

ADMITTED ☒
DENIED ☐

FILE# CWF-0 17

**Case ID** CWF-0017

Sub Number: 9195871870

Proposed Assessment: \$6,566.15

Name: Cornelia Dude

Address: 2000 Alaskan Way # 345

Seattle, WA 98121

Email: heathgrover@aol.com

Phone: 206-971-6025

Exhibits: 1. Pictures (Filed 01/08/2020); 2. Hearing Presentation (02/04/2020):
3 pages text & 7 pages attachments (4 photos, 2 emails, 1 graph).

[Annotated 02/04/2020, C. Dude]

Case Details

Decision: _____

Decision Date: _____

Decision Notes: _____

C. DUDE
Case WCF-0017
Parcel 9195871870
Waterfront LID No. 6751

HEARING PRESENTATION SUMMARY
3 pages of text, 7 attachments

King County Parcel Identification Number (PIN):	9195871870
Parcel Site Address:	1900 Alaskan Way, Seattle, WA
Final Special Benefit of LID Improvements:	\$16,758.00
Proposed Final LID Assessment for Parcel:	\$ 6,566.15

Introduction

Good Morning, my name is Cornelia Dude. I own condominium unit #345, in Waterfront Landings (WFL), Parcel 9195871870 which is subject to the LID special benefit assessment. I appear on my own behalf, not as a delegate of any other owner.

That being said, however, if the relief I seek were to be granted to me, fairness would dictate that the same relief be accorded all WFL owners.

The relief I seek is remission of the special assessment against my residential real property, effectively in lieu of compensation for the government's inverse condemnation of the quiet enjoyment of my property.

My objection to Waterfront LID No. 6751, was filed with the Seattle City Clerk on January 8, 2020. That documentation is incorporated by reference.

The City of Seattle, by its RESOLUTION 31915, delegated to the Hearing Examiner the City Council's own undertaking to "sit as a board of equalization" in considering the LID assessment roll, endowed with the power to correct, revise, raise, lower, change, or modify the roll and order the assessment to be made de novo. [R 31915, Section 2, paras (2) and (3) and Section 2]

The County Boards of Equalization Manual for Washington State states that "[t]he legal standard of proof that taxpayers need show in order to overcome the assessor's presumption of correctness is proof that is clear, cogent, and convincing."

Equalization will be served by excepting the subject parcel from the residential property assessment roll based on the following evidence.

Discussion

The roll is based on the presumed homogeneity of all residential parcels identified to the LID. But WFL is uniquely different from other residential parcels in that for the past 6 years, the 4 sides of this parcel have been unrelievedly surrounded by demolition and construction. SEE Attachments ##1-4, 01/08/2020 photographs of the West, South, East, and North aspects of WFL, illustrating the present status of the perfect storm of demolition and construction that began in 2013.

- To the West and South, we endured demolition and construction of:
 - The new Elliott Bay sea wall and salmon migration corridor;
 - The Western walkway to provide light to the migration corridor;
 - Pier 62;
 - Razing of improvements;
 - Soil detoxification;
 - Relocation/replacement of water mains and utility conduits; and
 - Viaduct demolition.
- To the East and North,
 - Viaduct demolition;
 - Repeated interruptions of ADA access to Belltown due to Viaduct demolition;
 - Preparation for construction of the new connector roadway diverting Alaskan Way traffic to the newly extended Elliott Way; and
 - Preparation for construction of the new Elliott Way.

Moreover, for years into the foreseeable future, our parcel will endure construction of:

- The newly extended Elliott Way road;
- The new connector road, linking Alaskan Way to the new Elliott Way, adjacent to the South end of WFL, by virtue of which units will then be below grade or otherwise negatively affected in the rights of quiet enjoyment, renting or disposing of their property;
- The Aquarium's Ocean Pavilion, adjacent to the South side of the connector roadway (see Seattle Times, 12/09/2019);
- The Pike Place Market Overlook Walk; and
- The Pike Place Market Promenade to the Waterfront.

The gamut of detriments includes:

- The environmental pollution common to demolition and construction, such as dust, noise, air pollution, and detours, together with air pollution associated with traffic congestion and idling vehicles;
- Abatement of ADA access accommodation [SEE Attachment #5, 01/26/2020 email from Waterfront Seattle projecting the 2-3-year closure of the Lenora Street elevator and Skybridge connecting Alaskan Way to Belltown, adjacent to the North end of WFL]; and
- interference with the right to rent or dispose of property [SEE Attachment #6, 01/16/2020 photograph of Zillow's "Price History" chart for my unit (#345), showing a steady substantial decline in value of my home beginning in 2018].

Somewhere along the subject time continuum or beyond, when funding becomes available, demolition and rebuilding of PIER 63 will be undertaken West of our parcel, revisiting the Pier 62 detriments, including detours, the noise of pile driving, and concrete sawing [SEE Attachment #7, 08/28/2019 email from Waterfront Seattle explaining the Pier 63 timeframe].

C. DUDE
Case WCF-0017
Parcel 9195871870
Waterfront LID No. 6751

HEARING PRESENTATION SUMMARY
3 pages of text, 7 attachments

Surely no other residential parcel on the roll has been subject to WFL's number, degree, and duration of detriments. Effectively, we have been subjected to multiple simultaneous municipal projects of multiple governmental agencies and private enterprises. In bearing this burden, we have made our contribution to Waterfront renewal.

Whether denominated inverse condemnation or any other legal term of art, a criterion that can tip the balance in such cases is the length of time the complainant has suffered the detriments. Surely a continuous exposure to our detriments, for what reasonably can be foreseen to span a decade, places our parcel outside the cache of residential properties presumed to be homogeneous. Any special benefit that might be derived in the longterm is offset by our present special inverse condemnation detriments.

Conclusion

I was 65 years old when demolition began in 2013, when the Ocean Pavilion is completed in 2023, I will be 75—with work on Pier 63 probably still to go. Quiet enjoyment of my home is of great value to me in these years. I ask that the City recognize that value and accordingly grant remission of its special benefit assessment against my uniquely situated residential parcel, in order that the burdens on my quiet enjoyment not be compounded by this financial imposition.

C. DUDE
Case WCF-0017
Parcel 9195871870
Waterfront LID No. 6751

ATTACHMENT 1

NORTH SIDE WFL, ADA accommodation elevator (access to Belltown) closed for 2-3 years due to construction of the new Elliott Way and reconfiguration of Lenora Street Skybridge.



C. DUDE
Case WCF-0017
Parcel 9195871870
Waterfront LID No. 6751

ATTACHMENT 2

EAST SIDE WFL, preparation for construction of the new Elliott Way and the new connector roadway diverting traffic from Alaskan Way to Elliott Way, following Viaduct demolition.



C. DUDE
Case WCF-0017
Parcel 9195871870
Waterfront LID No. 6751

ATTACHMENT 3

SOUTH SIDE WFL, prepared in anticipation of construction of new Elliott Way, new roadway connecting Alaskan Way to Elliott Way (which will reduce WFL units to below grade and otherwise negatively affect unit value and quiet enjoyment), and Aquarium's Ocean Pavilion.



C. DUDE
Case WCF-0017
Parcel 9195871870
Waterfront LID No. 6751

ATTACHMENT 4

WEST SIDE WFL, ongoing reconstruction of Pier 62, sea wall, Alaskan Way, Western walkway.



C. DUDE

Case WCF-0017

Parcel 9195871870, Waterfront LID No. 6751

ATTACHMENT 5

From: info@waterfrontseattle.org
Subject: RE: Lenora Pedestrian Bridge
Date: January 26, 2020 at 6:44 PM
To: Cory Dude heathgrover@aol.com

Hello Cory,

Thank you for reaching out to Waterfront Seattle regarding the Lenora Street Pedestrian Bridge closure. We are anticipating that the closure of the Lenora Street Pedestrian Bridge will last 2-3 years. The bridge will be reopened once it has been connected to the new Elliott Way.

To stay informed, you can also sign up for weekly construction emails at: <https://waterfrontseattle.org/construction-updates-mailing-list>. We also recommend subscribing to our new text service that will be used to share major construction changes or updates not captured in our weekly email. Construction can be unpredictable at times and our text service will allow us to keep you up to date. Text "WFSCN" to 474747 to subscribe.

If you have any more questions, please feel free to reach out at any time.

Sincerely,

Waterfront Seattle 206.499.8040 | info@waterfrontseattle.org | www.waterfrontseattle.org | Facebook | Twitter | Instagram

-----Original Message-----

From: Cory Dude <heathgrover@aol.com>
Sent: Friday, January 17, 2020 1:07 PM
To: WaterfrontSeattle.org <info@waterfrontseattle.org>
Subject: Lenora Pedestrian Bridge

Hi,

When is the Lenora Pedestrian Bridge going to be reopened. Your press releases mention only the closing date of 01/02/2020.

Thanks,

Cory Dude
[

C. DUDE
Case WCF-0017
Parcel 9195871870, Waterfront LID No. 6751

ATTACHMENT 6

From: heathgrover heathgrover@aol.com @
Subject:
Date: January 16, 2020 at 10:21 AM
To: heathgrover@aol.com

Sent from my Samsung Galaxy smartphone.



ATTACHMENT 7

.DUDE
ase WCF-0017
arcel 9195871870, Waterfront LID No. 6751

From: Waterfront Seattle info@waterfrontseattle.org
Subject: RE: One additional question
Date: August 28, 2019 at 10:26 AM
To: Cory Dude heathgrover@aol.com

Hi Cory,

Thank you for your interest in Waterfront Seattle and comments about the drop-in event!

We currently only have funds to rebuild Pier 62. Pier 63 will be maintained in-place. There will be an addition of light-penetrating grating (a habitat improvement) where Pier 63 meets the seawall and a small portion of the pier at the west edge has been removed to reduce over-water coverage. After Pier 62 construction is complete and open in January 2020, Pier 63 will remain closed as a safety precaution. We are hopeful that additional funding will become available in the future to rebuild Pier 63.

Sincerely,
Catarina

-----Original Message-----

From: Cory Dude <heathgrover@aol.com>
Sent: Thursday, July 25, 2019 6:24 PM
To: WaterfrontSeattle.org <info@waterfrontseattle.org>
Subject: One additional question

Thank you for your update/summary of the information presented at the Open House and for all the work that is producing a beautiful waterfront.

One additional question: When is Pier 63 going to be renovated? It is not on any of your schedules.

Thanks,

Cory

2000 Alaskan Way
Seattle

City of Seattle Hearing Examiner
EXHIBIT
ADMITTED ☒
DENIED ☐
FILE# CWF-0057 1

LID Protest Hearing Presentation - February 4, 2020

OBJECTION TO PROPOSED FINAL ASSESSMENT, WATERFRONT LID NO. 6751

**Robert S. Stevens
1950 Alaskan Way #326
Seattle, WA 98101-1077
Parcel ID: 9195871150**

References:

Summary of Waterfront Seattle Project Final Special Benefit/Proportionate Assessment Study for Local Improvement District- prepared by ABS Valuation-2019

Gibbons & Riely Analysis- May 2, 2018

Cover page for Property Appraisal by Quinton Rushi Brown, Sweetgrass Appraisal Company

Official Property Value Notice- King County Assessor

My residence is in the Waterfront Landings condominium community; a 232 unit complex located on the Seattle waterfront across from Piers 62-63 and the Bell Harbor Marina. Since our condominium community includes not only our own separately owned units, but also property held in common amounting to over \$100 million in value, the conditions that impact any part of our community property also impact my personal property.

I submit that this benefit study is defective and that the assessments based upon it are invalid for the following reasons:

Page 6 of Study Summary states: "A unique aspect of this special benefit study is that the analysis does not consider any view enhancement (or resultant market value increase) due to removal of the Alaskan Way Viaduct."

What the report also does not consider is the planned construction of the Pine Street connector between Alaskan Way and Elliot Way which will rise 18 feet and create a concrete wall that will completely obscure the views and restrict pedestrian and vehicle travel at the South end of our community. Access to our southern parking garage entrance and access from our parking garage to the street will become much less accessible and perhaps more hazardous to use. Garbage removal and emergency vehicles will experience greater difficulty in accessing the back of the property. Access and views for the entire southern third of our community will be permanently degraded. Yet the same valuation formulas for calculating benefit have been applied to the numerous units whose values will most certainly be permanently lowered as a result of this new road system. The study gives no consideration to the considerable negative impacts that this roadway will have to varying degrees on every unit in our community. Before our assessments are finalized, a separate study should be undertaken to properly evaluate and apply these impacts to our benefit valuations.

As a funding mechanism, LIDs are typically reserved for funding utilities and infrastructure projects where special benefits are easily calculated. Page 26 of the study defines a special benefit as "a specific, measureable increase in value of certain real property in excess of enhancement to the general area (and benefiting the public at large) due to a public improvement project." Washington Patten Instruction (WPI 150.07.0) states : "Special benefits are those that add value to the remaining property as distinguished from those arising incidentally and enjoyed by the public generally.

State law requires that a special benefit be defined separately from a general benefit. General benefits are inappropriate for inclusion in a local improvement district assessment . This study has failed to define and valueate "General Benefits" as separate from "Special Benefits" thus the assessments cannot be valid. Since the entire Waterfront Improvement Project is consistently referred to as a "regional park for all", it is highly likely that few if any of the improvements meet the criteria of "Special Benefit" as they apply to my property.

Proximity as a benefit-The study makes reference to the benefits incurred due to “proximity” to the improvements. As an apparent consequence, our property carries the highest estimated value increase (3%) of any residential property in the LID Area. My understanding of State Law is that “proximity” can only be considered as a benefit to “land” but can have no effect on “improvements”. Since our complex occupies the maximum permissible build height and density, one would assume that we achieved “highest and best use” when the complex was built over 20 years ago.

Accuracy of Valuations- The study states on page 28: “ Electronic data based on records of the King County Department of Assessments forms the basis of the final recommended assessment roll spreadsheets that are integral parts of this report.”

At the risk of causing my own assessment to be increased, I offer the following proof of the study’s lack of accuracy:

Official Property Value Notice, King County Assessor Dated 08/01/19	\$1,088,000
Professional Appraisal by Quinton Rushi Brown Dated 09/30/19	\$1,098,000
“After LID Improvements” valuation for my property contained in study:	\$1,024,206

My Special Benefit is listed as a 3% appreciation in value or \$29,831 yet falls over \$50,000 short of the other two appraisals. The study’s conclusion is clearly invalid.

I also find it very concerning that the valuations arrived at by the “mass appraisal technique” would produce such an apparently precise number as the one shown above. “Mass appraisal” may be an acceptable technique for planning of large projects but it has very personal and potentially damaging consequences when it is used to determine a property assessment of tens of thousands of dollars on a single property.

My suspicion is that whatever formula or algorithm was employed for this study simply strove to create the value spread necessary to achieve the desired amount of total assessment and was not sufficiently driven by real research or inspection. In summary, this study employed little physical inspection or rigor. The study’s conclusions were reached using extremely abstract and theoretical assumptions and It does not belong as the basis for extracting \$160 million in assessments from a minority of this city’s residents.

How the project components impact my property: The study describes 6 different components that comprise the \$346 million project. I will comment on each along with the additional impacts we are experiencing from the larger waterfront redevelopment.

- 1) **Promenade** – “a continuous public open space with amply green, landscaped spaces along the west side of the new Alaskan Way from S Washington to Pine Street”
Impact: This is a city park and as such, all expense and benefit should be shared with the entire city.
- 2) **Overlook Walk-** “a pedestrian bridge and landscaped public space that connects the Pike Place Market with the Promenade”
Impact: An attractive feature that also serves as the primary structure housing the Seattle Aquarium expansion. Were it not for the aquarium, it’s design would be substantially less complex and considerably less expensive. In terms of market access to those of us no longer able to climb the steep stairs, it serves little value.
- 3) **Pioneer Square Improvements-** (Too far from our property to be relevant)
- 4) **Union Street Pedestrian Connection** – (Too far from our property to be relevant)
- 5) **Pike Pine Streetscape Improvements-** “A flexible space designed to accommodate diverse programming similar to Westlake Park, on the south side of Pine Street between Third and Fourth avenues”.
Impact: Given this neighborhood’s historic reputation, unless the City commits significant resources to its policing and upkeep, it will only be another magnet for criminal activity. This component is of no benefit to my property. As a footnote, Westlake Park remains one of the least desirable park spaces in the downtown area.
- 6) **Pier 58 (Formerly Waterfront Park)-** This is clearly a park space with benefit to the public in general and no direct benefit to my property.

Changes to the Seattle Waterfront not directly associated with the LID project but having considerable impact on my quality of life and property value:

1. **Pine Street Connector** – (already described above) reduces access and views.
2. **Abandonment of Pier 63-** Before its closure, central to my living room view and a feature that I enjoyed for many years for recreation was the Pier 62-63 complex. While Pier 62 is being rebuilt at considerable expense, it was announced that there are insufficient funds to complete Pier 63 so it will be closed. If not improved, Pier 63 becomes just an eyesore and an attractive nuisance for vagrants and unauthorized activity. Any thoughts of seeing major concerts return to this venue are out of the question. The “new” Pier 62 lacks the space and configuration to accommodate concerts. Without access for the large construction barge that is necessary to support a major project (blocked by Pier 62 on south and Bell Harbor entrance on north) it is doubtful that Pier 62 will ever be rebuilt. In the interim it could be used again for staging construction materials and then allowed to decay.
3. **Reduced Parking-** While the redevelopment is designed to attract visitors to the Seattle Waterfront, parking has been substantially reduced. That includes the removal of dedicated guest parking for our complex.

4. **Increased foot traffic-** Litter and vandalism to our flowers and shrubbery are already a problem. Increased foot traffic can only exacerbate this problem.

5. **Noise and air pollution-** At least until the Elliot Avenue street is completed, heavy traffic on Alaskan Way is a 20 hour a day problem. Speed limits are ignored and loud exhaust noise is a constant problem. During cruise ship season, the many large trucks servicing the ships docked at Pier 66 will pass directly under our living room window. As the number of cruise ships using our port increases, diesel smoke from both the ships and the trucks servicing them intensify.

The Waterfront Landings owners collectively are being asked to pay almost \$2 million in assessments. Facts supporting the conclusions in this report are extremely speculative and vague. The City should not rely on what is clearly a very general and somewhat random method for determining a financial obligation of this magnitude.

I hereby request that the City of Seattle, prior to finalizing our assessment, embark on a more detailed and fair process of determining both the liabilities and benefits of the project as they affect our specific property.



LOCATED AT

1950 Alaskan Way
Seattle, WA 98101

Waterfront Landings Condominium Pct Und Int 0.78 2 Pkg Plat Block: Plat Lot:

FOR

Wells Fargo Mortgage
255 Second Avenue South
Minneapolis, MN 55479

OPINION OF VALUE

1,098,000

AS OF

09/30/2019

BY

Quinton Rushi Brown
Sweetgrass Appraisal Company
300 Lenora St, PMB 157
Seattle, WA 98121-2411
(206) 249-7123
quinton@sweetgrassappraisal.com
www.sweetgrassappraisal.com

SUBJECT INFORMATION	County	King
	State	WA
	Zip Code	98101
	Census Tract	0081.00
	Map Reference	42644
PRICE & DATE	Contract Price	\$
	Date of Contract	
PARTIES	Borrower/Client	Robert S & Lynn R Stevens
	Lender	Wells Fargo Mortgage
DESCRIPTION OF IMPROVEMENTS	Size (Square Feet)	1,512
	Price per Square Foot	\$
	Location	N;Comm;
	Age	22
	Condition	C3
	Total Rooms	6
	Bedrooms	2
	Baths	2.0
APPRAISER	Appraiser	Quinton Rushi Brown
	Effective Date of Appraisal	09/30/2019
VALUE	Opinion of Value	\$ 1,098,000

KING COUNTY ASSESSOR
500 4TH AVE ROOM 740
SEATTLE, WA 98104-2384

**OFFICIAL PROPERTY
VALUE NOTICE**

THIS IS NOT A TAX BILL

PRESORTED
FIRST CLASS MAIL
U. S. POSTAGE PAID
SEATTLE, WA
PERMIT NO. 213

ACCOUNT NUMBER: 919587-1150-08

LEVY CODE: 0011

EVN CODE: C121EC

PLAT NAME:
WATERFRONT LANDINGS

Disabled or age 61?
Property Tax relief may be available
Go To:
www.kingcounty.gov/assessor/seniors

2019 VALUE FOR TAXES DUE IN 2020

	APPRAISED VALUE		VALUE AFTER EXEMPTION
	OLD VALUE	NEW VALUE	
LAND:	305,200	305,200	305,200
BLDGS:	782,800	782,800	782,800
TOTAL:	1,088,000	1,088,000	1,088,000

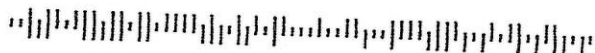
MAIL DATE: 08/01/19

SEE BACK FOR APPEAL DEADLINE

MAILING ADDRESS:

STEVENS ROBERT S+LYNN R 819999
1950 ALASKAN WAY UNIT 326
SEATTLE WA 98101

CSF-IP1



RE•SOLVE

GIBBONS & RIELY, PLLC
Real Estate Appraisal, Counseling & Mediation
261 Madison Ave S, Suite 102
Bainbridge, WA 98110-2579

Anthony Gibbons, MAI, CRE
Direct Dial 206 909-1046
Email: agibbons@realestatesolve.com

May 2, 2018

John C. McCullough
Attorney at Law
McCullough Hill Leary, PS
701 Fifth Avenue, Suite 6600
Seattle, Washington 98104

Catherine Stanford
CA Stanford Public Affairs
Principal
1904 3rd Ave, Suite 828
Seattle, WA 98101

RE: Waterfront Seattle LID Special Benefits Report – File Ref: 17-0291 – May 19, 2018
Authored by Valbridge.

