396,267)	$ (11,684,134)	$ (13,058,252)	$ -
Property Disposition	7.00%	$ 38,155,925	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 86,266,882	$ -
Net CF		$ 3,996,408	$ (49,502,007)	$ 1,072,373	$ 1,167,529	$ 1,335,884	$ 1,438,946	$ 1,545,099	$ 1,654,437	$ 1,767,056	$ 1,883,052	$ 2,002,529	$ 2,125,590	$ 2,252,342	$ 2,382,898	$ 1,711,319	$ 88,092,525	$ -
Equity Investment	$ 24,131,797	$ 29,366,618	$ (24,131,797)	$ 1,072,373	$ 1,167,529	$ 1,335,884	$ 1,438,946	$ 1,545,099	$ 1,654,437	$ 1,767,056	$ 1,883,052	$ 2,002,529	$ 2,125,590	$ 2,252,342	$ 2,382,898	$ 1,711,319	$ 88,092,525	$ -
IRR	13.55%																	
ROI	121.69%																	

Exhibit 13: Cash Flow Projection (Unleveraged), 770% AMI

Affordability at 70% AMI - Unleveraged

Property sale in year:	15	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20
	Year 15	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Cash Inflows	4.00%		1.040	1.082	1.125	1.170	1.217	1.265	1.316	1.369	1.423	1.480	1.539	1.601	1.665	1.732	1.801	2.191
Income Tax Rate	35.00%		1.040	1.082	1.125	1.170	1.217	1.265	1.316	1.369	1.423	1.480	1.539	1.601	1.665	1.732	1.801	2.191
Rate of Return on Investment	5.00%		1.050	1.103	1.158	1.216	1.276	1.340	1.407	1.477	1.551	1.629	1.710	1.796	1.886	1.980	2.079	2.653
4 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 33,538,584	$ (34,880,127)	$ (34,880,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 2,364,000	$ 27,669,579	$ -	$ 2,507,968	$ 2,583,207	$ 2,660,703	$ 2,740,524	$ 2,822,740	$ 2,907,422	$ 2,994,644	$ 3,084,484	$ 3,177,018	$ 3,272,329	$ 3,370,499	$ 3,471,614	$ 3,575,762	$ 3,683,035	$ -
Vacancy & Operating Expenses	$ (827,400)	$ (9,684,353)	$ -	$ (877,789)	$ (904,122)	$ (931,246)	$ (959,183)	$ (987,959)	$ (1,017,598)	$ (1,048,126)	$ (1,079,569)	$ (1,111,956)	$ (1,145,315)	$ (1,179,675)	$ (1,215,065)	$ (1,251,517)	$ (1,289,062)	$ -
Bus Passes	$ (62,500)		$ -	$ (66,306)	$ (68,295)													
Property Tax Exemption			$ -	$ 344,810	$ 355,154	$ 365,809	$ 376,783	$ 388,086	$ 399,729	$ 411,721	$ 424,072	$ 436,795	$ 449,898	$ 463,395	$ 477,297	$ -	$ -	$ -
Annual Rental NOI		$ 21,211,608	$ -	$ 1,908,682	$ 1,965,943	$ 2,095,265	$ 2,158,123	$ 2,222,867	$ 2,289,553	$ 2,358,240	$ 2,428,987	$ 2,501,857	$ 2,576,912	$ 2,654,220	$ 2,733,846	$ 2,324,245	$ 2,393,973	$ -
Property Disposition	7.00%	$ 23,271,570	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,614,785	$ -
Net CF		$ 9,603,051	$ (34,880,127)	$ 1,908,682	$ 1,965,943	$ 2,095,265	$ 2,158,123	$ 2,222,867	$ 2,289,553	$ 2,358,240	$ 2,428,987	$ 2,501,857	$ 2,576,912	$ 2,654,220	$ 2,733,846	$ 2,324,245	$ 55,008,758	$ -
Equity Investment	$ 33,538,584	$ 10,944,595	$ (33,538,584)	$ 1,908,682	$ 1,965,943	$ 2,095,265	$ 2,158,123	$ 2,222,867	$ 2,289,553	$ 2,358,240	$ 2,428,987	$ 2,501,857	$ 2,576,912	$ 2,654,220	$ 2,733,846	$ 2,324,245	$ 55,008,758	$ -
IRR		8.93%																
ROI		32.63%																
5 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 40,568,334	$ (42,191,067)	$ (42,191,067)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,120,000	$ 36,518,227	$ -	$ 3,310,008	$ 3,409,308	$ 3,511,587	$ 3,616,935	$ 3,725,443	$ 3,837,206	$ 3,952,323	$ 4,070,892	$ 4,193,019	$ 4,318,810	$ 4,448,374	$ 4,581,825	$ 4,719,280	$ 4,860,858	$ -
Vacancy & Operating Expenses	$ (1,092,000)	$ (12,781,379)	$ -	$ (1,158,503)	$ (1,193,258)	$ (1,229,056)	$ (1,265,927)	$ (1,303,905)	$ (1,343,022)	$ (1,383,313)	$ (1,424,812)	$ (1,467,557)	$ (1,511,583)	$ (1,556,931)	$ (1,603,639)	$ (1,651,748)	$ (1,701,300)	$ -
Bus Passes	$ (62,500)		$ -	$ (66,306)	$ (68,295)													
Property Tax Exemption			$ -	$ 455,079	$ 468,731	$ 482,793	$ 497,277	$ 512,195	$ 527,561	$ 543,388	$ 559,690	$ 576,480	$ 593,775	$ 611,588	$ 629,936	$ -	$ -	$ -
Annual Rental NOI		$ 28,034,458	$ -	$ 2,540,278	$ 2,616,486	$ 2,765,325	$ 2,848,285	$ 2,933,733	$ 3,021,745	$ 3,112,398	$ 3,205,770	$ 3,301,943	$ 3,401,001	$ 3,503,031	$ 3,608,122	$ 3,067,532	$ 3,159,558	$ -
Property Disposition	7.00%	$ 30,713,748	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,440,833	$ -
Net CF		$ 16,557,139	$ (42,191,067)	$ 2,540,278	$ 2,616,486	$ 2,765,325	$ 2,848,285	$ 2,933,733	$ 3,021,745	$ 3,112,398	$ 3,205,770	$ 3,301,943	$ 3,401,001	$ 3,503,031	$ 3,608,122	$ 3,067,532	$ 72,600,391	$ -
Equity Investment	$ 40,568,334	$ 18,179,872	$ (40,568,334)	$ 2,540,278	$ 2,616,486	$ 2,765,325	$ 2,848,285	$ 2,933,733	$ 3,021,745	$ 3,112,398	$ 3,205,770	$ 3,301,943	$ 3,401,001	$ 3,503,031	$ 3,608,122	$ 3,067,532	$ 72,600,391	$ -
IRR		9.90%																
ROI		44.81%																
6 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 47,598,084	$ (49,502,007)	$ (49,502,007)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,876,000	$ 45,366,874	$ -	$ 4,112,048	$ 4,235,410	$ 4,362,472	$ 4,493,346	$ 4,628,147	$ 4,766,991	$ 4,910,001	$ 5,057,301	$ 5,209,020	$ 5,365,290	$ 5,526,249	$ 5,692,037	$ 5,862,798	$ 6,038,682	$ -
Vacancy & Operating Expenses	$ (1,356,600)	$ (15,878,406)	$ -	$ (1,439,217)	$ (1,482,393)	$ (1,526,865)	$ (1,572,671)	$ (1,619,851)	$ (1,668,447)	$ (1,718,500)	$ (1,770,055)	$ (1,823,157)	$ (1,877,852)	$ (1,934,187)	$ (1,992,213)	$ (2,051,979)	$ (2,113,539)	$ -
Bus Passes	$ (62,500)		$ -	$ (66,306)	$ (68,295)													
Property Tax Exemption			$ -	$ 565,348	$ 582,308	$ 599,778	$ 617,771	$ 636,304	$ 655,393	$ 675,055	$ 695,307	$ 716,166	$ 737,651	$ 759,780	$ 782,574	$ -	$ -	$ -
Annual Rental NOI		$ 34,857,309	$ -	$ 3,171,873	$ 3,267,029	$ 3,435,384	$ 3,538,446	$ 3,644,599	$ 3,753,937	$ 3,866,556	$ 3,982,552	$ 4,102,029	$ 4,225,090	$ 4,351,842	$ 4,482,398	$ 3,810,819	$ 3,925,143	$ -
Property Disposition	7.00%	$ 38,155,925	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 86,266,882	$ -
Net CF		$ 23,511,226	$ (49,502,007)	$ 3,171,873	$ 3,267,029	$ 3,435,384	$ 3,538,446	$ 3,644,599	$ 3,753,937	$ 3,866,556	$ 3,982,552	$ 4,102,029	$ 4,225,090	$ 4,351,842	$ 4,482,398	$ 3,810,819	$ 90,192,025	$ -
Equity Investment	$ 47,598,084	$ 25,415,150	$ (47,598,084)	$ 3,171,873	$ 3,267,029	$ 3,435,384	$ 3,538,446	$ 3,644,599	$ 3,753,937	$ 3,866,556	$ 3,982,552	$ 4,102,029	$ 4,225,090	$ 4,351,842	$ 4,482,398	$ 3,810,819	$ 90,192,025	$ -
IRR		10.55%																
ROI		53.40%																

