12th & Jefferson Study

Portland Development Commission

March 14, 2005

1 - Jefferson West Site
2 - Replacement Site
3 - Plaid Pantry Site
4 - Salmon/Main Surface Lot

Introduction

In 2001, Portland Development Commission purchased the Jefferson West Apartments located at 1101-1139 SW Jefferson. The property included 50 Single Room Occupancy (SRO) units that were under a HUD Section 8 contract, 32 open-market one-bedroom units and 15,000 square feet of commercial space. The Commission acquired the Jefferson West Apartments to preserve the Section 8 subsidy and affordability of the housing units.

Rather than transfer the property to a mission-driven non-profit housing developer, the Commission maintained ownership because the property is:

- Identified as a Key Redevelopment Site: The property is approx. 16,000 square feet with three street frontages directly west of the Museum Place multi-block redevelopment. The property was considered to have great potential as market rate housing.
- Identified as a Barrier to Revitalization: There are neighborhood concerns that continued operation of the Jefferson West in its current condition was a barrier to neighborhood revitalization and private investment on adjacent and nearby parcels. Common complaints about the property included empty and substandard retail space, tenants loitering or smoking on the sidewalk in front of the building, and drug use and sales.
- Poor Quality Housing: The Jefferson West Apartments is nearly 90 years old and is need of substantial rehabilitation of all major building systems. In addition, the configuration of the building is not conducive to quality property management and does not provide high quality housing, with units as small as 115 square feet, and shared bathroom and kitchen facilities.

The following report analyzes some key assumptions and development scenarios for four properties, providing massing diagrams and financial analysis that estimates funding gaps.

First, it looks at multiple options to preserve or replace the Jefferson West Apartments. The Jefferson West is approaching physical obsolescence and a plan for either substantial upgrades or replacement of those units is necessary to achieve Central City No Net Loss Goals. The goal of this analysis is to inform a decision about whether the Commission should rehabilitate the existing Jefferson West Apartments, or replace the units in a new development both on-site or at a nearby property.

Second, the report tests the assumption that the Jefferson West property is a viable market rate redevelopment site. The report looks at redevelopment options that include mixed-income rental housing and market-rate condominiums assessing development and market potential.

Lastly, the report looks at the market-rate redevelopment potential of two key properties near the PDC-owned property. The intent of this analysis is to determine the development potential of adjacent sites and determine if redevelopment is feasible without further public subsidy.

The final page of the report provides a summary analysis of Jefferson West Replacement and Preservation options.

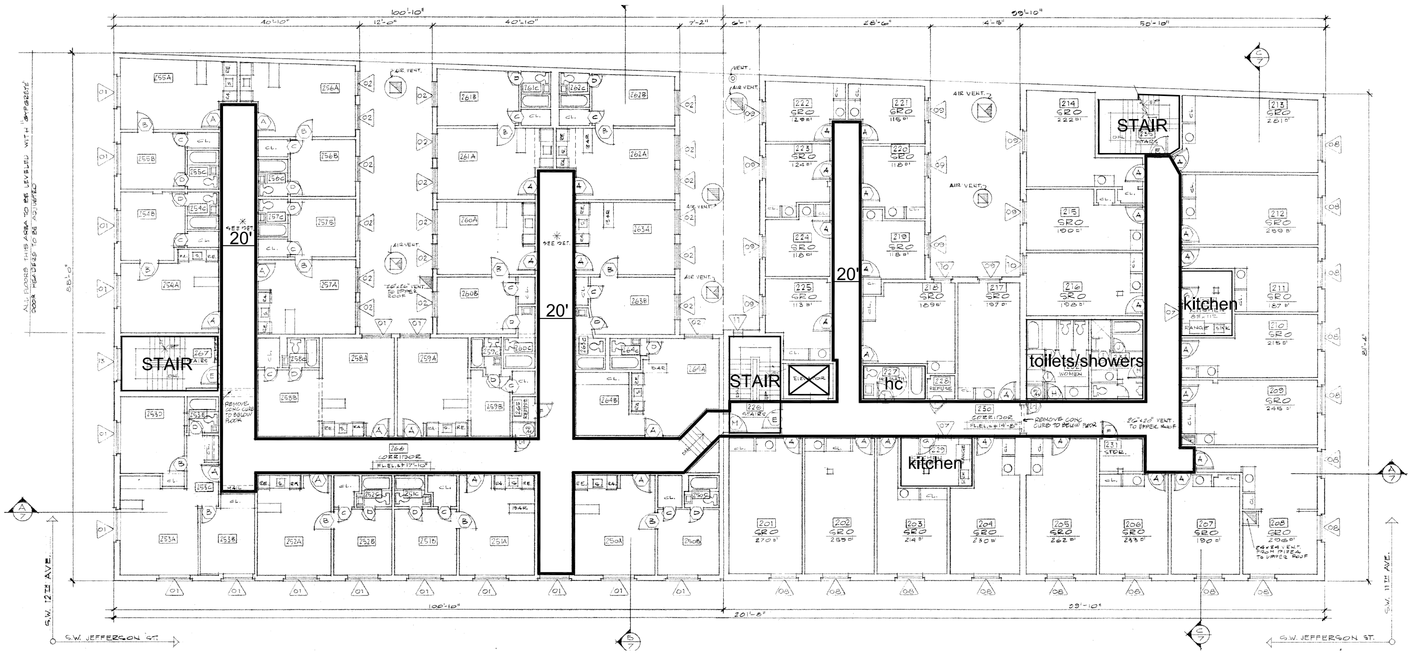
Key Findings:

1. Renovation of the Jefferson West will not address concerns about housing configuration, small units, lack of common space, and quality of the occupied retail spaces.
2. New construction to replace the Jefferson West provides the opportunity to upgrade unit sizes and types, addressing neighborhood and property management concerns.
3. Replacement of the Jefferson West off-site is more cost effective than renovation or on-site replacement.
4. Condominiums are financially viable without public assistance on the PDC-owned property.
5. Condominiums are financially viable on the two nearby properties.
6. Market-rate or mixed-income rental housing would require significant public subsidy on any of the study properties due to the inability to leverage LIHTC subsidy and the weakness of the rental market.
7. Due to marketable parking ratios and parking inefficiencies and costs on a ½-block site, it is difficult to maximize the FAR in any of the development scenarios analyzed.

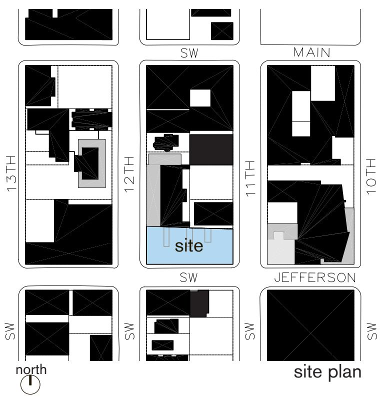
Jefferson West

Renovation

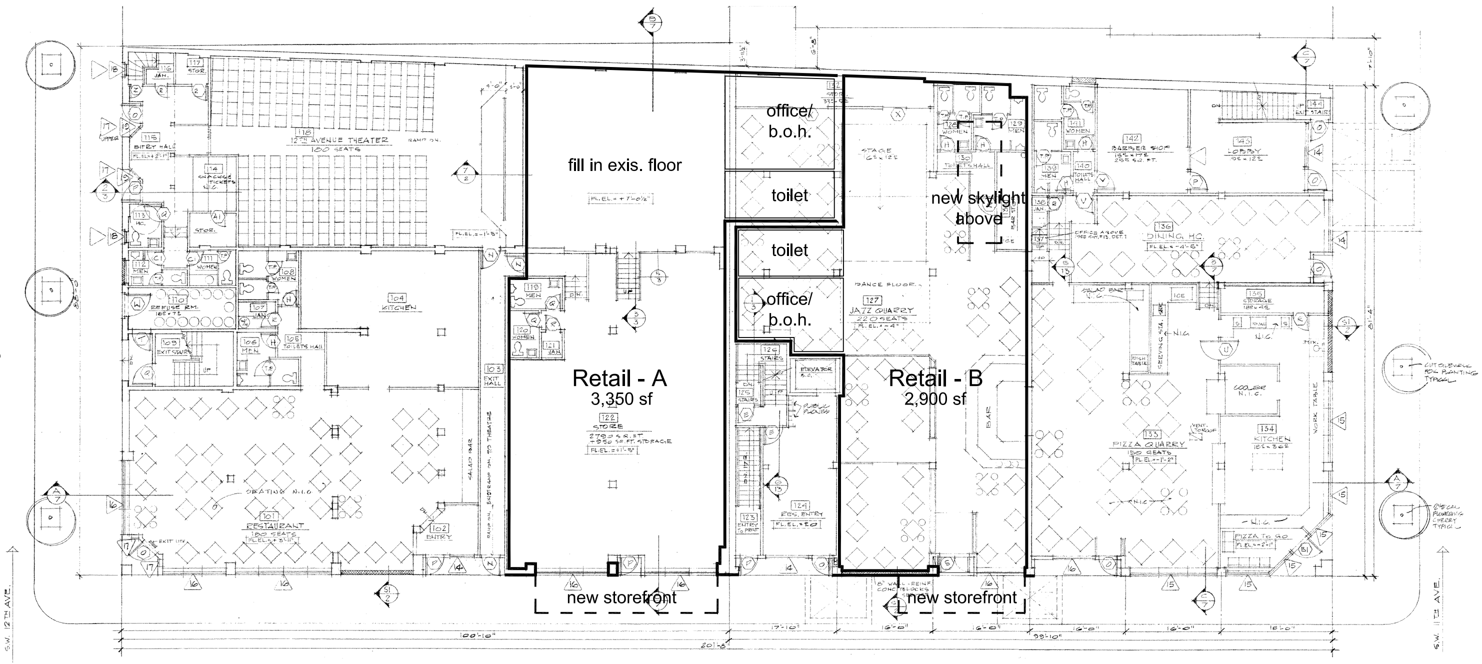
This concept explores the option of renovating the existing structure, providing new storefront, metal canopy, lighting and refurbishing the exterior brick walls. New mechanical and electrical systems, all new interior finishes and fixtures and a building fire sprinkler system. The unit count would remain as 50/sro's, 30/1-bedrooms and 2/2-bedrooms. The existing units some as small as 115sf would also maintain current shared facilities such as bathrooms and kitchen areas eventhough they are receiving new fixtures and finishes. A new roof membrane and new operable high effeciency window units would be installed. Also there would be modifications to the ground floor vacant retail spaces allowing for more open and flexible retail tenant areas.