Dear Mr. McCullough and Ms. Stanford:

At your request, I have conducted this high-level review of the Valbridge mass appraisal study prepared for the purposes of documenting Special Benefit resulting from the city Waterfront Seattle project. The letter is intended as a consultation, and not as an appraisal review. At some point it may be appropriate to address individual valuations on a parcel by parcel basis, but that is not the concern of this letter. This consultation is largely conceptual in nature, and looks purely at the methodology employed and the general conclusions made in the presentation of the study. Please note, as a disclosure, I am part owner of a condominium located within the boundaries of the LID. I do not consider this to be a conflict in providing an objective review of the study methodology.

Valbridge Appraisal

Valbridge presents several conclusions, which briefly may be re-stated as:

1. **LID Boundaries.** Valbridge identifies a total of 6,130 properties with potential special benefits within an LID boundary that generally comprises the entire downtown area lying between Puget Sound, I-5, Denny Way, and S. Massachusetts Street.
2. **Property Valuation.** The value of property within this area is concluded to be approximately \$48.8-billion.
3. **Special Benefit Lift.** The appraisal concludes with incremental increases in individual property values (which are presented numerically in the report) summarized as follows:

Property Class	Percentage of Property Value Increase	
	High	Low
Land value	<4.00%	<0.50%
Office/Retail	<3.50%	<0.50%
Hotel	<3.50%	<1.00%
Apartment/Subsidized housing	3.00%	0.00%
Residential condominium	3.00%	<0.50%
Waterfront	<4.00%	<0.50%
Special purpose	<0.50%	<0.50%

4. Special Benefit Amount v. Cost. The total of the individual assignments approximates a \$415-million special benefit over these properties. This is compared and contrasted to the LID cost of \$320-million. Legally the cost of the LID cannot exceed the benefit provided.
5. After Valuation. The incremental increases in value calculated are added to the Before value to create an After value, which in aggregate comes to \$49.2-billion.

Conceptual and Methodological Issues

1. The basic construct of the LID and its application to Waterfront Seattle

LIDs are typically reserved for the funding of utility improvements and infrastructure within a specific neighborhood or market, and represent a means by which a group of property owners can receive and pay for improvements that might otherwise be avoided by a municipality; perhaps the project in question is/has been deemed too specific, or not a priority, to cover with general funding. The mechanism essentially allows property owners to pay for the LID with the obvious value lift associated with, say, the provision of sewer or a road. Under RCW 34.44.010, "*The cost and expense [of improvements made through an LID] shall be assessed upon all the property [within the boundaries of the LID] in accordance with the special benefits conferred thereon.*" (bracketed language added). The value lift associated with provision of the infrastructure (say water, power or sewer) is typically easily measured, and *special benefits*¹ are not hard to prove and calculate.

The current proposal, to fund a regional park through this mechanism, represents a special challenge for an appraiser, as the special benefit associated with an amenity such as a publicly-owned park is not obviously beneficial in the same fashion as a utility extension, representing more of an aesthetic, and widely dependent upon factors unrelated to the mere presence of the project (such as operations, public use, etc.). The project becomes even more challenging, when the park is to be located in a regional economic center, and funding requirements require benefit assessment across several downtown blocks that lie uphill from the amenity.

2. Special Benefit

Background

A successful LID is based on the correct identification of the *Special Benefit* created. The term Special Benefit is both a legal term and a term of art in the appraisal industry. The most succinct definition of Special Benefit is provided as a WPI instruction:

"Special benefits are those that add value to the remaining property as distinguished from those arising incidentally and enjoyed by the public generally.

WPI 150.07.01

The distinction between Special and General benefits is then a key consideration for an appraiser in the application of benefit deemed special. Eaton stresses the importance of the proper identification of special benefit, and the necessity for also identifying general benefit for the simple purposes of appropriate benefit allocation; if a project creates both special and general benefits, only the special increment that accrues to certain properties can be part of the assessment:

It should be noted that project enhancement...may be composed of general benefits, special benefits, or a combination of the two. Thus it may be necessary...to allocate the beneficial effects of project enhancement between special and general benefits and to consider only the special benefits in estimating the value of the property in the after situation."

Real Estate Valuation in Litigation, Page 326, by Jim Eaton MAI.

¹ See subsequent discussion on the definition of a special as opposed to general benefit.

The standard dictionary definition of special, an adjective, is *better, greater, or otherwise different from what is usual*. Synonyms include *exceptional, unusual, singular, uncommon, notable, noteworthy, remarkable, outstanding, unique, more*. In practical application though, the precise meaning of Special Benefit has been debated in the courts, particularly in eminent domain cases, with the same principles applying to LIDs. One of the clearest and oft-cited distinctions of special and general benefit is found in the following court decision:

"The most satisfactory distinction between general and special benefit is that general benefits are those which arise from the fulfillment of the public object..., and special benefits are those which arise from the peculiar relation of the land in question to the public improvement"

United States v. 2,477.79 Acres of Land, as quoted in Nicols

There are various common sense applications of special benefits. They cannot be *"remote, speculative or imaginary"* (WPI). In addition the appraiser should consider when the benefits will actually be received.

The fair market value of the remainder, as of the date of valuation, shall reflect the time when the damage or benefit caused by the proposed improvement or project will be actually realized. Uniform Eminent Domain Code 1974, §1006, p.10.11. as quoted in Real Estate Valuation in Litigation by Jim Eaton, MAI

3. The Valbridge Study

The Valbridge study presented on behalf the city fails to meet key tests of credibility in the application of Special Benefit. At issue are the following general categories of analysis:

a. Special Benefit Definition and Distinction from General Benefits

The appraisal:

- Makes no attempt to assess General Benefit, and does not offset the apparent measure of special benefits with general benefits. The appraisal ignores the basic equation:
 - Total Benefit minus General Benefit = Special Benefit.

If the evidence of benefit presented by the appraiser is to be believed, it is apparent that General Benefits have been included in the Special Benefit Study.

Beyond the lack of recognition of General Benefits, it is noted that the very nature of the public improvement – a regional park - and the wide LID boundaries described in the report, suggests that entire project could be described as offering almost entirely general benefit. Almost by definition, if \$48.1B of real estate is impacted by the project, the benefits provided would seem very general and widespread in nature.

b. Method of Assessment

The method of assessment used – an application of a percentage to a concluded before value – does not represent a true measure of benefit. This is considered a short-cut, akin to a "strip-take" analysis, typically reserved for projects with minor damages - small easements or takes of strips of land. Its application to a special benefit study represents an improper method of analysis as the value lift should be calculated, not applied. The appraiser should evaluate the value of the properties without the project, and then with it, and measure the difference. Here the appraiser has not met the burden of proof of a value lift, as the latter is concluded and added, not measured as a difference.

c. Before & After Descriptions

There is very little clarity in the appraisal as to the precise difference between the Before and After. The appraisal acknowledges that the viaduct is down in the before, but it is not clear how the value lift associated

with the viaduct removal is built into the before value estimates. Further the level of improvement that would be undertaken by the city, but for the LID, is not described in detail. With no side-by-side comparison of images, it is not possible to know what was in the mind of the appraiser making an assessment for provision of an “extra” amenity. Since the entire analysis relates to an aesthetic difference, appropriate renderings of the aesthetic difference created would seem to be critical for proper analysis.

The issue also extends to cost. The LID is noted as a \$320,000,000 project. Yet the increment associated with the LID cost verses the investment that would occur anyway is not presented. The impression – that \$320,000,000 would be invested but for the LID – would appear to be an inaccurate presentation. It would appear that the appraiser incorrectly measures the benefits resulting from a \$320,000,000 investment, as opposed to those accruing from a smaller investment, representing the LID extra.

There is also no value discussion pertaining to timing; do assessments consider when the actual park will be complete, and therefore when the benefits, if present, will accrue? The interim condition and associated construction is likely to be disruptive: some properties will be “specially” as opposed to “generally” impacted by construction activity in terms of noise, dust, etc. Proximity, which is stressed as a special benefit, would represent a special negative as concerns related and proximate construction activity.

d. Assessments are not supported by empirical data

The evidence presented for special benefit is almost entirely anecdotal. The appraisal does not provide discrete and empirical before and after analyses of purportedly similar public projects across a wide-range of property takes. Anecdotal opinions of before and after, without apparent adjustment for general benefits, correction of blight issues and the passage of time, do not provide a convincing case for the assignment of a 0.5 to 4% value increase to a full spectrum of property types across a wide downtown area, many blocks away from the improvement.

Moreover, the level of assignment applied is largely immeasurable from an appraisal perspective. Application of a 0.5-4% value change on a general mass appraisal basis falls well below the standard of error already present in such an analysis – in effect the analysis reveals the benefit is immeasurable at this level. Even if individual “MAI appraisals” were completed on every individual property, it would be difficult if not impossible to measure the benefit of a park improvement a few blocks away to say, for instance, a downtown office tower. Take for example the 1201 Third Avenue office tower, valued at \$716,942,500 - it would be hard to rationalize discrete adjustments of the magnitude presented here amid the myriad impacts on value such as market conditions, tenant sizes and rollovers, and different views and floor levels. The majority of the tower has no view of the park and no special access to it; a lease decision here would not logically include serious “special” consideration of a park three blocks away, and at a different elevation. Suggesting the property increased to \$721,442,000 (a \$4,500,000 or 0.6277% difference) on account of park proximity would seem to define a “remote, speculative or imaginary” adjustment.

e. Assessments include percentage assignments to improvement value

The assessments are based on a percentage assignment to total property value, in place in 2018. However, the project presented relates, purportedly, to a proximity benefit; this is a location factor, which is a land characteristic. Benefits from proximity do not accrue to improvement value, as the “bricks and mortar” are unchanged. This creates an inequity in the side-by-side comparison of improved and vacant land parcels, and one that is particular well illustrated in case of development properties that will imminently be developed. This methodological error is essentially a function of relying upon an across-the-board percentage adjustment, as compared to truly measuring before and after differences. Two examples are presented below:

Example 1: 1201 Third high-rise office v. 1206 Third across the street, high-rise under construction.

Property	Land Size	Building Size	Assessment	\$/sf land	\$/sf building
1201 Third	56,400sf	1,130,000sf	\$4,500,000	\$80/sf	\$3.98/sf
1206 Third	43,680sf	720,000sf*	\$1,023,000	\$23/sf	\$1.42/sf

* under construction; will be complete by 2023

1201 Third is located one block further from the park than 1206, and at a higher elevation. The higher assessment here is inequitable.

Example 2: Cyrene Apartments at Alaskan and University v. Woldson parking lot at 1100 Alaskan (with proposed development).

Property	Land Size	Units	Assessment	\$/sf land	\$/unit
50 University	17,333sf	169-units	\$2,923,000	\$169/sf	\$17,296/unit
1100 Alaskan	35,233sf	256-units*	\$1,233,000	\$35/sf	\$4,816/unit

* proposed; will probably be complete by 2023

Both properties have the same orientation to the park and lie at the same elevation. The higher assessment to the Cyrene Apartments at 50 University is thus inequitable.

Conclusion

In conclusion, the Special Benefits study presents several major issues. These include:

- The before condition is not adequately described; side-by-side illustrations of the before and after are not presented. This kind of descriptive detail would appear necessary for the purposes of evaluating an amenity or aesthetic difference to be specifically created through funding.
- Special benefits are merely assigned, not measured. The study does not provide a measurement of after value, with the project in place, that is independent of the before value, and takes into consideration delay until receipt.
- Purportedly measured benefits are not allocated into "general" and "special" benefits. Labelling all benefits as special does not appear credible for a regional park.
- Benefits associated with proximity should be evaluated in the form of a lift in land value. The methodology used (a broad percentage assessment applied to total property value) results in inequitable assignments between properties.

The more general issue is the difficulty of trying to forecast a benefit that is special to a park that has regional appeal. The more common application of an LID is for extension of infrastructure; and here special benefits can be practically and incrementally assessed to unserved property brought to a development condition through the provision of infrastructure. However, the application of the special benefit methodology to a downtown area for a park amenity, represents a challenging and potential impossible assignment, if it is to be free of speculation and imagination.

Respectfully submitted,

Anthony Gibbons, MAI, CRE

Submission by Property Owner Frank Katz (2538830510) to the Office of the City Clerk in regard to the proposed Final Waterfront Lid Assessment and the Assessment Amount on February 4, 2020

Here is our personal top ten list of objections

10. The LID Process is flawed and incomplete. As noted in our letter to the Clerk's office the final Special Benefit Study has not been published, there are no "Plans and specifications" on file with the Clerk's office and the environmental reviews are incomplete. This is a rush to a poor judgment
9. LID was Not properly created The LID affects only one Council district of the City and the Council representative for that district was not allowed to vote by Council rules. Counting the two at large council members as representing the entire area, that mean that 6 of the 9 council members who voted did not represent the people who are being assessed. This is inconsistent with the basic principal established when this country and State were founded which is no taxation without representation.
8. LID is not a "Special Benefit" The benefit of this project has been described by the city as being for the entire city and indeed for the entire world of people who come to visit Seattle. Apparently, we are building a regional park for "all the people". This is by definition a "General Benefit" and not a "Special Benefit". This should not be assessed to a small portion of the city.
7. The value of this LID cannot be accurately measured. LIDS were created to fund Local improvements which confer measurable special benefits to specific properties. Examples include providing access through roads and bridges or through power to areas which need these supports. There is no accurate way to measure what a park does to a specific area that is already well developed.
6. The benefit is not calculated but rather allocated. This program started with an end number in mind which was the money the city needed and then that cost was allocated to people who live close to the lid rather than trying to calculate what the actual benefit was to each person involved. It's putting the cart before the horse rather than building up a program based on facts.
5. The assessment reflects a faulty assumption of value. There is no reason to expect that any increase in value will accrue to my 30th floor condominium. I believe the drivers in value for my unit do not have anything to do with being close to a park but rather have all to do with our unobstructed view of the sound, the building itself, and the influx of people moving to Seattle. I see no reason why bringing crowds of tourists to my neighborhood will increase the value of my property.
4. The assessment does not consider the Park's effect on the real issues of our neighborhood. These include vehicle access, parking and most importantly crime. I would say that if there is any effect on property values from a park and greater access between the waterfront and the area of 3rd and Pike or Pine it is likely to have a negative affect on our property values
3. I do not receive any benefit from improved access to the waterfront. There are already plenty of ways for me to get quickly to the waterfront through existing infrastructure and frankly, with the crowds in the summer it is not somewhere I want to go.
2. I do not receive any benefit from a park on the waterfront. Unfortunately, the fact is that today parks in Seattle have become increasingly magnets for Crime and the Homelessness. We don't need more.
1. This is not where the City, much less Downtown Residents should be investing Money. The hundreds of millions and time being spent on this project would be better spent on prevention of Crime, Treatment of Mental Health for citizens and creating affordable housing. This is a waste of City resources at a time when we have real needs to be satisfied

City of Seattle Hearing Examiner

EXHIBIT

ADMITTED ☒
DENIED ☐

FILE# CWF-0

142



ADMITTED ☒
DENIED ☐



FILE# CWF-0 346

February 3, 2020

Office of the City Clerk

Attn: Monica Martinez Simmons

600 4th Ave, Suite 3

Seattle, WA 98104

RE: LID Map No. E-054, Parcel No. 195700480, West Edge Tower, 1430 2nd Avenue, Seattle, WA

To Whom It May Concern:

This Letter serves as notification that UV MFA 2nd And Pike, LLC is hereby appealing the LID Assessment for West Edge Tower, a wholly owned residential building located at 1430 2nd Avenue, Seattle WA.

As stated in the Waterfront Seattle Project: Summary of Final Special Benefit produced by ABS Valuation, the purpose of a final special benefit/proportionate assessment study is to provide a fair and proportionate allocation of recommended assessments, based on highest and best use and market value of affected property, without as opposed to with the LID project completed.

In the case of West Edge Tower, the Assessor's base valuation is fundamentally inaccurate creating a LID Assessment far in excess of like-kind product that does not adhere to the established valuation methodology established by ABS Valuation (See Exhibit D: Summary of Final Special Benefit).

The Assessor explicitly states that their conclusions are based on mass appraisal techniques factoring in market sales of land and improved properties; lease information on properties within and near the boundary, and current use of a specific parcel; and various analysis techniques (Sales Comparison Approach, Income Approach and Cost Approach) applied. The base valuation for like-kind property, therefore, should move proportionately.

In the case of West Edge Tower, numerous like-kind residential developments exist both within a similar geographic radius and within similar zoning designations. Specifically, Tower 12, Viktoria, Cyrene, Helios and The Post comprise a subset of for-rent multifamily construction typified by newer construction with similar amenities and levels of finish (See Exhibit B: Competitive Set Profiles).

Tower 12, Viktoria, Helios and West Edge Tower anchor the redevelopment of 2nd Avenue and are located within three blocks of each other, all within ABS Valuation's established West Edge/ Pike Place Market submarket, all within the DMC 240/290-440 zoning classification. Cyrene and The Post are located closer to the Southern terminus of the market, within DMC 170, but boast comparable amenity packages and service levels.

Given that these are like-kind product, valuation of these assets in the market place should produce similar valuations when normalized on a dollars per unit basis, an established industry metric for comparing valuations across different sized assets.

Within the LID assessment, West Edge's base valuation of \$885,212 per unit exceeds the maximum value of its cohort, \$752,505 per unit by 17.6% and the average \$659,730 per unit valuation of the competitive set by 34%.

On a total dollar basis, West Edge Tower at \$301M was valued higher than Helios, a building of similar vintage and zoning with 58 more units located just one block North of West Edge Tower which was valued at \$299M. This contradicts the stated methodology of the appraisal practices established by ABS Valuation and places an undue burden on the subject property.

Using the dollars per unit valuation of its direct cohort, the methodology most in accordance with the stated valuation practices of the Assessment Survey, West Edge Tower's LID Benefit would be reduced by \$1.3M with a corresponding \$511,872 reduction in LID Assessment (Exhibit A: Multifamily Valuation). Capitalized at the 5% interest rate indicated by the LID Assessment Payment Information, this represents \$795,000 in costs erroneously assed to the project.

Waterfront LID Assessment Adjustment to Market				Average	Highest Tower 12	Closest Helios	
Average Base Valuation, Competitive Set				\$ 659,730	\$ 752,505	\$ 750,965	
West Edge Base Valuation @ Average \$/Unit	340 units			\$ 224,308,244	\$ 255,851,629	\$ 255,328,040	
Average Valuation with LID, Competitive Set				\$ 674,111	\$ 766,770	\$ 765,357	
West Edge Valuation w/LID @ Average \$/Unit	340 units			\$ 229,197,855	\$ 260,701,789	\$ 260,221,307	
Imputed LID Benefit				\$ 4,889,611	\$ 4,850,160	\$ 4,893,266	
Imputed LID Assessment	39.18%			\$ 1,915,857	\$ 1,900,399	\$ 1,917,289	
Reduction in LID Benefit				\$ (1,306,389)	\$ (1,345,840)	\$ (1,302,734)	Average
Reduction in LID Assement				\$ (511,872)	\$ (527,330)	\$ (510,440)	\$ (1,318,321) \$ (516,547)

This discrepancy is compounded by the ABS Valuation's designation of the highest and best use for West Edge as a Commercial property within *The Final Special Benefit Study*. We believe that this is a clerical error given that West Edge is zoned DMC 240/290-440. Under the City of Seattle Zoning Code, this designation limits to the site to a maximum of 8.00x Floor Area Ratio (FAR) for commercial properties resulting in a valuation of \$2,484/ FAR square foot based on the Base Assessed Valuation, more than double any commercial sales comparable in the City. (See Exhibit C: Commercial Valuation).

If ABS Valuation truly believes the highest and best use of the site is Commercial, we would respectfully ask that the subject property be valued as such with a reduction in the Base Valuation to \$133,971,405 with a corresponding reduction of \$590,000 in LID Assessment.

Waterfront LID Assessment Adjustment to Market			
Maximum Building Net Sq Ft			125,384.04
Highest Office Sales Comparable (\$/SF)	\$		1,068.49
Base Valuation as Office	\$		133,971,405
Maximum LID Benefit as Office*	3.50%	\$	4,688,999.16
* as established by ABS Valuation			
Imputed LID Assessment	39.18%	\$	1,837,253
Reduction in LID Benefit		\$	(1,507,001)
Reduction in LID Assement		\$	(590,476)

We respectfully ask that the Hearing Examiner reduce the assessment applied to West Edge to its fair and proportionate allocation of recommended assessments commensurate with its established cohort and fix the clerical error on the Final Special Benefit Study to reflect the correct Highest and Best Use for the subject property.