Exhibit 14: Development Pro Formas, Market Rents

Development Feasability Analysis: Increase in Max. Number of Floors

No Affordability Requirement

	Value / SF	4 Story Building Area (SF)	4 Story Building Cost	4 Story Building Subtotals	5 Story Building Area (SF)	5 Story Building Cost	5 Story Building Subtotals	6 Story Building Area (SF)	6 Story Building Cost	6 Story Building Subtotals
Site Market Value / Acquisition Cost		112,500	$ 50	$ 5,625,000	112,500	$ 50	$ 5,625,000	112,500	$ 50	$ 5,625,000
Site Improvement Costs		112,500	$ 675,000	$ 675,000	112,500	$ 675,000	$ 675,000	112,500	$ 675,000	$ 675,000
Construction Costs										
Commercial Subtotal				$ 650,000			$ 650,000			$ 650,000
Retail	$ 110.00	5,000	$ 550,000		5,000	$ 550,000		5,000	$ 550,000	
Public Plaza	$ 50.00	2,000	$ 100,000		2,000	$ 100,000		2,000	$ 100,000	
Residential Subtotal				$ 15,750,000			$ 21,000,000			$ 26,250,000
Apartments		131,250	$ 15,750,000		175,000	$ 21,000,000		218,750	$ 26,250,000	
10.0% Apartments - Shoreline Market	$ 120.00	131,250	$ 15,750,000		175,000	$ 21,000,000		218,750	$ 26,250,000	
Parking Subtotal				$ 3,791,250			$ 3,791,250			$ 3,791,250
Surface Parking	$ 5.00	0	$ 0		0	$ 0		0	$ 0	
Structured Parking	$ 45.00	84,250	$ 3,791,250		84,250	$ 3,791,250		84,250	$ 3,791,250	
Underground Parking	$ 0.00	0	$ 0		14,350	$ 0		36,750	$ 0	
Premium for Green Construction	$ 0.03			$ 605,738			$ 763,238			$ 920,738
Total Hard Costs				$ 21,471,988			$ 26,879,488			$ 32,286,988
Soft Development Costs	0.3			$ 6,441,596			$ 8,063,846			$ 9,686,096
Total Development Costs (incl. Land)				$ 33,538,584			$ 40,568,334			$ 47,598,084
Entrepreneurial Return	0.15			$ 5,030,788			$ 6,085,250			$ 7,139,713
= Total Property Cost				$ 38,569,371			$ 46,653,584			$ 54,737,796
Minimum Rental Market Value (= Property Cost - Sale Income)				$ 38,569,371			$ 46,653,584			$ 54,737,796
x Capitalization Rate				5.000%			5.000%			5.000%
= Minimum Rental NOI Required				$1,928,469			$2,332,679			$2,736,890

RENTAL INCOME	Rent / SF	4 Story Building Gross Rental Income	4 Story Building Vacancy + Operating Expenses	4 Story Building Net Operating Income	5 Story Building Gross Rental Income	5 Story Building Vacancy + Operating Expenses	5 Story Building Net Operating Income	6 Story Building Gross Rental Income	6 Story Building Vacancy + Operating Expenses	6 Story Building Net Operating Income
Apartments - Shoreline Market	$ 22.00	$ 2,310,000	$ (808,500)	$ 1,501,500	$ 3,080,000	$ (1,078,000)	$ 2,002,000	$ 3,850,000	$ (1,347,500)	$ 2,502,500
Retail	$ 24.00	$ 96,000	$ (33,600)	$ 62,400	$ 96,000	$ (33,600)	$ 62,400	$ 96,000	$ (33,600)	$ 62,400
Surface Parking	$ 10.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Structured Parking	$ 10.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Underground Parking	$ 10.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTALS		$ 2,406,000	$ (842,100)	$ 1,563,900	$ 3,176,000	$ (1,111,600)	$ 2,064,400	$ 3,946,000	$ (1,381,100)	$ 2,564,900
Total Rental NOI				$ 1,563,900			$ 2,064,400			$ 2,564,900
Capitalized Value				$ 31,278,000			$ 41,288,000			$ 51,298,000
FINANCING										
Max. Loan (LTV)	80%			$ 25,022,400			$ 33,030,400			$ 41,038,400
Max. Loan (LTC)	75%			$ 28,927,028			$ 34,990,188			$ 41,053,347
Max. Loan (DCR)	1.20			$ 14,566,534			$ 19,228,310			$ 23,890,085
Max Perm. Loan Amount				$ 14,566,534			$ 19,228,310			$ 23,890,085

