

130th TOD Feasibility Analysis

City of Bellevue

Draft Strategy

December 7, 2018

H E A R T L A N D



130th TOD Feasibility Analysis

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1. Introduction

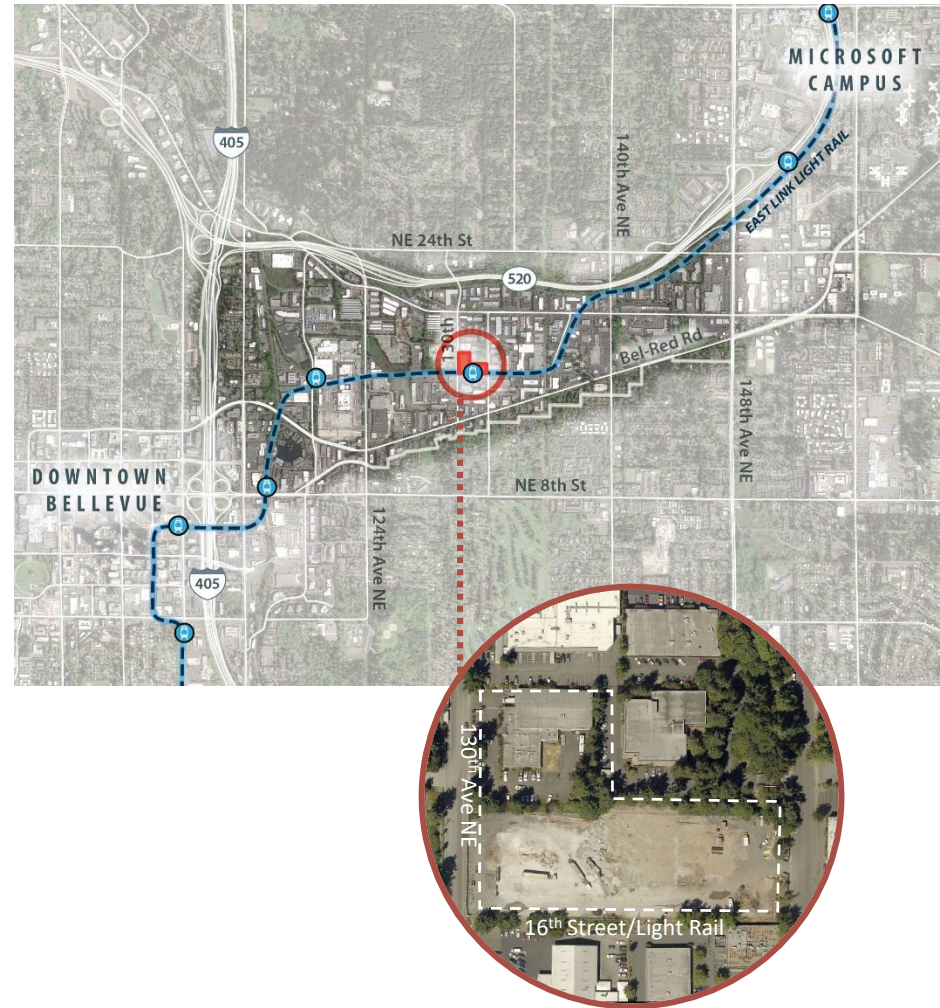
Introduction Background

Project Background

The City of Bellevue (COB) is currently working with Sound Transit (ST) on the conveyance of Sound Transit owned property adjacent to the 130th TOD station. The 130th TOD Property (the “Property”) is located adjacent to the planned 130th Street light rail station at the intersection of 130th Ave and extended 16th St and consists of three parcels (parcel #s – 2825059040, 2825059159 and 2825059191). The property is designated to accommodate future transit area improvements (TAIs) consisting of a 300 stall park and ride facility. The City of Bellevue is engaged with Sound Transit take ownership of the property allowing the City greater control over the site and its future use and development. In turn the City will be responsible for implementing the 300 stall park and ride facility.

In summary, the City of Bellevue and Sound Transit are engaged in the following:

- a) Sound Transit to convey property to COB
- b) COB responsible for implementation of a 300 stall park and ride facility dedicated for use by transit users
- c) COB can implement TOD on the site (while accommodating park and ride facility), using funds from the sale of the TOD portion of the site to offset park and ride development costs



Introduction Purpose

Project Purpose

Heartland has been tasked with analyzing the development potential of the 130th TOD property and the relative impact that various development scenarios would have on the site's overall value. The City of Bellevue also seeks to understand the financial impact of the conveyance agreement and the required 300 stall park and ride facility and their ability to offset that cost with the TOD development.

Project Approach and Methodology

Heartland utilized the following steps in its analysis.

- > **Property background and conditions.**
- > Market assessment
- > Scenario modeling and feasibility (discounted cash flow analysis)
- > Affordable housing stakeholder outreach
- > Strategy and implementation

Key Questions

Timing:

- What is the critical path (or paths) that will complete the parking facility and the TOD buildings by or before opening of the light rail station in +/-June 2023?
- How do alternative programs, parking configurations and transaction structures affect the likelihood of meeting this deadline?

Policy Priorities:

- With a finite amount of developable square footage which of the City's policy objectives can or should be accommodated on site?
- How much affordable housing should be accommodated and how?
- Which cultural facilities or educational facilities could be included in the project and what level of financial support would be necessary?

Financial:

- How much can, or should the City invest in the development of the TOD and parking in order to achieve its overall objectives for the Bel-Red corridor?

2. Site Overview

Site Overview



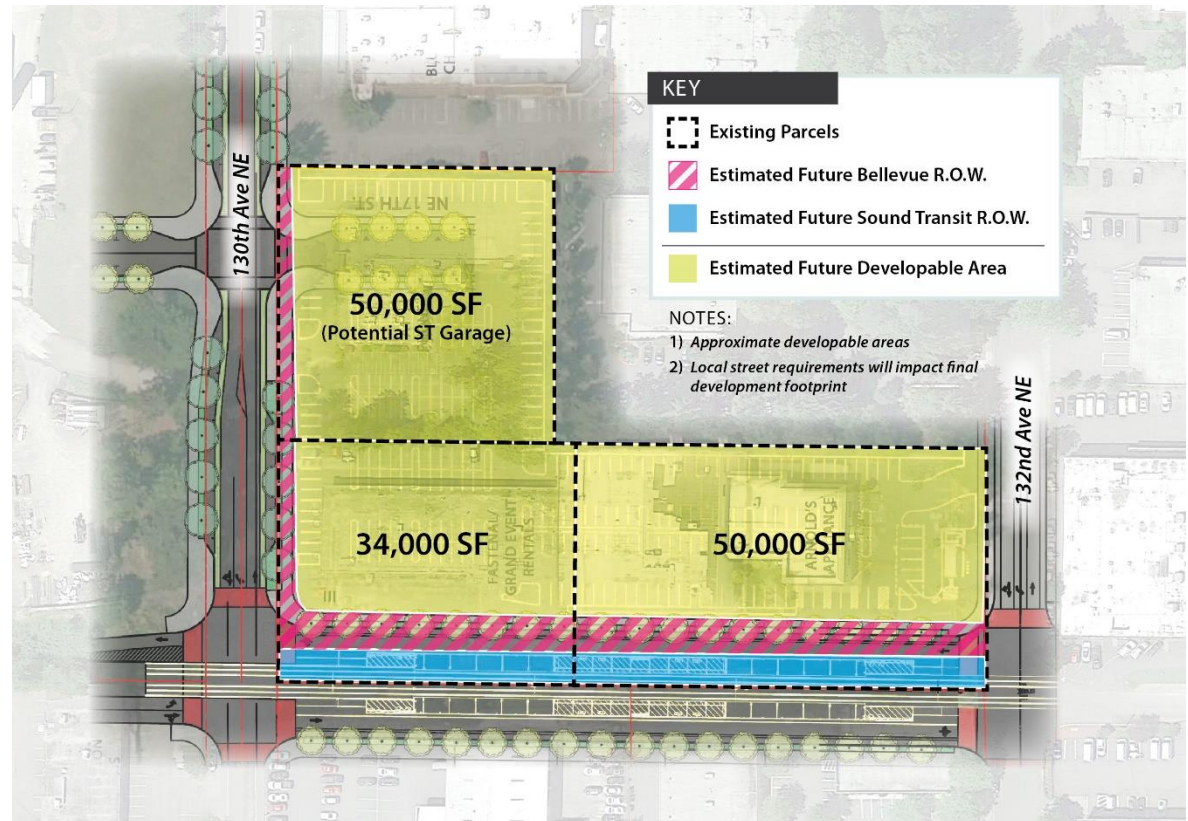
Market Area	Eastside; Bel Red Corridor
Zoning	BR RC1
Site Area	134,000 SF
Intended Uses	High density mixed use multifamily

Site Overview Development Area

Development Area

The site is made up of three parcels totaling an estimated 134,000 square feet developable area. This accounts for land set aside for Sound Transit and City right of way needs (local road requirements are discussed later in the analysis).

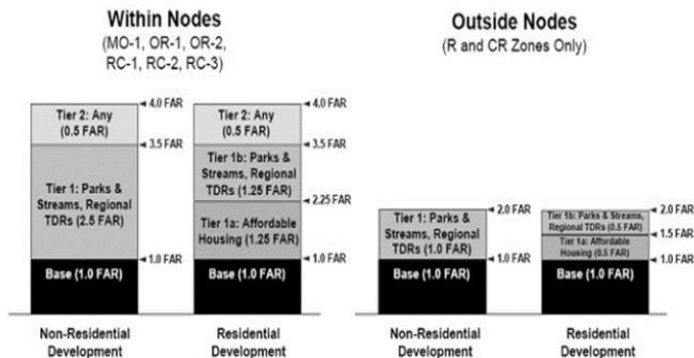
	Total	Parcel 1	Parcel 2	Parcel 3
Existing Square Footage	175,961	53,838	51,250	70,873
ST Approximate R.O.W. Needs	15,222			
City Approximate R.O.W. Needs	26,038			
Developable Square Feet	134,824	50,123	34,247	50,454



Site Overview Zoning

Zoning

The site is zoned BR-RC1 which encourages development of high density mixed use projects. The maximum floor area ratio (FAR) for the area is 4.0, which can only be achieved through participation in the Bel-Red incentive program. The program provides for a base FAR of 1.0 with allowances for greater density through the provision of affordable housing and other desired uses and improvements.



Note: Tier 1 bonus(es) must be fulfilled prior to pursuing Tier 2 bonus. Where applicable, Tier 1a bonus must be fulfilled prior to pursuing Tier 1b bonus.

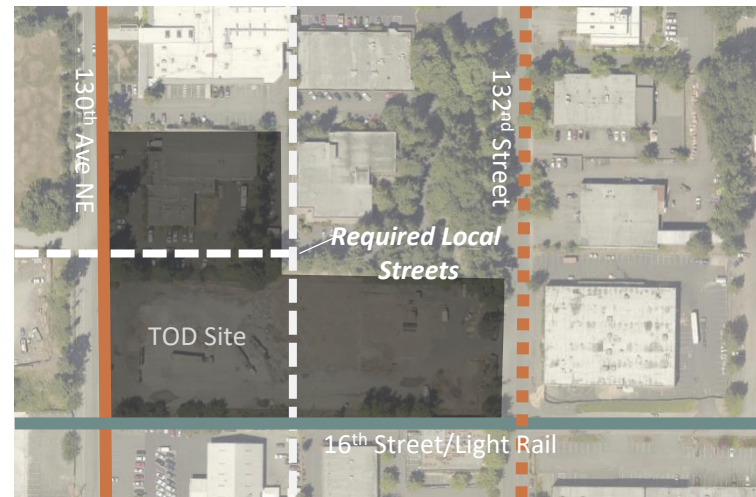
Incentive Program Summary

- > Section 20.25D.090 of Land Use Code
- > Any project with a FAR above 1.0 needs to either:
 - Provide required amenities, or
 - Pay a fee-in-lieu
- > Order of system follows tiers, e.g. for a residential project the affordable housing requirement (Tier 1a) must be met before using Tier 1b options.
- > Many of the requirement amenities may be included in the project and in some cases are helpful project attributes.
- > Where an amenity is not provided on site as part of the project a fee-in-lieu is required.
 - \$18/sf of bonus area for affordable housing
 - \$15/sf of bonus area for all other amenities

Site Overview Zoning and Site Requirements

Site Layout and Capacity

The Bel-Red District requires that development accommodate and contribute to the implementation of a new street grid for the neighborhood. The City has identified general locations of “Local Streets” which are the responsibility of the land owner/developer to accommodate on site. Development scenarios discussed later in the strategy report are based on the site layout conceived for the implementation phase of the *Growing Transit Communities: East Corridor Implementation Support Project* (pictured below). The site planning and massing work completed by Otak in 2016 is the basis for the building programs contemplated for each scenario.



Otak Site Concept – Scenario A

Growing Transit Communities: East Corridor Implementation Support Project

Source: Otak, 2013

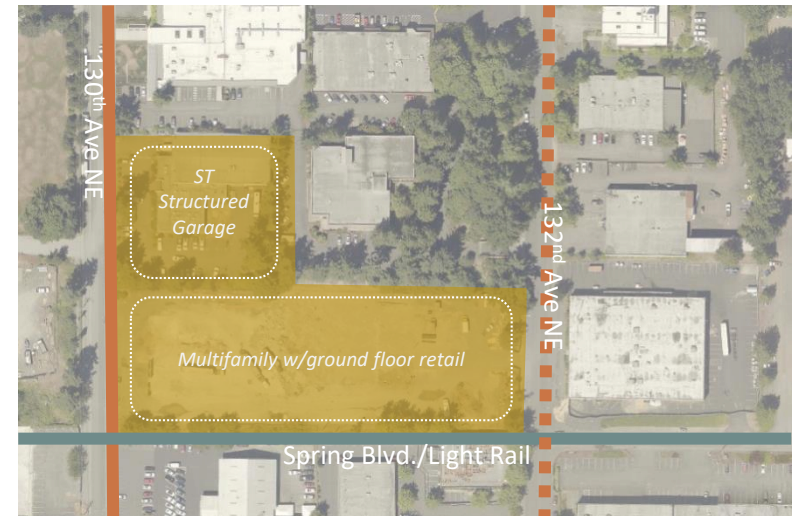
Site Overview Site Use

Site Use

Heartland worked directly with City staff to formulate a framework for potential development scenarios on the 130th TOD site. The framework is centered on the integration of several core uses identified for the site and the general space needs of the ST parking garage. The exhibit to the right illustrates two site use alternatives considered for the site. The framework drives more detailed scenarios discussed later in the analysis.

- > 300 Stall ST Parking Garage
- > Market Rate multifamily housing
- > Retail
- > Office/alternative commercial uses

Site Use Alternative – Freestanding ST Garage



Site Use Alternative – Integrated ST Podium



Site Overview Past Studies

2013

Growing Transit Communities: East Corridor Implementation Support Project Phase I and II

Phase I - Best Practices Research and Assessment of Station Areas

Otak in partnership with BAE Urban Economics and Nelson/Nygaard Consulting Associates

Purpose: analyzing potential opportunities and developing recommendations to support and catalyze equitable transit-oriented development at selected East Corridor high-capacity transit station areas.

Key Tasks: Best practices research, high level assessment of seven station areas and screening for selection of Phase II analysis

Phase II – Implementation

Purpose: more intensive analysis and development of specific recommendations for TOD implementation for two station areas: 130th Avenue NE in Bellevue and Overlake Village in Redmond

2017

City of Bellevue-Sound Transit 130th Station Area Property Conveyance Considerations

Findings and Analysis:

- The free-standing parking garage could be constructed by the TOD developer or the City
- Found that it would be prudent for the City to move forward with the conveyance of this Study Area
- A mid-rise TOD project is feasible under current zoning; however, this provides the minimum amount of affordable housing the City likely desires
- More aggressive affordable housing mixes would require additional subsidy to bridge the funding gap
- With City ownership of the Study Area however, an affordable housing developer would have more time to secure funding

Site Overview Past Studies

Environmental Review

Phase II Environmental Assessment Summary

Parametrix conducted a Phase II ESA at the three subject properties (EL296, EL297, and EL299 as defined in their report). The analysis included the following conclusions sourced directly from their report:

- Groundwater is estimated to have a moderate impact on any subsurface development activity such as underground parking
- The presence of soil and groundwater contamination on the properties does present some concern, but does not appear to be a significant barrier to development options.
- It appears that soil contamination exists in the northeast corner of site EL299 (depicted on the adjoining map). The analysis suggests that this is a moderate concern.