Sincerely,


Gregory B Smith (Feb 3, 2020)

Greg Smith

Manager

UV MFA 2nd & Pike LLC

Exhibits Included:

Exhibit A: West Edge / Pike Place Market Comparable Building Profiles

Exhibit B: Multifamily Valuation – West Edge Tower

Exhibit C: Commercial Valuation – West Edge Tower

Exhibit D: Waterfront Seattle Project: Summary of Final Special Benefit

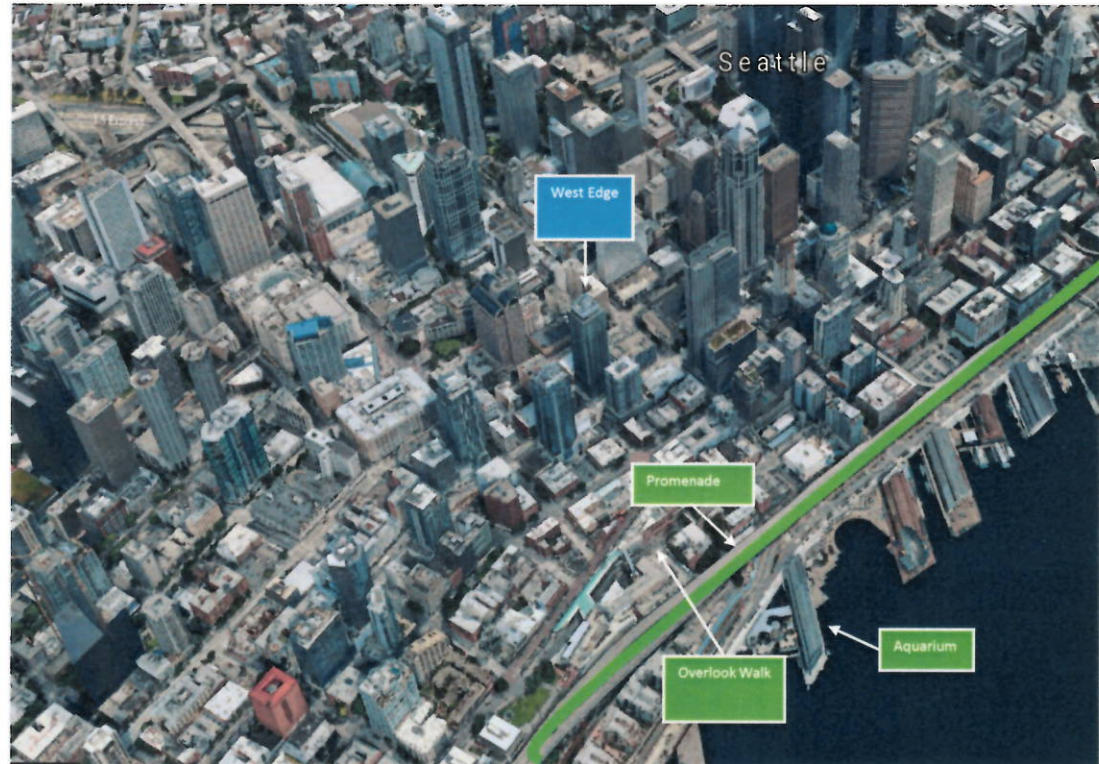
Exhibit A

Development	West Edge
Address	1430 2nd Avenue
Year Built	2018
Number of Units	340
Occupancy at Assessment	88.50%

Assessed Base Value	\$6,196,000
Assessed Value Per Unit	\$ 18,224

Unit Mix	Units	Avg SF
Specialty Units		
Open 1 Bed / 1 Bath	74	509 - 851
1 Bed / 1 Bath	146	594 - 965
1 Bed / 1 Bath + Den		
2 Bed / 1 Bath		
2 Bed / 2 Bath	112	1,168 - 1,373
2 Bed / 2 Bath + Den		
Penthouse	8	1,813 - 2,703
Total Units	340	

<u>Amenities</u>	
Rooftop Amenity Space	Y
Outdoor BBQs	Y
Media Room	N
Game Room	N
Resident Lounge	Y
Conference Room / Business Cente	Y
Fitness Facility	Y
Pet Amenity	Y
Bike Storage	Y
Guest Suite	N



Development
Address

West Edge
1430 2nd Avenue



Building Images



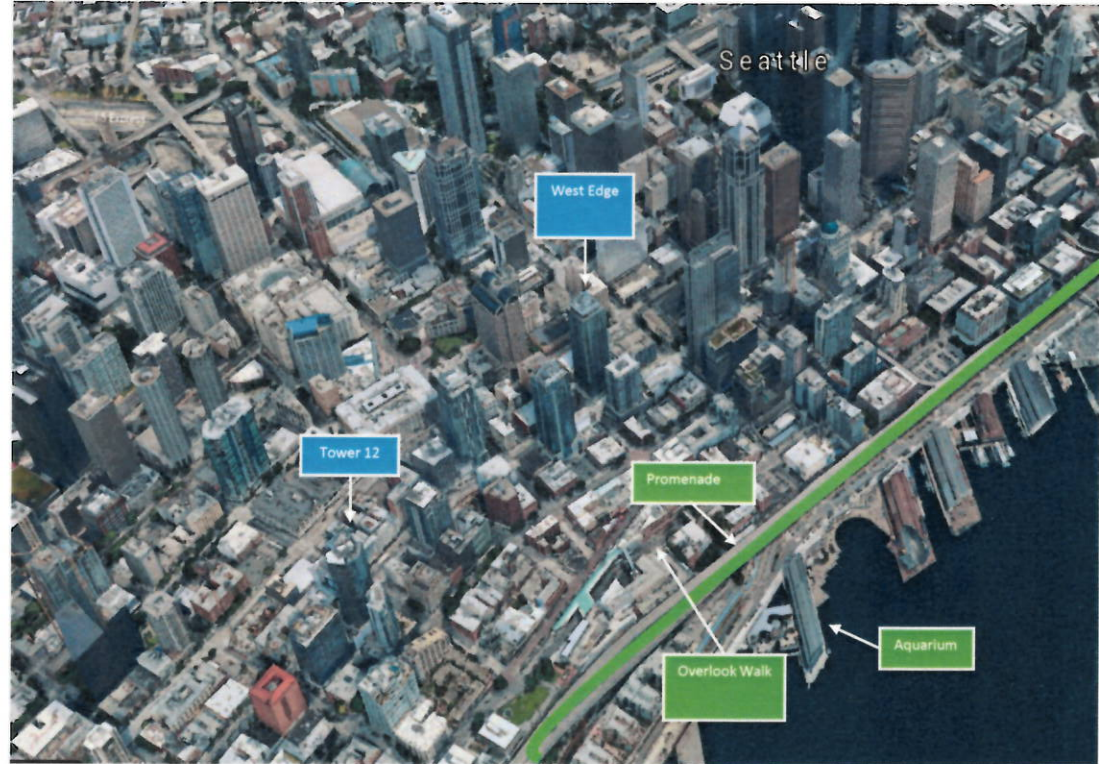
Development	Tower 12
Address	2015 2nd Avenue
Year Built	2017
Number of Units	313
Occupancy at Assessment	97%

Assessed Base Value	#####
Assessed Value Per Unit	\$ 752,505
Discount to West Edge	15%

Unit Mix	Units	Avg SF
Specialty Units	17	687
Open 1 Bed / 1 Bath	26	571
1 Bed / 1 Bath	97	733
1 Bed / 1 Bath + Den	109	866
2 Bed / 1 Bath	0	0
2 Bed / 2 Bath	44	1,169
2 Bed / 2 Bath + Den	8	1,434
Penthouse	12	1,493
Total Units	313	

Amenities

Rooftop Amenity Space	Y
Outdoor BBQs	Y
Media Room	Y
Game Room	Y
Resident Lounge	Y
Conference Room / Business Center	Y
Fitness Facility	Y
Pet Amenity	Y
Bike Storage	Y
Guest Suite	Y



Development
Address

Tower 12
2015 2nd Avenue



Building Images



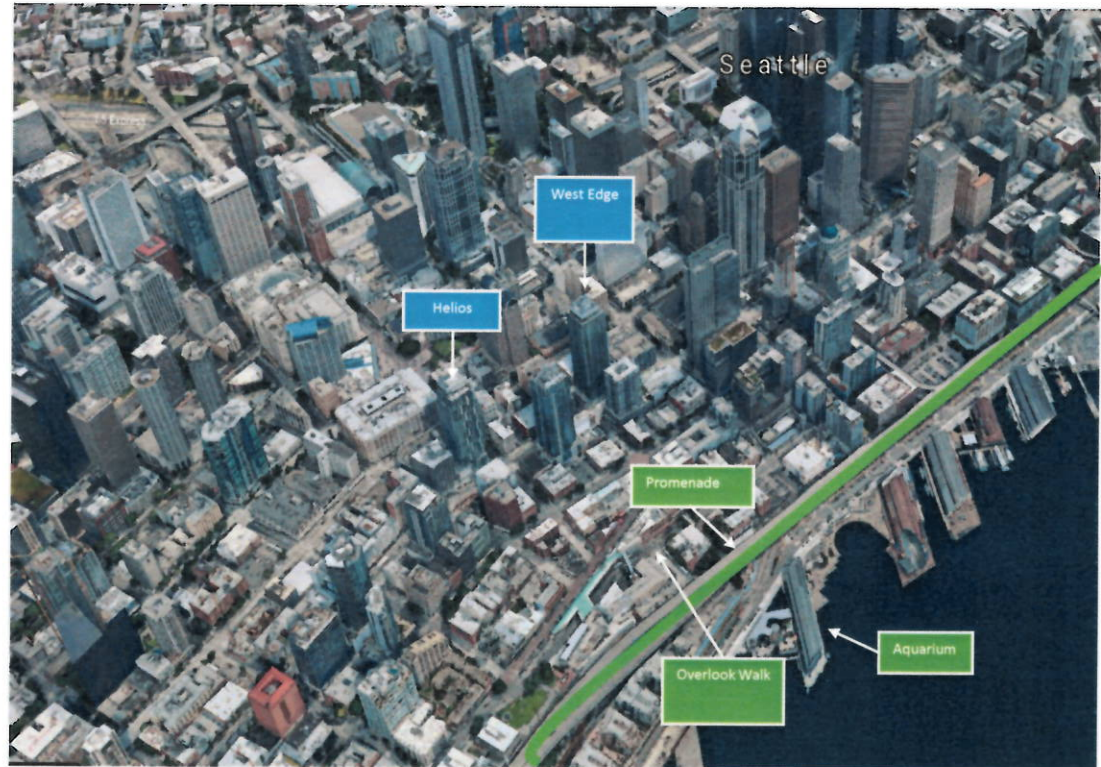
Development Helios
 Address 206 Pine St
 Year Built 2017
 Number of Units 398
 Occupancy at Assessment 94.00%

Assessed Base Value #####
 Assessed Value Per Unit \$ 750,965
 Discount to West Edge 15%

Unit Mix	Units	Avg SF
Studio	68	483
Open 1 Bed / 1 Bath	89	575
1 Bed / 1 Bath	142	798
1 Bed / 1 Bath + Den	37	957
2 Bed / 1 Bath	59	1040
2 Bed / 2 Bath	3	1,108
2 Bed / 2 Bath + Den		
Penthouse		
Total Units	398	

Amenities

Rooftop Amenity Space	Y
Outdoor BBQs	Y
Media Room	Y
Game Room	Y
Resident Lounge	Y
Conference Room / Business Cente	Y
Fitness Facility	Y
Pet Amenity	Y
Bike Storage	Y
Guest Suite	N



Development
Address

Helios
206 Pine St

Building Images



Development	Viktoria
Address	1915 2nd Ave
Year Built	2014
Number of Units	249
Occupancy at Assessment	93.60%

Assessed Base Value	\$ 157,670,000
Assessed Value Per Unit	\$ 633,213
Discount to West Edge	28%

Unit Mix	Units	Avg SF
Studio	46	430-591
Open 1 Bed / 1 Bath	57	500-677
1 Bed / 1 Bath	82	583-858
1 Bed / 1 Bath + Den	28	803-888
2 Bed / 1 Bath		
2 Bed / 2 Bath	36	1,042-1,325
2 Bed / 2 Bath + Den		
Penthouse		
Total Units	249	

Amenities

Rooftop Amenity Space	Y
Outdoor BBQs	Y
Media Room	Y
Game Room	N
Resident Lounge	Y
Conference Room / Business Cente	Y
Fitness Facility	Y
Pet Amenity	Y
Bike Storage	Y
Guest Suite	N

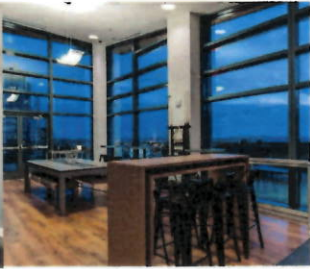


Development
Address

Viktoria
1915 2nd Ave



Building Images



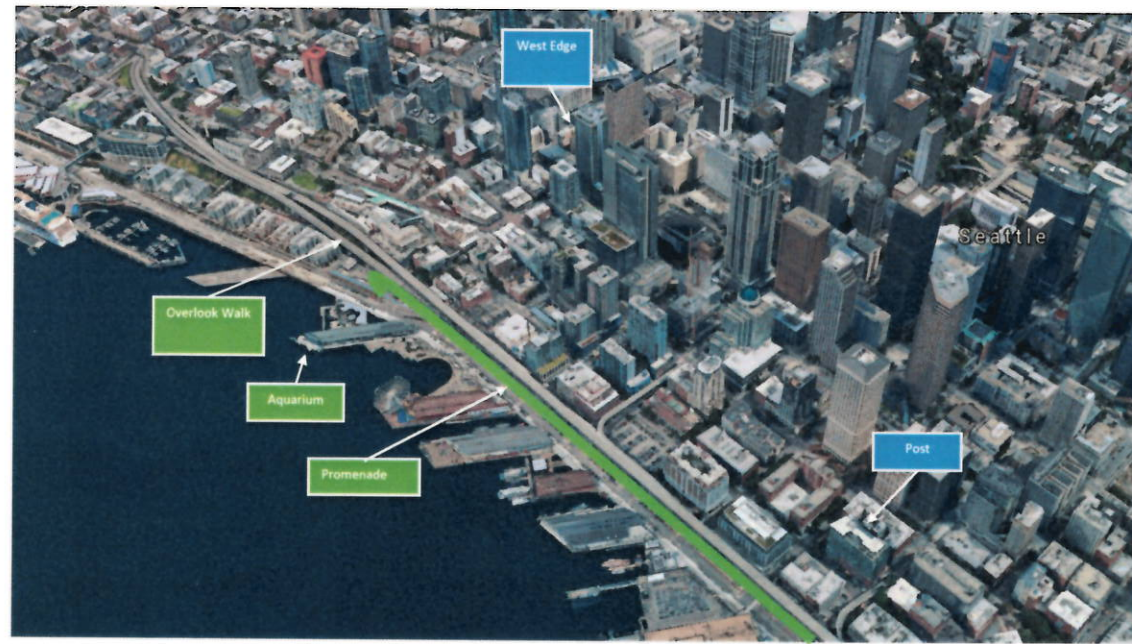
Development The Post
 Address 888 Western Ave
 Year Built 2013
 Number of Units 208
 Occupancy at Assessment 92.00%

Assessed Base Value \$ 116,383,000
 Assessed Value Per Unit \$ 559,534
 Discount to West Edge 37%

Unit Mix	Units	Avg SF
Studio	18	427 - 542
Open 1 Bed / 1 Bath	130	497 - 641
1 Bed / 1 Bath	20	671
1 Bed / 1 Bath + Den		
2 Bed / 1 Bath	20	862
2 Bed / 2 Bath	20	1,276
2 Bed / 2 Bath + Den		
Penthouse		
Total Units	208	270

Amenities

Rooflop Amenity Space Y
 Outdoor BBQs Y
 Media Room Y
 Game Room Y
 Resident Lounge Y
 Conference Room / Business Center Y
 Fitness Facility Y
 Pet Amenity Y
 Bike Storage Y
 Guest Suite N



Development
Address

The Post
888 Western Ave



Building Images



Development Cyrene
 Address 50 University Street
 Year Built 2017
 Number of Units 168
 Occupancy at Assessment 90.00%

Assessed Base Value \$ 101,209,000
 Assessed Value Per Unit \$ 602,435
 Discount to West Edge 32%

Unit Mix	Units	Avg SF
Specialty Units		
Open 1 Bed / 1 Bath	63	501-703
1 Bed / 1 Bath	56	573-870
1 Bed / 1 Bath + Den	12	733-750
2 Bed / 1 Bath	14	936
2 Bed / 2 Bath	23	943-1,111
2 Bed / 2 Bath + Den		
Penthouse		
Total Units	168	78

Amenities

Rooftop Amenity Space	Y
Outdoor BBQs	Y
Media Room	N
Game Room	Y
Resident Lounge	Y
Conference Room / Business Center	Y
Fitness Facility	Y
Pet Amenity	Y
Bike Storage	Y
Guest Suite	N



Development
Address

Cyrene
50 University Street

Building Images



Exhibit B

Project: West Edge
Developer: Urban Visions
Capital Partner: Mitsui Fudosan America
Analysis: LID Assessment - Competitive Set Analysis
Analysis Date: 29-Jan-20

Multifamily Valuation

Development	Parcel Number	Address	Year Built	Units	Occupancy	Base Valuation Total \$	Base Valuation \$/Unit	Valuation With LID Total \$	Valuation With LID \$/Unit	LID Value	Assessment	LID Value / Unit
West Edge	1975700480	1430 2nd Ave	2018	340	88.5%	\$ 300,972,000	\$ 885,212	\$ 307,168,000	\$ 903,435	\$ 6,196,000	\$ 2,427,729	\$ 18,224
Tower 12	COMBINED	2015 2nd Ave	2017	313	96.9%	\$ 235,534,000	\$ 752,505	\$ 239,999,000	\$ 766,770	\$ 4,465,000	\$ 1,583,745	\$ 14,265
		1977200885 2015 2nd Ave	2017	313		\$ 213,274,000		\$ 217,316,000		\$ 4,042,000		
		1977200900 114 Virginia Street	2017			\$ 22,260,000		\$ 22,683,000		\$ 423,000		
Helios	7683890010	206 Pine St	2017	398	94.0%	\$ 298,884,000	\$ 750,965	\$ 304,612,000	\$ 765,357	\$ 5,728,000	\$ 2,244,356	\$ 14,392
Viktoria	1977200950	1915 2nd Ave	2014	249	93.6%	\$ 157,670,000	\$ 633,213	\$ 160,806,000	\$ 645,807	\$ 3,136,000	\$ 1,228,754	\$ 12,594
The Post	7666202540	888 Western Ave	2013	208	92.0%	\$ 116,383,000	\$ 559,534	\$ 119,004,000	\$ 572,135	\$ 2,621,000	\$ 1,026,965	\$ 12,601
Cyrene	7666202540	50 University Street	2017	168	90.0%	\$ 101,209,000	\$ 602,435	\$ 104,242,000	\$ 620,488	\$ 3,033,000	\$ 1,188,396	\$ 18,054

Waterfront LID Assessment Adjustment to Market

		Average	Highest Tower 12	Closest Helios
Average Base Valuation, Competitive Set		\$ 659,730	\$ 752,505	\$ 750,965
West Edge Base Valuation @ Average \$/Unit	340 units	\$ 224,308,244	\$ 255,851,629	\$ 255,328,040
Average Valuation with LID, Competitive Set		\$ 674,111	\$ 766,770	\$ 765,357
West Edge Valuation w/LID @ Average \$/Unit	340 units	\$ 229,197,855	\$ 260,701,789	\$ 260,221,307
Imputed LID Benefit		\$ 4,889,611	\$ 4,850,160	\$ 4,893,266
Imputed LID Assessment	39.18%	\$ 1,915,857	\$ 1,900,399	\$ 1,917,289
Reduction in LID Benefit		\$ (1,306,389)	\$ (1,345,840)	\$ (1,302,734)
Reduction in LID Assessment		\$ (511,872)	\$ (527,330)	\$ (510,440)
				Average
				\$ (1,318,321)
				\$ (516,547)

Exhibit C

Project:	West Edge
Developer:	Urban Visions
Capital Partner:	Mitsui Fudosan America
Analysis:	LID Assessment - Competitive Set Analysis
Analysis Date:	29-Jan-20

Commercial Valuation

West Edge - Office Development Study		
Land SF		15,143
Zoning Designation	DMC 240/290-440	
Base FAR		5.00
Max FAR		8.00
Base FAR Allowed		121,144.00
Mechanical Exemption (3.5%)		4,240.04
Building Net Sq Ft		125,384.04
Base Assessed Value	\$	300,972,000
\$/SF	\$	2,400.40

Highest Sales Comp - Seattle		
Subject Property		Arbor Blocks
Building Net Sq Ft		197,274
Buyer		Ponte Gadea
Seller		Vulcan Real Estate
Sales Date		11/5/2019
Sales Price	\$	210,785,000.00
\$/SF	\$	1,068.49
Note: Sale Transaction took place <i>after</i> completion of Final Special Benefit Study		

Waterfront LID Assessment Adjustment to Market			
Maximum Building Net Sq Ft			125,384.04
Highest Office Sales Comparable (\$/SF)	\$		1,068.49
Base Valuation as Office	\$		133,971,405
Maximum LID Benefit as Office*	3.50%	\$	4,688,999.16
* as established by ABS Valuation			
Imputed LID Assessment	39.18%	\$	1,837,253
Reduction in LID Benefit		\$	(1,507,001)
Reduction in LID Assesment		\$	(590,476)

Exhibit D

WATERFRONT SEATTLE PROJECT

Summary of Final Special Benefit/Proportionate Assessment Study
for Waterfront Seattle Project Local Improvement District (LID)
Seattle, Washington



FOR
City of Seattle
Mr. Glen M. Lee, City Finance Director
Department of Finance and Administration Services
700 Fifth Avenue, Suite 4300
PO Box 94669
Seattle, WA 98124-4996

ABS Valuation

Robert J. Macaulay, MAI
2927 Colby Avenue, Ste. 100
Everett, Washington 98201
425-258-2611
rmacaulay@absvaluation.com
absvaluation.com

Date of Valuation: October 1, 2019
Date of Report: November 18, 2019
ABS Valuation Job #19-0101



ABS VALUATION

COMMERCIAL APPRAISAL • CONSULTATION • LITIGATION SUPPORT
SPECIAL BENEFIT STUDIES • R/W APPRAISAL SERVICES



Estimated Special Benefit Ranges By Property Class		
Property Class	Percentage of Property Value Increase	
	High	Low
Land value	<4.00%	<0.50%
Office/Retail	<3.50%	<0.50%
Hotel	<3.50%	<1.00%
Apartment/Subsidized housing	3.00%	0.00%
Residential condominium	3.00%	<0.50%
Waterfront	<4.00%	<0.50%
Special purpose	0.10%	1.00%

The total cost for the above-described LID improvements is approximately \$346 million, with funding provided through a variety of sources. Further discussion of both the before (without) and after (with) conditions is in subsequent sections of this report and more detailed project descriptions provided by the city are contained in the addenda volume. There are several neighborhoods within the LID boundary; as stated above, properties within these areas experience different degrees of special benefit due to variations in proximity to the above project elements and other factors that affect value.

The main valuation methods used are the Sales Comparison Approach and the Income Approach. Due to the special purpose nature of some of the properties (i.e., the sports stadiums), the Cost Approach was used on a limited basis. The primary reason the market reflects increased value due to the project is enhanced location, improved pedestrian connectivity and higher market appeal created by the waterfront improvement amenities. In the Income Approach, this is reflected in increased rents and lower vacancy levels/capitalization rates as well as lower perceived investment risk. In the Sales Comparison Approach, higher land values and overall property values result from improved market perception.