	4 Story Building	5 Story Building	6 Story Building
No. Development Cost Exceeds Property Value			
Value of Rental NOI	$ 31,278,000	$ 41,288,000	$ 51,298,000
Value of Unit Sales	$ -	$ -	$ -
Total Property Value	$ 31,278,000	$ 41,288,000	$ 51,298,000
Net Project Value	$ (7,291,371)	$ (5,365,584)	$ (3,439,796)
Effective Cap Rate	4.1%	4.4%	4.7%
RLV	$ (1,666,371)	$ 259,416	$ 2,185,204
RLV per SF	$ (14.81)	$ 2.31	$ 19.42
Required RLV/SF	$ 50	$ 50	$ 50
TVM Calculations (Leveraged) Sale in Year: 2023			
Project NPV	$ (1,718,135)	$ 1,623,337	$ 4,964,809
IRR	11.15%	12.76%	13.92%
ROI	74.79%	105.32%	129.74%
TVM Calculations (Unleveraged) Sale in Year: 2023			
Project NPV	$ 10,395,553	$ 17,613,808	$ 24,832,062
IRR	9.12%	10.10%	10.76%
ROI	35.00%	47.42%	56.17%

Exhibit 15: Cash Flow Projection (Leveraged), Market Rents

No Affordability Requirement

Property sale in year:	15	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20
		Year (for IRR)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Cash flow growth	3.00%		3.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.754
Expense inflation	3.00%		1.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.754
Sale (Residual Value) Inflation	3.00%		1.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.754

4 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 33,538,584	$ (34,880,127)	$ (34,880,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 2,406,000	$ 28,161,171	$ -	$ 2,552,525	$ 2,629,101	$ 2,707,974	$ 2,789,213	$ 2,872,890	$ 2,959,077	$ 3,047,849	$ 3,139,284	$ 3,233,463	$ 3,330,467	$ 3,430,381	$ 3,533,292	$ 3,639,291	$ 3,748,470	$ -
Vacancy & Operating Expenses	$ (842,100)	$ (9,856,410)	$ -	$ (893,384)	$ (920,185)	$ (947,791)	$ (976,225)	$ (1,005,511)	$ (1,035,677)	$ (1,066,747)	$ (1,098,749)	$ (1,131,712)	$ (1,165,663)	$ (1,200,633)	$ (1,236,652)	$ (1,273,752)	$ (1,311,964)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 350,936	$ 361,464	$ 372,308	$ 383,477	$ 394,981	$ 406,831	$ 419,036	$ 431,607	$ 444,555	$ 457,892	$ 471,628	$ 485,777	$ -	$ -	$ -
Annual Rental NOI		$ 21,590,656	$ -	$ 1,943,771	$ 2,002,084	$ 2,132,491	$ 2,196,466	$ 2,262,360	$ 2,330,230	$ 2,400,137	$ 2,472,142	$ 2,546,306	$ 2,622,695	$ 2,701,376	$ 2,782,417	$ 2,365,539	$ 2,436,505	$ -
Debt Service	$ 14,566,534		$ -	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ (1,303,250)	$ -
Principal Repayment (cumulative)				$ (367,238)	$ (759,070)	$ (1,177,144)	$ (1,623,218)	$ (2,099,166)	$ (2,606,989)	$ (3,148,821)	$ (3,726,941)	$ (4,343,779)	$ (5,001,928)	$ (5,704,155)	$ (6,453,410)	$ (7,252,845)	$ (8,105,819)	$ -
Property Disposition	7.00%	$ 23,685,025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,549,566	$ -
Net CF		$ (1,718,135)	$ (34,880,127)	$ 640,521	$ 698,834	$ 829,241	$ 893,216	$ 959,110	$ 1,026,980	$ 1,096,887	$ 1,168,892	$ 1,243,056	$ 1,319,445	$ 1,398,126	$ 1,479,167	$ 1,062,289	$ 54,682,821	$ -
Equity Investment	$ 18,972,049	$ 14,189,943	$ (18,972,049)	$ 640,521	$ 698,834	$ 829,241	$ 893,216	$ 959,110	$ 1,026,980	$ 1,096,887	$ 1,168,892	$ 1,243,056	$ 1,319,445	$ 1,398,126	$ 1,479,167	$ 1,062,289	$ 54,682,821	$ -
IRR	11.15%																	
ROI	74.79%	pmt: $	[illegible]															

5 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 40,568,334	$ (42,191,067)	$ (42,191,067)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,176,000	$ 37,173,682	$ -	$ 3,369,418	$ 3,470,501	$ 3,574,616	$ 3,681,854	$ 3,792,310	$ 3,906,079	$ 4,023,262	$ 4,143,960	$ 4,268,278	$ 4,396,327	$ 4,528,217	$ 4,664,063	$ 4,803,985	$ 4,948,105	$ -
Vacancy & Operating Expenses	$ (1,111,600)	$ (13,010,789)	$ -	$ (1,179,296)	$ (1,214,675)	$ (1,251,116)	$ (1,288,649)	$ (1,327,309)	$ (1,367,128)	$ (1,408,142)	$ (1,450,386)	$ (1,493,897)	$ (1,538,714)	$ (1,584,876)	$ (1,632,422)	$ (1,681,395)	$ (1,731,837)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 463,247	$ 477,144	$ 491,459	$ 506,202	$ 521,388	$ 537,030	$ 553,141	$ 569,735	$ 586,827	$ 604,432	$ 622,565	$ 641,242	$ -	$ -	$ -
Annual Rental NOI		$ 28,539,855	$ -	$ 2,587,063	$ 2,664,674	$ 2,814,959	$ 2,899,408	$ 2,986,390	$ 3,075,982	$ 3,168,261	$ 3,263,309	$ 3,361,208	$ 3,462,045	$ 3,565,906	$ 3,672,883	$ 3,122,590	$ 3,216,268	$ -
Debt Service	$ 19,228,310		$ -	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ (1,720,333)	$ -
Principal Repayment (cumulative)				$ (484,766)	$ (1,001,998)	$ (1,553,870)	$ (2,142,702)	$ (2,770,968)	$ (3,441,312)	$ (4,156,549)	$ (4,919,687)	$ (5,733,933)	$ (6,602,712)	$ (7,529,674)	$ (8,518,716)	$ (9,573,996)	$ (10,699,951)	$ -
Property Disposition	7.00%	$ 31,265,020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 70,687,207	$ -
Net CF		$ 1,623,337	$ (42,191,067)	$ 866,729	$ 944,341	$ 1,094,626	$ 1,179,074	$ 1,266,057	$ 1,355,648	$ 1,447,928	$ 1,542,976	$ 1,640,875	$ 1,741,711	$ 1,845,573	$ 1,952,550	$ 1,402,257	$ 72,183,142	$ -
Equity Investment	$ 21,340,024	$ 22,474,380	$ (21,340,024)	$ 866,729	$ 944,341	$ 1,094,626	$ 1,179,074	$ 1,266,057	$ 1,355,648	$ 1,447,928	$ 1,542,976	$ 1,640,875	$ 1,741,711	$ 1,845,573	$ 1,952,550	$ 1,402,257	$ 72,183,142	$ -
IRR	12.76%																	
ROI	105.32%	pmt: $	[illegible]															