Phase II Environmental Assessment Recommendations

- They recommended that potential cleanup alternatives and/or future liability costs be considered during any acquisition process
- They recommended that a contaminated media management plan (CMMP) be prepared for the site to guide excavation and construction activities
- It does not appear that the potential for TOD would be precluded by existing environmental conditions. Significant remedial actions may not be required, but existing contamination will need to be considered during any redevelopment

On-Going ST Work

- An excavation is planned to be conducted by Sound Transit during the station development that allows up to 1,000 yards of contaminated soil for off-site disposal
- If feasible, it is recommended that contaminated soil in the northeast corner of EL 299 be removed prior to transfer of the property to minimize future environmental liability to the City. Additional investigation may be required to fully delineate the contamination; however, there is potential that the work could be completed as part of the construction activities and the planned contaminated soil excavation as noted above.

Site Overview Conveyance Agreement

Conveyance Agreement Summary

As previously described, Sound Transit and the City of Bellevue are currently negotiating a conveyance agreement providing for transfer of the 130th TOD properties to the City of Bellevue in exchange for a 300 stall ST dedicated park and ride facility. The negotiation is taking place through an existing memorandum of understanding established between the City and Sound Transit. To the right are key components of the conveyance agreement (the draft agreement was not available at the time of this analysis). Refer to the next page to view the schedule and milestone requirements of the draft agreement.

Conveyance Agreement Summary

Sound Transit Garage Improvements

- > 300 automobile parking stalls for use by transit customers
- > Passenger loading areas
- > Bicycle storage
- > Service and maintenance access

Potential Interim Options

- > Temporary facility not to full ST operating standard
- > Combination of on site and offsite stalls
- > Total of 5 years including extensions
- > No interruption permitted during transition from interim to permanent

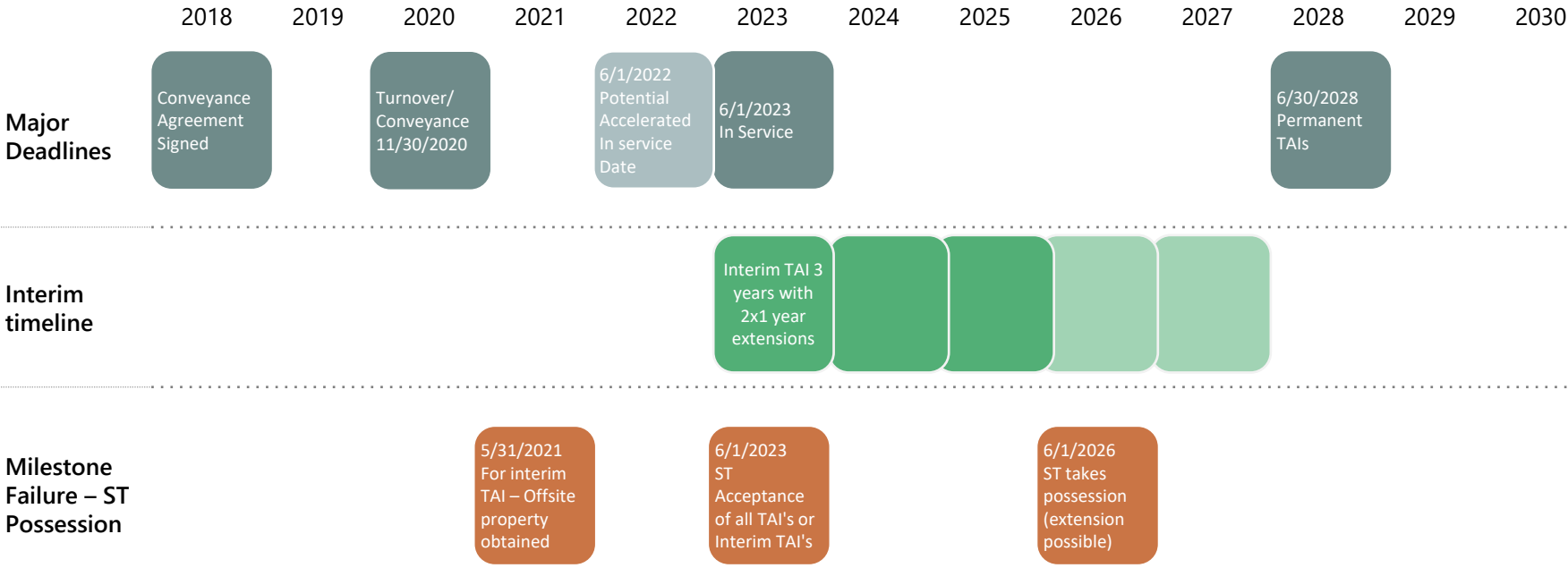
Permanent Implementation Options

- > Must be in by June 30, 2028
- > Parking lot on-site (with ability to redevelop at a later date)
- > Parking garage
- > Integrated TOD facility
- > Surface Parking (off-site, considered interim TAI)

Site Overview Conveyance Agreement

Conveyance Agreement Timeline and Milestones

The conveyance agreement is tied to several key dates and milestones that will impact the City’s decision making framework. Important for the City to consider is their ability to deliver a permanent TAI (garage) in the time frame required and how the time frame may or may not impact the execution of a TOD project.



3. Market Assessment



Market Assessment Summary

Market Assessment and Inputs

The market assessment of the 130th TOD site was conducted to inform the development of a financial model testing the feasibility of various development scenarios. For the purposes of the analysis the Bellevue market area was divided into three submarkets: Bellevue central business district, the 520 Corridor, and Redmond Overlake. From here a general history of leasing and sales data across multifamily, retail and office products was collected. This includes historical trends to illustrate the relative trajectory of specific projects as well as specific lease and sales comps to inform modeling inputs. Key inputs for use in the feasibility assessment include:

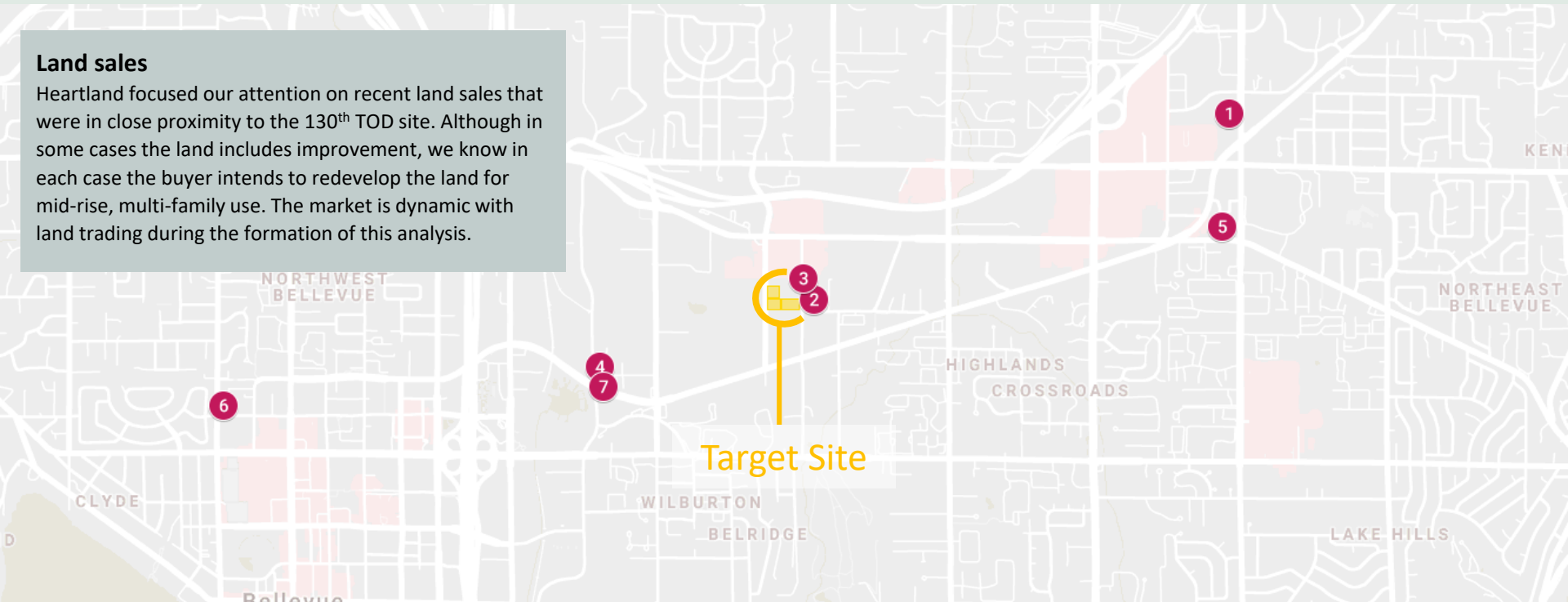
- > Lease rates for multifamily, office and retail
- > Recent land sale comparables for vacant and underdeveloped land (land with similar zoning and intended use as mixed use multifamily)
- > Recent multifamily building sales
- > Capitalization rates
- > Vacancy rates

**Refer to the appendix for more detail on the market assessment*

Market Assessment Summary

Land sales

Heartland focused our attention on recent land sales that were in close proximity to the 130th TOD site. Although in some cases the land includes improvement, we know in each case the buyer intends to redevelop the land for mid-rise, multi-family use. The market is dynamic with land trading during the formation of this analysis.



Comp #	Name	Submarket	Zoning	Sale Date	Land SF	Sale Price	Units	Floors	\$/Lot SF	\$/Unit
1	Esterra Park 6A	Overlake	OV4	Aug-2018	57,528	\$10,000,000	-	-	\$173.83	-
2	Ferguson Plumbing	Bel-Red	BR-RC-2	Aug-2018	51,432	\$7,600,000	-	-	\$147.77	-
3	Coraggio Textiles	Bel-Red	BR-RC-2	Jun-2018	29,773	\$5,300,000	-	-	\$178.01	-
4	AMLI	Spring District	BR-OR1	Feb-2016	64,175	\$13,300,000	204	6	\$207.25	\$65,196
5	Hyde Square	Bel-Red	BR-CR	Nov-2015	259,738	\$27,650,000	611	6	\$106.45	\$45,254
6	Lux Apartments	Bellevue CBD	DNTN-R	Jun-2015	44,858	\$11,850,000	135	5	\$264.17	\$87,778
7	Sparc	Spring District	BR-OR	Jul-2014	83,600	\$10,700,000	309	6	\$127.99	\$34,628
AVERAGE					88,929	\$12,733,333	315	6	\$172.21	\$58,214

Source: CoStar, 2018

Market Assessment Summary

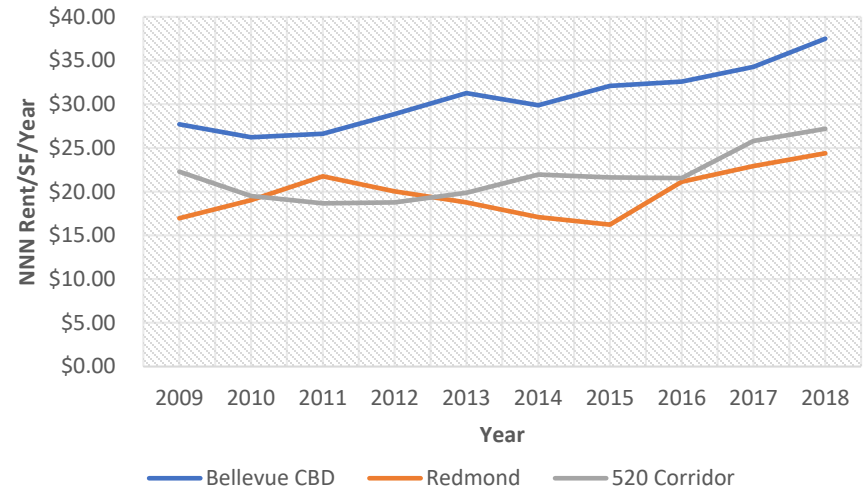
Office and Retail Lease Rates

Data was collected from downtown Bellevue, the Bel-Red corridor as well as the Redmond/Overlake submarkets. These areas provide a general range of attainable rents, with Downtown Bellevue indicating the highest potential rental scenarios (likely unattainable at the 130th TOD site at this time) for both office and retail.

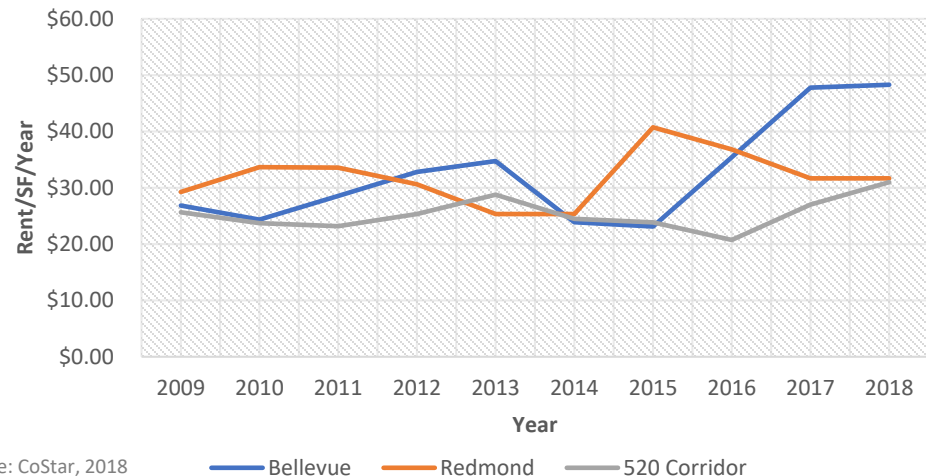
Office lease comparables and historical trends data was collected to inform the analysis. Data was collected to directly inform potential rents that may be attainable at the 130th site if office were implemented there.

For the retail lease survey, Heartland isolated multifamily buildings with ground floor retail, as this would be the most realistic comparison. As with other research, data was collected for downtown Bellevue, the Bel-Red Corridor (limited data available), Overlake and Downtown Redmond.

Office NNN Lease Trends



Retail NNN Lease Trends



Source: CoStar, 2018

Market Assessment Summary

Multifamily Rents

To establish realistic multifamily rent assumptions for the analysis Heartland collected lease comps from areas in applicable submarkets shown here. Lease data for the Spring District was also researched, although no direct lease comps were available at the time of the analysis.

Downtown Bellevue
\$3.18 Avg Rent/SF

Bel-Red/Overlake
\$2.64 Avg Rent/SF

Target Site

ID #	Building Name	Building Address	Submarket Name	Year Built	Style	Levels	# Units	Avg Unit SF	Avg Asking/Unit	Avg Asking/SF	Vacancy %	
1	Venn at Main Apartments	10333 NE 1st St	Down Town Bellevue	2016	Mid-Rise	5	350	749	\$2,250	\$3.00	3.4%	
2	Kirkland Crossing Apartments	10715 NE 37th Ct	520 Corridor	2015	Mid-Rise	5	187	842	\$2,088	\$2.48	4.8%	
3	Hyde Square	2038 155th Pl NE	Bel-Red	2018	Mid-Rise	6	166	820	\$2,298	\$2.80	83.1%	
4	LIV Apartments	2170 NE Bel-Red Rd	Bel-Red	2015	Mid-Rise	6	451	841	\$2,148	\$2.55	4.0%	
5	The Meyden	10333 Main St	Downtown Bellevue	2016	Mid-Rise	5	254	704	\$2,457	\$3.49	4.3%	
6	Main Street Flats	10505 Main St	Downtown Bellevue	2015	Mid-Rise	5	260	789	\$2,395	\$3.04	7.3%	
7	Avalon Esterra Park	2690 152nd Ave NE	Overlake	2015	Mid-Rise	6	221	1,060	\$2,532	\$2.58	3.9%	
8	Sparc @ Spring District	1201 121st Avenue NE	Spring District	2016	Mid-Rise	-	309	866	\$2,192	\$2.48	6.2%	
							Average	275	834	\$2,295	\$2.81	

Source: CoStar, 2018

4. Development Scenarios

Development Scenarios DCF Approach

Discounted Cash Flow (DCF) Approach

In addition to analyzing comparable sales in the Bel-Red corridor and the surrounding market, Heartland developed a discounted cash flow model to test the feasibility and financial impact of potential development programs for the property. The DCF approach provides a developer viewpoint of the property and how much they may be willing to pay for the underlying land. The approach leverages previously completed site planning and massing to estimate potential development program (see Section 2).