These factors are interrelated in the decision-making process of an investor/developer/market participant when buying income-generating property like many properties in the study area. Condominium values typically increase due to enhanced location/appeal and positive market perception of the elements of the waterfront project. This study also recognizes that, with the LID project constructed, Alaskan Way will be widened to eight lanes at the south end of the project. Additionally, some parking losses along Alaskan Way in the waterfront area will occur due to the project and this is considered in the analysis.

The conclusions reached herein are presented subject to the specific assumptions and limiting conditions listed at the end of this report. The comments made on the currently strong downtown market trends are not meant to infer that the project would create further positive demand and intense development activity but rather that the new waterfront amenities and improved waterfront access would enhance trends already in evidence in the various downtown Seattle real estate markets. For example, as discussed in the "Seattle Market Data" section of the separate addenda volume, there is a strong supply of new hotel, office, multi-family residential and retail space coming on-line in the subject area over the next several years. Although it is recognized that this new supply will be competing with existing space, the currently strong demand will be enhanced by the subject LID project and is expected to



shorten the absorption period and aid in lowering vacancy rates, increasing rental rates and lowering capitalization rates for properties within the LID boundary.

Aspects of property considered as a parcel include: (a) the economic unit, (b) the physically contiguous unit, and (c) the continuity of ownership. In cases where multiple tax lots comprise a single entity, this entity is often called the "larger parcel". As required by state statute, recommended assessments for parcels comprised of more than one county tax lot are segregated into individual tax parcels. It should be emphasized that the individual parcels, as defined above, are the entities to which the special benefits accrue and against which the assessments are levied. Division of the proposed assessments into tax lots used by the King County Assessor's and Treasurer's offices, artificial boundaries from an appraisal standpoint, are made to comply with statutory requirements and the City's accounting procedures.

Without the LID project, rebuilt Alaskan Way would be considered a transportation corridor whereby management, maintenance, security, and other factors are commensurate with that provided for typical city thoroughfares/arterial streets. It is hereby noted that Washington State Ferries (part of the Washington State Department of Transportation) already operates the ferry terminal known as the Colman Dock, in the subject area, as part of the state highway system. With the project completed, certain defined areas along the waterfront (Overlook Walk, Promenade, Union Street and Waterfront Park, formerly known as Pier 58) would be governed by the City of Seattle's public parks ordinances, and specifically Ordinance Number 125761, which was passed by the Seattle City Council on January 28, 2019.

These new waterfront amenities will be designated as "park land", conveying broader powers to the City regarding upkeep, maintenance and security of the vicinity. The ordinance grants additional authority to the city, through their employees, to maintain the integrity, security and cleanliness of these areas and eliminate undesirable activities such as loitering. Furthermore, a percentage of all affected property owners (comprising most of the owners of downtown property) have signed maintenance agreements with the City, furthering the public/private partnership and maintaining the ambience, desirability and quality of the newly installed park areas. Copies of both the 2019 ordinance and a discussion, recently provided by the client, of the impact of an operation and maintenance (O&M) agreement on various LID elements, together with what operation and maintenance in the LID area would look like absent the project, are included in the separate addenda volume.

Maps and an aerial photograph showing the LID boundary, together with the spreadsheets of recommended final assessments, follows this letter. Other exhibits are presented in the addenda volume. The findings resulting from this final special benefit/proportionate assessment study, which is subject to the accompanying assumptions and limiting conditions and those in the addenda document, as of October 1, 2019, are as follows:

Residential Condos & Associated Commercial - Total Estimated Market Value Without LID.....	\$ 5,036,188,000 (Rd)
All Other LID Commercial Properties - Total Estimated Market Value Without LID	<u>\$51,323,051,000 (Rd)</u>
Total Estimated Market Value Without LID	\$56,359,239,000 (Rd)
Residential Condos & Associated Commercial - Total Estimated Market Value With LID	\$ 5,097,699,000 (Rd)
All Other LID Commercial Properties - Total Estimated Market Value With LID	<u>\$51,709,448,000 (Rd)</u>
Total Estimated Market Value With LID	\$56,807,147,000 (Rd)
Residential Condos & Associated Commercial - Estimated Special Benefit	\$ 61,511,000 (Rd)
All Other LID Commercial Properties - Estimated Special Benefit.....	<u>\$ 386,397,000 (Rd)</u>
Total Estimated Special Benefit.....	\$ 447,908,000 (Rd)
Cost/Benefit Ratio	39.2% (Rd)



The total estimated cost for the LID improvements is \$346 million; however, as of the date of this document, the City of Seattle has set a cap of \$160 million plus financing costs (\$175,500,000 total) as that portion of the total cost to be paid by the owners of property specially benefited by the project. Dividing \$175,500,000 by the total estimated special benefit to assessable property of \$447,908,000 yields a cost/benefit ratio of (R) 39.20%. In other words, each parcel receives one dollar in market value increase (special benefit) for each \$0.39± of LID assessment. Multiplying the individual special benefit estimates for the affected parcels by this constant cost/benefit ratio results in recommended proportionate final assessments to each parcel.

If you have questions not answered in this report, please do not hesitate to contact us.

Respectfully submitted,

ABS Valuation

Robert J. Macaulay, MAI



Table of Contents

SPREADSHEETS

ALL OTHER LID COMMERCIAL PROPERTIES..... S1-13

RESIDENTIAL CONDOMINIUMS AND ASSOCIATED COMMERCIAL PROPERTIES.....S1-79

AERIAL/LID BOUNDARY MAP..... 1

ZONING MAP 2

WATERFRONT AERIAL---FUTURE DEPICTION..... 3

RENDERING WITHOUT LID..... 4

RENDERING WITH LID 5

EXECUTIVE SUMMARY 6

WATERFRONT SEATTLE LID PROJECT..... 14

Projects Assumed Completed in the "Before" Condition..... 14

LID Project – Before and After Conditions 15

Rebuilt/New Surface Roadway17

Drive/Parking Aisle (Before) and the Promenade (After)18

Overlook Walk21

Union Street Pedestrian Connection.....22

Pier 58 (formerly known as Waterfront Park)22

ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS 24

Introduction..... 24

LID Boundary 24

Client and Intended Users..... 24

Purpose and Intended Use of the Study 24

Exposure Period 24

Washington State Definition of Market Value..... 24

Definition of Fee Simple Interest 25

Highest and Best Use 25

Interim Use and Interim Value 25



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY MEMORANDUM
TABLE OF CONTENTS

Anticipatory Use and Market Value	25
Definition and Discussion of Special Benefit	26
Final Special Benefit/Proportionate Assessment Study Methodology	26
Definition of Local Improvement District	27
Date of Valuation	27
Purpose of the Analysis.....	27
Use of the Study.....	27
Primary Phases of the Assignment.....	27
Extraordinary Assumptions.....	28
Hypothetical Conditions	28
Legal Description of Proposed Project	28
Scope of the Study/Purpose of the Assignment.....	28
Identification of LID Study Areas and Neighborhoods	29
Area A	29
Areas B and C	30
Area D.....	35
Area E	35
Neighborhood Descriptions	36
Belltown	36
Denny Triangle	37
Waterfront	37
Retail/Commercial Core	38
West Edge/Pike Place Market.....	38
Pioneer Square/Stadium District	39
Parcel Descriptions	40
Land Use Regulations.....	40
Comparable Projects and Research	44
Economic Studies	44
Specific Improvement Projects	48
Summary.....	56
Olympic Sculpture Park.....	57
VALUATION ANALYSIS.....	59
Introduction.....	59



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY MEMORANDUM
TABLE OF CONTENTS

Proportionality	59
Land Sales Summary—General Discussion	61
Recent Land Sales.....	61
Improved Sales Summary	69
Comparable Residential Condominium Sales.....	73
Income Approach.....	74
Valuation Summary---without LID	79
Valuation Summary---with LID	80
Land Value	80
Office/Retail Properties	81
Hotel Properties	81
Apartments/Subsidized Housing.....	82
Residential Condominiums	82
Waterfront (Pier) Properties	83
Special Purpose Properties	84
Summary	84
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS	88
CERTIFICATION	94
ADDENDA.....	96
ADDITIONAL REPORTING REQUIREMENTS	97
Client	97
Intended Use/Users.....	97
Effective Date of Study.....	97
Purpose of the Analysis.....	97
Legal Description	97
Property Rights Analyzed.....	97
Scope of the Study	97
Definitions	98
Area Description	99
Hypothetical Conditions	99
Extraordinary Assumptions.....	99
SEATTLE MARKET DATA.....	100
Retail Market	100



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY MEMORANDUM
TABLE OF CONTENTS

Office Market	104
Apartment Market.....	110
Condominium Market	111
Hotel Market	115
PAGES FROM JLL OFFICE MARKET OVERVIEW Q2_2019	118
QUALIFICATIONS OF ROBERT J. MACAULAY, MAI	130

Addenda Volume - Table of Contents

A - LID-NO LID.....	A-1
B - LID RENDERINGS	B-1
C - OVERLOOK WALKWAY	C-1
D - PIONEER SQUARE.....	D-1
E - PIKE/PINE - NO LID/LID	E-1
F - PINE BONUS BEFORE/AFTER LID.....	F-1
G - CITY ORDINANCE NO. 125761.....	G-1
H - NO-LID/LID O&M SCENARIOS	H-1

Waterfront Seattle Final Special Benefit Study
All Other LID Commercial Properties

All Other LID Commercial Properties

[illegible]

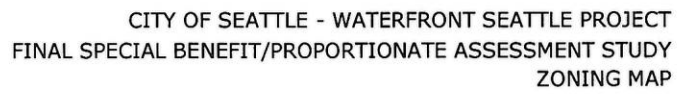
Waterfront Seattle Final Special Benefit Study
All Other UD Commercial Properties

[illegible]



Aerial/LID Boundary Map



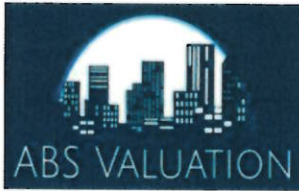


Zoning Within LID Analysis Area

LID Analysis Area

Zoning

- DR-100
- DR-150
- DR-200
- DR-250
- DR-300
- DR-350
- DR-400
- DR-450
- DR-500
- DR-550
- DR-600
- DR-650
- DR-700
- DR-750
- DR-800
- DR-850
- DR-900
- DR-950
- DR-1000
- DR-1050
- DR-1100
- DR-1150
- DR-1200
- DR-1250
- DR-1300
- DR-1350
- DR-1400
- DR-1450
- DR-1500
- DR-1550
- DR-1600
- DR-1650
- DR-1700
- DR-1750
- DR-1800
- DR-1850
- DR-1900
- DR-1950
- DR-2000
- DR-2050
- DR-2100
- DR-2150
- DR-2200
- DR-2250
- DR-2300
- DR-2350
- DR-2400
- DR-2450
- DR-2500
- DR-2550
- DR-2600
- DR-2650
- DR-2700
- DR-2750
- DR-2800
- DR-2850
- DR-2900
- DR-2950
- DR-3000
- DR-3050
- DR-3100
- DR-3150
- DR-3200
- DR-3250
- DR-3300
- DR-3350
- DR-3400
- DR-3450
- DR-3500
- DR-3550
- DR-3600
- DR-3650
- DR-3700
- DR-3750
- DR-3800
- DR-3850
- DR-3900
- DR-3950
- DR-4000
- DR-4050
- DR-4100
- DR-4150
- DR-4200
- DR-4250
- DR-4300
- DR-4350
- DR-4400
- DR-4450
- DR-4500
- DR-4550
- DR-4600
- DR-4650
- DR-4700
- DR-4750
- DR-4800
- DR-4850
- DR-4900
- DR-4950
- DR-5000
- DR-5050
- DR-5100
- DR-5150
- DR-5200
- DR-5250
- DR-5300
- DR-5350
- DR-5400
- DR-5450
- DR-5500
- DR-5550
- DR-5600
- DR-5650
- DR-5700
- DR-5750
- DR-5800
- DR-5850
- DR-5900
- DR-5950
- DR-6000
- DR-6050
- DR-6100
- DR-6150
- DR-6200
- DR-6250
- DR-6300
- DR-6350
- DR-6400
- DR-6450
- DR-6500
- DR-6550
- DR-6600
- DR-6650
- DR-6700
- DR-6750
- DR-6800
- DR-6850
- DR-6900
- DR-6950
- DR-7000
- DR-7050
- DR-7100
- DR-7150
- DR-7200
- DR-7250
- DR-7300
- DR-7350
- DR-7400
- DR-7450
- DR-7500
- DR-7550
- DR-7600
- DR-7650
- DR-7700
- DR-7750
- DR-7800
- DR-7850
- DR-7900
- DR-7950
- DR-8000
- DR-8050
- DR-8100
- DR-8150
- DR-8200
- DR-8250
- DR-8300
- DR-8350
- DR-8400
- DR-8450
- DR-8500
- DR-8550
- DR-8600
- DR-8650
- DR-8700
- DR-8750
- DR-8800
- DR-8850
- DR-8900
- DR-8950
- DR-9000
- DR-9050
- DR-9100
- DR-9150
- DR-9200
- DR-9250
- DR-9300
- DR-9350
- DR-9400
- DR-9450
- DR-9500
- DR-9550
- DR-9600
- DR-9650
- DR-9700
- DR-9750
- DR-9800
- DR-9850
- DR-9900
- DR-9950
- DR-10000
- DR-10050
- DR-10100
- DR-10150
- DR-10200
- DR-10250
- DR-10300
- DR-10350
- DR-10400
- DR-10450
- DR-10500
- DR-10550
- DR-10600
- DR-10650
- DR-10700
- DR-10750
- DR-10800
- DR-10850
- DR-10900
- DR-10950
- DR-11000
- DR-11050
- DR-11100
- DR-11150
- DR-11200
- DR-11250
- DR-11300
- DR-11350
- DR-11400
- DR-11450
- DR-11500
- DR-11550
- DR-11600
- DR-11650
- DR-11700
- DR-11750
- DR-11800
- DR-11850
- DR-11900
- DR-11950
- DR-12000
- DR-12050
- DR-12100
- DR-12150
- DR-12200
- DR-12250
- DR-12300
- DR-12350
- DR-12400
- DR-12450
- DR-12500
- DR-12550
- DR-12600
- DR-12650
- DR-12700
- DR-12750
- DR-12800
- DR-12850
- DR-12900
- DR-12950
- DR-13000
- DR-13050
- DR-13100
- DR-13150
- DR-13200
- DR-13250
- DR-13300
- DR-13350
- DR-13400
- DR-13450
- DR-13500
- DR-13550
- DR-13600
- DR-13650
- DR-13700
- DR-13750
- DR-13800
- DR-13850
- DR-13900
- DR-13950
- DR-14000
- DR-14050
- DR-14100
- DR-14150
- DR-14200
- DR-14250
- DR-14300
- DR-14350
- DR-14400
- DR-14450
- DR-14500
- DR-14550
- DR-14600
- DR-14650
- DR-14700
- DR-14750
- DR-14800
- DR-14850
- DR-14900
- DR-14950
- DR-15000
- DR-15050
- DR-15100
- DR-15150
- DR-15200
- DR-15250
- DR-15300
- DR-15350
- DR-15400
- DR-15450
- DR-15500
- DR-15550
- DR-15600
- DR-15650
- DR-15700
- DR-15750
- DR-15800
- DR-15850
- DR-15900
- DR-15950
- DR-16000
- DR-16050
- DR-16100
- DR-16150
- DR-16200
- DR-



Executive Summary

LID Boundary:

As shown in more detail on the maps included with this report and the addenda volume, the LID boundaries are generally described as Denny Way on the north, Wall Street on the northwest (due to the presence of the Olympic Sculpture Park and Myrtle Edwards Park northwest of Wall Street), Puget Sound and the waterfront proper to the west, Interstate Highway 5 and 4th Avenue South on the east, and portions of South Massachusetts Avenue/Edgar Martinez Drive (T-Mobile Park) on the south.

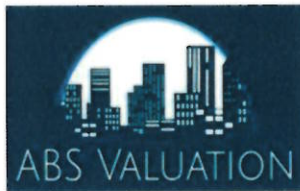
Definition of Special Benefit:

The difference in the fair market value of the property without the improvement and the fair market value of the property with the improvement (commonly called "before and after," more properly called "without and with")." (Local and Road Improvement Districts Manual for Washington State, Sixth Edition. 2009, Municipal Research and Services Center, Seattle, WA.)

Project Overview:

The LID project would construct the following six main elements:

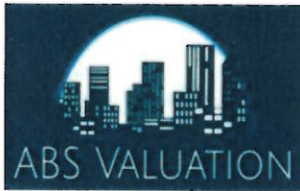
- 1) Promenade is a continuous public open space with amply green, landscaped spaces along the west side of the new Alaskan Way from S Washington Street to Pine Street designed for walking, sitting, gathering, and viewing the waterfront. Highlights of the 26± block-long promenade include street art, extensive plantings (evergreen trees, shrubs and flower bulbs), pedestrian walkways with railings in various sections, and lighting designed in a layered pattern to provide visual interest and wayfinding clarity including LED light sources for low-level illumination of handrails.
- 2) Overlook Walk, immediately west of the recently completed Pike Place MarketFront building, is a pedestrian bridge and landscaped public space that connects the Pike Place Market with the Promenade, spanning over the Elliott Way surface street. Beginning at the MarketFront, a switchback pathway referred to as the "Bluff Walk" connects to a 28-foot-high elevated lid over the new Alaskan Way surface street. Other features are 47,000 SF of public open space with excellent view amenities and an accessible pedestrian pathway, enhancing existing connections and adding new



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

connections between Pike Place Market and the waterfront, providing opportunities to enhance the pedestrian experience and revitalize the area.

- 3) Pioneer Square Street Improvements include enhanced streetscapes on S Main Street, S Washington Street, Yesler Way, and S King Street featuring new sidewalk paving, landscaping, and traffic redirection to create more pedestrian-friendly links between the waterfront and Pioneer Square. Improvements could include curb extensions, new seating opportunities and coordinated development of sidewalk cafes with food and beverage uses fronting on these streets. Because this area lies within the Pioneer Square Preservation District, improvements are in accordance with the preservation district guidelines. In total, the project will create over 20 acres of new public space.
- 4) Union Street Pedestrian Connection (also known as Lower Union), is in the right of way on the south side of Union Street between Alaskan Way and Western Avenue. It is a universally accessible pedestrian link between the new waterfront and Western Avenue. An elevated pedestrian walkway, elevator and stairs are enhanced by public art and nighttime lighting to illuminate the pathway, elevator, and the area underneath the pedestrian bridge.
- 5) Pike/Pine Streetscape Improvements provide enhanced pedestrian access to and from the Pike Place Market and waterfront. Both streets, between First and Second avenues, will be reconstructed as "shared space", without curbs. Single travel lanes (westbound on Pine and eastbound on Pike) designed for slow vehicle movement and local access will share the space with pedestrians and bicycles. Bollards and detectable warning strips help define the area to be used by vehicles, along with light poles, trees and paving treatments, and there will be more room available for sidewalk cafes. Other improvements will be made in the various blocks of Pike and Pine streets between Second and Ninth avenues (planters protecting bike lanes, etc.) including construction of a new paved public plaza, a flexible space designed to accommodate diverse programming similar to Westlake Park, on the



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

south side of Pine Street between Third and Fourth avenues.

- 6) Pier 58 (formerly known as Waterfront Park), located between Piers 57 and 59, provides a unique atmosphere for social gathering/performance spaces with excellent view amenities. Containing approximately 49,000 square feet providing a seamless connection between the park and the Promenade, highlights include a children's play area, 4,900 SF of open water coverage protected by railings, and 3,600± square feet of raised lawns.

Neighborhood Descriptions:

Although neighborhoods typically blend into one another at the peripheries, six can be identified within the LID boundary; they are known as Belltown, Denny Triangle, Waterfront, Retail/Commercial Core, West Edge/Pike Place Market, and the Pioneer Square/Stadium District. Characteristics of each neighborhood and land use regulations affecting each are described in more detail in the report.

Summary of Individual Parcels:

Within the LID boundary, there are approximately 6,238 individual tax parcels, comprised of a mix of residential/commercial condominium units, high rise office towers, other office properties, hotels, retail spaces (waterfront and non-waterfront), historic structures and special purpose properties including sports stadiums, an art museum, a performance hall, a convention center and a ferry terminal. Of this total, about 5,187 tax parcels are residential condo units in 49± projects and some associated commercial properties. Considering the large number of parcels (individual ownerships), recommended final assessments and other pertinent information on each has been compiled on a lengthy spreadsheet separate from the remaining 1,051 ownerships, for ease of reading and comprehension. The same type of information on the other 1,051 parcels is aggregated on a second spreadsheet entitled, "All Other LID Commercial Properties"; both spreadsheets are integral parts of this report.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

Special Benefit/Proportionate
Assessment Methodology:

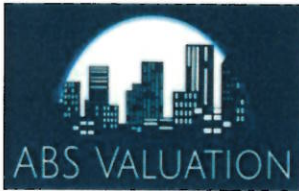
Enabling legislation providing authority to levy assessments by an LID is statutory in Washington State. All assessments must meet two criteria: (1) the amount of an assessment on a particular parcel may not materially exceed the special benefit to that parcel and (2) all assessments within the district must be fair and in rough proportion to all other assessments. This is a mass appraisal report prepared under the requirements set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute. Market value is estimated for each parcel within the LID boundary based on highest and best use, both without and with the improvement project completed as of the date of this study. The increase in value, if any, is the special benefit accruing to that parcel due to the project.

Based on Washington State legal statutes, the fee simple interest in the market value of each individual parcel is estimated herein.

Proportionality/Valuation Summary:

Proportionality is an important element in any special benefit study. Properties with similar highest and best use, location and physical characteristics should experience a roughly similar special benefit on an overall property basis. Both land value for a specific parcel and overall improved property value are analyzed as part of this study. Many properties within the LID boundary are improved but, due to high land values, the existing improvements may not contribute to overall property value. Also, because zoning within the downtown core often allows new construction at high density (i.e., skyscrapers built on relatively small parcels of land), investors/developers are acquiring underimproved (currently developed at low density) properties for redevelopment or investment hold.