typical upper level diagram (2nd,3rd)



site plan



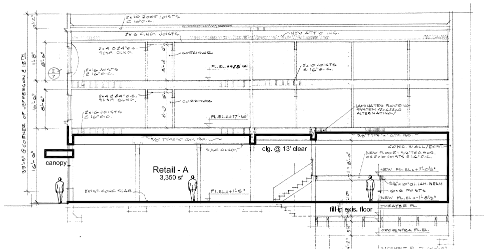
ground floor diagram

- **renovation of all existing units and vacant retail spaces on ground floor only**
- **maintains shared service areas**
- **unit sizes remain small**
- **full seismic upgrade (not included)**

Concept Diagram - 1A

1A

retail-A section diagram



This section diagram shows the potential fill in floor area allowing for a more flexible, open and accessible retail area.

SYSTEMS	FINISHES	EXTERIOR
Mechanical	Interior finishes	Window systems
Electrical	carpet	Storefront
Plumbing	paint	Display
Insulation	ceiling	Signage
roof	fixtures	Canopies
walls	casework	Security
Fire protection	hardware	Refurbish brick

floor area/unit count summary

Remodeled Scope (see estimate for detail)

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
3rd floor	16,089 sf			1	15		25	aff./sub.
2nd floor	16,089 sf			1	15		25	aff./sub.
ground floor	16,744 sf	14,700 sf						
basement	7,938 sf							
TOTAL AREA	**56,860 sf**		0	**2**	**30**	**0**	**50**	

TOTAL UNITS
82

*Max. FAR 135,464sf (before bonuses)

financials/performa summary

PROGRAM 1A

Project Development Costs			**Assumptions/Notes**
Land Costs	$2,560,000		PDC purchase price
Hard Costs	$5,715,585		
Soft Costs	$1,428,896	25%	of construction costs
Developers Fee	$428,669	6%	of hard and soft costs
Total Cost	**$10,133,150**	**$123,575**	**per unit, 82 units[1]**

Stabilized Operating Income (Year 3)			
Apartment	$416,001	$5,073	per unit
Parking	$0		
Retail	$249,900	$17.00	per square foot
Ancillary Income	$4,160	$51	per unit
Less Operating Expenses	($286,732)	($3,497)	per unit
Less Capital Reserves	($17,921)	($219)	per unit
Net Operating Income	**$365,409**	**$4,456**	**per unit**

Financing			
Interest	6.25%	rate	
Amortization	25	years	
NOI	365,409		
Max Payment	292,327	1.25	Debt Coverage Ratio
Loan Amount[2]	3,692,849		

Project Cost	($10,133,150)	($123,575)	per unit (includes retail)
Loan Value	$3,692,849	$45,035	per unit
Tax Credit[3]	$3,006,775	$36,668	per unit (9% tax credit program)
Gap/Subsidy Required	**($3,433,526)**	**($41,872)**	**per unit**

Notes:

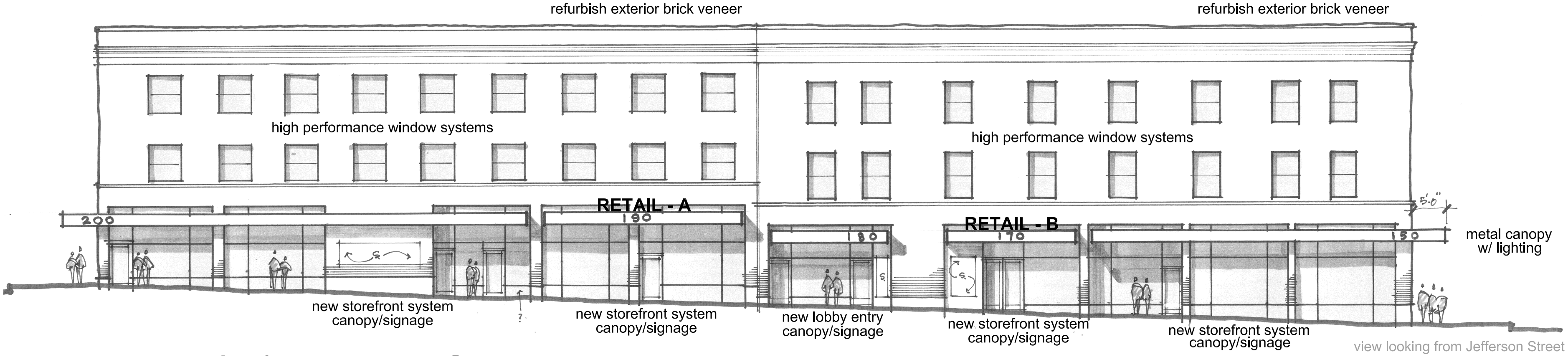
1) Per unit summaries are blended averages for the project and may include project costs and revenues related to retail, parking, or other project components.

2) Lender may or may not include retail rent in calculating supportable loan value. Excluding retail rent would increase the required subsidy by approximately $2,500,000.

3) Tax Credit calculation includes the following assumptions:

$7,573,150	Total hard costs, soft costs, and developer fees
74.1%	of SF devoted to affordable housing
7.98%	LIHTC rate
$448,098	Annual Allocation
8.00%	Discount rate for sale of ten year tax credits
$3,006,775	LIHTC sale value

NOTE: This cost model does not reflect a potential required seismic upgrade to the existing structure. Preliminary investigation showed reinforced concrete at certain areas of the structure. If the structure is not URM (Un-Reinforced Masonry). Then the seismic upgrade would be less costly, however until further investigation is taken the scope of upgrade can not be specifically determined.