1. Establish development scenarios for modeling and sensitivity testing

Key variables and building program components include:

- > Implementation of the ST garage – free standing garage versus integrated approach (large podium)
- > Level of affordability achieved (number of affordable units)
- > Integration of additional office/commercial components

2. Establish market and development program inputs

Leverage past site programming analysis and establish market inputs:

- > Revenue and cost assumptions tailored to each development scenario
- > Timing and finance impacts on development feasibility
- > Revenue and development cost escalation based on project timing

3. Solving for potential market value

Evaluate potential financial scenarios using discounted cash flow analysis

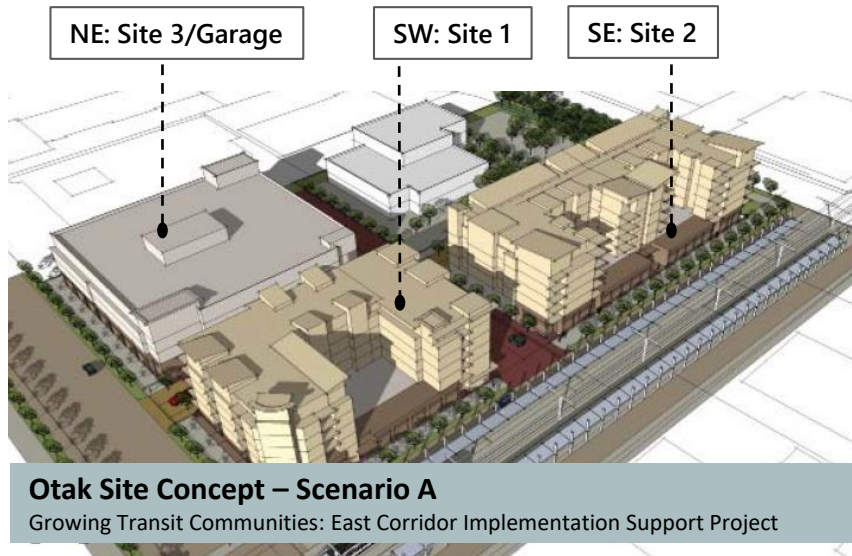
- > Model willingness to pay for land based on realistic rates of return for each scenario (15% IRR)
- > Test impacts of timing and changes in market conditions
- > Provide comparison to potential garage development costs

Development Scenarios Capacity

Scenario Development Programs

The exhibits below illustrate the estimated capacity of the site organized by each existing parcel boundary. This includes square footages for the NW parcel where a stand along garage is assumed to be developed for most scenarios tested (integrated parking scenarios discussed later in the analysis assume TOD on this site).

On the following pages are detailed descriptions of the scenarios modeled, including assumption on overall square feet by use, incentive program requirements and parking.



Source: Otak, 2013

Square Footage Capacity by Site and Floor

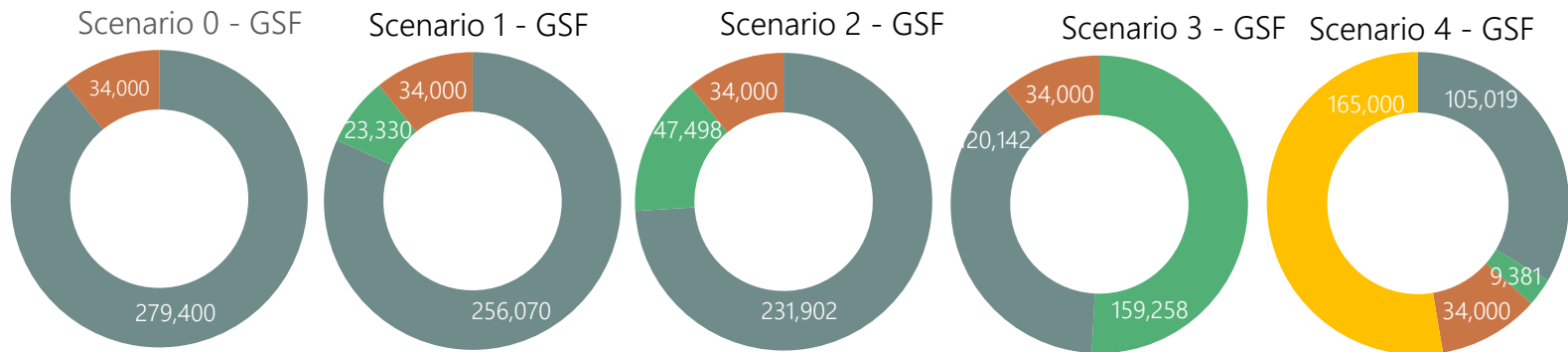
Construction Type	Floor	Site		
		1	2	3/Garage
UG		P	P	P
UG		P	P	P
Concrete	1	22,400	33,000	33,600
c	2	22,400	33,000	33,600
Wood	3	18,400	26,400	26,880
w	4	18,400	26,400	26,880
w	5	18,400	26,400	26,880
w	6	18,400	26,400	26,880
w	7	18,400	26,400	26,880
		136,800	198,000	201,600
			Total	536,400

Development Scenarios Descriptions

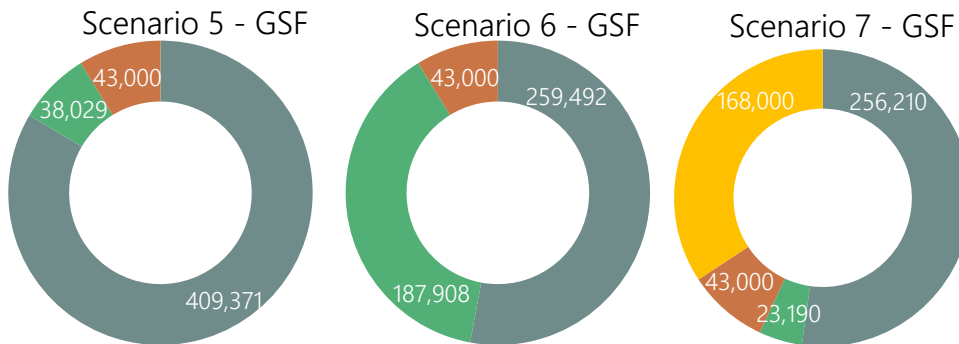
Scenarios Modeled					
Scenario	Total Housing Units	Affordable Housing Units	Retail	Office/Alt Commercial	Description
0. Market Rate Residential w/In-Lieu Aff. Housing	284	0	34,000	0	Freestanding garage; Multifamily program with minimum affordable housing performance;
1. Market Rate Residential w/Aff. Housing Performance	260	24	34,000	0	Freestanding garage; Multifamily program with adjustable affordable housing performance;
2. Market Rate Residential w/Aff. Performance Increased	236	48	34,000	0	Freestanding garage; Multifamily program with adjustable affordable housing performance (approx. double requirement)
3. Market Rate Residential w/Aff. Housing Max (Land at no cost)	162	122	34,000	0	Freestanding garage; Multifamily program with adjustable affordable housing maximized (land at no cost)
4.. Market Rate Housing with Office/Alternative Commercial Use/Program; minimum affordable housing performance	107	10	34,000	165,000	Freestanding garage; Multifamily with office/alternative commercial component
5. Market Rate Housing with Combined ST Podium Garage w/minimum affordable housing performance	416	39	43,000	0	Integrated podium garage; Multifamily over a combined parking podium on all three parcels
6. Market Rate Housing with Combined ST Podium Garage w/maximum affordable housing performance	264	191	43,000	0	Integrated podium garage; Multifamily over a combined parking podium on all three parcels
7. Market Rate Housing with Combined ST Podium Garage w/minimum affordable housing performance & office component	261	24	43,000	168,000	Integrated podium garage; Multifamily and office over a combined parking podium on all three parcels
8. Market Rate Residential w/Affordable Housing Condo	116	168	34,000	0	Freestanding garage; Multifamily program with condominiumized affordable housing interest
9. Market Rate Residential w/Fee Simple Land	168	168	34,000	0	Freestanding garage; Multifamily program with fee simple land for affordable housing

Development Scenarios Gross Square Feet

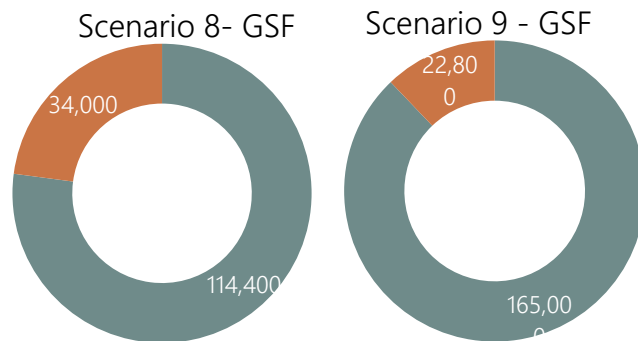
Separate Garage



Integrated Podium



Condominium and Fee Simple Land



Development Scenarios Development Program

Scenario	Separate Garage Scenarios					Integrated Parking Podium			Condo and Fee Simple	
	0 <i>Market Rate Residential w/In-Lieu Aff. Housing</i>	1 <i>Market Rate Residential w/Aff. Housing Performance</i>	2 <i>Market Rate Residential w/Aff. Performance Increase</i>	3 <i>Market Rate Residential w/Aff. Housing Max</i>	4 <i>Market Rate Residential w/Commercial-Office</i>	5 <i>Large Podium Scenario All Residential</i>	6 <i>Large Podium w/Max Aff. Housing Performance</i>	7 <i>Large Podium w/Commercial-Office</i>	8 <i>Market Rate Residential w/Affordable Housing Condo</i>	9 <i>Market Rate Residential w/Fee Simple Land</i>
	TOD Parcels 1 and 2	TOD Parcels 1 and 2	TOD Parcels 1 and 2	TOD Parcels 1 and 2	TOD Parcels 1 and 2	All Parcels	All Parcels	All Parcels	TOD Parcels 1 and 2	TOD Parcels 1 and 2
Site Statistics										
Lot Size (acres)	1.94	1.94	1.94	1.94	1.94	3.10	3.10	3.10	1.94	1.15
Lot Size (square feet)	84,701	84,701	84,701	84,701	84,701	134,824	134,824	134,824	84,701	50,123
Maximum Permitted Floor Area	338,804	338,804	338,804	338,804	338,804	539,296	539,296	539,296	338,804	200,492
TOD Development										
Gross Building Above Grade	334,800	334,800	334,800	334,800	334,800	536,400	536,400	536,400	169,800	198,000
Gross Floor Area Towards FAR	273,812	250,795	250,795	250,795	270,161	401,815	401,815	-	112,112	161,700
FAR	3.23	2.96	2.96	2.96	3.19	2.98	2.98	-	1.32	3.23
Market Rate Residential										
Market Rate Residential Units	284	260	236	162	107	416	264	261	116	168
Gross Building Area	279,400	256,070	231,902	159,258	105,019	409,371	259,492	256,210	114,400	165,000
Affordable Housing & Incentive Program										
Percentage affordable	0%	8.35%	17%	43%	8.2%	8.5%	42%	8.3%	0%	0%
Affordable Housing Requirement	23,017	23,017	23,017	23,017	9,239	36,637	36,637	23,017	5,959	13,620
Affordable Housing Performance	0	23,330	47,498	120,142	9,381	38,029	187,908	23,190	0	0
Units	-	23.7	48.32	122.22	9.54	38.69	191.16	23.59	-	-
In Lieu Fee	\$3,154,294	\$898,573	\$898,573	\$898,573	\$2,594,518	\$1,476,916	\$1,476,916	\$3,265,360	\$0	\$1,861,616
Total Residential										
Total Units	284	284	284	284	116	455	455	284	116	168
Units per Acre	146	146	146	146	60	147	147	92	60	146
Total Parking Stalls Req	213	213	213	213	87	341	341	213	87	126
Retail										
Gross Retail Area	34,000	34,000	34,000	34,000	34,000	43,000	43,000	43,000	34,000	22,800
Parcel 1	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	0
Parcel 2	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800
Parcel 3	0	0	0	0	0	9,000	9,000	9,000	0	0
Parking Space Req	60	60	60	60	60	78	78	78	60	38
Additional Commercial Use										
Gross Square Feet	0	0	0	0	165,000	0	0	168,000	0	0
Rentable Square Feet	0	0	0	0	156,750	0	0	159,600	0	0
Parking Spaces Req	0	0	0	0	314	0	0	319	0	0
Parking										
Total Spaces Required - W/O ST	273	273	273	273	461	419	419	610	147	164
Structured Above Grade	61	61	61	61	61	131	131	131	61	29
Underground	212	212	212	212	400	288	288	479	86	135

Development Scenarios Inputs and Assumptions

Inputs and Assumptions

The following pages offer details on modeling inputs and assumptions used to assess each development scenario. These include:

- Project Schedule
- Market inputs
- Operating assumptions
- Development costs
- Market and Cost escalation

In addition to the inputs and assumptions, an example pro forma is included to illustrate the use of these assumptions in the financial model (see appendix to review all scenario pro formas)

Development Scenarios Inputs and Assumptions

Timing and Operating Assumptions

Schedule

Land Purchase	2020
Construction Start	2021
Construction Completion	2022
Stabilized Start	2024
Building Sale	2025

Market and Operating Inputs

Land

Price/Square Foot	Variable
-------------------	----------

Multifamily

Market Rate Multifamily Rents/SF/Month	\$2.75
Affordable Housing %	Variable
Affordable Housing @80% AMI/SF/Month	\$1.77
Percentage @80% AMI	0.0%
Affordable Housing @60% AMI/SF/Month	\$1.29
Percentage @60% AMI	0.0%
Multifamily Vacancy	5%
OpEx Per Unit/Month	\$650
Residential Expense Reimbursement	\$50
Fees (% Base Residential Rent)	1%

Office

Office Rent/SF/Year	\$38.00
Office Rent/SF/Month	\$3.17
Office Vacancy	5%
OpEx Per SF/Year	\$10.00
OpEx Per SF/Month	\$0.83
Office Efficiency	95%

Retail

Retail Rents/SF/Month	\$2.50
Retail Rents/SF/Year	\$30.00
Retail Vacancy	10%
OpEx Per Unit/Year	\$8.00
OpEx Per Unit/Month	\$0.67
Retail Efficiency	98%

Parking

Square Feet/Stall	350
Parking Rent/Stall/Month	\$50
Parking OpEx/Stall/Month	\$17

Cap Rate Assumptions

Cap Rate	4.50%
Exit Cap Spread	0.50%

Development Cost Assumptions

Site Costs

Primary Street (\$/linear foot)	\$0
Secondary Street (\$/linear foot)	\$2,224
Site Prep (\$/site sqft)	\$12

Construction/Cost Inputs

Multifamily Hard Cost/Building SF	\$170
Office Hard/Cost Building SF	\$210.00
Office Tenant Improvement/SF	\$85.00
Retail Tenant Improvement/SF	\$80.00
Hard Cost/Above Grade Parking/Space	\$30,000
Hard Cost/Underground Parking/Space	\$50,000

Soft/Other Costs

Soft Costs	15%
Financing	5%
Developer Fee	3.5%

Escalation

Rent Escalation	3.00%
Affordable Housing Escalation	2.00%
Expense Escalation/Inflation	3.00%
Construction Cost Escalation	3.00%

Development Scenarios Inputs and Assumptions

Scenario 1 Pro Forma Example

Pro Forma - Scenario 1

Revenue and Expense			
Residential	Rentable NSF	Rent Per SF/Month	Monthly Revenue
Market Rate Rental Income	221,359	\$ 3.00	\$ 665,183
Affordable Rental Income@80% AMI	20,167	\$ 1.88	\$ 37,982
Affordable Rental Income@60% AMI	-	\$ 1.37	\$ -
Less Vacancy (5%)			(\$33,259)
Subtotal Monthly Residential Income			\$ 669,906
Retail	Rentable NSF	Rent Per SF/Month	Monthly Revenue
Rental Income	33,320	\$ 2.73	\$ 91,024
Less Vacancy (10%)			(\$9,102)
Subtotal Monthly Retail Income			\$ 81,922
Office/Other Commercial	Rentable NSF	Rent Per SF/Month	Monthly Revenue
Rental Income	-	\$ 3.46	\$ -
Less Vacancy (10%)			\$0
Subtotal Monthly Office Income			\$ -
Other Income			
Residential Expense Reimbursement	\$ 54.64 PUPM		\$ 14,753
Retail Expense Reimbursement	95% OpEx		\$ 20,754
Other Commercial Expense Reimbursement	95% OpEx		\$ -
Fees	1% of Base Residential Rent		\$ 6,699
Parking	\$ 54.64 Per Stall/Month		\$ 11,056
Subtotal Other Income			\$53,261
Total Monthly Income			\$ 805,089
Operating Expenses			
Residential OpEx	\$ 710 \$/Unit/Month		(\$191,788)
Retail OpEx	\$ 0.73 \$/SF/Month		(\$21,846)
Other Commercial OpEx	\$ 0.91 \$/SF/Month		\$0
Parking OpEx	\$ 19 \$/Stall/Month		(\$4,818)
Subtotal OpEx			(\$218,452)
NOI Per Month			\$ 586,637
NOI Per Year			\$ 7,039,644
Project Value	4.50% Cap Rate		\$ 156,436,537