Completing a separate land value analysis offers comparisons between the land and improvements components of these redeveloped sites. It also maintains proportionality of the estimated increase in market value (special benefit). Therefore, properties improved to their highest and best use (*not* underimproved) such as office/retail buildings, apartments and condominiums---typically multi-storied structures---specially benefit in a proportion-



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

ate manner; this is, there is benefit to both the land and to the improvements.

Both unimproved land and improved parcels located closer to the waterfront and various project amenities (Promenade, Pier 58---aka Waterfront Park, Overlook Walk, Pike/Pine Corridor, and Pioneer Square) specially benefit, or reflect a higher overall market value difference without as opposed to with the project, than those parcels located further east, north or south of the main LID-funded improvements.

A unique aspect of this special benefit study is that the analysis does not consider any view enhancement (or resultant market value increase) due to removal of the Alaskan Way Viaduct. Therefore, this special benefit study reflects only the amenities provided by the LID project as compared with characteristics of the viaduct vicinity absent the project, as of the October 1, 2019 valuation date. The valuation conclusions resulting from this final special benefit/proportionate assessment study are summarized in the table on the following page.

Typically, properties located closer to the waterfront improvements experience the highest overall increase in market value (special benefit). Hotels and retail properties reflected slightly higher special benefit in most instances, depending on location relative to the LID improvements. Apartments/condominiums and office buildings varied in overall special benefit, again depending on specific locations. Special purpose properties, such as the sports stadiums, experience lesser special benefit due to use restrictions and location at the far south end of the project. Lower estimated market value increases accrue to properties in the Pike Place Market and Pioneer Square vicinities, again due to use restrictions imposed within the respective historical district overlays. Properties closer to Interstate Highway 5 and in the eastern and northeastern quadrants of the district experience the lowest extent of special benefit due to distance from the LID-funded improvements and the various amenities provided by those improvements.

The table on the following page summarizes the estimated special benefit ranges for each affected



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

property type, based on the percentages of property value increase.

Estimated Special Benefit Ranges By Property Class		
Property Class	Percentage of Property Value Increase	
	High	Low
Land value	<4.00%	<0.50%
Office/Retail	<3.50%	<0.50%
Hotel	<3.50%	<1.00%
Apartment/Subsidized housing	3.00%	0.00%
Residential condominium	3.00%	<0.50%
Waterfront	<4.00%	<0.50%
Special purpose	0.10%	1.00%

As stated in the transmittal letter that begins this report, aspects of property considered as a parcel include: (a) the economic unit, (b) the physically contiguous unit, and (c) the continuity of ownership. In cases where multiple tax lots comprise a single entity, this entity is often called the "larger parcel". As required by state statute, recommended assessments for parcels comprised of more than one county tax lot are segregated into individual tax parcels. It should be emphasized that the individual parcels, as defined above, are the entities to which the special benefits accrue and against which the assessments are levied. Division of the proposed assessments into tax lots used by the King County Assessor's and Treasurer's offices, artificial boundaries from an appraisal standpoint, are made to comply with statutory requirements and the City's accounting procedures.

Without the LID project, rebuilt Alaskan Way would be considered a transportation corridor whereby management, maintenance, security, and other factors are commensurate with that provided for typical city thoroughfares/arterial streets. It is hereby noted that Washington State Ferries (part of the Washington State Department of Transportation) already operates the ferry terminal known as the Colman Dock, in the subject area, as part of the state highway system. With the project completed, certain defined areas along the waterfront (Overlook Walk, Promenade, Union Street and Waterfront Park, formerly known as Pier 58) would be governed by the City of Seattle's public



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

parks ordinances, and specifically Ordinance Number 125761, which was passed by the Seattle City Council on January 28, 2019.

These new waterfront amenities will be designated as “park land”, conveying broader powers to the City regarding upkeep, maintenance and security of the vicinity. The ordinance grants additional authority to the city, through their employees, to maintain the integrity, security and cleanliness of these areas and eliminate undesirable activities such as loitering. Furthermore, a percentage of all affected property owners (comprising most of the owners of downtown property) have signed maintenance agreements with the City, furthering the public/private partnership and maintaining the ambience, desirability and quality of the newly installed park areas. Copies of both the 2019 ordinance and a discussion, recently provided by the client, of the impact of an operation and maintenance (O&M) agreement on various LID elements, together with what operation and maintenance in the LID area would look like absent the project, are included in the separate addenda volume.

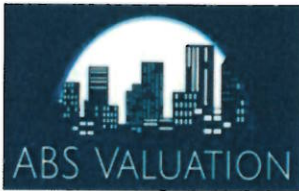
Based on the analysis completed, the total estimated special benefit to assessable property within the LID boundary is \$447,908,000 (Rd). The findings resulting from this study, which is subject to the accompanying assumptions and limiting conditions, as of October 1, 2019, are as follows:

Residential Condos & Associated Commercial - Total Estimated Market Value Without LID	\$ 5,036,188,000 (Rd)
All Other LID Commercial Properties - Total Estimated Market Value Without LID	<u>\$51,323,051,000 (Rd)</u>
Total Estimated Market Value Without LID	\$56,359,239,000 (Rd)
Residential Condos & Associated Commercial - Total Estimated Market Value With LID	\$ 5,097,699,000 (Rd)
All Other LID Commercial Properties - Total Estimated Market Value With LID	<u>\$51,709,448,000 (Rd)</u>
Total Estimated Market Value With LID	\$56,807,147,000 (Rd)
Residential Condos & Associated Commercial – Estimated Special Benefit	\$ 61,511,000 (Rd)
All Other LID Commercial Properties – Estimated Special Benefit.....	<u>\$ 386,397,000 (Rd)</u>
Total Estimated Special Benefit	\$ 447,908,000 (Rd)
Cost/Benefit Ratio	39.2% (Rd)



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
EXECUTIVE SUMMARY

The total estimated LID-funded improvements cost is \$346 million; however, as of the date of this document, the City of Seattle has set a cap of \$160 million plus financing costs (\$175,500,000 total) as that portion of the total cost to be paid by the owners of property specially benefited by the project. Dividing \$175,500,000 by the total estimated special benefit to assessable property of \$447,908,000 yields a cost/benefit ratio of 39.20%. In other words, each parcel receives one dollar in market value increase (special benefit) for each \$0.39± of LID assessment. Multiplying the individual special benefit estimates for the affected parcels by this constant cost/benefit ratio results in recommended proportionate final assessments to each parcel.



Items Forming the Basis of Recommended Final Assessments

Introduction

Utilizing limited assignment/mass appraisal techniques, the special benefit study involves appraisal of the market value of the fee simple interest in each subject parcel both without the local improvement district (LID) and with the local improvement district assumed completed. The difference in market value, if any, of each parcel without and with the LID is the special benefit accruing due to the project. The terms "without" and "with" are used instead of "before" and "after" to remove the inference of a time interval between the two value estimates. The meaning of the two sets of terms is identical.

LID Boundary

As shown in more detail on the maps included with this report and addenda, the LID boundaries are generally described as Denny Way on the north, Wall Street on the northwest (due to the presence of the Olympic Sculpture Park and Myrtle Edwards Park northwest of Wall Street), Puget Sound and the waterfront proper to the west, Interstate Highway 5 and 4th Avenue South on the east, and portions of South Massachusetts Avenue/Edgar Martinez Drive (T-Mobile Park) on the south.

Client and Intended Users

The client is the City of Seattle Department of Finance and Administration Services. Intended users of this report are the City of Seattle, its appointed representatives and owners of property within the LID boundary.

Purpose and Intended Use of the Study

The purpose and intent of this study is to estimate assessments to assist the City of Seattle in allocating appropriate, proportionate assessments to each assessable tax parcel within the LID boundary that is specially benefitted by the project as described herein. To accomplish this, estimates of market value of the fee simple interest in each of the affected parcels within the boundary, based on respective highest and best use, are made, both without and with completion of the LID project as of the date of this final special benefit study.

Exposure Period

An exposure period is the estimated length of time the property interest being appraised has been offered on the market prior to a hypothetical sale at market value as of the effective appraisal date. Based on review of comparable sales and discussions with market participants, exposure period for various parcels within the LID boundary is estimated at 6 to 9 months.

Washington State Definition of Market Value

"Fair Market Value" is the amount in cash which a well-informed buyer, willing but not obliged to buy the property, would pay, and which a well-informed seller, willing but not obligated to sell it would accept, taking into consideration all uses to which the property is adapted and might in reason be applied (Washington Pattern Instruction 150.08). Based on Washington State legal statutes and case law, the fee simple interest in each individual parcel is estimated herein.



Definition of Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat ("The Appraisal of Real Estate", Fourteenth Edition, 2013, Appraisal Institute, page 354).

Highest and Best Use

Highest and best use is the most fundamental premise upon which estimations of market value are based. According to "The Dictionary of Real Estate Appraisal" (Fifth Edition, 2010, Appraisal Institute, page 93), highest and best use is defined as:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value."

The primary reason for estimating the highest and best use of land as vacant is to estimate land value. If there is an existing improvement on the site, the land is viewed as though vacant. A conclusion is then reached as to what use creates the highest residual to the land or the highest land value. It is then possible to identify comparable sales of vacant land.

Highest and best use of property as improved considers the existing improvements and estimates whether they represent the maximally productive use or create the highest market value. If not, a decision must be made as to whether the improvements should be expanded, renovated, converted or razed to make way for that use which produces the highest return to an investor.

Interim Use and Interim Value

The use that a site or improved property is put to until it is ready for its highest and best use has traditionally been known as the *interim use*. An interim use is not the highest and best use of the property at the present time, and it should not be represented as the subject property's current highest and best use. Rather, the current highest and best use of a property with an interim use would be to leave the property as is until land value rises to a level that modification of the interim use (or demolition of the improvements and redevelopment for some other use) is financially feasible. An interim use may or may not contribute to value until the highest and best use of the property can be achieved.

Anticipatory Use and Market Value

Market sale prices often indicate that an increase in the value of real property within the LID boundary occurs as a result of a proposed project. This anticipatory increment in value is called project enhancement and, as in eminent domain procedures, is not included in the estimate of value without, or before, the LID project. The market value estimate with the LID project assumed completed within a reasonable time recognizes changes in locational characteristics, intensity of use and value resulting from the project.



Extraordinary Assumptions

An extraordinary assumption is defined as that which, if found to be false, could alter the opinion of market value. It presumes as fact otherwise uncertain information about the legal, physical or economic characteristics of the subject properties. Refer to prior pages of this report and publicly available materials produced by the City of Seattle for descriptions of the “before” and “after” conditions, which are considered extraordinary assumptions. After, or with, the LID, the improvements comprising the Waterfront Seattle Project are assumed to be complete.

Hypothetical Conditions

A hypothetical condition is that which is contrary to what exists but is supposed for purposes of analysis. For this study, market value of each parcel is estimated without the LID and again assuming that the LID project has been completed, as of the same date.

Legal Description of Proposed Project

The local improvement district is situated within portions of Section 6 of Township 24 North, Range 4 East, and Section 31 of Township 25 North, Range 4 East, WM, in the City of Seattle, King County, Washington. A more detailed legal description has not been provided by the City of Seattle.

Scope of the Study/Purpose of the Assignment

The scope of this report which resulted from the assignment involved estimating the current market value of each assessable parcel, both without and with the LID project completed. As part of this assignment, the appraiser made number of independent investigations and analyses. Area and neighborhood research included examination of data such as demographic information, land use policies and trends, growth forecasts and employment statistics pertaining to King County and the City of Seattle.

The purpose of the assignment is to recommend assessments based on special benefit resulting from the LID-funded improvements within the Waterfront Seattle Project as it is currently designed and described herein, and in the separate addenda volume. The study area analyzed is bounded to the west by the Seattle waterfront, on the east by Interstate Highway 5, north by Denny Way and to the south by a portion of South Massachusetts Street, as visually depicted on the maps and other exhibits included in this report and its accompanying addenda volume.

The difference in estimated market value of individual parcels without the improvement project and again with the project assumed completed, as of the same date, is the special benefit estimate. Estimated value ranges without and with the LID project are refined into valuation conclusions based on factors affecting market value of individual parcels. Examples of such factors include changes in locational characteristics, differing highest and best use, or potential development density before/after completion of the LID improvements.

Electronic data based on records of the King County Department of Assessments forms the basis of the final recommended assessment roll spreadsheets that are integral parts of this report. The right is reserved to make revisions, if necessary, to the analysis of individual parcels and special benefit estimates made herein are subject to change if additional relevant information is provided. Importantly, through the LID formation process and the City of



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

Seattle's outreach program, every effort has been made to acquire and consider in the valuation process all relevant and credible information on individual affected parcels.

Identification of LID Study Areas and Neighborhoods

The initial LID study area contained approximately 760 acres and some 7,000 individual tax parcels, comprised of a mix of residential/commercial condominium units, high rise office towers, other office properties, hotels, retail spaces (waterfront and non-waterfront), historic structures and special purpose properties including sports stadiums, an art museum, a performance hall, a convention center and a ferry terminal. For purposes of this earlier analysis, the larger vicinity was divided into five smaller study areas, each of which is described below. Because the five designated study areas do not conform with established neighborhood boundaries, following these descriptions are brief summaries of six distinct neighborhoods found within the established LID boundary: Denny Triangle, Belltown, Pike Place Market/West Edge, Retail/Commercial Core, Waterfront, and Pioneer Square/Stadium District.

The five study areas were initially used in the 2017 economic feasibility study to aid in identifying the proximity of individual parcels to various project elements and to set up a system of map numbering for all parcels within this original study area. Now that the LID boundary has been established, the letter designations (initially used for internal purposes), simply provide an identification of each subject parcel by a unique map number, comprised of a letter (A, B, C, D or E) followed by several numbers. The area descriptions used in the feasibility study are retained herein to aid in describing the project area and provide some images of the area as it existed in 2017.

Area A

Area A incorporates the central waterfront; this is one of the most directly impacted portions of the subject LID as this section includes Pier 58 (formerly known as Waterfront Park). Generally, Area A starts to the south at S Washington Street and extends north to Vine Street (directly along the Elliott Bay shoreline and Alaskan Way).



Overall, in the "before" condition, the area to the west of Alaskan Way (Elliott Bay piers) is highly developed with various maritime uses and the Washington State Ferries Colman Dock ferry terminal, retail centers, public parks/piers, the Seattle Aquarium, the Edgewater Hotel, small boat marinas, the Bell Street Pier and a cruise ship terminal and conference center. Generally, the greatest concentration of retail and cultural development is located on Piers 54 through 59 (Seattle Aquarium). To the north is Pier 66 (private small boat marina), a cruise ship terminal, Pier 67 (Edgewater Hotel), Pier 69 (Port of Seattle headquarters and Victoria Clipper dock), parking lots and additional improvements.

The east side of Alaskan Way, south of Pike Street, is less developed. This is due in large part to the former presence of an elevated viaduct and to a lesser extent the overall uphill slope



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

that leads from the waterfront to the downtown core. Generally, more developed east/west connections between the waterfront and the uphill core area are centered around the Harbor Steps apartment development, Pike Place Market and the Bell Street pedestrian stairs/elevator and overpass, which connects the waterfront to the upland portion of the World Trade Center as well as the Belltown neighborhood.

North of Pike Street, Alaskan Way was not encumbered by the former viaduct and current development includes a Marriot Hotel, Waterfront Landing residential condominiums and World Trade Center Seattle. With the LID completed, the waterfront Area A is benefited by the Promenade, which creates better open space and aesthetic amenities, and redeveloped Pier 58 (formerly known as Waterfront Park). Additionally, the area is enhanced by the Overlook Walk/Pike Place Market new pedestrian connections, together with the new Union Street connection.

In the Pioneer Square area, the new S Washington Street, S Main Street, S King Street and Yesler Way improvements will provide better pedestrian routes to/from the waterfront. It should be noted that Alaskan Way will be widened to eight lanes in this area, both without and with the LID completed.

Areas B and C

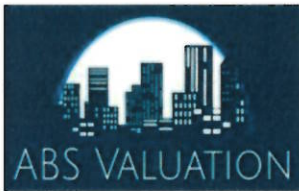
These two areas are approximately ¼- to ½-mile east of the waterfront park improvements and incorporate several of the project's smaller east-west streetscape upgrades. Area B starts to the south at S King Street and extends north to Denny Way (moving east from Alaskan Way S/Elliott Avenue to 2nd Avenue). Area C has the same north/south start and end points but begins near 3rd Avenue and extends east to the vicinity of 4th Avenue.



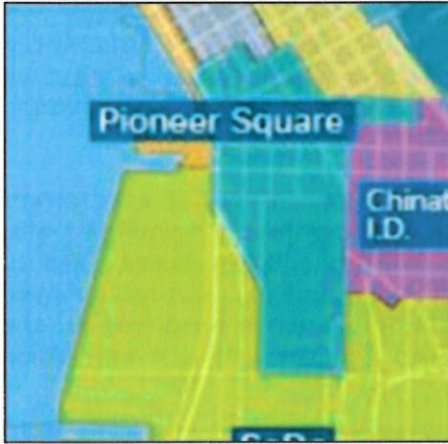
excluded from Areas B and C as it represents the Pike/Pine Corridor (Area E).

The roughly rectangular shaped area north of Union Street and south of Olive Way (east of Alaskan Way and west of Convention Place) is





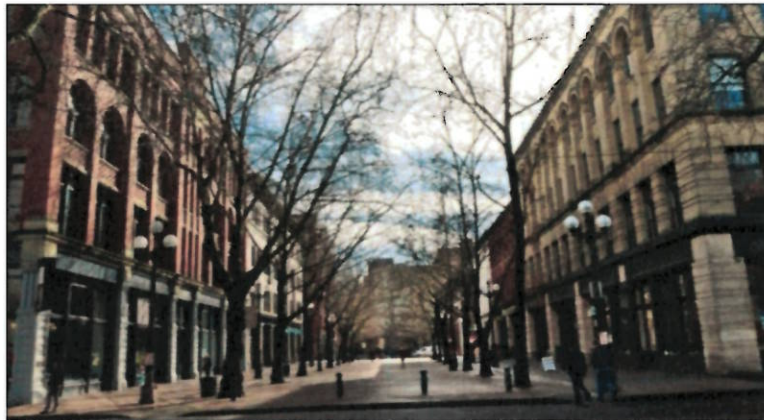
CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT



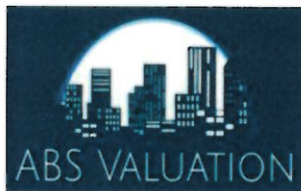
These two areas incorporate the Pioneer Square, West Edge, Retail Core and Belltown downtown neighborhoods. Overall, in the “before” condition, highly developed east/west connections between the waterfront and this core area of downtown Seattle are centered around the Harbor Steps and Pike Place Market. While other pedestrian/street connections exist, they are relatively underdeveloped and consist of older and less visible stairwells, pedestrian bridges, and/or lower traffic roadways with various levels of streetscape buildout that lead to dead end cul-de-sacs, alleyways or parking lots. These underdeveloped streetscape connections are due largely to the past presence of an elevated viaduct and, to some extent, the overall uphill slope of the downtown core. In the “after” condition, key east/west streets

within Areas B and C will receive streetscape upgrades that create more welcoming, cohesive and navigable connections from the waterfront/Alaskan Way to the core areas of these neighborhoods. S King Street, S Main Street, S Washington Street, Yesler Way, Columbia, Seneca, and Bell streets will see feature two to four city blocks of streetscape upgrades that start at Alaskan Way (the Pike and Pine Street corridors will be upgraded east to 9th Avenue).

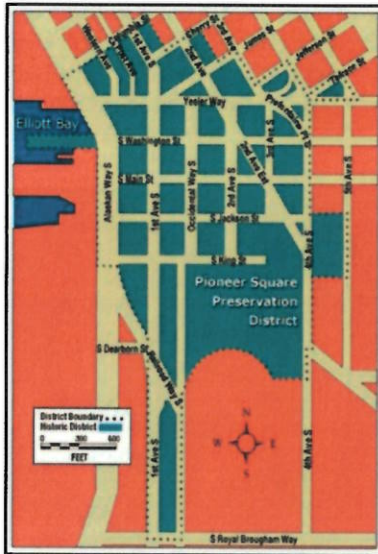
Within Areas B and C, Pioneer Square is the southernmost neighborhood. The district has one of the highest concentrations of historic (late 19th century and early 20th century) buildings in Seattle and is on the National Register of Historic Places (Pioneer Square-Skid Row Historic District). Notable structures include the Smith Tower, Pioneer Building, Occidental Square, Union Station, and the Arctic Building. Due in part



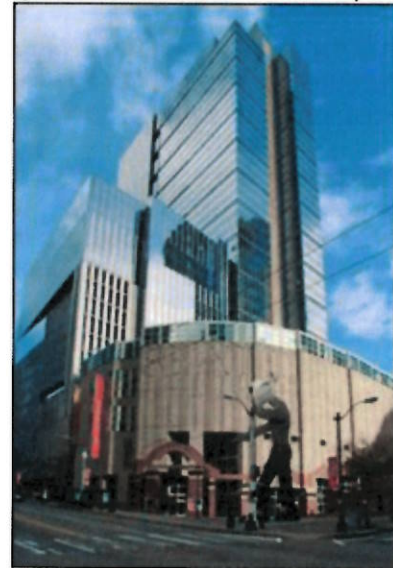
to its historic nature, the neighborhood draws extensive tourism activity and predominant building uses center on boutique ground level retail, restaurant, coffee shop, and art gallery businesses with office and/or multi-family residential uses above. Newer construction mixed-use, office/retail, multi-family, and hotel complexes are located at the southern end of the area, near the athletic stadiums (CenturyLink Field and T-Mobile Park) and within Occidental Park (Weyerhaeuser). Several large social service providers are also located within the Pioneer Square area.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
 FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
 ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
 WATERFRONT SEATTLE LID PROJECT



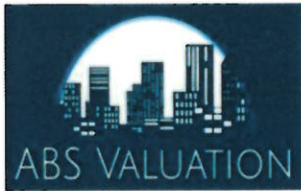
Pioneer Square is bounded roughly by Alaskan Way S on the west; by S King Street on the south; by 4th Avenue S on the east (north to Yesler Way) and it is located between Alaskan Way S and 3rd Avenue Northwest to Columbia Street. Because Yesler Way marks the boundary between two different plat areas, the street grid north of Yesler Way does not necessarily line up with the area's narrower and more angled southern street grid area; therefore, the northern "border" of the Pioneer Square district has a zigzag pattern along a number of streets. Generally, elevation changes within the neighborhood are upward from west to east.