6 STORY BUILDING	2008 $	PV																
Development Expenses + Land Acq.	$ 47,598,084	$ (49,502,007)	$ (49,502,007)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																		
Annual Rental Income	$ 3,946,000	$ 46,186,193	$ -	$ 4,186,311	$ 4,311,901	$ 4,441,258	$ 4,574,495	$ 4,711,730	$ 4,853,082	$ 4,998,675	$ 5,148,635	$ 5,303,094	$ 5,462,187	$ 5,626,052	$ 5,794,834	$ 5,968,679	$ 6,147,739	$ -
Vacancy & Operating Expenses	$ (1,381,100)	$ (16,165,168)	$ -	$ (1,465,209)	$ (1,509,165)	$ (1,554,440)	$ (1,601,073)	$ (1,649,106)	$ (1,698,579)	$ (1,749,536)	$ (1,802,022)	$ (1,856,083)	$ (1,911,765)	$ (1,969,118)	$ (2,028,192)	$ (2,089,038)	$ (2,151,709)	$ -
Bus Passes	$ (62,500)			$ (66,306)	$ (68,295)													
Property Tax Exemption				$ 575,558	$ 592,825	$ 610,609	$ 628,928	$ 647,796	$ 667,229	$ 687,246	$ 707,864	$ 729,100	$ 750,973	$ 773,502	$ 796,707	$ -	$ -	$ -
Annual Rental NOI		$ 35,489,054	$ -	$ 3,230,354	$ 3,327,265	$ 3,497,427	$ 3,602,350	$ 3,710,420	$ 3,821,733	$ 3,936,385	$ 4,054,476	$ 4,176,111	$ 4,301,394	$ 4,430,436	$ 4,563,349	$ 3,879,641	$ 3,996,031	$ -
Debt Service	$ 23,890,085		$ -	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ (2,137,417)	$ -
Principal Repayment (cumulative)				$ (602,294)	$ (1,244,926)	$ (1,930,595)	$ (2,662,185)	$ (3,442,771)	$ (4,275,635)	$ (5,164,276)	$ (6,112,432)	$ (7,124,087)	$ (8,203,495)	$ (9,355,193)	$ (10,584,022)	$ (11,895,148)	$ (13,294,083)	$ -
Property Disposition	7.00%	$ 38,845,015	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 87,824,849	$ -
Net CF		$ 4,964,809	$ (49,502,007)	$ 1,092,938	$ 1,189,848	$ 1,360,010	$ 1,464,933	$ 1,573,004	$ 1,684,316	$ 1,798,968	$ 1,917,060	$ 2,038,694	$ 2,163,977	$ 2,293,019	$ 2,425,932	$ 1,742,225	$ 89,683,463	$ -
Equity Investment	$ 23,707,999	$ 30,758,817	$ (23,707,999)	$ 1,092,938	$ 1,189,848	$ 1,360,010	$ 1,464,933	$ 1,573,004	$ 1,684,316	$ 1,798,968	$ 1,917,060	$ 2,038,694	$ 2,163,977	$ 2,293,019	$ 2,425,932	$ 1,742,225	$ 89,683,463	$ -
IRR	13.92%																	
ROI	129.74%	pmt: $	[illegible]															