Development Budget			
Land	\$	150 per land square foot	\$12,705,150
Development Costs			
Primary Frontage Improvements	\$ -	per LF	\$ -
Secondary Frontage Improvements	\$ 2,359	per LF	\$ 342,080.57
Other site costs	\$ 13	per land sqft	\$ 1,078,311.49
Subtotal	\$ 4,997.30	per unit	\$ 1,420,392
Residential & Retail	\$ 180	per GSF	\$ 56,522,630
Office Hard Cost	\$ 223	per GSF	\$ -
Office Tenant Improvement	\$ 90	per NSF	\$ -
Retail Tenant Improvement	\$ 85	per NSF	\$ 2,827,935
Structure Above Grade Parking	\$ 31,827	per stall	\$ 1,945,994
Underground Parking	\$ 53,045	per stall	\$ 11,237,962
Subtotal	\$ 255,194.83	per unit	\$ 72,534,521
WSST	10.1%	of all above costs	\$ 7,469,446
Total Construction Contract	\$ 286,471.53	per unit	\$ 81,424,359
Hard Cost Contingency	5%	\$ -	\$ 4,071,218
Total Hard Costs	\$ 300,795.11	per unit	\$ 85,495,577
Soft Costs	15%	of hard costs	\$ 12,824,337
Financing Cost	5.2%	of hard costs	\$ 4,445,770
Developer Fee	3.5%	of hard + soft costs	\$ 3,596,798.94
Developer Profit (for RLV Calc Only)	15.0%	of hard + soft costs	\$ 15,414,853
Impact Fee	\$2,500.00	per unit	\$ 651,246
In Lieu Fee	\$ 3,161.41	per unit	\$ 898,573
Total Development Costs Before Land	\$ 379,662.82	per unit	\$ 107,912,302
Total Development Cost w/land	\$ 424,362.76	per unit	\$ 120,617,452

Development Scenarios Summary Output

Solving for Value

As previously described, Heartland evaluated each scenario by solving for the developer's willingness to pay for land. Each scenario is constructed to ensure that the market rate portion of the development is feasible, reflected in the 15% IRR (approximate) achieved by each project. In short, land values were adjusted to achieve a market rate return on the project. The land value was then compared to the estimated cost of the Sound Transit garage (cost held constant for comparison purposes).

Summary Outputs

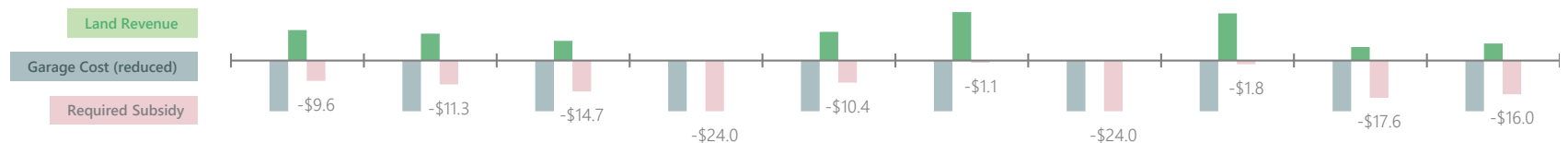
Outputs	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
DCF										
Value per Unit (@stabilization)	\$543,236	\$525,512	\$507,150	\$451,958	NA	\$510,151	\$439,039	NA	\$646,286	\$552,992
Project Level IRR	10.64%	10.66%	10.54%	10.19%	10.64%	10.58%	10.30%	10.47%	10.84%	10.83%
Leveraged IRR	14.9%	14.9%	14.9%	15.3%	15.1%	14.9%	15.4%	15.3%	15.2%	15.2%
Land Price	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
per Square foot	\$170	\$150	\$110	\$0	\$160	\$170	\$0	\$165	\$75	\$160
Per Unit	\$50,660	\$44,700	\$32,780	\$0	NA	\$50,359	\$0	NA	\$54,586	\$47,778

City Net Balance @\$116,000 per space

Estimated Garage Cost	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOD Land Sale Revenues	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
Garage Cost Remaining	\$15,600,830	\$17,294,850	\$20,682,890	\$30,000,000	\$16,447,840	\$7,079,920	\$30,000,000	\$7,754,040	\$23,647,425	\$21,980,320

At Reduced Garage Cost (20% reduction; \$80,000 per space)

Estimated Garage Cost	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000
	\$9,600,830	\$11,294,850	\$14,682,890	\$24,000,000	\$10,447,840	\$1,079,920	\$24,000,000	\$1,754,040	\$17,647,425	\$15,980,320



Development Scenarios Sensitivity

Land Price Sensitivity

The following exhibits summarize two key sensitivities across the 10 development scenarios modeled. Shown are the impacts of construction cost escalation and lease rate volatility on potential land values. The analysis isolates the impact of such changes on the cost of land while maintaining a market rate of return (IRR).

Construction Cost Escalation

Scenario	Construction Cost Escalation		
	Escalation 5%	Escalation 3%	Escalation 1%
0	\$11.0	\$14.4	\$17.4
1	\$9.3	\$12.7	\$15.7
2	\$5.9	\$9.3	\$12.7
3	NA	\$0.0	NA
4	\$9.3	\$13.6	\$18.6
5	\$17.5	\$22.9	\$27.6
6	NA	\$0.0	NA
7	\$16.9	\$22.2	\$29.0
8	\$4.8	\$6.4	\$8.0
9	\$6.2	\$8.0	\$10.0

Lease Rates

Scenario	Lease Rates		
	Reduced 5%	Base Rents \$2.75/SqFt	Increased 5%
0	\$8.0	\$14.4	\$19.9
1	\$7.1	\$12.7	\$17.8
2	\$4.2	\$9.3	\$14.0
3	NA	\$0.0	NA
4	\$7.4	\$13.6	\$20.3
5	\$13.8	\$22.9	\$31.0
6	NA	\$0.0	NA
7	\$12.8	\$22.2	\$33.0
8	\$4.1	\$6.4	\$8.9
9	\$4.8	\$8.0	\$11.8

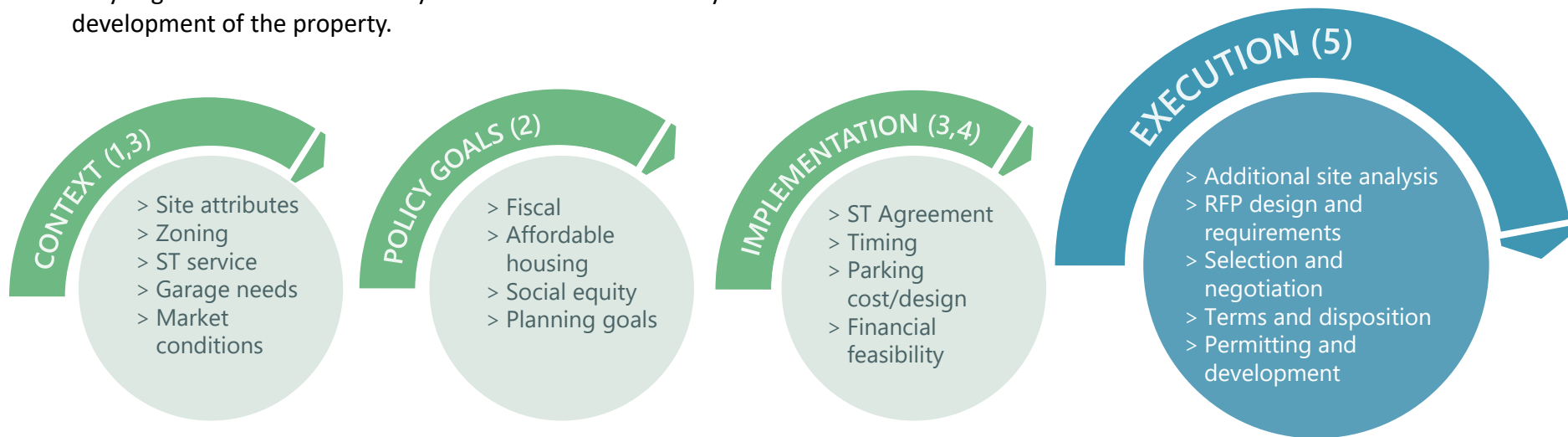
5. Strategy and Implementation

Strategy Design

A strategy for the 130th TOD Station must incorporate a number of considerations that impact how and when the site will be developed. They include the following:

1. Key requirements impacting development (code requirements)
2. Desired uses/development components
3. Potential value of property
3. Timing and Alignment with ST Needs
4. Implementation
5. RFQ process and considerations

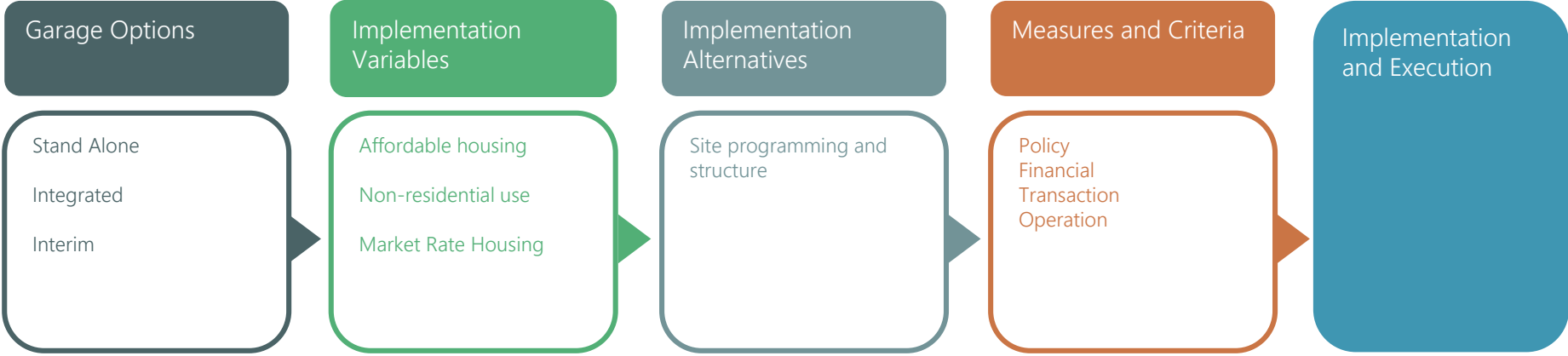
The graphic below illustrates the components that inform a strategy and how they align to inform how the City can execute on the conveyance and development of the property.



Strategy Framework

Strategy Framework

Below is the framework used to describe the city’s strategic options as they relate to the 130th TOD property. The framework is used to evaluate and describe potential development alternatives and related outcomes, all leading to implementation options and execution.



Strategy Framework

Garage Options

1. Stand Alone Garage

Issue RFP in Q1 2019 for development of TOD on SE and SW parcels; Develop stand along above grade garage independent from TOD development.

- ❑ **ST Garage** COB develops independently with intent to meet ST Conveyance agreement timeline
- ❑ **TOD** Privately developed on separate parcels (SE and SW parcels)
- ❑ **COB Next Step**
 - Issue a request for proposals in Q1 2019 for development of the TOD sites
 - Begin design and construction of ST garage

2. Integrated Garage

Issue RFP in Q1 2019 for development of a combined TOD and ST parking garage.

- ❑ **ST Garage** Integrated into overall TOD (underground/structured)
- ❑ **TOD** Privately developed above garage podium
- ❑ **COB Next Step** Issue a request for proposals in Q1 2019

3. Interim Parking

Hold parcels and implement interim surface parking.

- ❑ **ST** Interim surface parking is developed; full garage implemented at later date (as required through conveyance agreement)
- ❑ **TOD** Housing developed at time of permanent garage implementation
- ❑ **COB Next Step** Implement interim parking measures; hold parcel for future development/disposition

Strategy Implementation

1. Stand Alone Garage

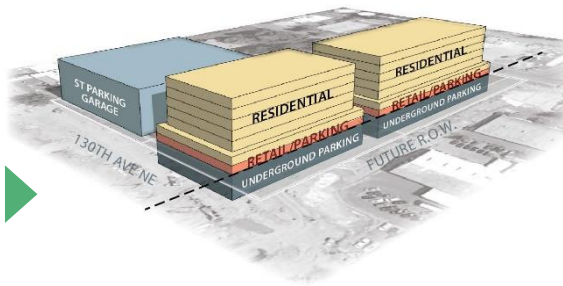
1A. Variables

- ❑ Affordable housing implementation
 - In-lieu payment
 - Integrated
 - Stand alone (fee simple land or condominium)
- ❑ Option for non-residential use
 - Reserve portion of development for office or cultural use
- ❑ Market Rate Housing with remaining site capacity

1B. Implementation Alternatives

i. Stand Alone Garage with Affordable Housing Performance

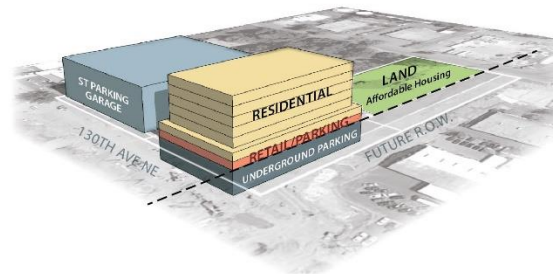
See Scenarios 1-4



- > Free standing garage for ST parking
- > Market rate housing on developable site area
- > Affordable Housing incorporated into development through incentive program (minimum shown)

ii. Stand Alone Garage with fee simple land for affordable housing developer

See Scenario 9



- > Free standing garage for ST parking
- > Market Rate Residential on one parcel with no affordable housing required
- > Fee simple land dedicated to affordable housing (at no cost to affordable housing developer)

1C. Evaluation

Net Sellable Land	\$12.7 million
Assumed Pkg. Cost	\$30 million
Net Cost To City	\$15.6 million

Policy Minimum affordable housing achieved

Financial Higher land value to mitigate portion of garage costs

Transaction Simplicity from separating users; negotiation with single developer

Operation Conflicts less likely with separation of garage use

Net Sellable Land	\$8.0 million
Assumed Pkg. Cost	\$30 million
Net Cost To City	\$22.0 million

Policy Greater potential for affordable housing

Financial Less land sale proceeds (reduced portion of site for market rate housing)

Transaction Multiple transactions required; separate property attractive to affordable housing developers

Operation Conflicts less likely with separation of garage use

Strategy Implementation

1. Stand Alone Garage

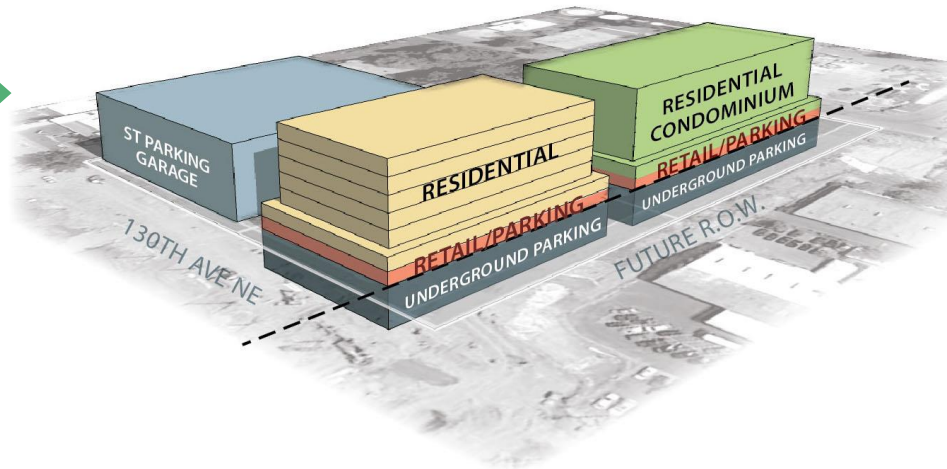
1A. Variables

- ❑ Affordable housing implementation
 - In-lieu payment
 - Integrated
 - Stand alone (fee simple land or condominium)
- ❑ Option for non-residential use
 - Reserve portion of development for office or cultural use
- ❑ Market Rate Housing with remaining site capacity