The southern end of the district, west to east from Alaskan Way S to 2nd Avenue S and south to north from S King Street to Yesler Way, has overall level topography. Elevations start at around 20 feet above mean sea level to the west and end at around 25 feet at the easternmost boundary. North of Yesler Way, topography begins a distinct upward climb. From Alaskan Way S to 1st Avenue, average elevation increases by 10 feet and from 1st Avenue to 2nd Avenue, average elevation increases by 15 feet. From 2nd Avenue to 3rd Avenue, average elevation increases another 30 feet. Overall, the northern end of the Pioneer Square neighborhood has an elevation increase, west to east, of over 50 feet.

Due to the historic nature of the Pioneer Square neighborhood, in addition to the conventional zoning regulations, the area is subject to the **Pioneer Square Preservation District** overlay. Per city ordinance ".....the Pioneer Square Preservation Board (hereafter "the Board") was created to advise the Director of the Department of Neighborhoods. In accordance with the ordinance establishing the District and the Use and Development Guidelines, the Board recommends appropriate use, site development and architecture of the private and public buildings and uses of the space therein. The Board also reviews and rules upon any improvements within the public rights of way, open space and areaways throughout the District. (7/99)".





CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

The improvements within the historic district require a Certificate of Approval to be issued by the Board and the Director of the Department of Neighborhoods before the City will issue any permits. Due in large part to the underlying zoning restrictions on height and density and the extra certifications, land values in this portion of Areas B and C are lower than what is observed through most of the downtown core.

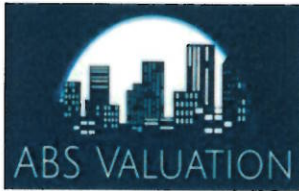
The “West Edge” neighborhood of the Seattle downtown core is in the center of the former LID study area. The area consists of mid- to high-rise mixed use buildings that generally feature ground level retail with residential, office, or hotel uses above. Along Western Avenue, Post Alley and 1st Avenue, improvements are generally low- to mid-rise mixed use residential, retail, civic and parking garages. Moving east between 2nd and 3rd avenues, the general character of the neighborhood changes, with a substantial increase in high-rise office-oriented construction that includes several sky-line buildings such as the Wells Fargo Financial Center, Chase Tower (formerly WaMu) and Russell Investment Center. The West Edge is also home to the Benaroya Symphony Hall, Seattle Art Museum and Moore Theater.



The district’s boundaries begin at Columbia Street, east of Alaskan Way S and continue west, but not including buildings on the west side of 3rd Avenue, to end at Virginia Street. Currently, this section of downtown Seattle is experiencing tremendous growth and redevelopment, with several mixed-use high-rise towers currently under construction on what were once multiple tax lot sites improved with older low-rise retail and office structures. Overall elevation changes within the neighborhood are upward from west to east. The western side, along Western Avenue and Post Alley, has overall level topography. East of Post Alley, topography begins a steep upward slope. From Post Alley to 1st Avenue, average elevation increases by 10 feet and from 1st Avenue to 2nd Avenue, average elevation increases by 40 feet. From 2nd Avenue to 3rd Avenue, the average elevation climbs another 35 feet. Overall, the neighborhood has an elevation change from west to east of over 95 feet.

The commercial core is located east of the West Edge neighborhood, in the east-central portion of the LID study area. This is one of the most densely developed portions of the downtown Seattle business core. The southern end of the district consists of mid- to high-rise office and mixed-use buildings that generally feature ground level retail with office, multi-family, hotel or civic uses above.

The northernmost section of the district consists of a dense retail center of low- to mid-rise buildings anchored by national flagship retail stores, multi-story indoor retail malls, several mid to high-rise hotels, and the Washington State Convention Center. Civic and art centers located within this northern area include the Seattle Public Library Main Branch, the 5th Avenue Theater, Paramount Theater, and ACT Theater.



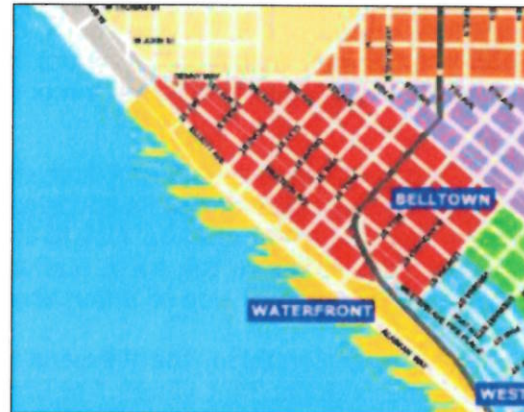
CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT



Generally, the district's boundaries begin at Yesler Way, east of 3rd Avenue S. and west of the I-5 Interstate Highway. Moving north, the district's eastern boundary follows Interstate 5 and expands to 9th Avenue; the Retail/ Commercial Core district ends south of Olive Way. Properties within the West Edge and Retail/Commercial Core areas have highly permissible zoning overlays that allow for various levels of density that include high-rise construction; the three main zoning designations in these two study areas are Downtown Mixed Commercial, Downtown Office Core I and II, and Downtown Retail Core, as described in a subsequent section of the report.

At the northern end of Areas B and C is the Belltown neighborhood. The vicinity consists mainly of mid- to low-rise mixed use buildings that generally have ground level retail with residential, office, or hotel uses above. Currently, this section of downtown Seattle is experiencing extensive growth and redevelopment, with several mixed use mid- to high-rise towers currently under construction on what were once multiple tax lot sites improved with older low-rise retail and office buildings, as well as significant remodeling and updating of older historic apartment and retail building sites. Recently, a high concentration of proposed or under construction high-rise developments have made a presence along the northeast and southeast portions of the neighborhood.

Overall, the neighborhood is predominantly known for residential, retail, restaurant, and night life amenities. Well known establishments and sites include the Cinerama Theater, Moore Theater, and the outdoor Olympic Sculpture Park. In addition to the high concentration of restaurant, bar, and boutique retail establishments, Belltown is home to a number of private universities, including the Art Institute of Seattle, Antioch University Seattle, Argosy University, and the Seattle School of Theology and Psychology.



Belltown is bounded on the north by Denny Way, (beyond which lie the Seattle Center and Queen Anne Hill), on the southwest by Elliott Bay, on the southeast by Virginia Street, and on the northeast by 5th Avenue, beyond which lies the Denny Triangle. All the neighborhood's northwest- and southeast-bound streets are major thoroughfares (Alaskan Way and Elliott Avenue, Western, 1st, 2nd, 3rd, and 4th avenues); major northeast- and southwest-bound thoroughfares are Broad, Wall, and Battery streets (State Route 99).

Properties within the Belltown neighborhood have a slightly less permissible zoning overlay than those directly to the south. The southern end of the area has a mix of Downtown Mixed Commercial (DMC) and Downtown Mixed Residential (DMR) designations. The DMR zoning



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

overlay generally has lower height limits than the DMC and is predominantly focused on encouraging mixed use multi-family style construction.

Area D

Area D is approximately $\frac{3}{4}$ - to 1-mile to the east and south of the proposed waterfront park improvements. Generally, this area represents the outer limits of the LID boundary and demonstrates the lowest level of project impact/benefit. It incorporates the Stadium/SODO business and industrial areas to the south of T-Mobile Park (ending at S Holgate Street), the historic International District (south of Yesler Way, east of 4th Avenue S, and west of Interstate 5), downtown areas along 5th and 6th avenues (west of Interstate 5) and the Denny Triangle ("Denny Regrade") neighborhood to the north (south of Denny Way, east of 5th Avenue, northwest of Olive Way and west of Interstate 5). As previously mentioned, the roughly rectangular area north of Union Street and south of Olive Way (east of Alaskan Way and west of Convention Place) is excluded from Area D as it represents the Pike/Pine Corridor.



The northernmost section of this area consists of the Denny Triangle ("Denny Regrade") neighborhood. Once a lower intensity area dominated by single story warehouse and retail uses, within the last 10 years it has rapidly expanded to become an intensely developed multi-family and office mid- to high-rise expansion region due to the growth of Amazon.com and the large, speculative developments by local firms such as Vulcan and Graystar.

Generally, the Denny Triangle neighborhood boundaries begin at Denny Way, east of 5th Avenue and west of I-5. Moving south, the eastern boundary line follows Interstate 5 and its western boundary follows 5th Avenue; both end at the neighborhood's southern boundary along Olive Way. Zoning includes a mix of DMC and DMR overlays.

Area E

Area E incorporates the main Pike/Pine corridor of downtown Seattle. As previously discussed, significant streetscape additions and reconstruction will be performed along the length of Pike and Pine streets, from Alaskan Way to the south to Interstate 5 at the north. Area E includes the immediate areas to the north and south, beginning on the south side of Olive Way and ending along the north side of Union Street.

In the "before" condition, the Pike and Pine corridor streets have different levels of overall streetscape buildout that varies from minimal older concrete sidewalks/curbs with vintage streetlights, little public landscaping and no pedestrian and bike amenities to the more robust public pavilion space buildout found at Westlake Park, Westlake Center and the Washington State Convention Center. In the "after" condition, this study area has a cohesive updated streetscape buildout along both major arterial roadways that will incorporate wider sidewalks, crosswalks, lighting, public seating, extensive landscaping, bike facilities and wayfinding signage.

The southwestern end of Area E centers around the Pike Place Market. Moving north, the streetscape transitions into the downtown area's main retail center, consisting of a mix of historic and new construction mid-rise buildings anchored by national flagship retail stores



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

construction on what were once multiple tax lots containing older low-rise retail and office structures, as well as extensive remodeling and updating of older historic apartments and retail building sites. Recently a high concentration of proposed or under construction high-rise developments have made entries along the northeast and southeast portions of the neighborhood.

The Belltown neighborhood is known for its residential, retail, restaurant and night life amenities including the Cinerama Theater, several jazz venues and other nightclubs, and the outdoor Olympic Sculpture Park.

Denny Triangle

Historically known as the “Denny Regrade”, this neighborhood is in the northeastern portion of the LID boundary. It extends to Denny Way on the north and is generally bounded by I-5 on the east, Olive Way on the southeast, 5th and 6th avenues on the southwest, and a small portion of Wall Street on the northwest. Once a low intensity use area dominated by single story warehouse and retail uses, within the last ten years the Denny Triangle has rapidly expanded to become an intensely developed multi-family residential and office mid- to high-rise expansion region due to the growth of Amazon.com and large, speculative developments by local companies such as Vulcan and Graystar. There are also some long-established retail uses, primarily restaurants, due in part to the area’s convenient proximity to the Seattle Center (to the north and not in the subject area).

Waterfront

The waterfront neighborhood generally encompasses a series of piers extending west from Alaskan Way into Puget Sound and a strip of properties along the east side of Alaskan Way, running northwesterly between Alaskan Way and Western Avenue/Elliott Avenue within the northern portion of the LID.

The area to the west of Alaskan Way (Elliott Bay piers) is highly developed with various maritime uses and the Washington State Ferry System’s Colman Dock terminal, retail centers, public parks/piers, the Seattle Aquarium, the Edgewater Hotel, small boat marinas, the Bell Street Pier, the “Great Wheel” amusement ride, and a cruise ship terminal and conference center. The highest concentration of retail and cultural development is located on Piers 54 through 59 (Seattle Aquarium). Further north is Pier 66 (private small boat marina), a cruise ship terminal, Pier 67 (Edgewater Hotel) and Pier 69 (Port of Seattle headquarters and Victoria Clipper dock), together with parking lots and additional improvements. The Waterfront Trolley, a service using old-fashioned trolley cars, runs along the entire waterfront and is heavily used by sightseers and other visitors to the area, especially in the summer.

The east side of Alaskan Way south of Pike Street is less developed; this is due in large part to the former presence of an elevated, two-tiered street known as a viaduct (bridge-like structure) and to a lesser extent the overall uphill slope that leads from the waterfront to the downtown central business district (“downtown core”). Generally, more developed east-west connections between the waterfront and the uphill core area are centered around the Harbor Steps condominium development, the Pike Place Market vicinity and the Bell Street pedestrian stairs/elevator and overpass, which connect the waterfront to the upland portion of the World Trade Center and the Belltown neighborhood.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

North of Pike Street along the waterfront, Alaskan Way was not encumbered by the former viaduct and current development includes a Marriot Hotel, Waterfront Landing residential condominiums and World Trade Center Seattle. With the LID completed, the waterfront neighborhood will benefit from the Promenade, creating better streetscapes, open space areas and other aesthetically pleasing amenities. Additionally, the area is enhanced by the new Overlook Walk/Pike Place Market pedestrian connections, together with the improved Union Street connection.

Retail/Commercial Core

The southern portion of this neighborhood is generally known as the “government sector” since many of the office buildings are government-owned and provide a wide variety of public services. Together with the rest of the “Retail Core” neighborhood, boundaries are approximately Yesler Way on the south, I-5 on the east, mid-block between 2nd and 3rd avenues on the west, and portions of Olive Way and Lenora Street to the north. Also located in this neighborhood is what is sometimes known as the “Pike/Pine Corridor”, two major thoroughfares through downtown connecting with access to Interstate 5; both these streets are flanked with intense retail and office uses as well as theaters and other entertainment venues.

This neighborhood, in the east-central portion of the LID boundary, is one of the most densely developed portions of the downtown Seattle business district. The southern end contains mid- to high-rise office and mixed-use structures that generally feature ground level retail with office, multi-family residential, hotel or civic uses above. The northern portion of the neighborhood consists of a dense retail center of low- to mid-rise buildings anchored by national flagship retail stores, multi-story indoor retail malls, several mid- to high-rise hotels, and the Washington State Convention Center. Other arts and civic land uses within this northern portion of the retail core include the Seattle Public Library’s main branch, the 5th Avenue Theater, Paramount Theater, and ACT Theater.

West Edge/Pike Place Market

Generally rectangular and situated near the center of the LID, this neighborhood is bordered by Lenora Street on the northwest, mid-block between 2nd and 3rd avenues on the northeast, mid-block between Western Avenue and Alaskan Way on the southwest, and Columbia/Cherry streets on the southeast.

Most of the neighborhood consists of mid- to high-rise mixed-use buildings that generally feature ground level retail with residential, office or hotel uses above. Along Western Avenue, Post Alley and 1st Avenue, improvements are generally older low- to mid-rise mixed use residential, retail, civic uses and parking garages. Along 2nd Avenue, the general character of the neighborhood changes, with an increase in high-rise office-oriented construction that includes several skyline buildings such as the Wells Fargo Financial Center, Chase Tower (formerly WaMu) and Russell Investment Center. The West Edge neighborhood is also home to the Benaroya Symphony Hall, the Seattle Art museum and the historic Moore Theater. This section of downtown Seattle is experiencing sustained growth and redevelopment, with several major remodels and expansions recently announced at both the Pacific Place and Westlake Center malls, the recent completion of the Premier on Pine and the Helios hotel and apartment project at 2nd Avenue and Pike Street.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

One of the dominant features of the neighborhood is the Pike Place Market, an historic multi-level indoor/outdoor retail market containing shops selling a wide variety of produce, seafood, flowers, baked goods, artisan crafts and locally made souvenirs, secondhand items, as well as quaint restaurants and lower level gaming arcades. This part of the neighborhood draws tourists and locals alike on a year-round basis; the first-ever Starbucks outlet (opened in 1971) is a perennial favorite. Due to its unique and historic nature, the market and immediately surrounding area fall under the Pike Place Market Historical District zoning overlay.

Pioneer Square/Stadium District

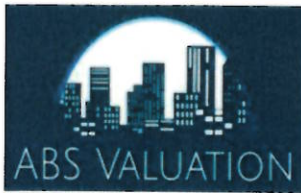
The southernmost neighborhood within the LID boundary, this district is generally bordered by portions of S Massachusetts Street and Edgar Martinez Drive on the south, 4th Avenue South on the east, Alaskan Way on the west, portions of Cherry and Columbia streets on the northwest and 3rd Avenue on the northeast.

In the northern portion of the neighborhood, a park known as Pioneer Square--to the east of the intersection of 1st Avenue and Yesler Way--gives the neighborhood its name. In days past, many railroad, shipyard, lumber and other workers lived in the "cold water flats", hostels and rooming houses that were abundant along 1st Avenue, known as Skid Row or Skid Road, a term that originally referred to the path along which timber workers skidded logs. The district has one of the highest concentrations of historic (late 19th century and early 20th century) buildings in the city.

Due in part to its historic nature, the neighborhood attracts extensive tourism activity and building uses focus on boutique ground level retail, restaurants, coffee shops and art galleries with office/residential uses above. Notable structures include the Smith Tower, Pioneer Building, Occidental Square, Arctic Building, Union Station (former railway station, now the headquarters of Sound Transit), and King Street Station (headquarters of Amtrak long distance trains and Sounder commuter trains). Several large social service providers are also located in the Pioneer Square area.

Further south in the neighborhood are CenturyLink Field, a multi-purpose stadium and event center that is also home to the NFL franchise Seattle Seahawks and Major League Soccer's Seattle Sounders, and T-Mobile Park (home of Major League Baseball's Seattle Mariners). These two venues provide a vibrant character to the southern portion of the neighborhood and land uses around the stadiums consist mainly of open-air parking lots, parking garages, bars/restaurants, and small retail spaces on the ground level of older buildings with office/residential uses above. The athletic district has also attracted newer hotel and multi-family residential complexes to the area.

Individual properties in the affected neighborhoods within the LID boundary specially benefit from the project to varying degrees due to enhanced pedestrian connectivity, improved aesthetic appeal and other factors affecting market value. Favorable market elements include increased retail and hotel revenues, lower vacancy rates, lower capitalization rates, and reduced risk in the marketplace for investors.



Parcel Descriptions

Within the LID boundary, there are 6,238 individual tax parcels. Of this total, 5,187 tax parcels are in 49± condo projects, some of which are associated commercial properties. Considering the large number of parcels (individual ownerships), recommended final assessments and other pertinent information on each has been compiled on a lengthy spreadsheet separate from the remaining 1,051 ownerships, for ease of reading and comprehension. The same type of information on the other 1,051 parcels is aggregated on a second spreadsheet entitled, "All Other LID Commercial Properties"; both spreadsheets are integral parts of this report. Property types on the latter spreadsheet consist primarily of high rise office buildings, high rise condominium and apartment structures, retail uses (both within larger buildings and "stand alone" space), hotels, older buildings in the Pike Place market vicinity, sports stadiums, and various historic and special use properties.

Land Use Regulations

Below are brief discussions of the pertinent zoning classifications found within the LID boundary:

Downtown Mixed Commercial (DMC) [75, 95, 145, 170, 240/290-400, 340/290-440]: "Areas characterized by lower scale office, retail and commercial uses related to activity in the office core, retail core or other moderate-scale commercial cores in the Downtown Urban Center, and with use patterns that may include housing.... Areas that provide for less intensive activity along the western and northern edges of the Downtown retail core and Downtown office core, or at other peripheral locations within the Downtown Urban Center. These areas provide a buffer to less intensive areas, such as the Harbor front, Pike Place Market, Belltown residential area, or mixed use areas north of Denny Way, or serve as a transition to less intensive commercial, residential or industrial areas near the Downtown Urban Center." The area between the government sector and University Street is more office/commercial than retail-oriented.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

Maximum Height: 75 to 440 feet (depends on official zoning designation, building use, and other permitted variances/bonuses). "Downtown Mixed Commercial height designations provide desired transitions compatible with adjacent downtown districts and areas outside downtown."

Base FAR*:

- DMC 75: 4
- DMC 95: 4.5
- DMC 145; 170; 240/290-440; and 340/290-440: 5

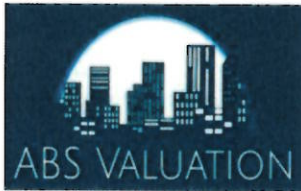
Maximum FAR:

- DMC 75: 5
- DMC 95: 5.5
- DMC 170: 6
- DMC 145; 240/290-440: 8
- DMC 340/290-440: 11

*Acquisition of Regional Development Credits can add bonus FAR, as can various uses and amenity additions.

Downtown Mixed Residential (DMR/R and DMR/C) [95/65, 95/75, 145/65; 145/75, 280/65; 280/125]: "Areas that provide a mixed-use community where housing and associated services and amenities predominate. Office, retail and other commercial uses are compatibly integrated with the predominant residential character at low to moderate densities..... Two mix-of-use designations are applied to achieve subarea objectives. The DMR/R designation applies to areas predominantly residential in character or containing large amounts of underused land able to accommodate future residential development; non-residential uses may be present but should be of modest scale, likely to change in the future, or neighborhood serving in character. The DMR/C designation applies to those areas containing housing or having housing potential where larger scale, non-residential serving commercial development exists and is likely to remain."

Maximum Height: 65 to 170 feet (depends on official zoning designation, building use, and other permitted variances/bonuses). "Downtown Mixed Residential building height designations may be applied to achieve subarea objectives. The lowest height designation generally encompasses the Belltown core, in areas characterized by existing modest scale development, buildings of historic character, or topographic features such as the bluff rising from Elliott Bay. The intermediate building height designation provides transition in height and density to the north and east of the Belltown core and along the bluff where waterfront development divides the area from Elliott Bay. In the Downtown Urban Center east of Interstate 5, the building height designation provides for low to moderate heights. The highest building height designation applies to areas characterized by larger residential and commercial buildings, generally along the eastern edge of Belltown, near the higher density mixed commercial areas of downtown."