Exhibit 16: Cash Flow Projection (Unleveraged), Market Rents

No Affordability Requirement

Property sale in year:	15		Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20
	Year Sold	2024		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Cost inflator	4.00%			1.0400	1.0816	1.1249	1.1699	1.2167	1.2653	1.3159	1.3686	1.4233	1.4802	1.5395	1.6010	1.6651	1.7317	1.8009	2.1911
Income inflator	3.00%			1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.8061
Rent discount relative to market	5.00%			1.0500	1.1025	1.1576	1.2155	1.2763	1.3401	1.4071	1.4775	1.5513	1.6289	1.7103	1.7959	1.8856	1.9799	2.0789	2.6533
4 STORY BUILDING	2008 $	PV																	
Development Expenses + Land Acq.	$ 33,538,584	$ (34,880,127)		$ (34,880,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																			
Annual Rental Income	$ 2,406,000	$ 28,161,171		$ -	$ 2,552,525	$ 2,629,101	$ 2,707,974	$ 2,789,213	$ 2,872,890	$ 2,959,077	$ 3,047,849	$ 3,139,284	$ 3,233,463	$ 3,330,467	$ 3,430,381	$ 3,533,292	$ 3,639,291	$ 3,748,470	$ -
Vacancy & Operating Expenses	$ (842,100)	$ (9,856,410)		$ -	$ (893,384)	$ (920,185)	$ (947,791)	$ (976,225)	$ (1,005,511)	$ (1,035,677)	$ (1,066,747)	$ (1,098,749)	$ (1,131,712)	$ (1,165,663)	$ (1,200,633)	$ (1,236,652)	$ (1,273,752)	$ (1,311,964)	$ -
Bus Passes	$ (62,500)				$ (66,306)	$ (68,295)													
Property Tax Exemption					$ 350,936	$ 361,464	$ 372,308	$ 383,477	$ 394,981	$ 406,831	$ 419,036	$ 431,607	$ 444,555	$ 457,892	$ 471,628	$ 485,777	$ -	$ -	$ -
Annual Rental NOI		$ 21,590,656		$ -	$ 1,943,771	$ 2,002,084	$ 2,132,491	$ 2,196,466	$ 2,262,360	$ 2,330,230	$ 2,400,137	$ 2,472,142	$ 2,546,306	$ 2,622,695	$ 2,701,376	$ 2,782,417	$ 2,365,539	$ 2,436,505	$ -
Property Disposition	7.00%	$ 23,685,025		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,549,566	$ -
Net CF		$ 10,395,553		$ (34,880,127)	$ 1,943,771	$ 2,002,084	$ 2,132,491	$ 2,196,466	$ 2,262,360	$ 2,330,230	$ 2,400,137	$ 2,472,142	$ 2,546,306	$ 2,622,695	$ 2,701,376	$ 2,782,417	$ 2,365,539	$ 55,986,071	$ -
Equity Investment	$ 33,538,584	$ 11,737,096		$ (33,538,584)	$ 1,943,771	$ 2,002,084	$ 2,132,491	$ 2,196,466	$ 2,262,360	$ 2,330,230	$ 2,400,137	$ 2,472,142	$ 2,546,306	$ 2,622,695	$ 2,701,376	$ 2,782,417	$ 2,365,539	$ 55,986,071	$ -
IRR		9.12%																	
ROI		35.00%																	
5 STORY BUILDING	2008 $	PV																	
Development Expenses + Land Acq.	$ 40,568,334	$ (42,191,067)		$ (42,191,067)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																			
Annual Rental Income	$ 3,176,000	$ 37,173,682		$ -	$ 3,369,418	$ 3,470,501	$ 3,574,616	$ 3,681,854	$ 3,792,310	$ 3,906,079	$ 4,023,262	$ 4,143,960	$ 4,268,278	$ 4,396,327	$ 4,528,217	$ 4,664,063	$ 4,803,985	$ 4,948,105	$ -
Vacancy & Operating Expenses	$ (1,111,600)	$ (13,010,789)		$ -	$ (1,179,296)	$ (1,214,675)	$ (1,251,116)	$ (1,288,649)	$ (1,327,309)	$ (1,367,128)	$ (1,408,142)	$ (1,450,386)	$ (1,493,897)	$ (1,538,714)	$ (1,584,876)	$ (1,632,422)	$ (1,681,395)	$ (1,731,837)	$ -
Bus Passes	$ (62,500)				$ (66,306)	$ (68,295)													
Property Tax Exemption					$ 463,247	$ 477,144	$ 491,459	$ 506,202	$ 521,388	$ 537,030	$ 553,141	$ 569,735	$ 586,827	$ 604,432	$ 622,565	$ 641,242	$ -	$ -	$ -
Annual Rental NOI		$ 28,539,855		$ -	$ 2,587,063	$ 2,664,674	$ 2,814,959	$ 2,899,408	$ 2,986,390	$ 3,075,982	$ 3,168,261	$ 3,263,309	$ 3,361,208	$ 3,462,045	$ 3,565,906	$ 3,672,883	$ 3,122,590	$ 3,216,268	$ -
Property Disposition	7.00%	$ 31,265,020		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 70,687,207	$ -
Net CF		$ 17,613,808		$ (42,191,067)	$ 2,587,063	$ 2,664,674	$ 2,814,959	$ 2,899,408	$ 2,986,390	$ 3,075,982	$ 3,168,261	$ 3,263,309	$ 3,361,208	$ 3,462,045	$ 3,565,906	$ 3,672,883	$ 3,122,590	$ 73,903,475	$ -
Equity Investment	$ 40,568,334	$ 19,236,541		$ (40,568,334)	$ 2,587,063	$ 2,664,674	$ 2,814,959	$ 2,899,408	$ 2,986,390	$ 3,075,982	$ 3,168,261	$ 3,263,309	$ 3,361,208	$ 3,462,045	$ 3,565,906	$ 3,672,883	$ 3,122,590	$ 73,903,475	$ -
IRR		10.10%																	
ROI		47.42%																	
6 STORY BUILDING	2008 $	PV																	
Development Expenses + Land Acq.	$ 47,598,084	$ (49,502,007)		$ (49,502,007)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Income & Expenses																			
Annual Rental Income	$ 3,946,000	$ 46,186,193		$ -	$ 4,186,311	$ 4,311,901	$ 4,441,258	$ 4,574,495	$ 4,711,730	$ 4,853,082	$ 4,998,675	$ 5,148,635	$ 5,303,094	$ 5,462,187	$ 5,626,052	$ 5,794,834	$ 5,968,679	$ 6,147,739	$ -
Vacancy & Operating Expenses	$ (1,381,100)	$ (16,165,168)		$ -	$ (1,465,209)	$ (1,509,165)	$ (1,554,440)	$ (1,601,073)	$ (1,649,106)	$ (1,698,579)	$ (1,749,536)	$ (1,802,022)	$ (1,856,083)	$ (1,911,765)	$ (1,969,118)	$ (2,028,192)	$ (2,089,038)	$ (2,151,709)	$ -
Bus Passes	$ (62,500)				$ (66,306)	$ (68,295)													
Property Tax Exemption					$ 575,558	$ 592,825	$ 610,609	$ 628,928	$ 647,796	$ 667,229	$ 687,246	$ 707,864	$ 729,100	$ 750,973	$ 773,502	$ 796,707	$ -	$ -	$ -
Annual Rental NOI		$ 35,489,054		$ -	$ 3,230,354	$ 3,327,265	$ 3,497,427	$ 3,602,350	$ 3,710,420	$ 3,821,733	$ 3,936,385	$ 4,054,476	$ 4,176,111	$ 4,301,394	$ 4,430,436	$ 4,563,349	$ 3,879,641	$ 3,996,031	$ -
Property Disposition	7.00%	$ 38,845,015		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 87,824,849	$ -
Net CF		$ 24,832,062		$ (49,502,007)	$ 3,230,354	$ 3,327,265	$ 3,497,427	$ 3,602,350	$ 3,710,420	$ 3,821,733	$ 3,936,385	$ 4,054,476	$ 4,176,111	$ 4,301,394	$ 4,430,436	$ 4,563,349	$ 3,879,641	$ 91,820,880	$ -
Equity Investment	$ 47,598,084	$ 26,735,986		$ (47,598,084)	$ 3,230,354	$ 3,327,265	$ 3,497,427	$ 3,602,350	$ 3,710,420	$ 3,821,733	$ 3,936,385	$ 4,054,476	$ 4,176,111	$ 4,301,394	$ 4,430,436	$ 4,563,349	$ 3,879,641	$ 91,820,880	$ -
IRR		10.76%																	
ROI		56.17%																	

Chapter 20.91
Ridgecrest Commercial Planned Area 2

Sections:

20.91.010 Purpose and Scope

A. The purpose of this chapter is to establish development standards for Ridgecrest Commercial Planned Area 2. These standards are intended to implement a new vision for this area by replacing or modifying the regulations of SMC Chapter 20.50 – General Development Standards and revising permitted uses. The Ridgecrest Commercial Planned Area 2 standards are designed to:
    1. Be a form based code which provides flexibility, yet ensures the character of a project's building and site design is supportive of the adjacent public spaces and uses.
    2. Create lively mixed use and retail frontage in a safe, walkable, transit-oriented neighborhood environment.
    3. Provide for human scale building design.
    4. Contribute to the development of a sustainable neighborhood.

B. If provisions of this chapter conflict with provisions elsewhere in the Shoreline Municipal Code, the provisions of this chapter will apply. When it is unclear which regulations apply, then the presumption will be that the regulations of this chapter take precedence with the ultimate determination to be made by the Director.

20.91.020 Permitted/Prohibited Uses

A. In order to implement the vision of the Comprehensive Plan and the neighborhood visioning project, the Ridgecrest Commercial Planned Area 2 is adopted as shown on the official zoning map.

B. NB uses will apply in Ridgecrest Commercial Planned Area 2 for developments less than 1.5 acres.

C. All uses provided for under Chapter 20.40 SMC are permitted for developments 1.5 acres or more in Ridgecrest Commercial Planned Area 2 except the following:

1. Adult use facilities;
2. Gambling uses;
3. Vehicle repair, service and/or sales unless entirely within an enclosed building;
4. Wastewater treatment facilities;
5. Wrecking yards;
6. Warehousing, self-storage warehouses and wholesale trade;
7. Outdoor material storage, including vehicles. Material storage will be allowed only within a fully-enclosed structure.
8. Shipping containers;
9. Other uses the Director determines to not comport with the intent of the district as expressed in SMC 20.91.010(A).

20.91.030 Density and Dimensional Standards

A. Developments in Ridgecrest Commercial Planned Area 2 that are less than 1.5 acres will apply the density and dimensional standards for NB zones.

B. Developments in Ridgecrest Commercial Planned Area 2 that are 1.5 acres or more will apply the following density and dimensional standards:

1. **Setback, Height, and Floor Area Ratio Standards**

Table 20.91.030B –Dimensional Standards

Standards	Planned Area 2
Setback for building base	~~5'~~7.5' adjacent to Residential zones, 0' abutting the public right-of-way.
Setback/stepbacks from property line for buildings	Buildings must be 20' from property lines at 35' building height abutting all R-6 zones. Above 35', building to setback ratio will be 2:1
	Buildings must be 10' from all property lines above the 4th story abutting 5th Ave NE, NE 165th Street and all other MF zones.
	Buildings on NE

	163rd, across from R-6 zoning, can be 35' high at the property line; above 35' the building to setback ratio will be 2:1.
Building Height, Min Building Height, Max	2 Stories Up to 6 Stories or 65' if public bonus features are provided [1,2]
Floor Area Ratio (FAR)	4.75
Density	Unit total limited by height, FAR and parking requirements[2]

[1] See 20.91.060 for building height incentives.
[2] Only for Planned Area 2a. NB standards for height, FAR and density will apply to development 1.5 acres or more in 2b, 2c and 2d.