1B. Implementation Alternatives

iii. Stand Alone Garage with Affordable Housing Condo
See Scenario 8

- > Free standing garage for ST parking
- > Market Rate Housing on top of SW portion of podium
- > Affordable Housing portion of development incorporated via separate condominium interest



1C. Evaluation

Net Sellable Land	\$6.4 million
Assumed Pkg. Cost	\$30 million
Net Cost To City	\$23.7 million

Policy Greater potential for affordable housing

Financial Land sale proceeds reduced from decrease in market rate square footage and required subsidy

Transaction Potential complexity with condominium element; appealing to affordable housing developers

Operation Conflicts less likely with separation of garage users

Strategy Implementation

2. Integrated Garage

2A. Variables

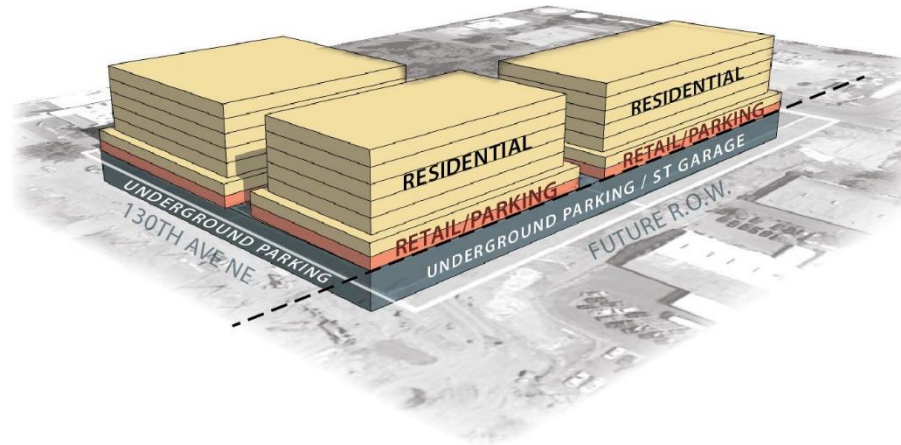
- ❑ Affordable housing implementation
 - In-lieu payment
 - Integrated (per incentive program)
 - Stand alone (condominiumized interest to affordable housing developer)
- ❑ Option for non-residential use
 - Reserve portion of development for office, cultural or institutional use
- ❑ Market Rate Housing with remaining site capacity

2B. Implementation Alternatives

i. Integrated Garage with Affordable Housing Performance

See Scenarios 5-7

- > Large podium/ underground garage to accommodate ST parking
- > Market Rate Housing on top of podium (option for other uses)
- > Affordable Housing incorporated into development



2C. Evaluation

Net Sellable Land	\$22.9 million
Assumed Pkg. Cost	\$30 million
Net Cost To City	\$7.1 million

Policy More efficient use of transit adjacent land (higher yield of units); In line with long term vision for neighborhood

Financial Greatest potential revenues from disposition of land

Transaction Higher complexity with incorporation of ST Garage; impact on timing

Operation Potential for conflict and operation challenges

Strategy Implementation

3. Interim Parking

3A. Variables

- ❑ Cost of interim parking
- ❑ Appreciation of land value over time (future land value)
- ❑ Construction cost escalation over time (future garage cost)

3B. Implementation

- > Develop interim TAI measures
- > Hold property for anticipated appreciation
- > Implement TOD and permanent garage upon sufficient market conditions

3C. Evaluation

Net Sellable Land	TBD
Assumed Pkg. Cost	TBD
Net Cost To City	TBD

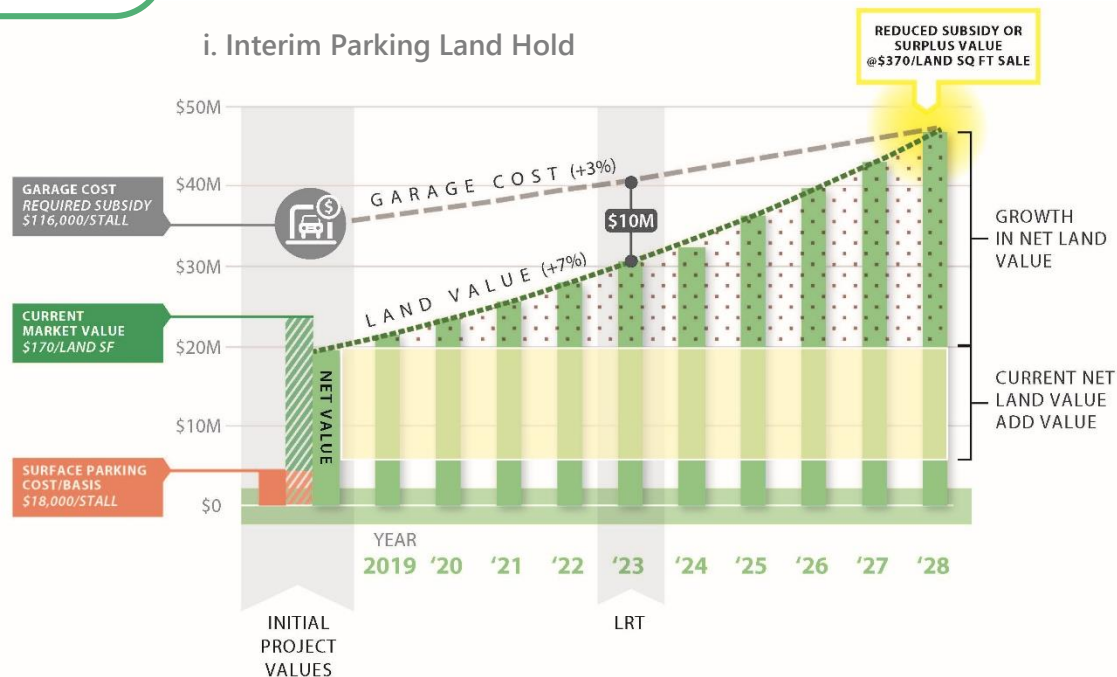
Policy Greater flexibility in TOD implementation and programming in long run

Financial Potential windfall from land appreciation (if it outpaces construction costs) to offset greater portion of ST garage cost

Transaction Defer RFP process to later date; ensure alignment with ST Conveyance Agreement





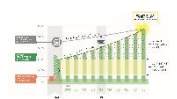
Operation Potential challenges with timing and coordination of interim and permanent parking facility

i. Interim Parking Land Hold



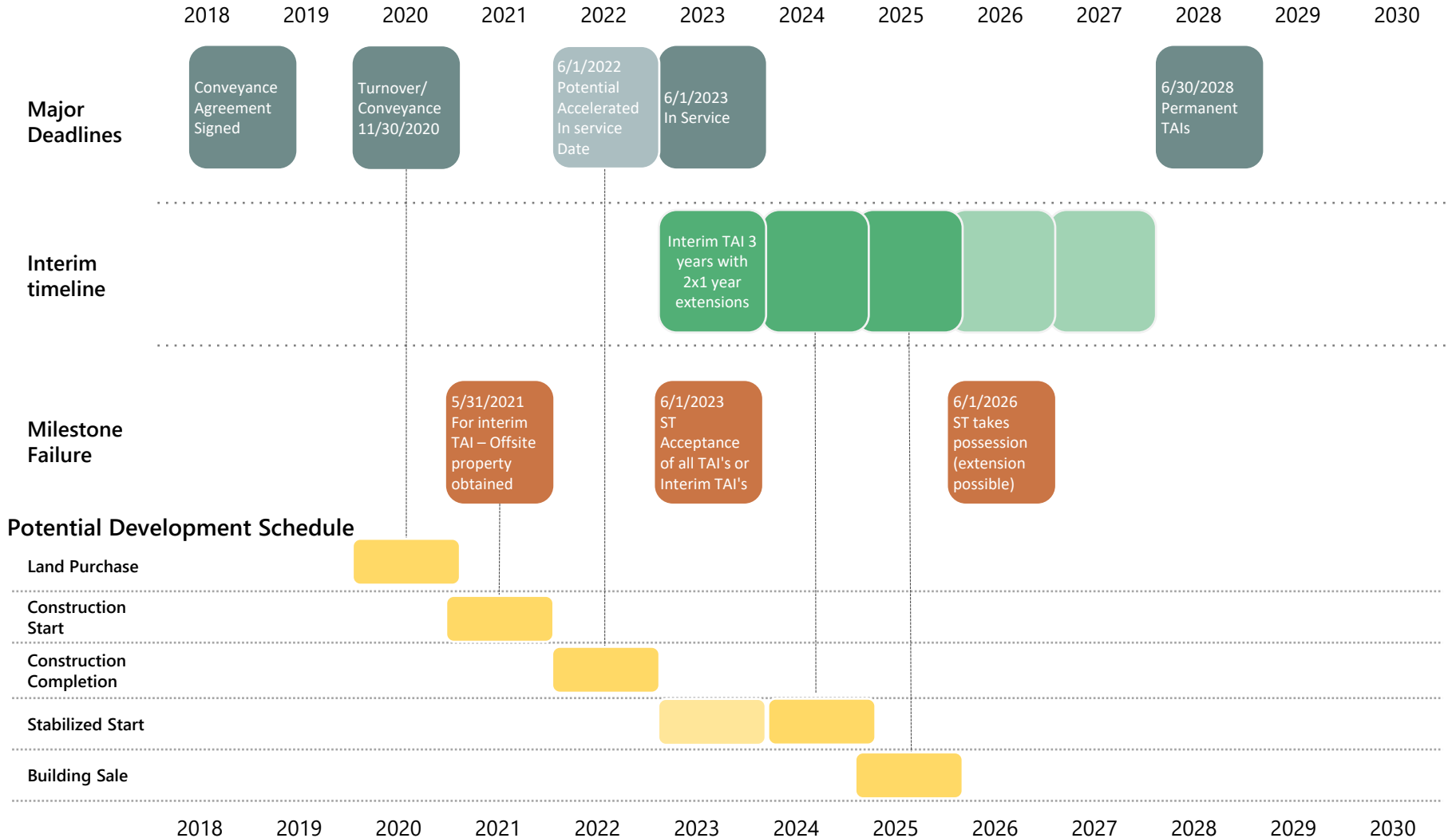
Strategy Implementation

Evaluation Summary

Implementation Alternative	Criteria			
	Policy	Financial	Transaction	Operation
Stand Alone Garage i 	Minimum affordable housing achieved	Higher land value to mitigate portion of garage costs	Simplicity from separating users; negotiation with single developer	Conflicts less likely with separation of garage use
Stand Alone Garage ii 	Greater potential for affordable housing	Less land sale proceeds (reduced portion of site for market rate housing)	Multiple transactions required; separate property attractive to affordable housing developers	Conflicts less likely with separation of garage use
Stand Alone Garage iii 	Greater potential for affordable housing	Land sale proceeds reduced from decrease in market rate square footage and required subsidy	Potential complexity with condominium element; appealing to affordable housing developers	Conflicts less likely with separation of garage users
Integrated Garage 	More efficient use of transit adjacent land (higher yield of units); In line with long term vision for neighborhood	Greatest potential revenues from disposition of land	Higher complexity with incorporation of ST Garage; impact on timing	Potential for conflict and operation challenges
Interim Parking 	Greater flexibility in TOD implementation and programming in long run	Potential windfall from land appreciation (if it outpaces construction costs) to offset greater portion of ST garage cost	Defer RFP process to later date; ensure alignment with ST Conveyance Agreement	Potential challenges with timing and coordination of interim and permanent parking facility

Strategy Implementation

Conveyance Agreement and Project Milestones



Strategy Execution

Timing

Below is an estimated timeline for the City of Bellevue to consider. It offers an overall sequence of events including the initial recommended steps for the City to take upon execution of the conveyance agreement with Sound Transit.

Execution Timeframe

> Finalize conveyance agreement with Sound Transit

> Property due diligence

- Refine any remaining environmental remediation costs
- Finalization of property boundaries and local street dedications
 - ST, City ROW and local street requirements

> ST garage cost due diligence

- Delineate costs for above grade or underground garage
- Operational requirements

Integrated ST Garage

Pre-Development

- Additional Property Due Diligence
- Conveyance Agreement
- RFP Design
- RFP Issuance
- Developer Selection/Negotiation
- Property Under Contract

Developer Feasibility

TOD

- Design and Permitting
- Land Sale/Closing
- Construction

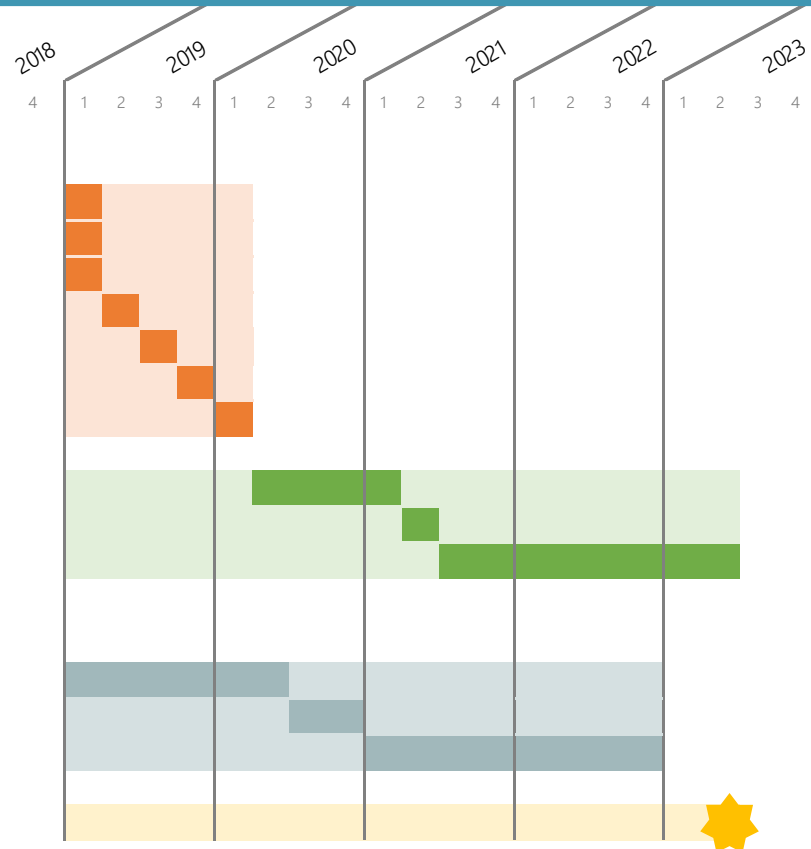
Stand Alone ST Garage

Stand Alone ST Garage

- Design and Permitting
- Bid Process
- Construction

ST Operations

- Light rail station opening



Strategy Execution

Request for Proposals

If the City elects to solicit proposals for the TOD property, the execution of this process will be key to attracting developers and projects that maximize the potential value of the property and align with City goals and policies. In conversations with affordable housing developers, the importance of a clear and specific RFP process was emphasized. The City will need to establish clear requirements for any development of the property with specific parameters around:

- > Execution of the ST Parking Garage
- > Affordable housing minimum requirements
- > Local street requirements
- > Any commercial, civic or cultural use requirements

To the right is an outline of important RFP components for the City to consider.

130th TOD Request for Proposals Outline

❑ Property Overview

- Delineation of properties available
- Zoning context, incentive program requirements, parking
- Local street requirements
- Current property conditions
- Updated site plan/capacity study
- Potential development incentives/funding opportunities

❑ Neighborhood Overview

- Light rail service and access
- Bel-Red and Spring District public and private investment
- Demographic and market overview

❑ Intent

- Desired uses for the site
- ST Garage implementation intent
- Affordable housing requirement and available funding
- Structure, ownership and control
- Timing and performance needs

❑ Transaction Process

- Response guidance (submittal requirements)
- Transaction terms
- Solicitation schedule

A. Appendix

A. Market Assessment

Income Assessment.....

- Retail and Office Income.....

 - Lease Trends..... 46
 - Office Survey I..... 47
 - Office Survey II..... 48
 - Retail Survey..... 49

- Multi-Family Income.....

 - Multi-Family Rents..... 50
 - Multi-Family Unit Data..... 51

Sales Comps.....