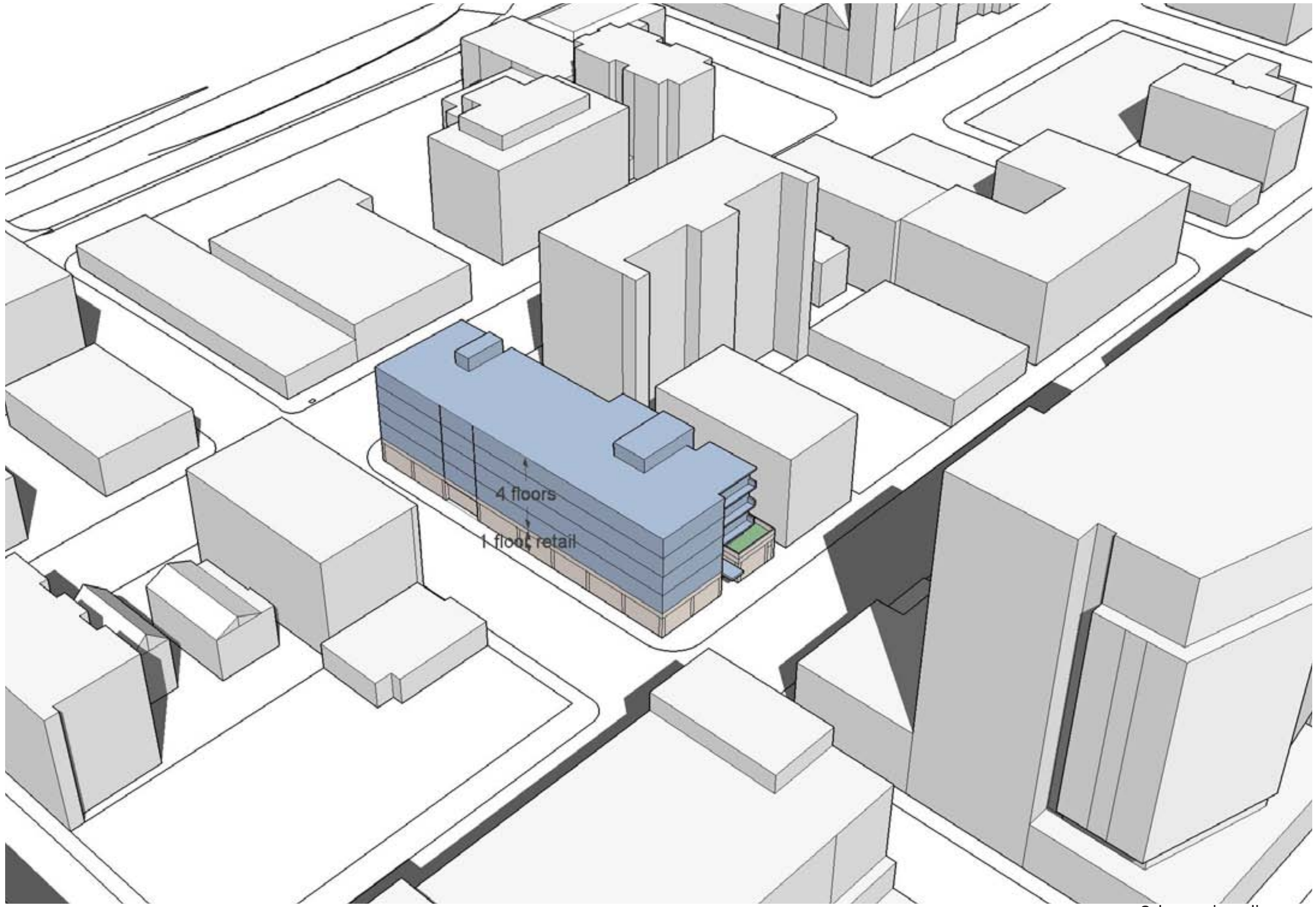
view looking from Jefferson Street

Jefferson West

Replacement

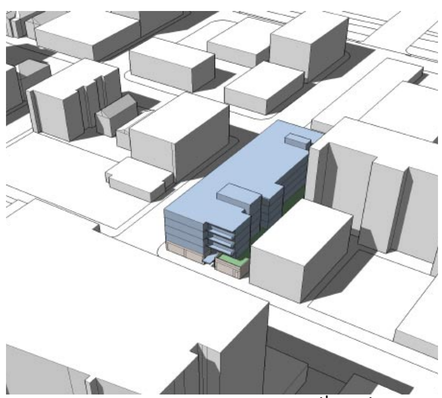
This concept study explores the replacement of the existing program elements into a new building of similar scale and footprint as the existing. The retail floor would have a strong presence with full height storefront systems and open flexible tenant spaces. The existing SRO units (115sf-290sf) would be replaced with larger studios (310sf), each with individual kitchens and bathrooms and all units would be provided with improved natural daylighting and natural ventilation. Exterior roof deck courtyard provides “common” space for tenants.

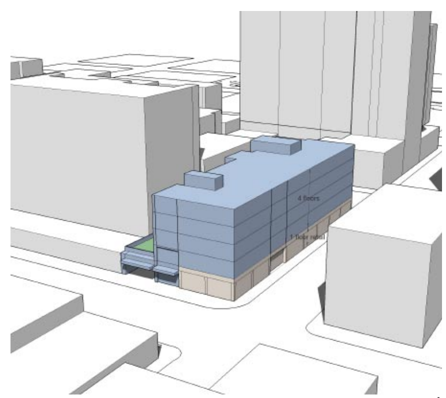
site plan



3d massing diagram

- **new structure with larger units (310-700sf)**
- **incorporates “common” courtyard space**
- **all units have bathroom and kitchen**
- **improved natural ventilation and natural daylighting**
- **no parking provided**


northeast corner

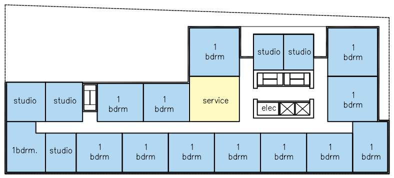

west


east

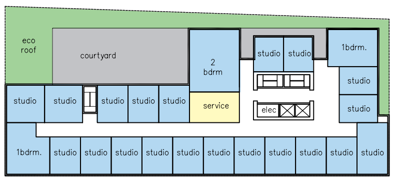
Concept Diagram - 1B

floor plan diagrams

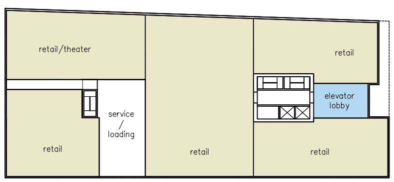
north



4th,5th - floor plan



2nd,3rd - floor plan

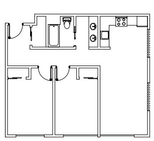


0 - ground floor plan

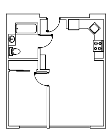
Levels 2-5 are planned for studios, 1 & 2 bedroom units for affordable housing, this concept provides a centralized core with access to a common service area and access to an exterior courtyard with views to the west. The North-South orientation of the building allows for ideal natural daylighting strategies, the south side would have overhang protection to minimize direct exposure. Each unit with this configuration can take advantage of natural ventilation if desired. All units to be fully contained and sizes of units have been increased to a range of 310sf-700sf.

The ground floor maximizes the retail presence on all 3 sides, covered canopies, large display windows, signage and appropriate lighting will provide a strong position for retail tenants. Service access is located on Jefferson. The main lobby entrance is on 11th avenue adjacent to the Streetcar stop and oriented towards Eliot Tower. There would be no on grade or below grade parking.

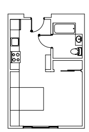
typical unit diagrams



2 bedroom unit
700sf



1 bedroom unit
460sf



studio unit
310sf

The typical units as shown will be modified to fit the exact configuration of the final buidling concept. All units are to have natural daylight and the opportunity for natural ventilation when desired.

floor area/unit count summary

New building with same program as existing 1A (no parking)

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
5th floor	12,000 sf				13	5		aff.
4th floor	12,000 sf				13	5		aff.
3rd floor	12,000 sf			1	2	20		aff.
2nd floor	12,000 sf			1	2	20		aff.
ground floor	16,500 sf	13,250 sf						
TOTAL AREA	**64,500 sf**		0	**2**	**30**	**50**	**0**	

TOTAL UNITS
82

*Max. FAR 135,464sf (before bonuses)

financials/performa summary

1B

PROGRAM 1B

Project Development Costs		Assumptions/Notes	
Acquisition Cost	$1,700,000	$100	per square foot
Hard Costs	$7,615,343		
Soft Costs	$1,903,836	25%	of construction costs
Developers Fee	$571,151	6%	of hard and soft costs
Total Cost	**$12,650,329**	**$154,272**	**per unit, 82 units[1]**

Stabilized Operating Income (Year 3)			
Apartment	$431,409	$5,261	per unit
Parking	$0	$0	
Retail	$225,250	$17	per square foot
Ancillary Income	$4,314	$53	per unit
Less Operating Expenses	($286,732)	($3,497)	per unit
Less Capital Reserves	($17,921)	($219)	per unit
Net Operating Income	**$356,320**	**$4,345**	**per unit**

Financing			
Interest	6.25% rate		
Amortization	25 years		
NOI	$356,320		
Max Payment	$285,056	1.25	Debt Coverage Ratio
Loan Amount[2]	$3,601,000		
Project Cost	($12,650,329)	($154,272)	per unit
Loan Value	$3,601,000	$43,915	per unit
Tax Credit[3]	$4,293,092	$52,355	per unit (9% tax credit program)
Gap/Subsidy Required	**($4,756,238)**	**($58,003)**	**per unit**

Notes:

1) Per unit summaries are blended averages for the project and may include project costs and revenues related to retail, parking, or other project components.

2) Lender may or may not include retail rent in calculating supportable loan value. Excluding retail rent would increase the required subsidy by approximately $2,250,000.

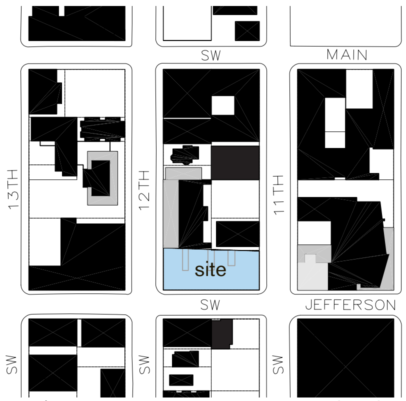
3) Tax Credit calculation includes the following assumptions:

$10,090,329	Total hard costs, soft costs, and developer fees
79.5%	of SF devoted to affordable housing
7.98%	LIHTC rate
$639,797	Annual allocation
8.00%	Discount rate for sale of ten year tax credits
$4,293,092	LIHTC sale value

Jefferson West

Mixed Income Rental

This concept study explores the replacement of the existing program elements into a new building of similar scale and footprint at the base and expands with a tower above to maximize the FAR potential. The retail floor has a strong presence and open flexible space. The units above are accessed by seperate lobbies, market rate lobby located on11th avenue across from Eliot Tower and an affordable unit lobby with a 12th avenue address. Natural daylighting and natural ventilation could be implimented into the concept design thru out. This concept currently has two exterior courtyard spaces and interior service spaces to be programmed. The tower units provide views to the mountains and west hills beyond and could be further developed with balconies and other amenities.