2. **Impervious Area.** Impervious area is 100 percent.

3. **Additional Height Provisions.**
   a. Mechanical penthouses, stair/elevator overruns and antennae (not including WTF's) may be excluded from building height calculation, provided they are no more than 15 feet above the roof deck and satisfy the criteria in SMC 20.19.050(B)(2)(g).
   b. Wireless Telecommunication Facilities ("WTF") may be excluded from building height calculation, provided they are no more than 15 feet above the roof deck, are entirely shrouded and satisfy the criteria SMC 20.19.050(B)(2)(g).
   c. Roof elements such as pitched roofs, gables and dormers may be excluded from building height calculations.
   d. Features providing environmental sustainability such as solar panels, wind turbines, and associated equipment are excluded from height standards, provided they are no more than 10 feet above the roof deck.

20.91.040 Administrative Design Review

A. **Applicability.** Administrative design review will be required for developments in Ridgecrest Commercial Planned Area 2 that are 1.5 acres or more and that meet one of the thresholds in SMC 20.50.125.

B. **Standards for Approval.** When design review is required, the applicant will demonstrate that plans satisfy the criteria in SMC 20.91.050 unless approved as a design departure by the Department Director consistent with the intent of each subsection.

C. **Design Departures.** A permit applicant wishing to modify any of the standards in this chapter may apply for a design departure. A design departure will be approved if it is consistent with the intent of each subsection and it meets or exceeds the standard design objective. The Director's decision may be appealed to the Hearing Examiner with substantial weight given to the Director's decision.

20.91.050 Design Standards

A. Developments in the Ridgecrest Commercial Planned Area 2 that are less than 1.5 acres will apply the design standards for NB zones.

B. Developments in the Ridgecrest Commercial Planned Area 2 that are 1.5 acres or more will apply the following design standards:

1. **Site Design.**
   - **a. Accommodation of Street Level Commercial**
     - i. Intent: To provide commercial services to the residents of the Ridgecrest Neighborhood by requiring first floors adjacent to the street be constructed to accommodate commercial services.
     - ii. Buildings fronting 5th Avenue NE are required to build to the specifications for ground level commercial. Ground level commercial may include live/work units that satisfy the criteria in SMC 20.91.050(2)(i). There may be non-commercial occupation of the ground level.
     - iii. Commercial uses will occupy a minimum of 50% of the available street frontage on 5th Avenue NE.

   - **b. Facades - 5th Avenue NE, NE 165th Street**
     - i. Intent: To create frontage which encourages pedestrian use, promotes a sense of security by providing "eyes on the street" and creates visual connections between activities inside and outside of buildings.
     - ii. Facades fronting on the 5th Avenue NE and NE 165th will include a minimum of 50 percent of the façade area 2 feet -12 feet above grade, comprised of windows with clear nonreflective glass allowing visual penetration of at least 2 feet into the building if used for commercial uses.

   - **c. Buffering**
     - i. Intent: To soften the visual impact of multi-use buildings adjacent to single-family homes.
     - ii. Decorative features such as plantings and/or trellises are to cover at least 50 percent of the building base on the side at the time of construction;

iii. Stamped and painted concrete (decorative treatments to the building base) will be used on building ~~fascia~~ facades not covered by plantings to provide a visual relief to single-family residences.

iv. Mature trees and shrubs will be used on portions of the property abutting the right-of-way to soften the appearance of the building.

v. Retaining existing vegetation is encouraged to create a visual buffer to existing single-family residential

d. Driveway Access

i. Intent: To ensure development reduces potential automobile conflicts on adjacent residential properties. Design ingress and egress points in a manner to reduce automobile impacts to adjacent residential uses.

ii. Limit egress to NE 165th and 5th Avenue NE.

e. Transit stops

i. Intent: To ensure development of sites adjacent to transit stops is designed to support, complement and accommodate the stop and promote use of the stop.

ii. Development on parcels that front locations on 5th Avenue NE designated for a public transportation stop will be designed and furnished to accommodate the intent in a manner approved by the Director. Weather protection will be included in the design.

f. Entry Courtyard

i. Intent: To provide a distinctive, safe and readily identifiable main pedestrian entry for the complex with a public right-of-way frontage.

ii. Entry courtyards will:

1) Abut and be visibly prominent from a public sidewalk by including at least two of the following design elements:

- recess
- overhang
- portico/porch
- stone, masonry or patterned tile paving in entry
- ornamental building name or address
- landscape pots or boxes
- fixed seating

2) Be at least 100 square feet in area with dimensions no less than 10 feet.

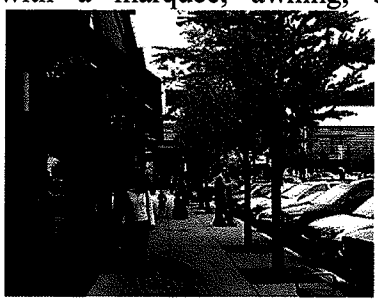
3) Provide weather protection on at least two sides or overhead with walls, canopies, awnings, or landscaping.

2. **Building Design** All of the following elements of building design will be approved through the administrative design review process under SMC 20.91.040.

a. **Pedestrian enhancements and transparency**

i. Intent: To provide pedestrians with protection from the elements, visual connections between activities inside and outside of buildings, and visual interest.

ii. All street fronting buildings will provide overhead weather protection for pedestrians with a marquee, awning, building projection or other



permanent structural element, over approximately 80 percent of the frontage of the subject property. The weather protection must cover at least 6 feet of the width of the sidewalk and be located a minimum of 10 feet above the walkway. The width may vary (not less than 3 feet) to accommodate street trees, streetlights, etc.