Valuation Analysis

Introduction

Three main valuation approaches (each of which encompasses various techniques) consisting of the Sales Comparison Approach, Income Approach and Cost Approach were considered, where appropriate, in the valuation estimates for each parcel, both without and with the LID project. Most market data analyzed focuses on sales of improved and unimproved property in the subject and comparable areas occurring in the last five years, with emphasis on the last two years. Additionally, significant research was done into the income-producing side of the market; office, retail and apartment rents, hotel room rates, vacancy rates, supply and demand trends, capitalization rates and other factors. Data was obtained from commercial market data research services that compile this type of information such as CoStar Realty Information Services and major commercial brokerage firms, together with public records, individual buyers and sellers, local Realtors, developers and area property managers. Pertinent data was analyzed and used as a basis for valuation conclusions.

Due to the extremely large number of parcels and unique/complex nature of many ownerships, it is not the scope nor the intent of this report to address or discuss the individual valuation conclusions for each parcel. The conclusions reached are shown in the spreadsheets at the beginning of this report and briefly summarized by property classes within the subsequent valuation section.

As mentioned throughout, increases in market value of individual parcels result primarily from enhanced location (improved pedestrian connections, open space, streetscapes) which, in turn, enhances the aesthetic appeal of the waterfront and a large segment of the downtown CBD.

The Sales Comparison Approach is the process of deriving value indications for the subject parcels by comparing sales of similar properties to those being appraised. The Income Capitalization Approach is a specific appraisal technique applied to develop a value indication for a based on a property's earning capability and is calculated via the capitalization of the property's net income. The Cost Approach to value, which was utilized on a limited basis, is the process of first estimating value of the subject land, to which is added the replacement cost new of the structure(s), less depreciation.

The subsequent discussion, upon which the conclusions of value "before" or "without" the LID are based, focuses on the Sales Comparison Approach. It is broken into three segments: land sale transactions, improved commercial property sales (typically, office/retail uses), and residential condominium sales. Next, the Income Approach to value is discussed, centering on the most common types of income-producing property found within the LID boundary.

Proportionality

In the mass appraisal techniques utilized herein for projects involving large numbers of parcels, market value of the land comprising each individual ownership is initially estimated based on the site's highest and best use, or that use which results in the highest market value (known as the optimum use). This estimate is separate and independent of the improvements that may currently exist on the site. The methodology is consistent with conventional appraisal practices, and the estimate is based on recent land sale transactions in the subject area and



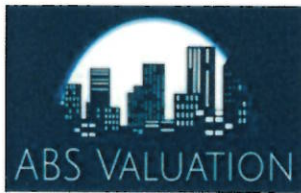
in similar, competing areas in the marketplace. In this way, proportionality is maintained throughout the project since the estimated land value is consistent with other similarly situated properties within the LID boundary.

This is the total market value estimate for unimproved sites; however, further research and analysis is necessary when the land is improved. A decision must be made as to whether the existing improvements contribute significant value to the underlying land (i.e., over and above the costs of demolition and redevelopment). Many of the structures currently existing in the subject LID represent examples of their site's highest and best use. Actual or potential development density then becomes an important factor in the analysis, especially as it relates to the amount of usable square footage that can be built on any given site. In the downtown Seattle core, zoning regulations often allow an unusually high density (i.e., skyscrapers and other tall buildings) on relatively small parcels of land. Both existing structures and the potential development density for a currently unimproved site (or one for which the highest and best use is demolition and redevelopment) must be recognized in the analysis.

Many factors are considered in estimating market value of the two components of a property improved to its highest and best use. Estimates of land value for similar sites are consistent, whether an individual parcel is vacant or improved, maintaining proportionality throughout the project, as discussed above. The per square foot land value estimates without and with the LID project are consistent for similar unimproved sites and the difference is the estimated special benefit due to the project. However, in the case of parcels improved to their highest and best use, income enhancement potential with the project completed due to existing or proposed improvements provides additional special benefit. The magnitude of this component of special benefit is estimated using various techniques of the Income Approach to value, including market rental estimates and the analysis of appropriate capitalization rates, both without and with the project. On a percentage basis, though, the increased value of the improvements (i.e., special benefit attributable to the improvements) may be less than the percentage increase in land value, which would typically result in a smaller overall percentage value increase than for a similarly situated vacant site.

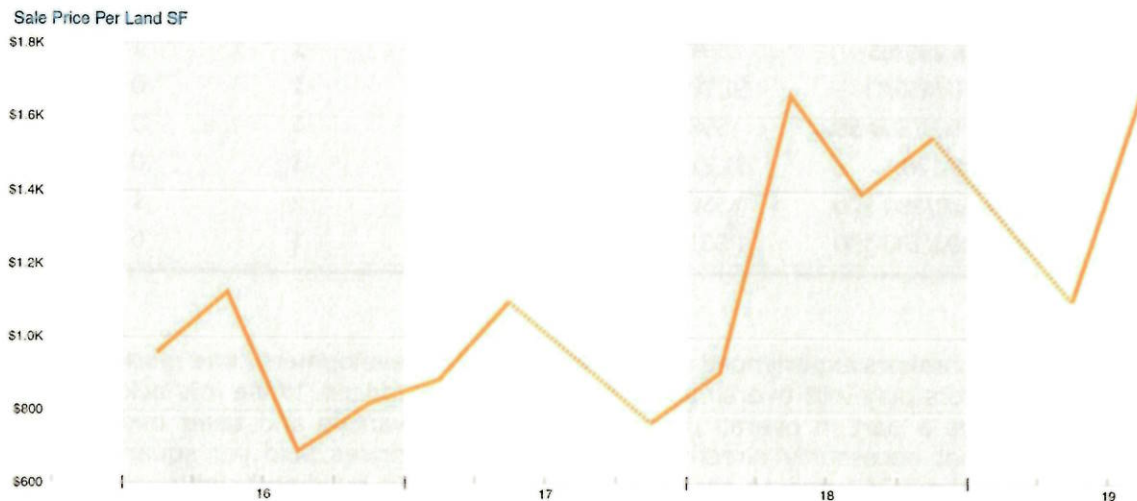
With LID projects involving parcels developed at a lower or more "conventional" density than downtown Seattle, most or all of the special benefit typically accrues to the underlying land. However, as discussed above, extremely high development density in this case results in incrementally more special benefit to improved properties, over and above that attributable solely to the underlying land. When comparing two similarly situated sites however, one improved and one vacant, a lower estimated special benefit may accrue to the improvements than to the land. Taken as a "package" then, the overall percentage increase in value (or special benefit) to these properties is, in some cases, lower than the percentage increase in per square foot special benefit attaching to an unimproved site.

To summarize, it is herein recognized that additional special benefit (on a percentage basis) may accrue to parcels with (either existing or potential) atypically large amounts of building area on relatively small sites. On an overall property value basis however (i.e., considering that it is a larger number compared to a similar unimproved site), the percentage per square foot increase in value with the project completed may be less than for a similar vacant site.



Land Sales Summary—General Discussion

The primary focus of the land value analysis is the Sales Comparison Approach. Overall, land sales within the LID boundary were reviewed dating back to 2015 and earlier but focusing on those with more recent sale dates; from 2017 to the present. Information was gathered from CoStar, CBA, NWMLS, King County Assessor's data, various trade publications and business journals, and from interviews with brokers and building developers. Estimated 'before' or 'without' project market values were analyzed on an average per square foot value basis. Land values in the downtown Seattle market vary depending on the sale parcel's location, lot size, topography, assemblage needs, overall zoning and development potential. The relationship between land value and a site's underlying zoning/development restrictions is discussed in this section; more detailed information on zoning regulations was presented earlier. The land/redevelopment site market within the LID area has been robust over the last five years. As shown below, there has been a generally increasing trend in the region in price paid per square foot of land since 2016.



Source: CoStar Property

Recent Land Sales

As stated, most weight is placed on market sales involving land within the LID boundary with transaction dates between the beginning of 2017 and the present (valuation date of October 1, 2019). Twenty-nine transactions researched indicated an average sale price of \$1,185 per square foot of land. The highest prices are predominantly captured within the downtown neighborhoods of West Edge, Retail Center, and Upper Belltown/Denny Triangle, although there is a limited supply of developable land in the CBD. The downtown core is governed by highly permissible zoning categories that include Downtown Office Core, Retail Core, and Downtown Mixed Residential overlays; zoning regulations that allow various levels of higher density residential, office, retail, and mixed uses, including high-rise construction.

Within these vicinities, factors such as corner visibility, lot shape, proximity to high traffic locations (Pike Place Market, Amazon headquarters, Washington State Convention Center,



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

etc.), and other locational attributes or detriments contribute to variations in overall land values. To the north and south of these core areas are the lower density neighborhoods of Pioneer Square and Belltown; due to zoning and/or historic preservation overlays, neither have the overall height, FAR allowance, or broad range of allowable uses observed in the Downtown Core and land values often fall in the mid- to lower end of the established range.

Land Sales/Listings Summary - January 2015 to September 2019

Zoning	Low/SF	High/SF	Average/SF	# of Sales	# of Listings
DMC 240/290-440	\$633	\$2,025	\$1,197	35	3
DMC-170	\$1,350	\$1,350	\$1,350	1	0
DMR/C 280/125	\$512	\$1,293	\$961	4	0
DMR/C 95/65	\$370	\$764	\$594	6	0
DMR/R 145/65	\$882	\$1,281	\$1,082	1	1
DMR/R 280/65	\$942	\$1,521	\$1,227	1	1
DOC1 U/450/U	\$1,707	\$1,707	\$1,707	1	0
DOC2 500/300-550	\$988	\$988	\$988	1	0
DRC 85-170	\$1,319	\$1,846	\$1,531	3	0
PSM 100/100-120	\$505	\$630	\$568	2	1
PSM 100/100-130	\$512	\$512	\$512	1	0

Discussions with brokers experienced with the downtown redevelopment/land market indicate that several factors play into overall per square foot selling prices. While it is acknowledged that zoning plays a part in overall price, higher FAR allowances and taller overall height restrictions do not necessarily directly correlate to higher prices paid per square foot. For example, while the DOC1 zoning allows, in theory, unlimited building heights, as has been shown in past redevelopment projects, other encumbrances such as FAA flight pattern approvals have restricted the overall height of several proposed towers and the market does not recognize a significant difference between the DOC1 unlimited heights and the DOC2 550 feet height restriction.

Market participants generally indicate that location and assemblage opportunities are key drivers of higher priced market transactions for land. Within the densely improved downtown Government/Retail Core/West Edge sectors, there is a limited supply of underimproved lots. As evidenced by the sale of the two-story former Chase Bank and several lower density three- to four-story office buildings and older parking garages, underimproved sites with no historic overlays sell with multiple offers and overall shorter marketing periods. Within the lower density zoning of the Belltown and Denny Triangle areas, there are more underimproved lots; within this northern market area, the opportunity to assemble several smaller lots into larger corner or mid-block development sites drives overall land values. Relevant sale transactions are discussed below, by neighborhood.



Downtown "Financial Sector"

To the east of Pioneer Square, between Jefferson and Madison streets along 3rd, 4th, and 5th avenues, is a small vicinity often referred to as the municipal/financial sector. This area includes several predominant "sky-line" buildings; the Columbia Center, Seattle Municipal Tower, 800 Fifth Avenue Tower (former Bank of America Plaza), and the recently completed Mark Building and Madison Centre. This vicinity has highly permissible zoning overlays that allow for various levels of density including high-rise construction (Downtown Mixed Commercial and Downtown Office Core I). There have been few recent land or redevelopment sales in this market area, due in large part to its relatively built-out nature. The most notable land sale occurred in September 2015; a 28,560 SF site sold for \$48,750,000, or \$1,707 per square foot. The transaction is comprised of two improved 14,280 SF parcels (a corner and an abutting interior lot) at 701-719 4th Avenue. Both parcels were improved at the time of sale with commercial surface and garage parking lots leased to Diamond Parking with an expiry date of July 2016; however, the property was purchased as a redevelopment site. The original design was for a 90-story, 1,470,440 SF multifamily high-rise tower over ground level retail---fifteen stories higher than the tallest existing downtown office building (Columbia Tower). However, plans have been somewhat scaled back to a proposed 80- to 85-story development, due to FAA airspace concerns.

Downtown "West Edge"

North of Pioneer Square is the "West Edge" portion of the Seattle downtown core. The area consists of mid- to high-rise mixed use buildings that generally feature ground level retail with residential, office, or hotel uses above. Along Western Avenue, Post Alley and 1st Avenue, improvements are generally low- to mid-rise mixed use residential, retail, civic uses and parking garages. Moving east along 2nd and 3rd avenues, the character of the neighborhood changes and there is a substantial increase in high-rise office-oriented construction that includes several sky-line buildings; for example, the Wells Fargo Financial Center, Chase Tower (formerly WaMu) and Russell Investment Center. Currently, this section of Seattle's downtown is experiencing tremendous growth and redevelopment, with several mixed-use high-rise towers currently under construction on what were once multiple tax lot sites containing older low-rise retail and office structures.

Properties within the West Edge area have highly permissible zoning overlays that allow for various levels of density that include high-rise construction; the two zoning designations in this neighborhood are Downtown Mixed Commercial and Downtown Office Core I. Average recent land sale prices fall within a range of \$950 to \$1,350 per square foot. The most recent transaction was the Commuter Building redevelopment site at 815-825 Western Avenue which occurred in September 2018. At the time of sale, the property was improved with a 4-story office/retail building constructed in 1906 that was 80% leased (Commuter Building) and a surface commercial parking lot. The site abuts the recently demolished Alaskan Way viaduct. At time of sale, the property had no approved plans or set entitlements. Announcements were subsequently made regarding a potential redevelopment plan calling for an 18-story, 300,000 SF mixed use building to contain 150 residential units, 25,000± SF of retail space, and the remainder office. The property sold for \$44,000,000, or \$1,350±/SF of land.

In June 2018, the Chromer Building and adjacent parking lot sold for \$1,672 per square foot of land. This was an off-market sale; however, both buyer and seller had broker representation. This is a two-parcel mid-block site located along 2nd Avenue, between Pike and Pine streets. At the time of sale, the property was improved with a 4-story 63,540 SF



office/retail building constructed in 1906 that was reportedly 15% leased (Chromer Building) and a surface commercial parking lot. Preliminary plans had gone through an early design guidance review for an 11-story mixed use office/retail building. There were no entitlements or approved plans in place at the time of sale. Per the buyer, plans remain in the early stages and may be revised to promote another type of redevelopment.

Other notable sales in this district include an 8,748 SF corner lot located at 1613 2nd Avenue which sold for \$1,044 per square foot in June 2016. It is located next to the historic Broadacres Building, just north of the Pike Place Market; the irregular shaped lot is currently being developed with a 39-story mixed-use residential and retail building known as the Emerald. In March 2016, a 12,839 SF lot across from the Broadacres Building sold for \$12,254,539 or \$954 per square foot. This site was redeveloped with the 39-story Helios building, containing a mix of retail, multi-family residential and the Charter Hotel. One notable although older transaction was the December 2014 purchase of a 13,320 SF site on the corner of 3rd Avenue and Columbia Street for \$14,300,000 or \$1,074 per square foot. The property was improved at time of purchase with the Seattle Metro Credit Union building. This was an assemblage; the buyer owns the remainder of the city block and is currently working on plans and approvals for a full block mixed-use office and residential redevelopment.

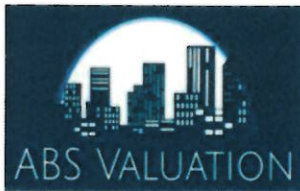
Downtown "Retail Core"

This vicinity is located east of the West Edge neighborhood, in the east-central portion of the LID. One of the most densely developed portions of the downtown Seattle core, the district consists of a dense retail center of low- to mid-rise buildings anchored by national flagship retail stores, multi-story indoor retail malls, several mid- to high-rise hotels, and the Washington State Convention Center. Civic and arts venues within this northern downtown area include the Seattle Public Library's Main Branch, the 5th Avenue Theater, Paramount Theater, and ACT Theater. Much like the West Edge, zoning is designed for urban city center uses and represents the highest level of density allowed in the City of Seattle. The three main zoning designations are Downtown Mixed Commercial, Downtown Office Core I and II, and Downtown Retail Core.

Overall, average land values in this portion of the CBD fall in the range of \$1,300 to \$1,800 per square foot. The most recent transaction, occurring in September 2018, was a mid-block parcel located at 1520 5th Avenue. The site is improved with a 2-story, 53,355 SF retail/office building constructed in 1903; however, there are no known historic encumbrances and the site can be redeveloped. The building was 100% leased at time of sale. Per the buyer's and seller's brokers, the site sold for land value---\$19,000,000 or \$1,319 per SF. Another notable sale was the former Chase Bank building, located on the corner of 5th Avenue and Union Street; the 8,700 SF corner lot sold in January 2018 for \$12,425,000, or \$1,428/SF of land. Located across the street from the Rainier Square redevelopment project, the buyers intend to redevelop the site with a mixed-use hotel/retail structure.

Stadium District

Located at the southern end of the LID, the Stadium District is home to CenturyLink Field and T-Mobile Park. Both facilities have an underlying land zoning of Industrial Commercial (IC-65). Per the City of Seattle, the intent of the IC zone is to "promote development of businesses which incorporate a mix of industrial and commercial activities, including light manufacturing and research and development, while accommodating a wide range of other employment activities." Overall, the market area around the two stadiums is a broad mix of newer mixed-



use office developments along 1st Avenue and older historic industrial buildings that currently house a mix of retail, restaurant, and light manufacturing businesses. Larger developments in the immediate area include the 64,512 SF Pyramid Brewery complex located in an historic two-story brick former manufacturing building and the (new construction) 202,428 SF Home Plate Center, a multi-story mixed-use office complex with tenants including the King 5 television station.

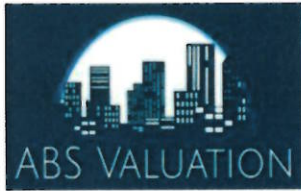
One of the most influential considerations within the immediate market area has been the assemblage of approximately 13 acres of IC-zoned land directly south of T-Mobile Center by an investment group led by local developer Chris Hansen. Starting in 2012, the group began key purchases of redevelopment sites in the two-block vicinity with the expressed hope of building a new stadium for potential use by a professional hockey and/or basketball team. This development idea has been placed on hold as key street vacations needed for the overall design were not granted by the City of Seattle. Most of the lots were 9,000 SF to 12,000 SF sites improved with older industrial and/or retail buildings; they sold in a range of \$190 to \$300 per square foot of land.

One of the largest sites purchased was a 3.06-acre lot at 1750 Occidental Avenue improved with two 1950's era tear-down warehouses that sold to the investment group in December 2011 for \$21,632,000 or \$162/SF of land. As more area owners became aware of the group's development intentions, overall sale and asking prices increased, with the highest valued transaction occurring in October 2016 for \$25,000,000 for a two parcel 17,100 SF site located at 1518 1st Avenue, directly south of T-Mobile Park. The sale included a large undeveloped lot and a 7-story historic retail/office building occupied on the ground floor by Harry's Tavern. The improvements did contribute to the overall value of the site. It should be noted that many of these sales were off-market transactions and the buyers' intentions to assemble land for stadium construction was well-documented in the local media, influencing the overall negotiations. However, these transactions remain relevant as they are some of the most recent land redevelopment sales in the immediate market area.

Other recent land sales within the general "SODO" ("South of Downtown") market area include a recent (July 2019) transaction involving a two-tax-lot 25,300 SF site at 2246-2250 1st Avenue South that sold for \$4,845,000 or \$191.50/SF of land. The L-shaped mid-block site is across the street from the Starbucks Corporate center and was improved at time of sale with an older single-story warehouse. In March 2019, a 19,800 SF site utilized as a gravel parking lot sold for \$3,625,000 or \$183.08/SF of land. In January 2019, a 47,480 SF redevelopment site sold for \$4,850,000, or \$102.15 per square foot. The large rectangular corner site was improved at the time of sale with an older tear-down warehouse building.

Pioneer Square

Located north of the Stadium District is the historic Pioneer Square neighborhood. This unique vicinity, and Seattle landmark, has one of the highest concentrations of historic (late 19th century and early 20th century) buildings in Seattle and is on the National Register of Historic Places (Pioneer Square-Skid Row Historic District). As such, in addition to conventional development regulations dictated by the area's Pioneer Square Mixed (PSM) zoning overlay, the neighborhood is subject to the **Pioneer Square Preservation District** overlay. Per city ordinance ".....the Pioneer Square Preservation Board (hereafter "the Board") was created to advise the Director of the Department of Neighborhoods. In accordance with the ordinance establishing the District and the Use and Development Guidelines, the Board recommends



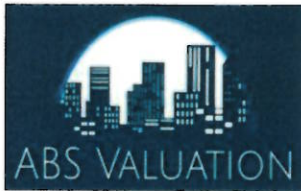
appropriate use, site development and architecture of the private and public buildings and the use of the space therein. The Board also reviews and rules upon any improvements within the public rights of way, open space and areaways throughout the District”.

Any new construction, significant remodeling, or redevelopment within the historic district requires a Certificate of Approval to be issued by the Board and the Director of the Department of Neighborhoods before the City will issue any development permits. Due in large part to the underlying zoning restrictions on height and density and the extra certifications, land values within this portion of the LID boundary are lower than through most of the downtown core. The higher end of the land value range is set by several sales of surface commercial parking lots or older parking garages/shell buildings. Overall, these sites offer the widest range in development potential due to the lack of onsite historic structures. However, as previously noted, new construction must also go through preservation board review and is subject to historical preservation design requirements.