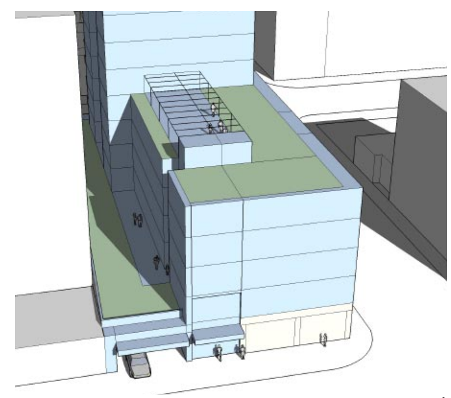
site plan

3d massing diagram

- **mixed income tower scheme with seperate lobbies**
- **incorporates "common" courtyard spaces**
- **all units have bathroom and kitchen**
- **improved natural ventilation and natural daylighting**
- **parking provided**


northeast corner

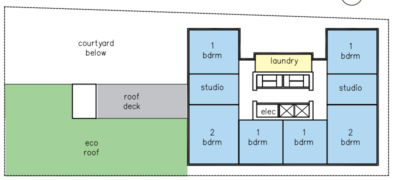

west


east

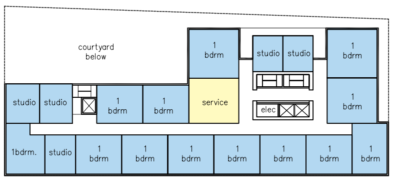
Concept Diagram - 1C

floor plan diagrams

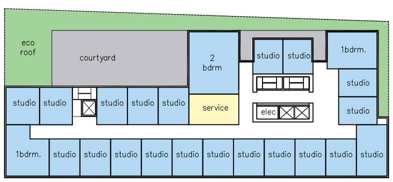
north



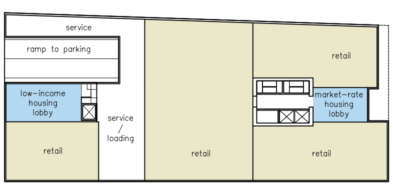
6th thru 21st - floor plan



4th,5th - floor plan

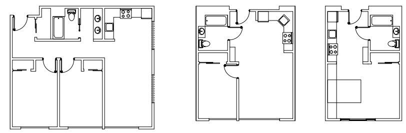


2nd,3rd - floor plan



0 - ground floor plan

typical unit diagrams



2 bedroom unit 700sf-800sf

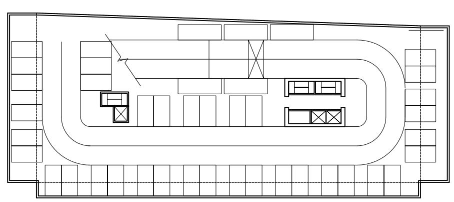
1 bedroom unit 460sf-500sf

studio unit 310sf-380sf

The upper level towers are market rate units with a mix of 2 bedroom, 1 bedroom and studios. Each unit takes advantage of opportunities for daylighting and natural ventilation, and has access to a common deck at the 6th level. The upper tower units take advantage of incredible views of the surrounding and distant mountains.

Levels 2-5 units are planned for affordable housing, this concept provides a large service area with access to an exterior courtyard and views to the west. The North-South orientation of the building allows for ideal natural daylighting strategies, the south side would have overhang protection to minimize direct exposure. Each unit with this configuration can take advantage of natural ventilation if desired. All units fully contained and range in size from 310-700sf.

The ground floor maximizes the retail presence on all 3 sides, covered canopies, large display windows, signage and appropriate lighting will provide a strong position for retail tenants. Service access is located on 12th avenue. Seperate lobby entrances, market rate lobby on 11th avenue oriented towards Eliot Tower and the affordable unit lobby located on 12th avenue.



-1,-2 - below grade parking

financials/performa summary

1C

PROGRAM 1C

Project Development Costs		**Assumptions/Notes**	
Acquisition Cost	$1,700,000	$100	per square foot
Hard Costs	$25,095,539		
Soft Costs	$6,273,885	25%	of construction costs
Developers Fee	$1,882,165	6%	of hard and soft costs
Total Cost	**$34,951,589**	**$178,324**	**per unit, 196 units[1]**

Stabilized Operating Income (Year 3)			
Apartment	$1,665,730	$8,499	per unit
Parking	$100,902	$1,121	per stall per year
Retail	$170,000	$17	per square foot
Ancillary Income	$10,056	$51	per unit
Less Operating Expenses	($649,412)	($3,313)	per unit
Less Capital Reserves	($42,835)	($219)	per unit
Net Operating Income	**$1,254,442**	**$6,400**	**per unit**

Financing			
Interest	6.25% rate		
Amortization	25 years		
NOI	$1,254,442		
Max Payment	$1,003,553	1.25	Debt Coverage Ratio
Loan Amount[2]	**$12,677,477**		
Project Cost	($34,951,589)	($178,324)	per unit
Loan Amount	$12,677,477	$64,681	per unit
Tax Credit[3]	*$1,743,338*	$8,895	per unit (4% tax credit program)
Gap/Subsidy Required	**($20,530,774)**	**($104,749)**	**per unit**

1) Per unit summaries are blended averages for the project and may include project costs and revenues related to retail, parking, or other project components.

2) Lender may or may not include retail rent in calculating supportable loan value. Excluding retail rent would increase the required subsidy by approximately $1,700,000.

3) Tax Credit calculation includes the following assumptions:

$33,251,589	Total hard costs, soft costs, and developer fees
22.8%	of SF devoted to affordable housing
3.42%	LIHTC rate
$259,809	Annual Allocation
8.00%	Discount rate for sale of ten year tax credits
$1,743,338	LIHTC sale value

floor area/unit count summary

New building with lower floors Affordable housing and upper tower as Market rate (parking at approx. .5 per unit)

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
6th-21st floors	6,650 sf(16)			2(32)	4(64)	2(32)		market
5th floor	12,000 sf			1	14			aff.
4th floor	12,000 sf			1	14			aff.
3rd floor	12,000 sf				4	15		aff.
2nd floor	12,000 sf				4	15		aff.
ground floor	16,700 sf	10,000 sf						
below grade -1	21,000 sf		45					
below grade -2	18,000 sf		45					
TOTAL AREA	**210,100 sf**		**90**	**34**	**100**	**62**	**0**	

TOTAL UNITS
196

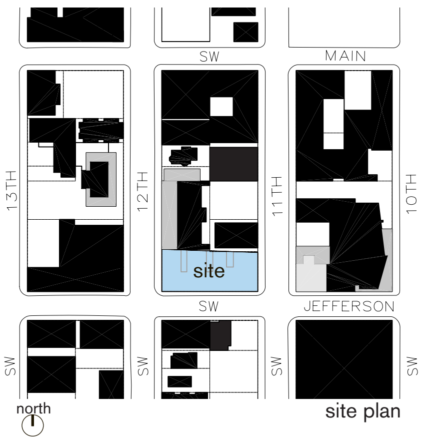
*Bonus: (42,000sf+36,000sf+1,500sf+12,000sf) = 91,500 sf
*Max. FAR 135,464sf (with bonuses = 226,964 sf)

Rider Hunt Levett & Bailey* | LELAND CONSULTING GROUP | **boora**

Jefferson West

Mixed Income Condo

This concept study explores the opportunity of a mixed income condo unit building. The retail floor has a strong presence to three sides and provides open flexible space. The entry lobby is positioned directly adjacent to Eliot Tower and the Streetcar on SW 11th avenue. All units take advantage of natural daylighting and natural ventilation. This concept currently has two exterior courtyard spaces and interior service spaces to be programmed. The units range from 600-1200sf in size and the tower units provide views to the mountains and west hills beyond and could be further developed with balconies and other amenities.



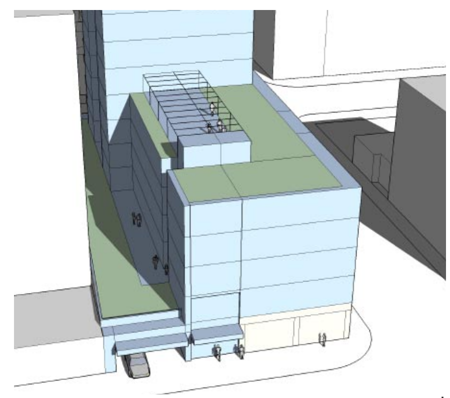
site plan

3d massing diagram

- **mixed income tower scheme**
- **exterior "common" courtyard spaces**
- **larger size units ranging from 600-1200sf**
- **improved natural ventilation and natural daylighting**
- **2 levels of below grade parking**

northeast corner

west

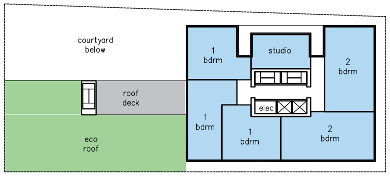


east

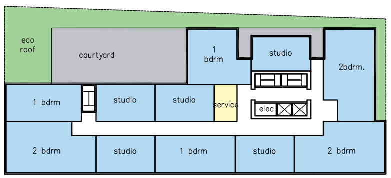
Concept Diagram - 1D

floor plan diagrams

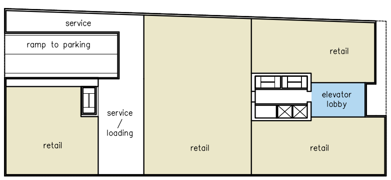
north



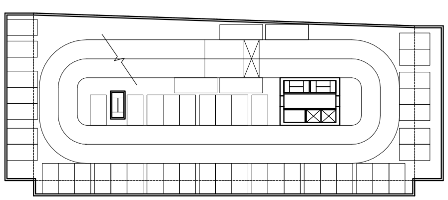
6th thru 15th - floor plan



2nd,3rd,4th,5th - floor plan

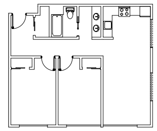


0 - ground floor plan

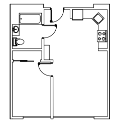


-1,-2 - below grade parking

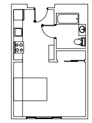
typical unit diagrams



2 bedroom unit
1,200sf



1 bedroom unit
800sf



studio unit
600sf

The typical units as shown will be modified to fit the exact configuration of the final buidling concept. All units are to have natural daylight and the opportunity for natural ventilation when desired.