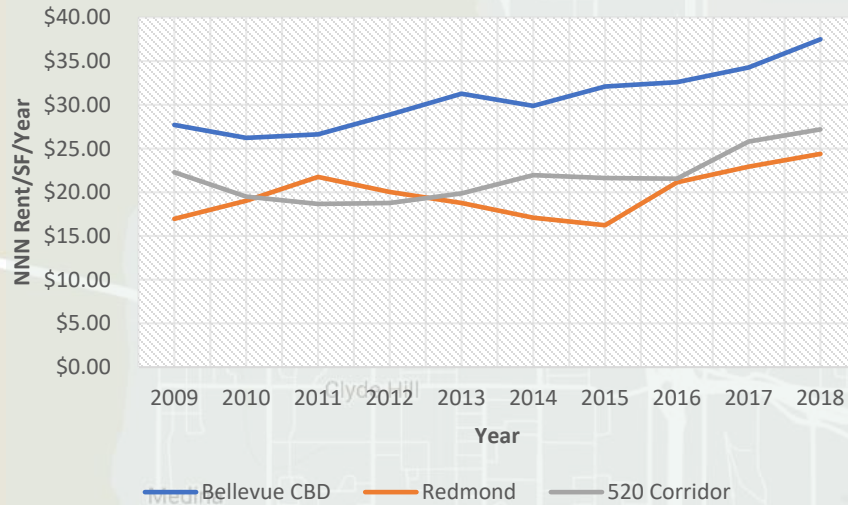
- Land Sales comps..... 52
- Office Building Sales..... 53
- Multi-Family Sales..... 54



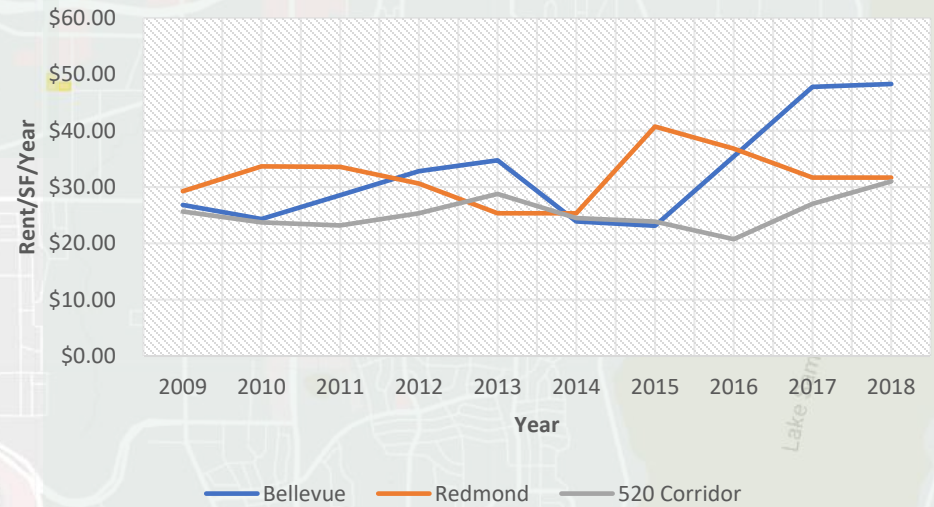
A. Market Assessment

Lease Trends

Office NNN Lease Trends



Retail NNN Lease Trends



Source: Costar

A. Market Assessment

Office Lease Survey I

Downtown Bellevue

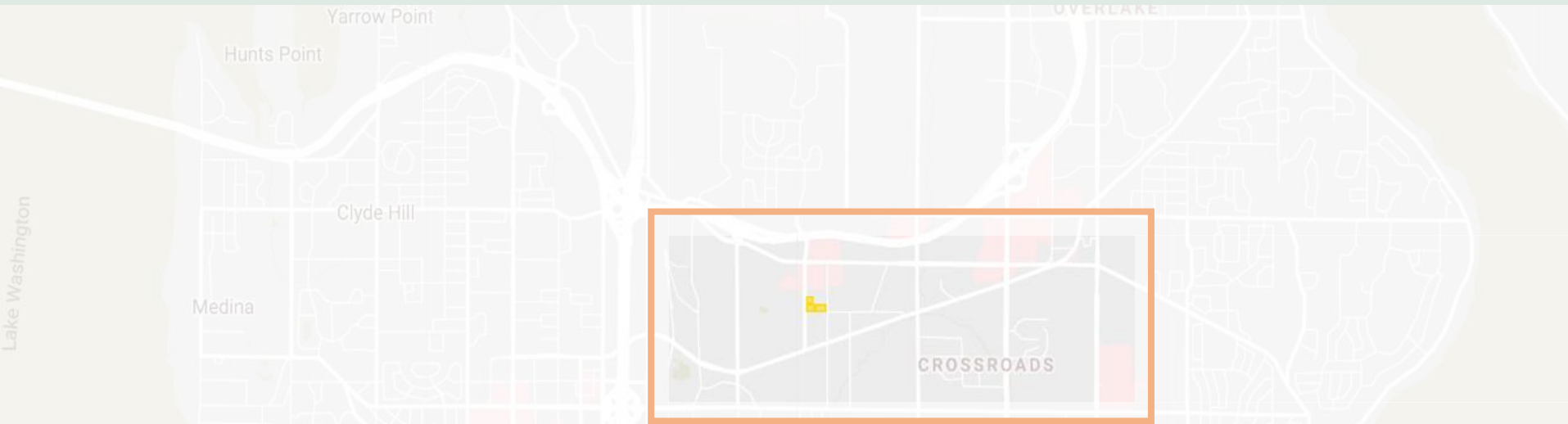
Building	Year Built	Address	Submarket Name	Asking	SF Leased	Status	Date Leased	Service Type	Note
The Summit II	2002	10885 NE 4th St	Bellevue CBD	\$34.00	118,556	Leased	Sep-2018	NNN	WeWork
601 108th Ave NE	2000	601 108th Ave NE	Bellevue CBD	\$47.00	11,958	Leased	Sep-2018	NNN	
929 108th Ave NE	2015	929 108th Ave NE	Bellevue CBD	\$36.00	9,772	Leased	Aug-2018	NNN	Sublease
Civica Office Commons	2001	225 108th Ave NE	Bellevue CBD	\$36.00	6,907	Leased	Jan-2018	NNN	
10400 NE 4th St	2016	10400 NE 4th St	Bellevue CBD	\$45.00	24,865	Leased	Dec-2017	NNN	
205 108th Ave NE	2001	205 108th Ave NE	Bellevue CBD	\$36.00	1,763	Leased	Mar-2017	NNN	
Average				\$39.00	28,970				

Redmond/Overlake

Building	Year Built	Address	Submarket Name	Asking Rent	SF Leased	Status	Date Leased	Service Type	Note
The Offices at Riverpark	2008	15809 BEAR CREEK PKWY	Dntn Redmond	\$25.00	4,191	Leased	Apr-2018	NNN	
Quadrant Willows -Bldg E	2000	11121Willows Road NE	North Redmond	\$24.00	4,104	Leased	Apr-2018	NNN	
Avalon ParcSquare	2000	16080 NE 85th ST	Dntn Redmond	\$21.50	2,840	Leased	Jan-2017	NNN	MF/Mixed Use
7554 185th Ave NE	2001	7554 185th Ave NE	Dntn Redmond	\$19.00	1,943	Leased	Jun-2016	NNN	
PureApartments	2016	17634 NE UNION HILL RD	Dntn Redmond	\$30.00	953	Leased	Mar-2016	NNN	MF/Mixed Use
Redmond Technology Center	2008	18300 Redmond Way	Dntn Redmond	\$19.50	3,851	Leased	Aug-2015	NNN	
RidgePoint Corporate Center	2002	2700 156th Ave NE	Overlake	\$23.00	4,393	Leased	Aug-2015	NNN	
Average				\$23.14	3,182				

A. Market Assessment

Office Lease Survey II



Bel-Red Corridor

Building Name	Building Address	Year Built	Sign Date	Rent/SF	Sf Leased	Service	Rent Type
Bdg H-2002 156th Ave	2002 156th Ave NE	2000	Jun-2018	\$28.00	9,521	NNN	Asking
Bdg G-2010 156th Ave	2010 156th Ave NE	2000	Oct-2017	\$25.00	5,596	NNN	Asking
Bdg G-2010 156th Ave	2010 156th Ave NE	2000	Sep-2017	\$25.00	5,726	NNN	Asking
140th Plaza	14030 NE 24th St	2000	Sep-2017	\$24.00	2,886	NNN	Asking
140th Plaza	14030 NE 24th St	2000	Sep-2017	\$24.00	2,012	NNN	Asking
Bel-Red Dental Center	13033 NE Bel Red Rd	2006	Aug-2017	\$29.50	5,735	NNN	Asking
Heritage Corporate Center	13427 NE Spring Blvd,	2000	Sep-2016	\$23.00	23,000	NNN	Asking
Heritage Corporate Center	13427 NE Spring Blvd,	2000	Jul-2016	\$23.00	26,188	NNN	Asking
Bdg G-2010 156th Ave	2010 156th Ave NE	2000	Jun-2016	\$26.00	4,366	NNN	Asking
140th Plaza	14030 NE 24th St	2000	Apr-2016	\$26.00	926	NNN	Asking
140th Plaza	14030 NE 24th St	2000	Nov-2015	\$17.00	926	NNN	Asking
				Average	\$24.59	7,898	

A. Market Assessment

Retail Lease Survey

Downtown Bellevue

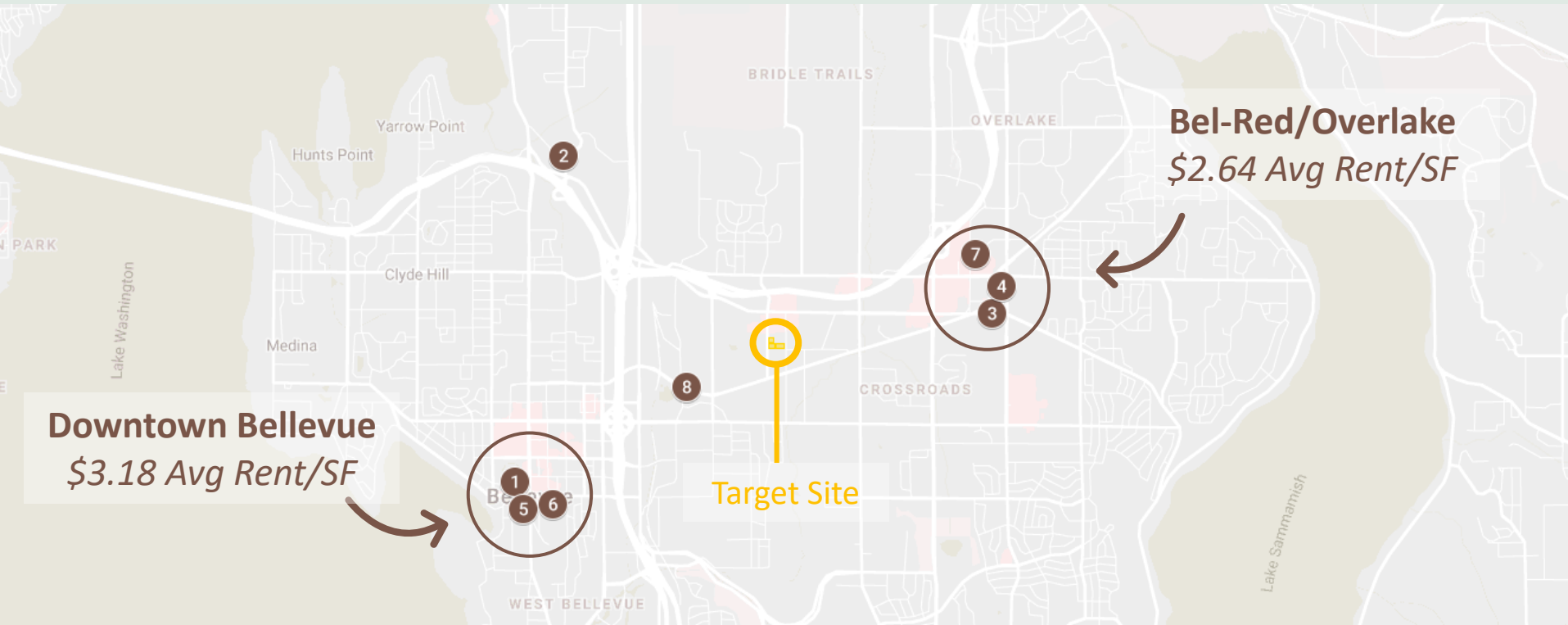
Building	Year Built	Address	Submarket Name	Asking	SF Leased	Status	Date Leased	Lease Type
City Square Bellevue Apartments	1998	938 110th Ave NE	Bellevue CBD	\$30.00	640	Leased	Jul-2018	NNN
Mainstreet Flats	2015	10505 Main St	Bellevue CBD	\$40.00	1,899	Leased	Jun-2018	NNN
One Main Street	2010	10000 Main St.	Bellevue CBD	\$40.00	2,683	Leased	Mar-2018	NNN
Library Square	2003	11004 NE 11th St	Bellevue CBD	\$39.00	854	Leased	Dec-2017	NNN
Ashton Bellevue	2008	10710 NE 10th Ave	Bellevue CBD	\$36.00	1,780	Leased	Aug-2017	NNN
Soma Towers	2014	288 106th Ave NE	Bellevue CBD	\$45.00	1,843	Leased	Aug-2017	NNN
Average				\$38.33	9,699			

Redmond/Overlake

Building	Year Built	Address	Submarket Name	Asking	SF Leased	Status	Date Leased	Lease Type
Avalon Esterra Park	2015	2690 152nd Ave NE	Overlake	\$34.00	6,000	Pending	Pending	NNN
Avalon Esterra Park	2015	2690 152nd Ave NE	Overlake	\$34.00	2,405	Pending	Pending	NNN
Aloft	2016	15220 NE Shen Street	Overlake	\$32.00	2,461	Leased	Jan-2018	NNN
Redmond Court Mixed Use	2007	8296 160th Ave NE	Overlake	\$34.00	598	Leased	Dec-2017	NNN
Old Town Lofts Apartments	2014	16175 Cleveland St	Dntn Redmond	\$35.00	899	Leased	Feb-2017	NNN
Red 160	2010	16015 Cleveland St	Dntn Redmond	\$35.00	1,947	Leased	Oct-2015	NNN
Veloce Building	2009	8102 161st Avenue NE	Dntn Redmond	\$25.00	993	Leased	Apr-2015	NNN
Elan Redmond	2014	16325 Cleveland St,	Dntn Redmond	\$26.00	1,406	Leased	Jan-2015	NNN
Average				\$31.88	2,089			

A. Market Assessment

Multi-Family Rents



ID #	Building Name	Building Address	Submarket Name	Year Built	Style	Levels	# Units	Avg Unit SF	Avg Asking/Unit	Avg Asking/SF	Vacancy %	
1	Venn at Main Apartments	10333 NE 1st St	Down Town Bellevue	2016	Mid-Rise	5	350	749	\$2,250	\$3.00	3.4%	
2	Kirkland Crossing Apartments	10715 NE 37th Ct	520 Corridor	2015	Mid-Rise	5	187	842	\$2,088	\$2.48	4.8%	
3	Hyde Square	2038 155th PI NE	Bel-Red	2018	Mid-Rise	6	166	820	\$2,298	\$2.80	83.1%	
4	LIV Apartments	2170 NE Bel-Red Rd	Bel-Red	2015	Mid-Rise	6	451	841	\$2,148	\$2.55	4.0%	
5	The Meyden	10333 Main St	Downtown Bellevue	2016	Mid-Rise	5	254	704	\$2,457	\$3.49	4.3%	
6	Main Street Flats	10505 Main St	Downtown Bellevue	2015	Mid-Rise	5	260	789	\$2,395	\$3.04	7.3%	
7	Avalon Esterra Park	2690 152nd Ave NE	Overlake	2015	Mid-Rise	6	221	1,060	\$2,532	\$2.58	3.9%	
8	Sparc @ Spring District	1201 121st Avenue NE	Spring District	2016	Mid-Rise	-	309	866	\$2,192	\$2.48	6.2%	
							Average	275	834	\$2,295	\$2.81	