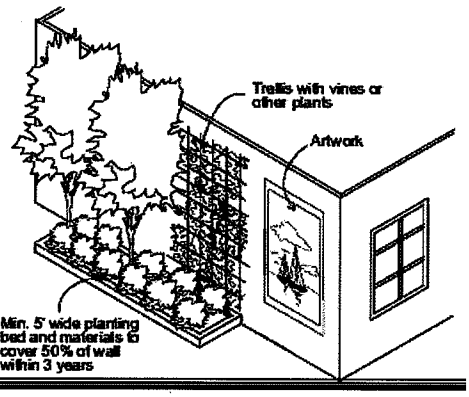
iii. Ground floor facades of all structures facing a public sidewalk will be transparent nonreflective glass windows.

iv. Ground floor building facades fronting public sidewalks will use planters, signage, architectural details and other techniques to create variety and interest.

b. **Blank walls**

i. Intent: To reduce the negative visual impact of walls without openings or windows by ensuring there are features that add visual interest and variety to the streetscape.

ii. Blank walls more than 30 feet in length will be treated to provide visual interest. Treatment includes installing trellises for vine and plant materials, providing landscaped planting beds that screen at least 50 percent of the wall, incorporating decorative tile or masonry, or providing artwork on the wall.



c. **Facade Articulation**

i. Intent: To reduce the apparent bulk of multistory buildings by providing visual variety.

ii. All facades will be articulated with projections, recesses, covered doorways, balconies, covered box or bay windows and/or similar features to divide them into human scale proportions.

iii. All facades longer than 30 feet will be broken down into smaller units through the use of a combination or projections, offsets, recesses, covered doorways, balconies, covered box or bay windows, staggered walls, stepped walls and overhangs. Changing materials and colors may be used to embellish the articulation but alone are not enough to provide the required amount of articulation.

iv. Projections and recesses will be 3-5 feet in depth, 10 feet long and occupy at least 20 percent of the length of the façade.

d. **Vertical Differentiation**

i. Buildings will distinguish a "base" through the use of:

- pedestrian scale details;
- articulation;
- overhangs;
- masonry strips and cornice lines; and
- "earth" materials such as stone, masonry, or decorative concrete.

ii. Buildings will distinguish a "top" by emphasizing a distinct profile or outline with a:

- parapet;
- cornice, upper level set-back;
- pitched roofline;
- strong eave lines;

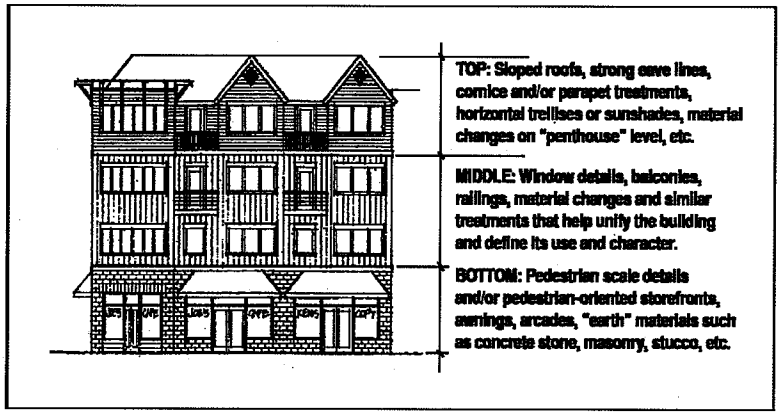
- horizontal trellises; and
- different facade material then that used predominantly in the "middle."

iii. Buildings with more than 2 stories above elevation of the nearest public sidewalk will also distinguish a "middle" through:

- material and/or color changes that differ from the base and top;
- windows details, treatments and patterns;
- balconies or alcoves; and
- decks and/or railings.

iv. The "base" will be the first story above grade. The "middle" will be stories between the base and top and the "top" is the highest story.

v. All applications for new construction are required to submit detailed building elevations.



e. **Street Frontage Standards**

i. Intent: To provide pedestrian relief from the elements, provide special enclosure and add design interest on 5th Avenue NE and 165th Street NE.

ii. Buildings occupying the corner of 5th Avenue NE and NE 165th Street will be designed to encourage pedestrian activity.

iii. Buildings located at corners will serve as gateways to the neighborhood distinguishable from the rest of the buildings. Corner entries and/or architectural treatment will be used to emphasize the corner location.

iv. Buildings will occupy at least 75 percent of the street front.

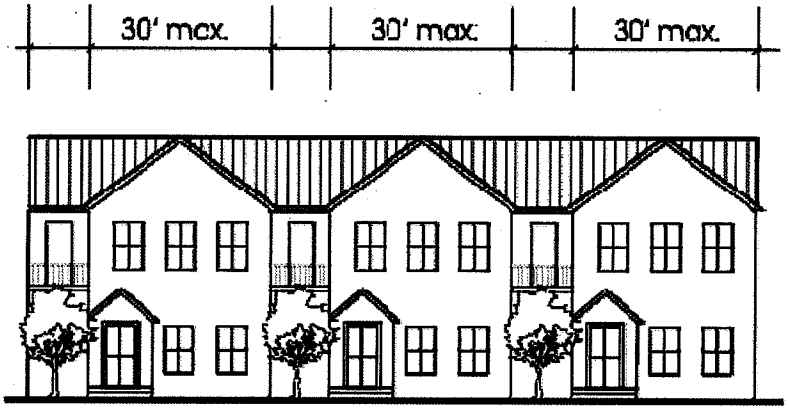
v. Buildings will have their principal entrance on the street frontage line.

f. **NE 165th and 5th Ave NE Building Corner Treatment**

i. Intent: To provide visual interest, mitigate building bulk, provide for pedestrian amenities and outside meeting areas, and add to pedestrian vitality at the corner of 5th Avenue NE and 165th Street NE.

ii. Buildings occupying the corner of 5th Avenue NE and NE 165th Street will be designed to encourage pedestrian activity and pedestrian amenities. Pedestrian amenities include weather protection, substantial sitting areas, courtyard type flooring and lighting.
iii. Buildings located at corners will serve as gateways to the neighborhood distinguishable from the rest of the buildings. Corner entries and/or architectural treatment will be used to emphasize the corner location.
iv. Examples of design requirements can be found in the PLA2 administrative design guidelines.

g. **Buildings fronting on NE 163rd Street**
i. Intent: To provide additional visual relief from more intense development across from R-6 zones.
ii. If building is separated by a local street, building facades across from R-6 zones will incorporate townhouse design elements.
iii. Buildings located across from R-6 zones will be used for residential living units.
iv. Townhouse design elements are bay windows, stoops, stairways up to entry doors from public sidewalks, porches, patios, balconies, railings, sloped roofs, cornices, and other elements that meet the intent of this section as approved by the Director.



h. **Service areas and mechanical equipment**
   i. Intent: To screen rooftop mechanical and communications equipment from the ground level and from other structures. On-site service areas, loading zones, garbage collection, recycling areas, and similar activities will be located in an area that minimizes unpleasant views from adjacent residential and commercial uses.
   ii. Utility vaults, ground mounted mechanical units, satellite dishes, and other similar structures will be screened on all sides from adjacent streets and public view. This does not include pedestrian-oriented trash receptacles along walkways.
   iii. Fences designed for privacy, security, and/or screening will be made of material that is compatible with the building design.
   iv. Fences for screening and security purposes that are adjacent to the public right-of-way may be used only in combination with a trellis, landscaping, or other design alternatives to separate such fences from the pedestrian environment.
   v. Mechanical units, utility equipment, elevator equipment, and wireless telecommunication equipment (except for the antennae) located on the roof will be:
      - Incorporated into the roof design; and
      - Thoroughly screened, including from above when not in conflict with International Building Code or equipment specifications, by an extended parapet wall or other roof forms that are integrated with the architecture of the building. Environmental features do not have to be screened.

i. **Parking Structures**
   i. Intent: To reduce the visual impact of above-ground parking structures.
   ii. Parking structures at ground-level will be fully enclosed except for vehicle entrances.

iii. Parking levels above ground level will have openings totaling no more than 65 percent of the façade area. All openings will be screened with garden walls (structures designed to support vegetation growing across the opening); vegetation designed to grow on the façade and over the openings, louvers, expanded metal panels, decorative metal grills, opaque glass, or other devises approved by the Director that meet the intent of this section.

j. **Live/Work Units**
   i. Intent: To accommodate retail/office space and living units fronting on public right-of-way. Live/work units provide flexibility to business owners who want to live where they work.
   ii. Ground floor units facing a public sidewalk are required to be plumbed and built to be adapted for commercial use.