The upper level towers are a mix of 2 bedroom, 1 bedroom and studio units. Each unit takes advantage of opportunities for daylighting and natural ventilation, and has access to a common deck at the 6th level. The upper tower units take advantage of incredible views of the surrounding and distant mountains.

Levels 2-5 are planned for studios, 1 and 2 bedroom condo's. The orientation and footprint of the tower allows for ideal natural daylighting strategies, the south side would have overhang protection to minimize direct exposure. Each unit with this configuration can take advantage of natural ventilation if desired. Courtyard and Patio access on levels 2 and 6.

The ground floor maximizes the retail presence on all 3 sides, covered canopies, large display windows, signage and appropriate lighting will provide a strong position for retail tenants. Service access is located on SW Jefferson street. The main lobby entrance is on 11th avenue adjacent the Streetcar stop and oriented towards Eliot Tower.

Below grade parking, eco roof @ 30% coverage and 74 units greater than 750sf provide up to approx. 91,500sf bonus area.

financials/performa summary

1D

Program 1D

Project Development Costs			**Notes/Assumptions**
Land Costs	$1,700,000		
Hard Costs	$20,959,539		
Soft Development Costs	$4,191,908	20%	of hard cost (excludes interest on construction loan repaid during sales period)
Total Project Development	**$26,851,447**	**$155**	**per square foot**
Sales Period Costs			
Interest Repayment	$884,471	6%	interest rate with 18 month construction period
Commissions	$1,232,213	4%	sales revenue
Building Operations and Maintenance	$2,813	$0.25	per square foot per unsold unit per month following construction
Sales Period Costs	**$2,119,496**	**$10**	**per square foot**
Total Development and Sales Costs	**$28,970,943**	**$167**	**per square foot**
Project Revenue			
Unit Sales	$29,064,000	$279,462	per unit, $323 per square foot
Parking Sales	$320,000	$20,000	per space sold (16 spaces sold and 74 included with 1BR and 2BR units)
Retail	$1,416,667	$142	per square foot (12% CAP assuming revenue of $17 psf)
Subtotal	**$30,800,667**	**$177**	**per square foot**
Less Cash Out			
Equity Contribution	($6,730,289)		
Repayment of Principal	($20,121,157)		
Repayment of Accrued Interest	($884,471)	6%	interest rate
Commissions	($1,232,213)	4%	commission rate
Building Operations and Maintenance	($2,813)		
Subtotal	**($28,970,943)**	**($167)**	per square foot
Net Project Revenue	**$1,829,724**	**$11**	**per square foot**
Return on Investment- Not Discounted			
Project Development Cost	$26,851,447		
Net Project Revenue	$1,829,724		
Return on Investment	**6.8%**		
Return on Equity-Not Discounted			
Loan Value	$20,121,157	75%	total project costs (80% hard and soft costs)
Equity	$6,730,289	25%	total project costs
Net Project Revenue	$1,829,724		
Return on Equity	**27.2%**		
Discounted Return			
Surplus Profit/(Savings Required/Subsidy)	**$855,695**	11%	discount rate

Notes:

1) Analysis includes the capitalized value of potential retail rents. In actual practice, the space may or may not be sold.

2) Analysis assumes units are sold at a rate of 5 units per month with reservations occuring during the construction period and converted to sales at the completion of construction. This yields a project sellout concurrent with the completion of construction (18 months).

floor area/unit count summary

New building (TOWER) as Market rate (parking assumptions .87 parking spaces per unit)

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
6th-15th floors	7,000 sf(10)			2(20)	3(30)	1(10)		condo
2nd-5th floors	12,000 sf(4)			3(12)	3(12)	5(20)		condo
ground floor	16,700 sf	10,000 sf						
below grade -1	21,000 sf		45					
below grade -2	18,000 sf		45					
TOTAL AREA	**173,700 sf**		**90**	**32**	**42**	**30**	**0**	

TOTAL UNITS
104

*Bonus: (42,000sf+36,000sf+1,500sf+12,000sf) = 91,500 sf
*Max. FAR 135,464sf (with bonuses = 226,964 sf)

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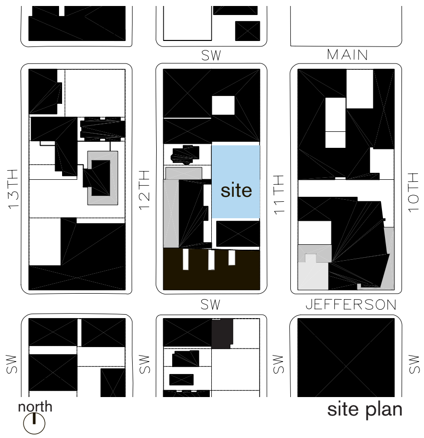
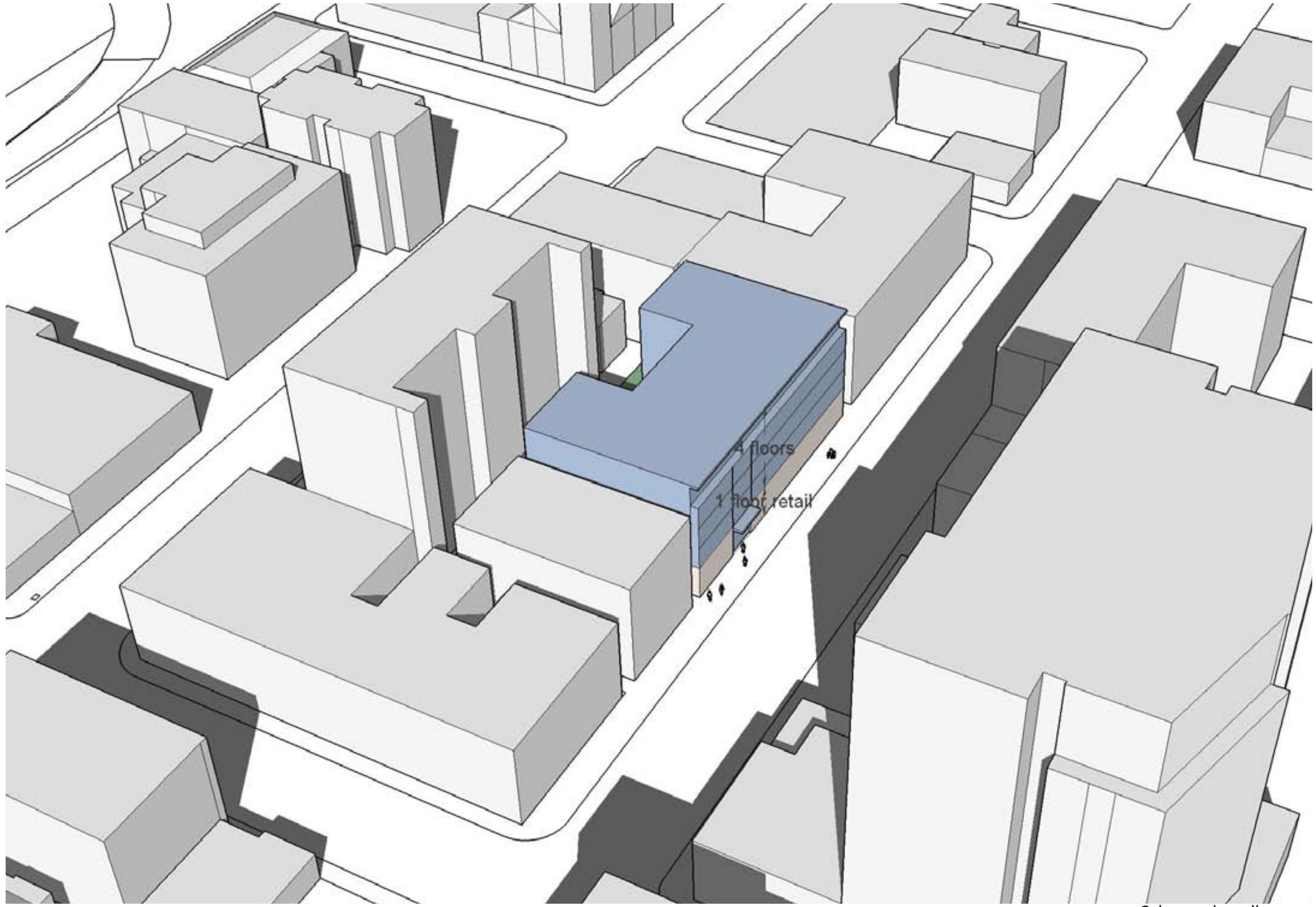
SW 11th Avenue
Replacement Site
Low Income Rental

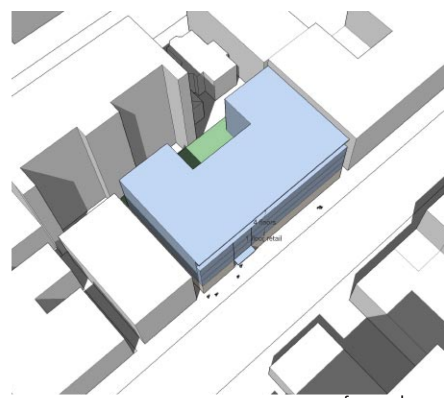
This concept study explores the replacement of the existing Jefferson West program elements into a new building of similar scale and footprint around the corner from the original site. The retail floor has a strong presence towards 11th Avenue and provides open flexible space. The units above are studios, 1 & 2 bedroom units with access to an internal exterior courtyard. Natural daylighting and natural ventilation could be implimented into the concept design thru out. This concept also has interior service spaces to be programmed. All units could be further developed with balconies and other amenities. The site is a smaller mid block parcel that prohibites underground parking because of effeciencies and side setbacks are needed for natural daylighting and ventilation.