A. Market Assessment

Multi-Family Unit Data

Unit Mix

Average Size(SF)/Unit

Vacancy per unit

ID #	Building Name	#UNITS	%STUDIO	%1BR	%2BR	%3BR	STUDIO	1BR	2BR	3BR	Studio %	1BR %	2BR%	3BR%
1	Venn at Main Apartments	350	18.9%	63.7%	17.4%	-	496	756	997	-	4.6%	3.1%	3.3%	-
2	Kirkland Crossing Apartments	187	16.0%	35.8%	48.1%	-	550	731	1,021	-	13.3%	3.0%	3.3%	-
3	Hyde Square	166	25.3%	33.7%	41.0%	-	558	735	1,052	-	83.3%	82.1%	83.8%	-
4	LIV Apartments	451	3.8%	63.2%	33.0%	-	456	736	1,087	-	11.8%	3.9%	4.0%	-
5	The Meyden	254	27.6%	56.7%	15.7%	-	478	711	1,074	-	4.3%	4.2%	5.0%	-
6	Main Street Flats	260	15.4%	53.8%	30.8%	-	539	716	1,042	-	7.5%	7.1%	7.5%	-
7	Avalon Esterra Park	482	19.1%	50.8%	27.0%	3.1%	572	747	1,177	1,627	1.1%	1.2%	1.5%	6.7%
8	Sparc	309	34.0%	35.9%	27.5%	2.6%	624	800	1,193	1,476	5.7%	6.3%	5.9%	12.5%
Average		255	21.1%	51.3%	30.3%	3.7%	544	724	1,073	1,480	16.8%	12.4%	12.6%	13.1%

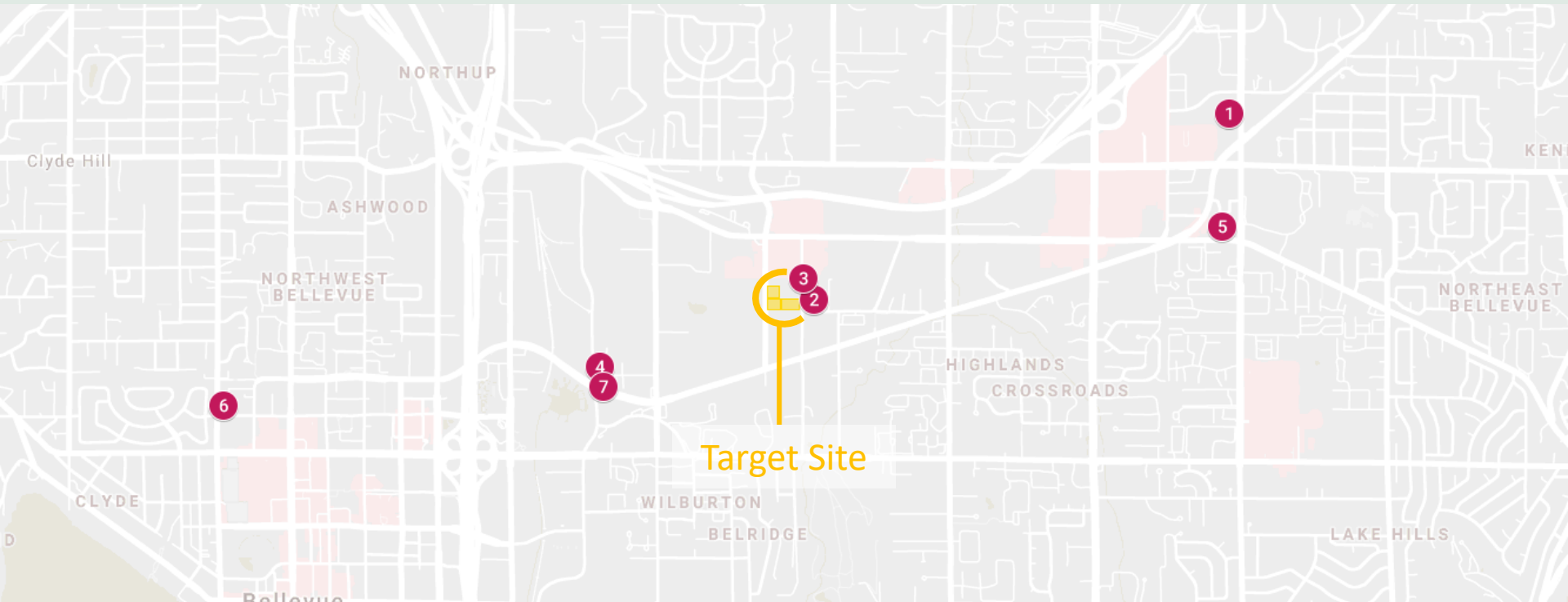
Average Asking rent/SF

Average asking Rent/unit

ID #	Building Name	STUDIO	1BR	2BR	3BR	STUDIO	1BR	2BR	3BR
1	Venn at Main Apartments	\$3.60	\$2.89	\$2.99	-	\$1,784	\$2,188	\$2,984	-
2	Kirkland Crossing Apartments	\$2.74	\$2.53	\$2.41	-	\$1,507	\$1,847	\$2,462	-
3	Hyde Square	\$3.05	\$2.84	\$2.70	-	\$1,703	\$2,087	\$2,839	-
4	LIV Apartments	\$3.48	\$2.66	\$2.37	-	\$1,586	\$1,957	\$2,577	-
5	The Meyden	\$3.88	\$3.44	\$3.31	-	\$1,857	\$2,442	\$3,557	-
6	Main Street Flats	\$3.19	\$3.02	\$3.01	-	\$1,720	\$2,163	\$3,138	-
7	Avalon Esterra Park	\$3.22	\$2.79	\$2.22	\$1.98	\$1,841	\$2,081	\$2,613	\$3,215
8	Sparc	\$2.59	\$2.60	\$2.33	\$2.19	\$1,616	\$2,079	\$2,782	\$3,231
Average		\$3.27	\$2.92	\$2.64	\$2.36	\$1,767	\$2,100	\$2,825	\$3,447

A. Market Assessment

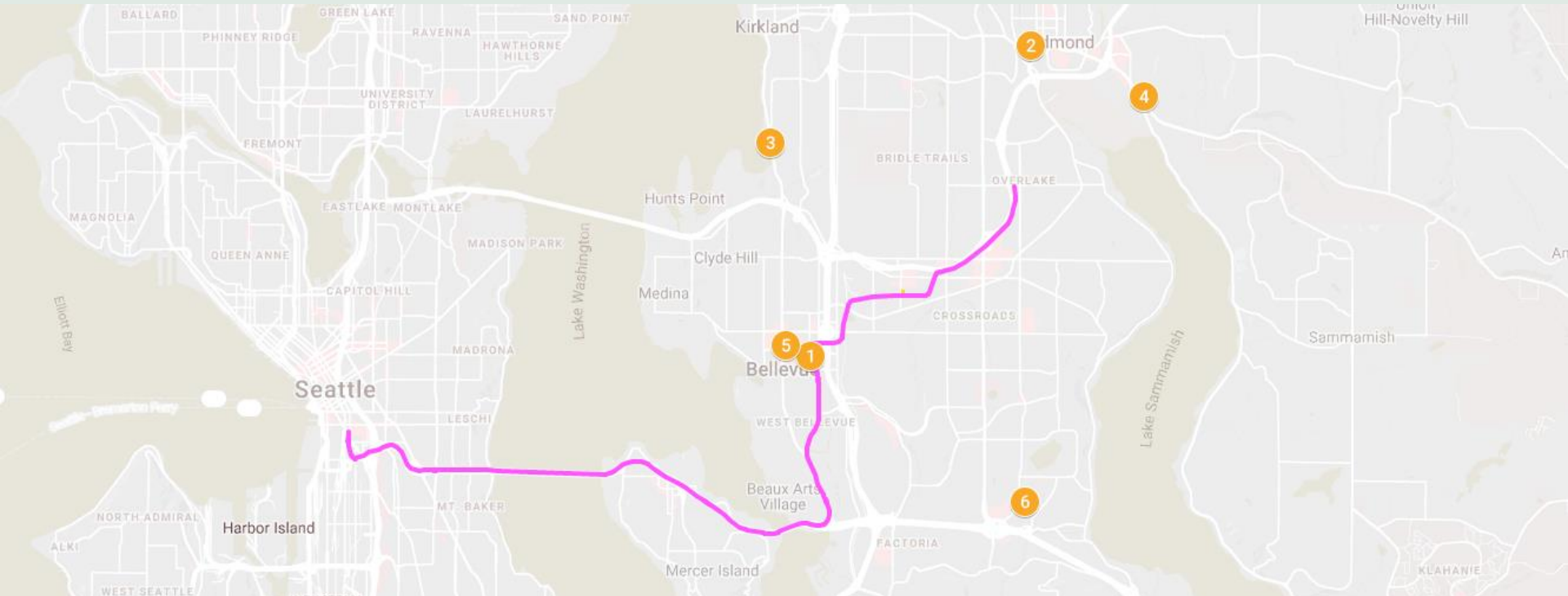
Land Sale Comps



Comp #	Name	Submarket	Zoning	Sale Date	Land SF	Sale Price	Units	Floors	\$/Lot SF	\$/Unit
1	Esterra Park 6A	Overlake	OV4	Aug-2018	57,528	\$10,000,000	-	-	\$173.83	-
2	Ferguson Plumbing	Bel-Red	BR-RC-2	Aug-2018	51,432	\$7,600,000	-	-	\$147.77	-
3	Coraggio Textiles	Bel-Red	BR-RC-2	Jun-2018	29,773	\$5,300,000	-	-	\$178.01	-
4	AMLI	Spring District	BR-OR1	Feb-2016	64,175	\$13,300,000	204	6	\$207.25	\$65,196
5	Hyde Square	Bel-Red	BR-CR	Nov-2015	259,738	\$27,650,000	611	6	\$106.45	\$45,254
6	Lux Apartments	Bellevue CBD	DNTN-R	Jun-2015	44,858	\$11,850,000	135	5	\$264.17	\$87,778
7	Sparc	Spring District	BR-OR	Jul-2014	83,600	\$10,700,000	309	6	\$127.99	\$34,628
AVERAGE					88,929	\$12,733,333	315	6	\$172.21	\$58,214

A. Market Assessment

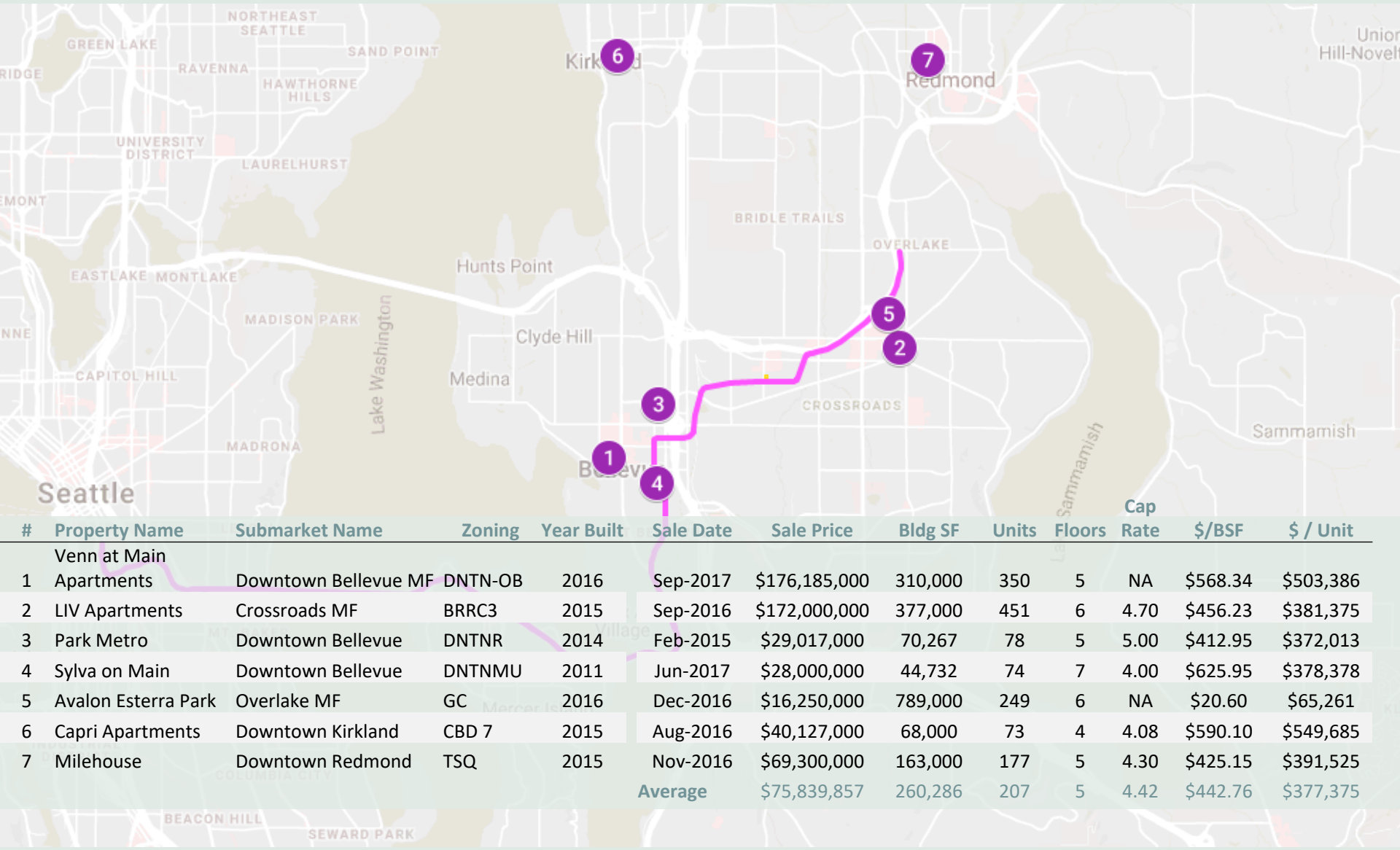
Office Building Sales Comps



#	Property Name	Submarket	Year Built	Zoning	Sale Date	Sale Price	Bldg SF	Cap Rate	Floors	\$/BSF
1	The Summit I	Bellevue CBD	2005	CBD 02	Mar-2015	\$174,223,879	248,902	5.70	11	\$699.97
2	The Offices at Riverpark	Redmond	2008	CC4	Mar-2016	\$36,900,000	106,281	7.80	5	\$347.19
3	Waterfront Place on Yarrow Bay	Boeing Field								
3	Bay	Kirkland	2008	PLA 15A	Aug-2014	\$31,455,000	52,091	7.00	3	\$603.85
4	Redmond Technology Center	Redmond	2008	BP	May-2016	\$30,250,000	100,978	6.51	5	\$299.57
5	Centre 425	Bellevue CBD	2016	DNTNO1	Oct-2017	\$313,000,000	356,909	4.68	16	\$876.97
6	3007 160th Bldg A	I-90 Corridor	2008	OLBOS	Mar-2018	\$74,815,208	200,000	7.50	7	\$374.08
Average						\$110,107,348	\$177,527	6.53	8	\$534

A. Market Assessment

Multi-Family Building Sales Comps



#	Property Name	Submarket Name	Zoning	Year Built	Sale Date	Sale Price	Bldg SF	Units	Floors	Cap Rate	\$/BSF	\$/ Unit
1	Venn at Main Apartments	Downtown Bellevue MF	DNTN-OB	2016	Sep-2017	\$176,185,000	310,000	350	5	NA	\$568.34	\$503,386
2	LIV Apartments	Crossroads MF	BRR3	2015	Sep-2016	\$172,000,000	377,000	451	6	4.70	\$456.23	\$381,375
3	Park Metro	Downtown Bellevue	DNTNR	2014	Feb-2015	\$29,017,000	70,267	78	5	5.00	\$412.95	\$372,013
4	Sylva on Main	Downtown Bellevue	DNTNMU	2011	Jun-2017	\$28,000,000	44,732	74	7	4.00	\$625.95	\$378,378
5	Avalon Esterra Park	Overlake MF	GC	2016	Dec-2016	\$16,250,000	789,000	249	6	NA	\$20.60	\$65,261
6	Capri Apartments	Downtown Kirkland	CBD 7	2015	Aug-2016	\$40,127,000	68,000	73	4	4.08	\$590.10	\$549,685
7	Milehouse	Downtown Redmond	TSQ	2015	Nov-2016	\$69,300,000	163,000	177	5	4.30	\$425.15	\$391,525
Average						\$75,839,857	260,286	207	5	4.42	\$442.76	\$377,375



B. Environmental Review Summary

Study	Date	Overall	Recommendations
<p>DRAFT Phase II EL296_297_299</p> <p>Parametrix conducted a Phase II ESA at three properties (EL296, EL297, and EL299) in the 130th Avenue NE area of Bellevue, Washington.</p>	<p>9/8/2017</p>	<ul style="list-style-type: none"> In relation to future TOD... the presence of soil and groundwater contamination on the properties does present some concern, but does not appear to be a significant barrier to development options and can be managed with appropriate measures. If significant excavation is required (i.e. subsurface parking structures or similar), it appears that the majority of soil at the site may potentially meet unrestricted use criteria; thus, significantly reducing potential costs. However, several areas of the site, particularly on property EL 299, appear to be impacted above MTCA cleanup levels and all soil in those areas will need to be managed appropriately Groundwater appears to be moderately impacted in several areas of the site and is known to be very shallow (<10 feet). If future construction involves subsurface structures, dewatering during excavation and trenching activities may potentially be required and proper handling, management, and disposal of groundwater will need to be conducted, potentially increasing construction costs significantly. 	<ul style="list-style-type: none"> Recommended that potential cleanup alternatives and/or future liability costs be considered during any acquisition process and a change in site use, particularly for future workers or residents Recommended that a contaminated media management plan (CMMP) be prepared for the site to guide excavation and construction activities It does not appear that the potential for TOD would be precluded by existing environmental conditions. Significant remedial actions may not be required, but existing contamination will need to be considered during any redevelopment and managed appropriately (per a CMMP) An excavation is planned to be conducted by Sound Transit during the station development that allows up to 1,000 yards of contaminated soil for off-site disposal...recommended that the City of Bellevue ensure that work is completed prior to any transfer of the property and appropriate documentation is provided If feasible, it is recommended that contaminated soil in the northeast corner of EL 299 be removed prior to transfer of the property to minimize future environmental liability to the City. Additional investigation may be required to fully delineate the contamination; however, there is potential that the work could be completed as part of the construction activities and the planned contaminated soil excavation as noted above. Recommended that any entity entering into an acquisition agreement with the site owner should consider legal protection against the discovery of previously unknown environmental conditions...commonly completed through an Indemnification Clause in the Purchase and Sale Agreement or a Prospective Purchasers Agreement program.