20.91.060 Height Incentives

The following height incentives will only apply to developments in the Ridgecrest Commercial Planned Area 2a:

A. Intent: To require installation of features that benefit the public by creating a more inviting and livable community.
B. Building height may be modified based on the following criteria:
   1. The building may increase to 4 stories if approximately 80 percent of the building base fronting 5th Avenue NE is developed with nonresidential uses and/or live/work units.
   2. The building may increase to 5 stories if the standards in SMC 20.91.060(B)(1) and SMC 20.91.060(C)(1)-(~~5~~)(6) are provided.
   3. The building height may increase to 6 stories if the standards in SMC 20.91.060(B)(1) and SMC 20.91.060(C)(1)-(~~5~~)(6) are provided, and 20 percent of the total numbers of units are affordable housing, as defined in RCW 84.14.010.

C. **Height Incentive Requirements:**
   1. **Active recreation area**
      a. Intent: To provide recreational opportunities for residents in an area of the City that has little public park space in support of high density development.
      b. Will not be used for parking or storage.
      c. May be located out of doors, on top of, or within a structure.
      d. Will include an area of at least 600 contiguous square feet with a minimum dimension of 20 feet.

   2. **Art, Public**
      a. Intent: To add stimulating and aesthetically pleasing elements to the built environment.

b. Must be displayed near the main pedestrian entrance to a building and be visible and accessible from a public sidewalk or within a public plaza.
c. The scale of the artwork will be appropriate for the space occupied and large enough to be appreciated in full from at least 10 feet away.

3. **Indoor Meeting Space**
   a. Intent: To provide space for non-profit organizations to contribute to "third place" energy to complement commercial, residential and pedestrian synergy.
   b. Users may include community associations, neighborhood groups, after school programs, non-profit meeting space, and other programs that benefit the community at large.

4. **Fountain or other water element**
   a. Intent: To add stimulating and aesthetically pleasing elements to the built environment.
   b. Will be located outside of the building.
   c. The sum of the dimensions of the smallest possible cube surrounding the water when in motion will be at least 30 feet.
   d. Will be publicly visible and accessible from the main pedestrian entrance to a building or along a perimeter sidewalk or pedestrian connection.
   e. Water will be maintained in a clean and noncontaminated condition.
   f. Water will be in motion during daylight hours.

5. **Plaza, public**
   a. Intent: To provide for public gathering places supportive of a pedestrian-friendly environment.
   b. Will be accessible to the public.
   c. Will be readily accessible from a public sidewalk.
   d. Some portion will provide protection from adverse wind and rain.
   e. Will be signed to identify the enclosed plaza is available for public use.
   f. Will include permanent and substantial sitting areas for at least 5 people.
   g. Will be coordinated with or connected to the site's primary pedestrian entrance.
   h. Will be at least 2,000 square feet in area (1600 sq. ft in contiguous area with a minimum dimension of 20 feet).
   i. Will be enclosed on at least two sides by a structure or by landscaping which creates a wall effect.
   j. Will provide opportunities for penetration of sunlight.
   k. Will be lighted at night.
   l. The property owner must grant the public a permanent easement ensuring public access over the plaza during normal business hours. The owner must record the easement with the county.

6. **Sustainability Features**

a. Intent: To ensure that new construction incorporates new and innovative building techniques to reduce demand on energy and stormwater systems.
b. Development will be Built Green, as amended, or other sustainability standards approved by the Director that meet the sustainability intent of the King County Built Green program at a minimum of the three-star standard.
c. Low-impact development techniques will be incorporated for all new development within PLA2. Some combination of the following low-impact development techniques will be employed: Rain gardens, permeable pavement, rainwater harvesting, vegetated roof, road design that promotes walking and bicycling, bike racks, increase access to and connection between public transportation modes and use of native non-invasive plant species.

20.91.070 Parking

A. Intent: To provide adequate parking for a mix of uses on and around the Ridgecrest Commercial Planned Area 2. The parking management plan will make reasonable provisions to accommodate parking demand generated by on-site uses.

B. All development proposals in the Ridgecrest Commercial Planned Area 2 require a parking management plan.

C. The parking management plan will address parking impacts, ways to reduce parking demand and incentives for alternative transportation such as bike racks, bike lockers, and a minimum number of transit passes available for residents. As part of the parking management plan Metro bus passes will be made available to 50% of the units for the first two years of project occupancy.

D. Parking spaces may be shared:
1. When different uses share a common parking facility;
2. The uses have peak parking demand periods that do not overlap more than 2 hours; and
3. Shared parking areas will be appropriately designated and signed.

E. Minimum parking spaces required for residential uses are 1 space for studio units, 1.3 spaces for 1-bedroom units and 1.6 spaces for 2-bedroom units.

F. Provisions will be made for a car sharing program (like Flexcar), as approved by the Director, and include a car on-site as well as car-sharing only parking spaces.

G. Parking areas in developments 1.5 acres or more will conform to the all of the parking design standards under SMC 20.50.410-.420

H. On-site surface parking lot will be screened from public right-of-way and adjacent residential land uses. Screening can consist of locating parking behind buildings or by opaque landscaping.

I. At least 80% of the required parking spaces will be located on-site. If the developer can secure parking through an agreement acceptable by the Director, at least 1/2 of the balance (10%) of the required parking spaces must be located within Planned Area 2 and the rest (up to 10%) of the required parking must be within 1,000 feet of the development. Building occupancy will be restricted if, at any time, parking spaces off-site are lost and not replaced by other agreements. A notice will be recorded to the title of any property stating these requirements.

20.91.080 Signs

Development proposals in the Ridgecrest Commercial Planned Area 2 that are 1.5 acres or more require submittal and approval of a master sign plan through the administrative design review process set forth in SMC 20.91.040.

20.91.090 Outside lighting

A. Intent: To create a walkable human scale neighborhood environment by providing adequate and appropriate lighting for pedestrians.

B. The standards for outdoor lighting apply to all development proposals in the Ridgecrest Commercial Planned Area 2.

C. The outdoor lighting will:
   1. Accent structures or provide security and visibility;
   2. Be shielded to confine emitted light to within the site ; and
   3. Be located so it does not have a negative effect on adjacent properties or rights-of-way.

D. All building entrances will be well lit to provide inviting access and safety. Building-mounted lights and display window lights will contribute to lighting of pedestrian walkways and gathering areas.

E. Lamp height will not exceed 15 feet for on-site pedestrian lighting.

F. Outside lighting will be minimum wattage metal halide or color corrected sodium light sources which emit "natural" light. Non-color-corrected low-pressure sodium and mercury vapor light sources are prohibited.