site plan



3d massing diagram


from above

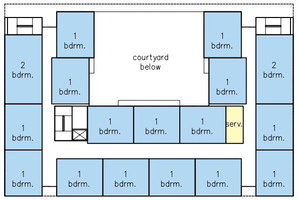

east

- **low income low-rise scheme**
- **exterior "common" courtyard space**
- **larger size units ranging from 310-700sf**
- **improved natural ventilation and natural daylighting**
- **no parking**
- **small size site (mid block constraints)**

Concept Diagram - 2A

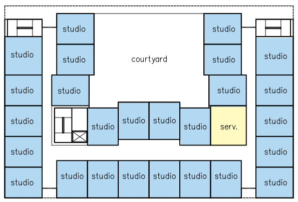
floor plan diagrams

north

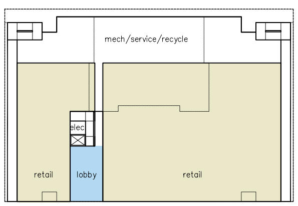


4th,5th - floor plan

Levels 2-5 are planned for studios, 1 & 2 bedroom units for affordable/subsidized housing, this concept provides a large central courtyard providing daylight and ventilation to all interior units, common service area with access to this exterior courtyard. Each unit with this configuration can take advantage of natural ventilation if desired. All units to be fully contained and sizes of units have a range of 310sf-700sf. There are an additional 2 2-bedroom units and 2 studios above the existing Jefferson West program.



2nd,3rd - floor plan

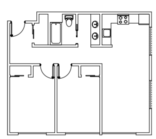


0 - ground floor plan

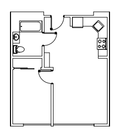
The ground floor maximizes the retail presence on 11th Avenue, covered canopies, large display windows, signage and appropriate lighting will provide a strong position for retail tenants. Lobby entrance is also on 11th Avenue with retail on both sides.

The typical units as shown will be modified to fit the exact configuration of the final buidling concept. All units are to have natural daylight and the opportunity for natural ventilation when desired.

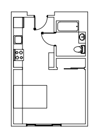
typical unit diagrams



2 bedroom unit
700sf



1 bedroom unit
460sf



studio unit
310sf

floor area/unit count summary

New building with existing program (replacemement - no parking)

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
5th floor	11,250 sf			2	15			aff.
4th floor	11,250 sf			2	15			aff.
3rd floor	11,250 sf					26		sub.
2nd floor	11,250 sf					26		sub.
ground floor	14,000 sf	9,000 sf						
TOTAL AREA	**59,000 sf**		**0**	**4**	**30**	**52**	**0**	

TOTAL UNITS
86

*Bonus: = 0 sf
*Max. FAR 120,000sf (before bonuses)

financials/performa summary

2A

PROGRAM 2A

Project Development Costs		**Assumptions/Notes**	
Land Costs	$1,500,000	$100	per square foot
Hard Costs	$6,590,181		
Soft Costs	$1,647,545	25%	of construction costs
Developers Fee	$494,264	6%	of hard and soft costs
Total Cost	**$10,231,990**	**$118,977**	**per unit, 86 units[1]**
Stabilized Operating Income (Year 3)			
Apartment	$456,061	$5,303	per unit
Parking	$0	$0	
Retail	$153,000	$17	per square foot
Ancillary Income	$4,561	$53	per unit
Less Operating Expenses	($300,718)	($3,497)	per unit
Less Capital Reserves	($18,795)	($219)	per unit
Net Operating Income	**$294,108**	**$3,420**	**per unit**
Financing			
Interest	6.25% rate		
Amortization	25 years		
NOI	$294,108		
Max Payment	$235,286	1.25	Debt Coverage Ratio
Loan Amount[2]	**$2,972,275**		
Project Cost	($10,231,990)	($118,977)	per unit
Loan Value	$2,972,275	$34,561	per unit
Tax Credit[3]	*$3,962,433*	$46,075	per unit (9% tax credit program)
Gap/Subsidy Required	**($3,297,283)**	**($38,340)**	**per unit**

1) Per unit summaries are blended averages for the project and may include project costs and revenues related to retail, parking, or other project components.

2) Lender may or may not include retail rent in calculating supportable loan value. Excluding retail rent would increase the required subsidy by approximately $1,500,000.

3) Tax Credit calculation includes the following assumptions:

$8,731,990	Total hard costs, soft costs, and developer fees
84.7%	of SF devoted to affordable housing
7.98%	LIHTC rate
$590,519	Annual Allocation
8.00%	Discount rate for sale of ten year tax credits
$3,962,433	LIHTC sale value

NOTE: This site has a lower demolition cost then the Jefferson West site for new construction and the layout provides greater building efficiencies that result in a slightly lower construction cost.

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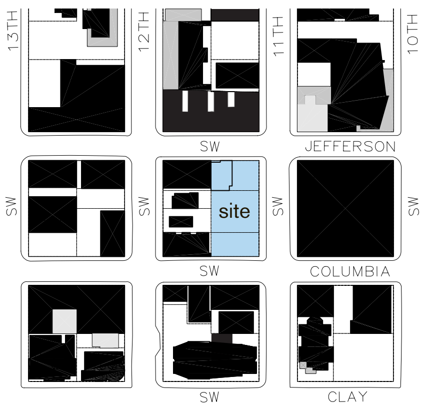
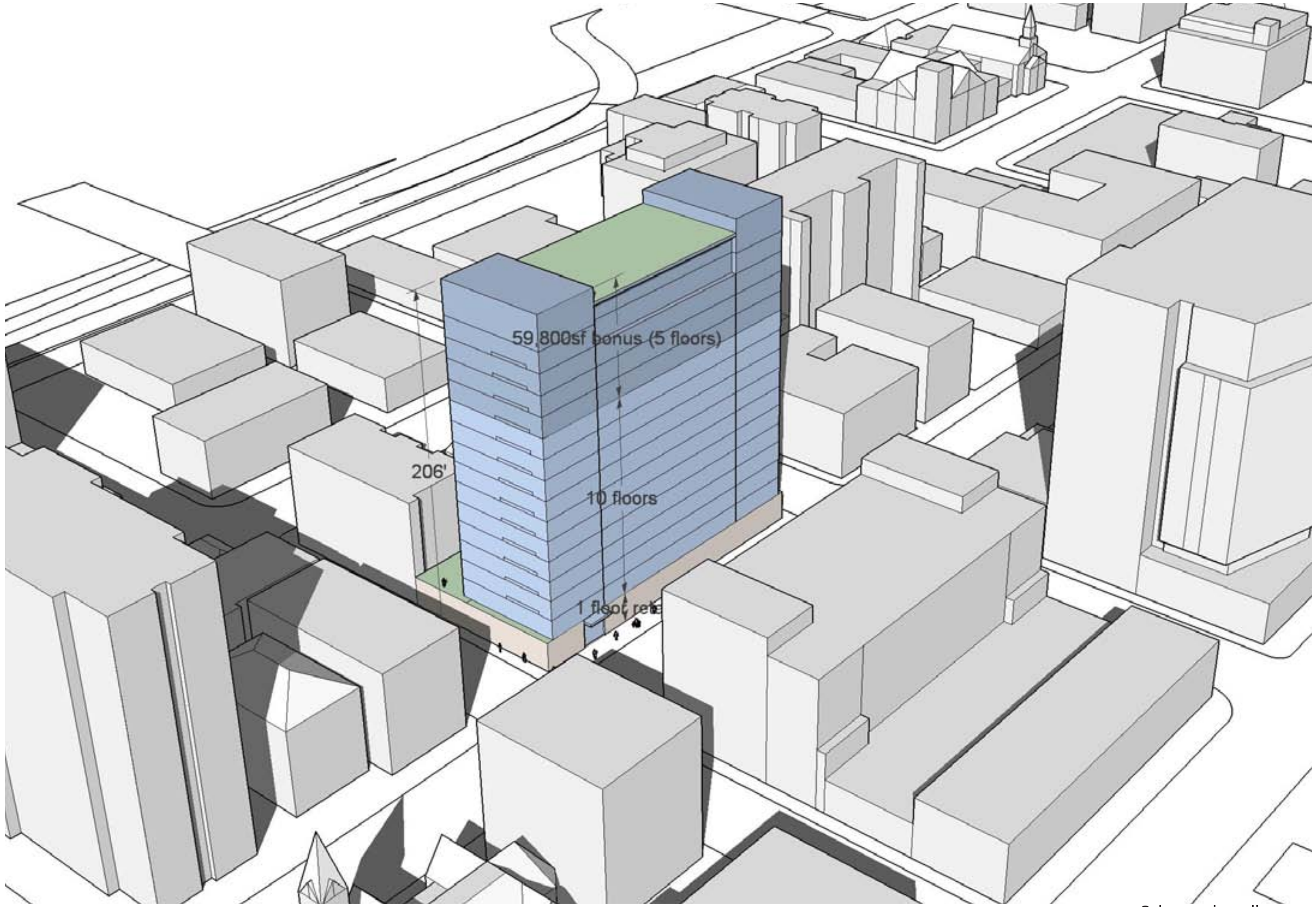
SW 11th Avenue
Plaid Pantry Site
Market Rate

This concept study explores the opportunity of a market rate unit building on an approx. site of 20,000sf. The site is located directly across the street from Museum Place and adjacent to Eliot Tower. The retail floor has a strong presence and open flexible space. At the 2nd level a courtyard provides a great "commons" area for tenants. The main lobby is off of 11th Avenue and the Streetcar. The orientation and configuration provides ideal natural daylighting and natural ventilation strategies. This concept also has two exterior courtyard spaces and an interior common space to be programmed. The tower units provide views to the mountains and west hills beyond and could be further developed with balconies and other amenities.