B. Environmental Review Summary

Study	Date	EL 297	EL 296	EL 299
<p>DRAFT Phase II EL296_297_299</p> <p><i>Parametrix conducted a Phase II ESA at three properties (EL296, EL297, and EL299) in the 130th Avenue NE area of Bellevue, Washington.</i></p>	<p>9/8/2017</p>	<p>not expected that any cleanup actions would be required on the subject property; However, the low levels of groundwater contamination on the property does present some potential environmental liability and should be considered during acquisition and/or planning for future construction and/or excavation</p>	<p>appears that contamination may be limited in extent and magnitude and significant remedial actions are not likely necessary. However, the low levels of groundwater contamination on the property does present some potential environmental liability and should be considered during acquisition and/or planning for future construction and/or excavation.</p>	<p>Based on the soil sampling conducted, it appears that soil contamination on property EL 299 is present, primarily in the area near boring B-15 in the northwest corner of the property; Based on the presumed groundwater direction to the southwest, there is potential that the groundwater contamination may be from an off-site source; however, soil contamination detected in the boring suggests a local source. The concentrations of diesel-range petroleum hydrocarbons in groundwater significantly exceeds the MTCA Method A cleanup level; thus, the presence of groundwater contamination presents a moderate concern. The soil and groundwater contamination on the property presents an environmental liability and must be considered during acquisition and/or planning for future construction/excavation.</p>



C. Model Scenarios Sensitivity

Summary Inputs and Outputs

Outputs	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
DCF										
Value per Unit (@stabilization)	\$543,236	\$525,512	\$507,150	\$451,958	NA	\$510,151	\$439,039	NA	\$646,286	\$552,992
Project Level IRR	10.64%	10.66%	10.54%	10.19%	10.64%	10.58%	10.30%	10.47%	10.84%	10.83%
Leveraged IRR	14.9%	14.9%	14.9%	15.3%	15.1%	14.9%	15.4%	15.3%	15.2%	15.2%
Land Price	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
per Square foot	\$170	\$150	\$110	\$0	\$160	\$170	\$0	\$165	\$75	\$160
City Net Balance										
Estimated Garage Cost	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOD Land Sale Revenues	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
Garage Cost Remaining	\$15,600,830	\$17,294,850	\$20,682,890	\$30,000,000	\$16,447,840	\$7,079,920	\$30,000,000	\$7,754,040	\$23,647,425	\$21,980,320

SENSITIVITY ANALYSIS - Scenario 0

Leveraged IRR

		Rent / NSF															
		\$ 2.40	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60	\$ 2.65	\$ 2.70	\$ 2.75	\$ 2.80	\$ 2.85	\$ 2.90	\$ 2.95	\$ 3.00	\$ 3.05		
Res Hard Cost PSF	\$ 175	4.5%	5.8%	7.2%	8.5%	9.9%	11.2%	12.5%	13.7%	15.0%	16.2%	17.4%	18.7%	19.9%	21.0%		
	\$ 170	5.5%	6.9%	8.3%	9.6%	11.0%	12.3%	13.6%	14.9%	16.1%	17.4%	18.6%	19.8%	21.0%	22.2%		
	\$ 165	6.6%	8.0%	9.4%	10.8%	12.1%	13.4%	14.7%	16.0%	17.3%	18.5%	19.8%	21.0%	22.2%	23.4%		
	\$ 160	7.8%	9.2%	10.6%	11.9%	13.3%	14.6%	15.9%	17.2%	18.5%	19.7%	21.0%	22.2%	23.4%	24.6%		
	\$ 155	8.9%	10.3%	11.7%	13.1%	14.5%	15.8%	17.1%	18.4%	19.7%	21.0%	22.2%	23.5%	24.7%	25.9%		

		Rent / NSF															
		\$ 2.40	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60	\$ 2.65	\$ 2.70	\$ 2.75	\$ 2.80	\$ 2.85	\$ 2.90	\$ 2.95	\$ 3.00	\$ 3.05		
Cap Rate	5.00%	0.5%	1.9%	3.3%	4.7%	6.0%	7.4%	8.7%	10.0%	11.3%	12.5%	13.8%	15.1%	16.3%	17.5%		
	4.75%	3.0%	4.4%	5.8%	7.1%	8.5%	9.8%	11.1%	12.4%	13.7%	14.9%	16.2%	17.4%	18.6%	19.8%		
	4.50%	5.5%	6.9%	8.3%	9.6%	11.0%	12.3%	13.6%	14.9%	16.1%	17.4%	18.6%	19.8%	21.0%	22.2%		
	4.25%	8.1%	9.5%	10.9%	12.2%	13.5%	14.8%	16.1%	17.4%	18.6%	19.9%	21.1%	22.3%	23.5%	24.7%		
	4.00%	10.8%	12.2%	13.5%	14.8%	16.1%	17.4%	18.7%	20.0%	21.2%	22.4%	23.6%	24.8%	26.0%	27.2%		

C. Model Scenarios Sensitivity

Summary Inputs and Outputs

Outputs	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
DCF										
Value per Unit (@stabilization)	\$543,236	\$525,512	\$507,150	\$451,958	NA	\$510,151	\$439,039	NA	\$646,286	\$552,992
Project Level IRR	10.64%	10.66%	10.54%	10.19%	10.64%	10.58%	10.30%	10.47%	10.84%	10.83%
Leveraged IRR	14.9%	14.9%	14.9%	15.3%	15.1%	14.9%	15.4%	15.3%	15.2%	15.2%
Land Price	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
per Square foot	\$170	\$150	\$110	\$0	\$160	\$170	\$0	\$165	\$75	\$160
City Net Balance										
Estimated Garage Cost	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOD Land Sale Revenues	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
Garage Cost Remaining	\$15,600,830	\$17,294,850	\$20,682,890	\$30,000,000	\$16,447,840	\$7,079,920	\$30,000,000	\$7,754,040	\$23,647,425	\$21,980,320

SENSITIVITY ANALYSIS - Scenario 1

Leveraged IRR

		Rent / NSF														
		\$ 2.40	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60	\$ 2.65	\$ 2.70	\$ 2.75	\$ 2.80	\$ 2.85	\$ 2.90	\$ 2.95	\$ 3.00	\$ 3.05	
Res Hard Cost PSF	\$ 175	4.9%	6.3%	7.5%	8.8%	10.1%	11.3%	12.5%	13.8%	15.0%	16.1%	17.3%	18.5%	19.6%	20.8%	
	\$ 170	6.1%	7.4%	8.7%	10.0%	11.2%	12.5%	13.7%	14.9%	16.1%	17.3%	18.5%	19.7%	20.8%	22.0%	
	\$ 165	7.2%	8.5%	9.8%	11.1%	12.4%	13.7%	14.9%	16.1%	17.4%	18.6%	19.8%	20.9%	22.1%	23.2%	
	\$ 160	8.4%	9.7%	11.0%	12.3%	13.6%	14.9%	16.1%	17.4%	18.6%	19.8%	21.0%	22.2%	23.4%	24.5%	
	\$ 155	9.6%	10.9%	12.3%	13.6%	14.9%	16.1%	17.4%	18.7%	19.9%	21.1%	22.3%	23.5%	24.7%	25.8%	

		Rent / NSF														
		\$ 2.40	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60	\$ 2.65	\$ 2.70	\$ 2.75	\$ 2.80	\$ 2.85	\$ 2.90	\$ 2.95	\$ 3.00	\$ 3.05	
Cap Rate	5.00%	1.0%	2.3%	3.6%	4.9%	6.2%	7.5%	8.8%	10.0%	11.3%	12.5%	13.7%	14.9%	16.1%	17.2%	
	4.75%	3.5%	4.8%	6.1%	7.4%	8.7%	10.0%	11.2%	12.5%	13.7%	14.9%	16.1%	17.3%	18.4%	19.6%	
	4.50%	6.1%	7.4%	8.7%	10.0%	11.2%	12.5%	13.7%	14.9%	16.1%	17.3%	18.5%	19.7%	20.8%	22.0%	
	4.25%	8.7%	10.0%	11.3%	12.5%	13.8%	15.0%	16.3%	17.5%	18.7%	19.9%	21.0%	22.2%	23.3%	24.5%	
	4.00%	11.4%	12.6%	13.9%	15.2%	16.4%	17.7%	18.9%	20.1%	21.3%	22.4%	23.6%	24.7%	25.9%	27.0%	

C. Model Scenarios Sensitivity

Summary Inputs and Outputs

Outputs	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
DCF										
Value per Unit (@stabilization)	\$543,236	\$525,512	\$507,150	\$451,958	NA	\$510,151	\$439,039	NA	\$646,286	\$552,992
Project Level IRR	10.64%	10.66%	10.54%	10.19%	10.64%	10.58%	10.30%	10.47%	10.84%	10.83%
Leveraged IRR	14.9%	14.9%	14.9%	15.3%	15.1%	14.9%	15.4%	15.3%	15.2%	15.2%
Land Price	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
per Square foot	\$170	\$150	\$110	\$0	\$160	\$170	\$0	\$165	\$75	\$160
City Net Balance										
Estimated Garage Cost	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOD Land Sale Revenues	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
Garage Cost Remaining	\$15,600,830	\$17,294,850	\$20,682,890	\$30,000,000	\$16,447,840	\$7,079,920	\$30,000,000	\$7,754,040	\$23,647,425	\$21,980,320

Residential Hard Cost PSF

		\$ 210.00	\$ 205.00	\$ 200.00	\$ 195.00	\$ 190.00	\$ 185.00	\$ 180.00	\$ 175.00	\$ 170.00	\$ 165.00	\$ 160.00	\$ 155.00	\$ 150.00	\$ 145.00
Affordable Housing	25.00%	2.6%	3.6%	4.6%	5.6%	6.6%	7.7%	8.8%	10.0%	11.1%	12.3%	13.5%	14.8%	16.1%	17.4%
	20.00%	3.7%	4.7%	5.7%	6.7%	7.8%	8.9%	10.0%	11.1%	12.3%	13.5%	14.7%	16.0%	17.3%	18.6%
	15.00%	4.8%	5.8%	6.8%	7.8%	8.9%	10.0%	11.1%	12.3%	13.4%	14.6%	15.9%	17.1%	18.4%	19.8%
	10.00%	5.9%	6.9%	7.9%	8.9%	10.0%	11.1%	12.2%	13.4%	14.6%	15.8%	17.0%	18.3%	19.6%	20.9%
	8.30%	6.2%	7.2%	8.3%	9.3%	10.4%	11.5%	12.6%	13.8%	14.9%	16.2%	17.4%	18.7%	20.0%	21.3%

C. Model Scenarios Sensitivity

Summary Inputs and Outputs

Outputs	Scenario 0	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
DCF										
Value per Unit (@stabilization)	\$543,236	\$525,512	\$507,150	\$451,958	NA	\$510,151	\$439,039	NA	\$646,286	\$552,992
Project Level IRR	10.64%	10.66%	10.54%	10.19%	10.64%	10.58%	10.30%	10.47%	10.84%	10.83%
Leveraged IRR	14.9%	14.9%	14.9%	15.3%	15.1%	14.9%	15.4%	15.3%	15.2%	15.2%
Land Price	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
per Square foot	\$170	\$150	\$110	\$0	\$160	\$170	\$0	\$165	\$75	\$160
City Net Balance										
Estimated Garage Cost	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
TOD Land Sale Revenues	\$14,399,170	\$12,705,150	\$9,317,110	\$0	\$13,552,160	\$22,920,080	\$0	\$22,245,960	\$6,352,575	\$8,019,680
Garage Cost Remaining	\$15,600,830	\$17,294,850	\$20,682,890	\$30,000,000	\$16,447,840	\$7,079,920	\$30,000,000	\$7,754,040	\$23,647,425	\$21,980,320

SENSITIVITY ANALYSIS - Scenario 4

Leveraged IRR

		Office Rent/NSF													
		\$ 35.00	\$ 36.00	\$ 37.00	\$ 38.00	\$ 39.00	\$ 40.00	\$ 41.00	\$ 42.00	\$ 43.00	\$ 44.00	\$ 45.00	\$ 46.00	\$ 47.00	\$ 48.00
Office Hard Cost PSF	\$ 240	9.3%	10.3%	11.4%	12.4%	13.5%	14.5%	15.5%	16.5%	17.5%	18.5%	19.5%	20.4%	21.4%	22.4%
	\$ 230	10.1%	11.2%	12.3%	13.3%	14.3%	15.4%	16.4%	17.4%	18.4%	19.4%	20.4%	21.4%	22.3%	23.3%
	\$ 220	11.0%	12.1%	13.2%	14.2%	15.3%	16.3%	17.3%	18.3%	19.3%	20.3%	21.3%	22.3%	23.3%	24.3%
	\$ 210	11.9%	13.0%	14.1%	15.1%	16.2%	17.2%	18.3%	19.3%	20.3%	21.3%	22.3%	23.3%	24.3%	25.2%
	\$ 200	12.8%	13.9%	15.0%	16.1%	17.1%	18.2%	19.2%	20.2%	21.3%	22.3%	23.3%	24.3%	25.3%	26.2%

		Office Rent/NSF													
		\$ 35.00	\$ 36.00	\$ 37.00	\$ 38.00	\$ 39.00	\$ 40.00	\$ 41.00	\$ 42.00	\$ 43.00	\$ 44.00	\$ 45.00	\$ 46.00	\$ 47.00	\$ 48.00
Cap Rate	5.00%	6.9%	8.0%	9.1%	10.1%	11.2%	12.3%	13.3%	14.4%	15.4%	16.4%	17.5%	18.5%	19.5%	20.5%
	4.75%	9.4%	10.5%	11.5%	12.6%	13.7%	14.7%	15.8%	16.8%	17.8%	18.8%	19.9%	20.9%	21.8%	22.8%
	4.50%	11.9%	13.0%	14.1%	15.1%	16.2%	17.2%	18.3%	19.3%	20.3%	21.3%	22.3%	23.3%	24.3%	25.2%
	4.25%	14.5%	15.6%	16.7%	17.7%	18.8%	19.8%	20.8%	21.8%	22.8%	23.8%	24.8%	25.8%	26.8%	27.7%
	4.00%	17.2%	18.3%	19.3%	20.4%	21.4%	22.4%	23.4%	24.4%	25.4%	26.4%	27.4%	28.4%	29.3%	30.3%