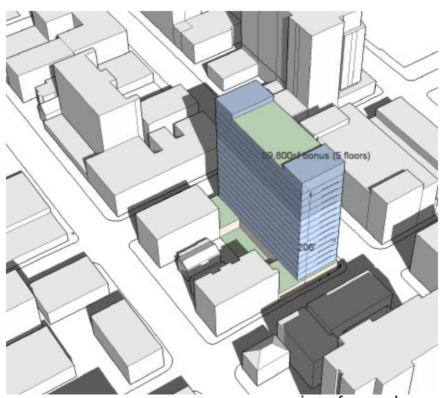
north

site plan

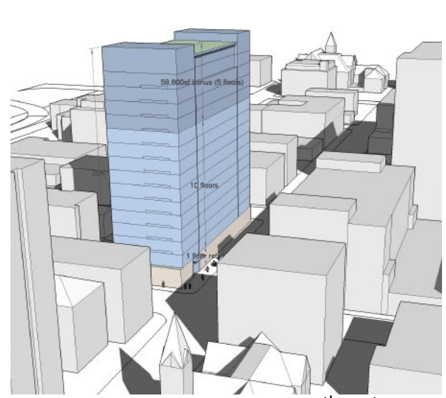


3d massing diagram

- **market rate tower scheme**
- **2 exterior "common" courtyard spaces**
- **larger size units ranging from 380-800sf**
- **improved natural ventilation and natural daylighting**
- **2 levels of below grade parking**
- **appropriate scale to Eliot Tower**



view from above



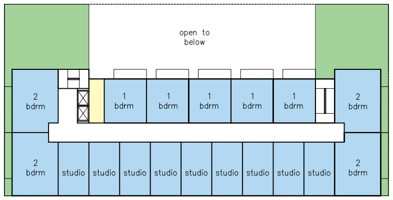
southeast corner

courtyard/deck

Concept Diagram - 3A

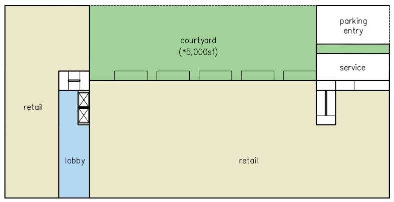
floor plan diagrams

north



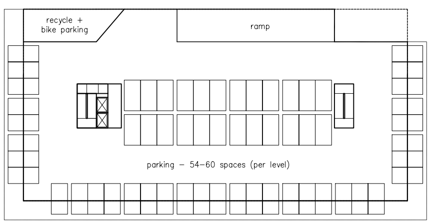
2nd thru 16th - floor plan

Levels 2-16 are planned for market rate units, this concept provides a large exterior courtyard and views to the west. The North-South orientation of the building allows for ideal natural daylighting strategies, the south side would have overhang protection to minimize direct exposure. Each unit with this configuration can take advantage of natural ventilation if desired. The scale of the 16 story building is similar to the adjacent Eliot Tower.



0 - ground floor plan

The ground floor maximizes the retail presence on all 3 sides, covered canopies, large display windows, signage and appropriate lighting will provide a strong position for retail tenants. Service access is located on Jefferson. Main lobby entrance, is on 11th avenue adjacent to Streetcar and across from Museum Place.



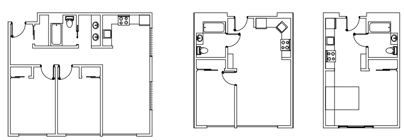
-1,-2 - below grade parking

Below grade parking, eco roof @ 30% coverage and 60 units greater than 750sf provide up to approx. 99,800sf bonus area.

Note: less than 50% parking ratio

typical unit diagrams

The typical units as shown will be modified to fit the exact configuration of the final building concept. All units are to have natural daylight and the opportunity for natural ventilation when desired.



2 bedroom unit 800sf

1 bedroom unit 500sf

studio unit 380sf

floor area/unit count summary

New building (BAR) as Market rate (parking assumptions 1per 2bdrm./ 1per 2-1bdrm.(50%)/ 1 per 4 studios(25%))

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
2nd-16th floors	11,700 sf(15)			4(60)	5(75)	9(135)		market
ground floor	20,000 sf	12,500 sf						
below grade -1	23,500 sf		65					
below grade -2	20,000 sf		65					
TOTAL AREA	**239,000 sf**		**130**	**60**	**75**	**135**	**0**	

TOTAL UNITS
270

*Bonus: (47,000sf+40,000sf+2,800sf+10,000sf) = 99,800 sf
*Max. FAR 160,000sf (with bonuses = 259,800 sf)

financials/performa summary

3A

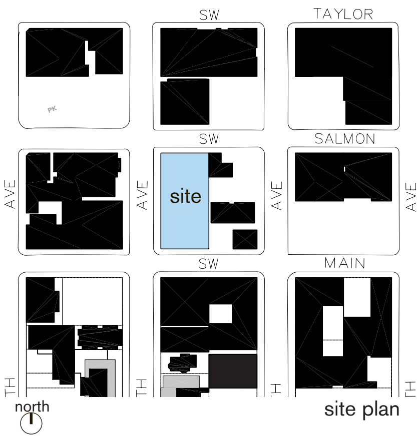
PROGRAM 3A		
Project Development Costs		**Assumptions/Notes**
Land Costs	$2,000,000	$100 per square foot
Hard Costs	$28,830,826	
Soft Costs	$7,207,707	25% of construction costs
Developers Fee	$0	0% of hard and soft costs
Total Cost	**$38,038,533**	**$140,883 per unit, 270 units[1]**
Stabilized Operating Income (Year 3)		
Apartment	$2,923,102	$10,826 per unit
Parking	$145,748	$1,121 per stall annually
Retail	$212,500	$17 per square foot annually
Ancillary Income	$0	$0 (washer/dryer in all units)
Less Operating Expenses	($932,905)	($3,455) per unit
Less Capital Reserves	($59,007)	($219) per unit
Net Operating Income	**$2,289,437**	**$8,479 per unit**
Financing		
Interest	6.25% rate	
Amortization	25 years	
NOI	$2,289,437	
Max Payment	$1,831,550	1.25 Debt Coverage Ratio
Loan Amount[2]	**$23,137,221**	
Project Cost	$38,038,533	
Loan Amount	$23,137,221	60.8% of project cost
Equity Required	**$14,901,311**	39.2% of project cost
Project Return		
Project Cost	$38,038,533	
NOI	$2,289,437	
Less Debt Payment	($1,831,550)	
Pre Tax Income	**$457,887**	
Return on Investment	**1.2%**	
Equity	$14,901,311	
Pre Tax Income	$457,887	
Return on Equity	**3.1%**	
Project Cost	($38,038,533)	($140,883) per unit
Loan Value	$23,137,221	$85,693 per unit
Equity Available Based on 11% ROE	$4,162,614	$15,417 per unit
Gap to Provide 11% ROE	**($10,738,698)**	**($39,773) per unit**

1) Per unit summaries are blended averages for the project and may include project costs and revenues related to retail, parking, or other project components.

2) Lender may or may not include retail rent in calculating supportable loan value. Excluding retail rent would increase the required subsidy by approximately $2,500,000.

SW 12th Avenue
Salmon Main Surface Lot
Mixed Income Condo

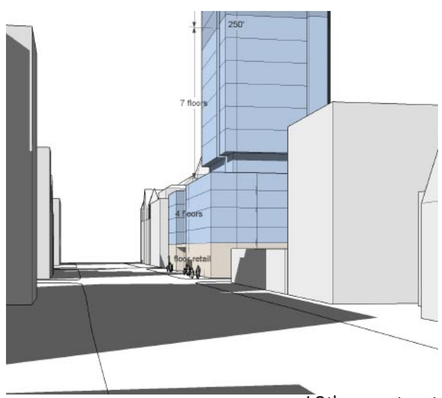
This concept study explores the opportunity of a mixed income condo unit building on an approx. site of 20,000sf. Providing some moderate priced units below $200k. The retail floor has a strong presence and open flexible space. At ground level a courtyard provides better visibility and access to the new retail tenants. The units above are easily accessed by the main lobby off of SW Main street. Natural daylighting and natural ventilation would be provided in all units. This concept currently has two exterior courtyard spaces and interior common spaces to be programmed. The tower units provide views to the mountains and west hills beyond and could be further developed with balconies and other amenities.

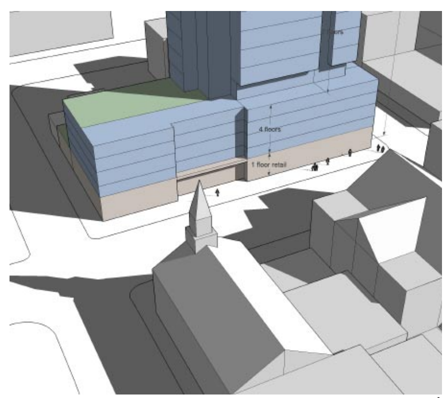


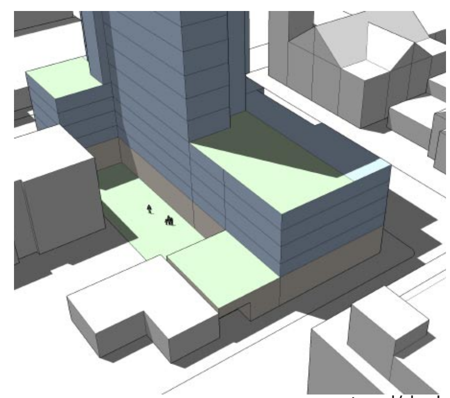
site plan

3d massing diagram

- mixed income tower scheme
- 2 exterior “common” courtyard spaces
- larger size units ranging from 600-1,200sf
- improved natural ventilation and natural daylighting
- 2 levels of below grade parking


12th ave street

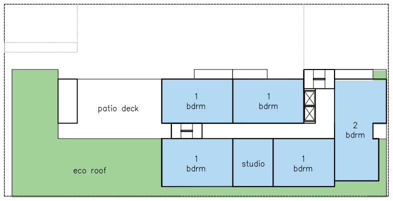

west


courtyard/deck

Concept Diagram - 4A

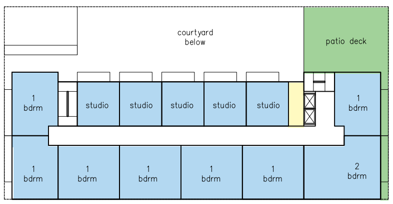
floor plan diagrams

north



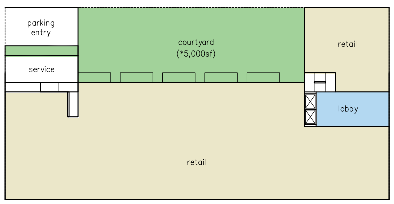
6th thru 21st - floor plan

The upper level towers are a mix of 2 bedroom, 1 bedroom and studio units. Each unit takes advantage of opportunities for daylighting and natural ventilation, and has access to a common deck at the 6th level. The upper tower units take advantage of incredible views of the surrounding and distant mountains.



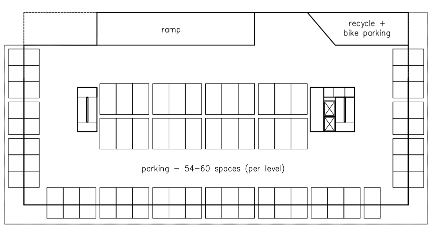
2nd,3rd,4th,5th - floor plan

Levels 2-5 are planned for studios, 1&2 bedroom condo's. Some of these lower units would be positioned towards a lower price point. The North-South orientation of the building allows for ideal natural daylighting strategies, the south side would have overhang protection to minimize direct exposure. Each unit with this configuration can take advantage of natural ventilation if desired. Patio access on level 2.



0 - ground floor plan

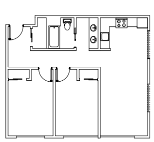
The ground floor maximizes the retail presence on all 3 sides, covered canopies, large display windows, signage and appropriate lighting will provide a strong position for retail tenants. Service access is located on SW Salmon street. Main tenant lobby is from SW Main street. A ground floor courtyard gives retail tenants better visibility and access.



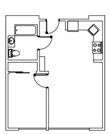
-1,-2 - below grade parking

Below grade parking, eco roof @ 30% coverage and 112 units greater than 750sf provide up to approx. 99,000sf bonus area.

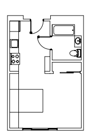
typical unit diagrams



2 bedroom unit
1200sf



1 bedroom unit
800sf



studio unit
600sf

The typical units as shown will be modified to fit the exact configuration of the final buidling concept. All units are to have natural daylight and the opportunity for natural ventilation when desired.

floor area/unit count summary

4A

New building (TOWER) as Market rate (parking assumptions .87 parking spaces per unit)

levels	areas (sf)	retail (sf)	parking (spaces)	2bdrm	1bdrm	studio	sro	
6th-21st floors	6,300 sf(16)			1(16)	4(64)	1(16)		condo
2nd-5th floors	12,000 sf(4)			1(4)	7(28)	5(20)		condo
ground floor	20,000 sf	12,500 sf						
below grade -1	23,500 sf		65					
below grade -2	20,000 sf		65					
TOTAL AREA	**212,300 sf**		**130**	**20**	**92**	**36**	**0**	

TOTAL UNITS
148

*Bonus: (47,000sf+40,000sf+2,000sf+10,000sf) = 99,000 sf
*Max. FAR 160,000sf (with bonuses = 259,000 sf)

financials/performa summary

Program 4A

Project Development Costs			**Notes/Assumptions**
Land Costs	$2,000,000		
Hard Costs	$25,069,556		
Soft Development Costs	$5,013,911	20%	of hard cost (excludes interest on construction loan repaid during sales period)
Total Project Development	**$32,083,467**	**$151**	**per square foot**
Sales Period Costs			
Interest Repayment	$1,192,224	6%	interest rate with 18 month construction period
Commissions	$1,588,267	4%	sales revenue
Building Operations and Maintenance	$62,016	$0.25	per square foot per unsold unit per month following construction
Sales Period Costs	**$2,842,507**	**$13**	**per square foot**
Total Development and Sales Costs	**$34,925,974**	**$165**	**per square foot**
Project Revenue			
Unit Sales	$37,576,000	$253,892	per unit, $315 per square foot
Parking Sales	$360,000	$20,000	per space sold (18 spaces sold, and 112 included with 1BR and 2BR units)
Retail	$1,770,833	$142	per square foot, (12% CAP assuming revenue of $17 psf)
Subtotal	**$39,706,833**	**$187**	**per square foot**
Less Cash Out			
Equity Contribution	($8,016,693)		
Repayment of Principal	($24,066,774)		
Repayment of Accrued Interest	($1,192,224)	6%	interest rate
Commissions	($1,588,267)	4%	commission rate
Building Operations and Maintenance	($62,016)		
Subtotal	**($34,925,974)**	**($165)**	per square foot
Net Project Revenue	**$4,780,859**	**$23**	**per square foot**
Return on Investment- Not Discounted			
Project Development Cost	$32,083,467		
Net Project Revenue	$4,780,859		
Return on Investment	**14.9%**		
Return on Equity-Not Discounted			
Loan Value	$24,066,774	75%	total project costs (80% hard and soft costs)
Equity	$8,016,693	25%	total project costs
Net Project Revenue	$4,780,859		
Return on Equity	**59.6%**		
Discounted Return			
Surplus Profit/(Savings Required/Subsidy)	**$2,585,087**	11%	discount rate

Notes:

1) Analysis includes the capitalized value of potential retail rents. In actual practice, the space may or may not be sold.

2) Analysis assumes units are sold at a rate of 5 units per month with reservations occuring during the construction period and converted to sales at the completion of construction. This yields a project sellout approximately 12 months following the completion of construction (30 months) though recent projects have effectively sold out by the completion of construction.

Summary of Jefferson West Replacement and Preservation Development Scenarios

1A Jefferson West Renovation — **Financial Analysis: ($3,433,526) Funding Gap**

Renovation of:
- 50 Section 8 SROs with shared kitchens & bathrooms
- 30 One-bedroom units at 45% MFI
- 2 Two-bedrooms units at 45% MFI

Full exterior renovation of building
Interior renovation of two vacant retail spaces
Upgraded building systems

Benefits
- Upgrade of building and housing
- Maintain federal Section 8 subsidy

Negatives
- Scenario does not include full seismic upgrade
- No interior renovation of occupied retail
- Maintains existing small SROs
- No exterior common space for tenant

1B Jefferson West Replacement — **Financial Analysis: ($4,756,238) Funding Gap**

Development of:
- 50 Studios at 30% MFI
- 30 One-bedroom units at 45% MFI
- 2 Two-bedrooms units at 45% MFI

New Retail Space
Exterior courtyard and rooftop garden

Benefits
- New building
- Upgraded unit sizes
- All units have own kitchen and bath
- Exterior open space
- High demolition costs and higher land cost

Negatives
- Lose federal Section 8 subsidy
- Temporary relocation of tenants during demolition and construction

1C Jefferson West Mixed-Income — **Financial Analysis: ($20,530,774) Funding Gap**

Development of:
- 50 Studios at 30% MFI
- 30 One-bedroom units at 45% MFI
- 2 Two-bedrooms units at 45% MFI
- 12 Studios at market rate
- 70 One-bedrooms at market rate
- 32 Two-bedrooms at market rate

New Retail Space
Exterior courtyard and rooftop garden

Benefits
- New building
- Upgraded unit sizes for replacement housing
- All units have own kitchen and bath
- New market rate rental housing
- Maximize development potential
- Exterior open space

Negatives
- Lose federal Section 8 subsidy
- Temporary relocation of tenants during demolition and construction
- Large funding gap

2A SW 11th Avenue Replacement — **Financial Analysis: ($3,297,283) Funding Gap**

Development of:
- 52 Studios at 30% MFI
- 30 One-bedroom units at 45% MFI
- 4 Two-bedrooms units at 45% MFI

New Retail Space
Exterior courtyard

Benefits
- New building
- Upgraded unit sizes
- All units have own kitchen and bath
- Exterior open space
- Minimize relocation impact on tenants
- Lower develop cost due to site efficiency

Negatives
- Lose federal Section 8 subsidy