Examples of new construction on former parking lots within this historic district include the Weyerhaeuser Headquarters and the Stadium Place complex. Notable land/redevelopment sales include an 8,849 SF surface lot located at 60 Yesler Way that sold in November 2017 for \$512/ square foot of land and the Alaskan Way Garage that sold in August of 2016 for \$596/SF of land. The buyer of the Alaskan Way Garage has plans to redevelop the site with a mixed-use office/retail development. The buyers of 60 Yesler Way recently submitted plans for a nine-story hotel development containing 232 rooms with ground floor retail. Other notable transactions include the April 2019 sale of the Washington Park building at 72 S Washington Street. This 35,822 square foot multi-tenant mixed-use building had not undergone any recent remodels or updates; the site was marketed as having a wide range of redevelopment options that included the potential for additional floors and/or extensive updating for alternative uses. The property sold for \$5,842,765, or \$479.07 on a per square foot of land basis.

Pike Place Market

At the northern end of the West Edge neighborhood is the historic Pike Place Market district. Due to its historic nature, the market and immediately surrounding area fall under the **Pike Place Market Historical District** overlay. Per city ordinance, a preservation board was created to oversee various improvement changes within the designated district. The Board recommends appropriate use, site development and architecture of both private and public buildings. Improvements located within the historic district require a Certificate of Approval to be issued by the Board and the Director of the Department of Neighborhoods before the City will issue any permits. Due to the smaller size and unique nature of this historic district, there were no recent market land sales in the last five years. Talking with area brokers who work directly with downtown property owners and investors, it was their opinion that, while a redevelopment project in this area would have significant market interest, due in large part to the underlying zoning restrictions on height, density, and extra certification requirements, plus the overall unique characteristics of the Pike Place Market, land values in this area likely be lower than immediately abutting properties with superior zoning and allowable development density. Overall, land values in Pike Place Market Historical District mirror those observed in the Pioneer Square neighborhood.



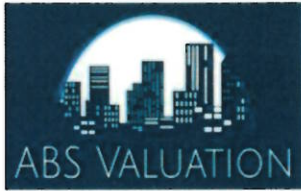
Belltown

At the northern end of LID are the Belltown and Denny Triangle neighborhoods. Belltown consists mainly of mid- to low-rise mixed use buildings that generally feature ground level retail with residential, office, or hotel uses above. The neighborhood is currently experiencing visible growth and redevelopment, with several mixed-use mid-rise towers under construction on what were once multiple tax lot sites improved with older low-rise retail and office buildings, as well as significant remodeling and updating of older historic apartment and retail building sites. Based on research conducted for this report, from the start of 2014 to the present, sales of about 50 land and/or redevelopment sites have been recorded within this portion of the LID boundary.

Properties within the Belltown neighborhood have a slightly less permissible zoning overlay than those directly to the south. The southern end of Belltown features a mix of Downtown Mixed Commercial (DMC) and Downtown Mixed Residential (DMR) zoning designations. The DMR zoning overlays generally have lower height limits than the DMC and are predominantly focused on encouraging mixed use multi-family style construction. Average land values range from \$780 per square foot to \$1,200+ per square foot for well-situated corner sites closer to the Denny Triangle/South Lake Union (Amazon headquarters) areas or the downtown Retail Core. One of the more recent sales, in April 2019, was a mid-block site on 1st Avenue between Wall and Battery streets. At the time of sale, the land was improved with a 13,318 SF office building that was converted into five individual condominium units. All five units were owned by the seller (Low Income Housing Institute) and the transaction occurred with preliminary plans for a 120-unit mixed-use residential development. The seller is using the proceeds from the sale to fund an affordable housing development under construction on S Jackson Street. Subsequent to the transaction, the condominium declarations were disbanded and the five condominium tax parcels combined into a single new one. The buyer plans to continue with the redevelopment plans.

There was also a May 2019 transaction involving the three-parcel corner site on the northwest corner of 4th Avenue and Bell Street. At time of sale, the tax parcels were improved with a 16,983 square foot multi-family apartment building and two single-story retail buildings; all three were vacant. The site sold at \$1,293 per square foot with preliminary plans for a 25-story 285-unit mixed-use residential development. The buyer plans on continuing with the set redevelopment plans for the site. In September 2018, the property at 2315 4th Avenue sold for \$6,000,000 or \$926/SF of land. This mid-block parcel was improved at the time of sale with an older 5,030 SF retail building. The buyer had previously purchased abutting properties and plans on redeveloping the assemblage with a 30-story mixed-use building (currently referred to as the Belltown 36 project). The proposed development is for 203 apartment units, 19,000 square feet of office space, 12,000 square feet of retail uses and underground parking for 237 vehicles.

Other notable sales of DMR-zoned sites include the November 2017 transaction involving a 12,632 SF parcel at 314 Bell Street for \$10,750,000 (\$851 per square foot of land) and the October 2017 assemblage purchase of three sites located along 4th Avenue (2208-2218 4th Avenue). These mid-block lots were all improved with various older retail buildings ranging in size from 6,033 SF to 7,118 SF and sold for \$997-\$1,217/SF. The total assemblage contained 19,440 SF and sold for a total of \$21,600,000 (\$1,111 per square foot). The buyer has preliminary plans for a 22-story mixed-use apartment building.



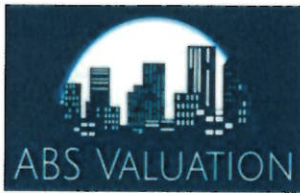
CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

Downtown Mixed Commercial (DMC)-zoned sites within the Belltown neighborhood ranged in price from \$901/SF to \$1,875/SF for well-situated corner sites closer the Pike/Pine retail core. The most recent transaction was the December 2018 sale of three tax parcels located at the intersection of 3rd Avenue and Virginia Street. At time of sale, the site was improved with surface commercial parking lots. Current redevelopment plans are in motion for a 48-story mixed-use tower currently named First Light; the proposal calls for 459 luxury apartment units, office and retail space, and above- ground parking for 372 vehicles. The property at 1915 3rd Avenue sold in November 2018 for \$12,250,000 or \$1,875 per square foot. This is a mid-block site located between Stewart and Virginia streets. At the time of sale, the land was improved with a multi-story 50,000 SF self-storage building constructed in 1928. The property was not listed; the buyers were under contract to purchase the abutting building and approached the owner of the site hoping to expand their redevelopment footprint. The owner was knowledgeable of the area's market and had previously been considering selling; both the seller and buyer were represented by brokers. The buyers have plans for a mixed-use development consisting of hotel, apartments, and retail space.

Denny Triangle

The Denny Triangle ("Denny Regrade") neighborhood is located roughly south of Denny Way, east of 5th Avenue, northwest of Olive Way and west of Interstate Highway 5. Once a lower intensity area dominated by single story warehouses and low intensity retail uses, the neighborhood has rapidly expanded (last ten years) to become an intensely developed multi-family and office mid- to high-rise vicinity, due mainly to the growth of Amazon.com and the large, speculative developments by local firms such as Vulcan and Graystar. Data from several local real estate companies and City of Seattle Planning Department show that at least 16 mid-to high-rise projects are in various stages of planning or construction. The neighborhood has two zoning overlays; the higher density, highly permissible Downtown Office Core II and the lower density Downtown Mixed Commercial (DMC). Overall, land values mirror those observed in the retail core, with the majority falling in the range of \$1,000 to \$1,500 per square foot of land.

The most recent transaction within this area was the April 2019 sale of a 14,400 SF site for \$22,000,000 or \$1,528/SF. The site was improved at the time of sale with a Cornish College campus/office building. The buyers were developers who have been assembling abutting sites over a two-year time span for the 1000 Virginia project, a 45-story, 435-unit mixed-use tower with 261 underground parking stalls. Another recent sale occurred in December 2018 and involved the property at 1930 Boren Avenue, a corner lot at the intersection of Boren Avenue and Virginia Street. At time of sale, the site was improved with a two-story medical office/residential structure occupied by Group Care Home; the tenants' lease was near the end of its term (mid-2019). Preliminary redevelopment plans are for a 10-story office/retail building with 4 stories of underground parking. The high end of the value range for both the Denny Triangle and Downtown Seattle markets is represented by a two-tax-parcel sale of a corner site along 7th Avenue, between Bell and Battery streets, for \$2,025/SF of land. At the time of sale, plans were fully permitted for a two-tower mixed use development currently referred to as the Block V project. The buyer is currently working with the City to add an additional 40 feet to the 400-foot building height under the current "Affordable Housing" rezone/bonus initiatives. Per the seller's broker, the approved plans made the listing attractive to developers, but the plans were not assigned any quantifiable monetary value at closing.



Other notable land/redevelopment site sales in the Denny Triangle neighborhood include the August 2018 transaction involving a dual corner site (single tax lot) located along 6th Avenue, between Bell and Battery streets. At time of sale, the site was improved with the former Antioch University building, a two-story 64,800 SF office/retail building and a surface parking lot; the building was vacant. There were preliminary redevelopment plans for a mixed-use project to consist of two 440-foot towers on a 7-story pedestal currently referred to as BB6. In May 2017, a mid-block 22,800 SF site located at 1916 Boren Avenue sold for \$25,000,000 or \$1,097/SF. This is an irregular shaped parcel that presented some development issues and was listed for an extended time period. Purchased as part of an assemblage currently referred to as 1916 Boren, proposed is a 47-story mixed-use building with residential apartments, a hotel, retail space, and 344 parking stalls.

Improved Sales Summary

The primary focus of the analysis of sales of improved property is the Sales Comparison Approach to value. Information was gathered from CoStar Realty Information Services Inc., CBA, NWMLS, the King County Assessor's data, various trade publications and business journals, and from interviews with brokers and building developers. Overall, the improved building market within the LID area has been robust over the last three years; there have been 43± market transactions involving improved property developed to its highest and best use. The buildings that have changed hands range from four- to five-story established mixed-use office/retail historic buildings (such as the Coleman, Masins Furniture, and Olympic Block buildings) to 40- to 50-story prominent city center mixed-use towers such as the Wells Fargo and US Bank Center buildings.

Overall, sales volume within the broader downtown market and within the LID boundary has been at record highs in the last two years, and several large transactions have resulted in significant price appreciation and downward pressure on overall capitalization rates. Recent sales activity has been driven by large investment-grade acquisitions; overall sales volume in 2019 had surpassed all of 2018 by the end of the second quarter. These large-scale deals include EQ Office's (part of Blackstone), the \$1.2 billion acquisition (\$621 per net square foot of building area) of 999 Third and the US Bank Centre from Ivanhoe Cambridge in June of this year. Both structures were built in the 1980s and the new owner plans to make significant renovations to both. The next largest transaction of the year involved the same buyer; in January, Blackstone paid Hines \$539.1 million (\$577 per net square foot of building) for the Bank of America tower. The property was reportedly 90% leased at the time of sale and includes a wide array of tenants, including Providence Health and the Office of the Attorney General.

Another notable 2019 downtown transaction was the July 2019 sale of the 901 Fifth office tower located between 4th and 5th avenues, north of Marion Street. The 41-story building occupies most of the block and was originally constructed in 1973, with subsequent updates and remodels, including a recent complete remodeling of the lobby, the addition of several conference rooms for tenant use, and structural renovations that have brought the building to a LEED Silver certification level. The site has 385 underground parking spaces. The project includes a one-story retail building currently occupied by Bartell Drugs. The tower was 100% occupied at the time of sale, with larger tenants including Pitchbook and Cray Inc. This is the first of several planned purchases by the Vanbarton Group, a privately held investment company.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

The annual sales volume for improved downtown properties in 2018 was lower than the previous three years but well above historical averages, due primarily to several large transactions. Seattle-based Unico Properties acquired 1111 Third Ave and 2nd & Spring from Montreal-based Ivanhoe Cambridge for \$359 million (\$505/SF of building) at a 5% overall capitalization rate in July 2018. Amazon occupies space at 2nd & Spring, as does Avalara. The 1111 Third Ave property houses an assortment of tenants in the finance, insurance and law sectors. Unico Properties also sold, as part of a larger bundle of properties, several investment grade historic buildings including the Smith Tower and Grand Central in late 2018/early 2019. The four sites were purchased as part of a 10-property portfolio (properties in Seattle, WA and Denver, CO) that was actively marketed by Eastdil. The assets were unpriced and received significant interest with multiple offers received as individual assets, partial components of the portfolio, and as an entire portfolio.

Other major deals occurring in 2018 included some well-known national investors. In August 2018, Beacon Capital Partners and CalSTRS paid CBRE Global Real Estate \$435 million (\$622 per net square foot) at a 4.9% capitalization rate for Metropolitan Park East and West. The complex hosts many big-name tenants and recently secured a lease with WeWork. Overall, existing rents were reported to be about 10% below market, while occupancy at the time of sale was 90.9%. CBRE Global Real Estate had purchased the asset for \$273 million about three and a half years prior, indicating 60±% price appreciation in 3 ½ years.

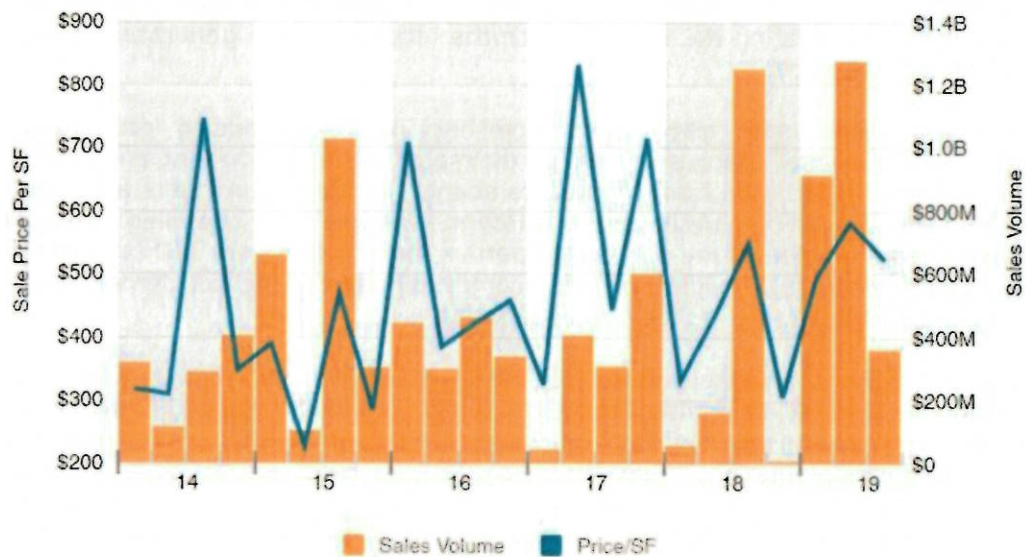
Discussions with brokers who work in the downtown market indicate that there are several factors that play into the currently robust real estate market. The area's extended (six to seven years) period of increasing market trends, low vacancy rates, and a desirable mix of tenants that includes a broad range of technology and consumer entertainment companies has made Seattle an important and desirable market for national/multi-national investment firms. Recent sales of well-known mixed-use towers were based in part on lease-up opportunities in the office and retail markets; many larger name tenants who signed 5- to 10-year leases in periods of lower market rental rates have shown a willingness to re-sign for extended terms at significantly higher rates.

In terms of overall location, proximity to the South Lake Union "tech core" and/or the retail/Pike Place Market area offers some advantages. However, these locational attributes can fluctuate from block to block as some downtown areas have a reputation for lower level/less maintained streetscapes and other buildout/service issues. According to several brokers interviewed, building interiors (tenant-available outdoor decks, gyms, open conference spaces) and outside streetscape amenities (nearby dog walks/parks, bench/eating areas, high intensity of food/beverage retail options) each play a part in the discussions, as more and more tenants are citing the ability to offer employees desirable building and neighborhood amenities as a significant factor in their overall leasing decisions. The graph below, prepared by CoStar, shows the regional dollar sales volume and price per square foot for sales of improved office properties and, on the subsequent graph, the dollar sales volume in the Puget Sound region by class of office space since 2014.



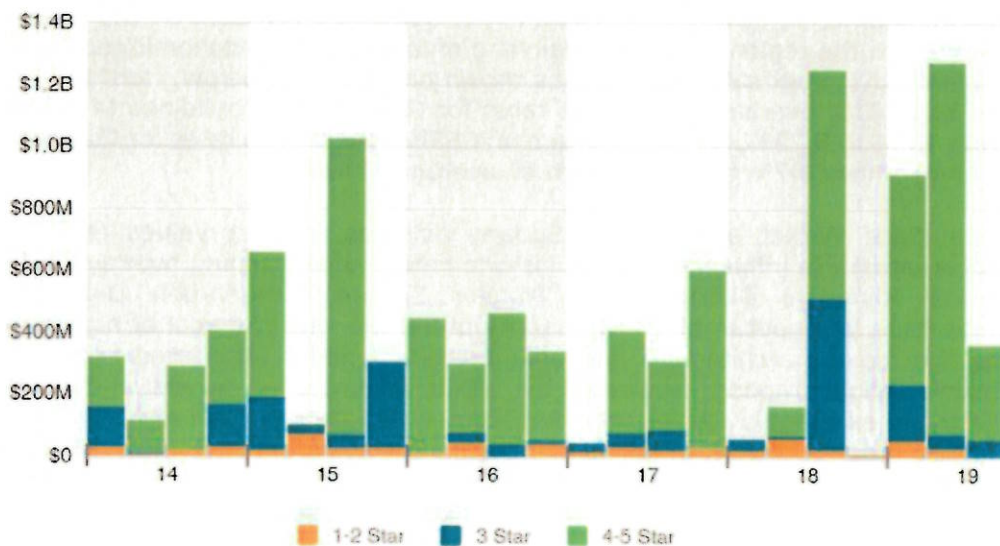
CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
 FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
 VALUATION ANALYSIS
 WATERFRONT SEATTLE LID PROJECT

Sales Volume & Sale Price Per SF



*Costar July 2019

Sales Volume By Star Rating



*Costar July 2019



Capitalization Rates

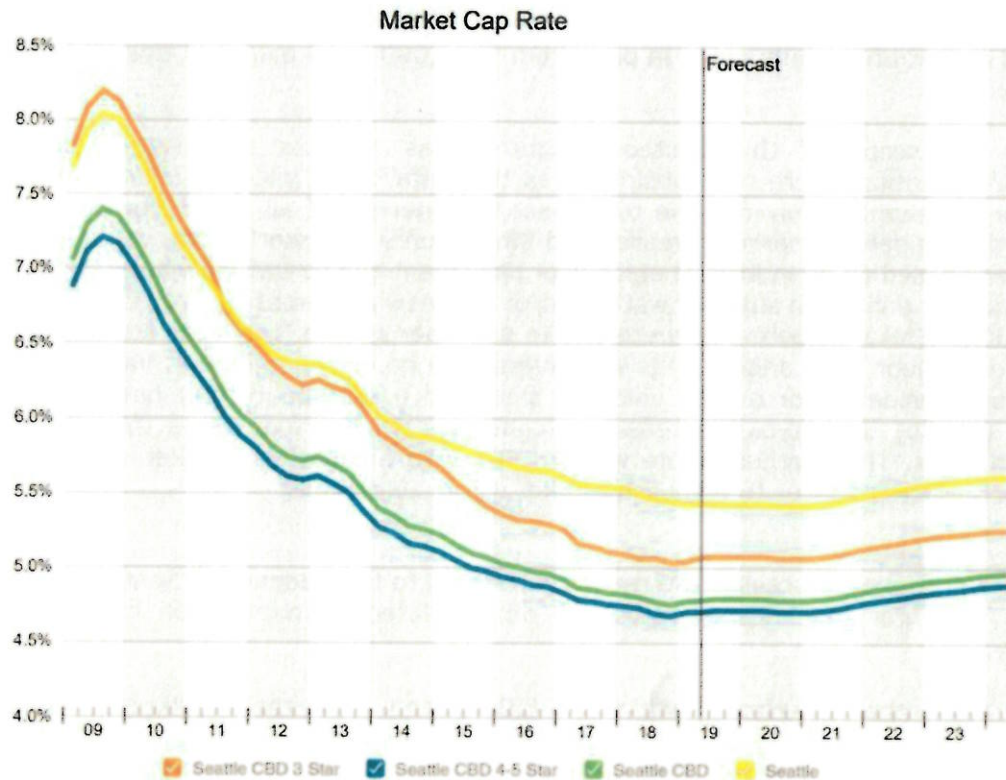
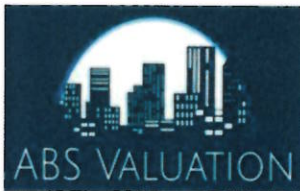
Overall capitalization rates, or OARs, are typically utilized in the Income Approach for estimating the market value of income-producing properties. The OAR, often called simply the "cap rate", is the ratio between a single year's net operating income and the property's market value, demonstrating the rate at which the income stream generated by a property reaches its purchase price.

In researching recent sale transactions involving income-producing properties in the downtown Seattle market, data on actual or estimated net operating income (NOI) for the buildings that sold is gathered from real estate agents, brokers, developers and market data research services. For this analysis, relevant information has been compiled into a database for use in estimating value of the subject properties, both without the LID project and again with the project completed. Dividing the net income estimates by market-derived overall rates results in indications of value for the subject parcels.

In general, the higher the capitalization rate, the lower the indicated market value since there is more risk inherent in an investment in the property. Conversely, lower OARs indicate higher market values. According to a first half 2019 cap rate survey by CBRE, international experts in real estate investments and research, capitalization rates for Class A office space in downtown Seattle have remained steady for the past year at about 5% or less. For comparison, their nationwide survey indicates that rates for Class A space in major urban central business districts throughout the country are at 6% and trending downward. This comparison indicates higher current values for this property type in Seattle as compared with other large metropolitan areas. This same type of comparison can be made for all the other income-producing property types found within the LID boundary.

Market capitalization rates within the broader downtown market are the lowest in the Puget Sound metropolitan area, at less than 5%, and the downward pressure on cap rates is some of the strongest in the region since the beginning of last decade's economic recovery. Based on the researched market sales data and as shown on the graph below, from the beginning of 2017 to July 2019, overall reported cap rates for Class A office buildings (4-5 Star) have ranged from 4.0% to 5.23%, with an average of 4.53%. Overall cap rates for Class B (3-Star) buildings ranged from 3.7% to 5.71%, with an average of 4.85%.

In the Pike Place Market and Pioneer Square vicinities, market values (and therefore capitalization rates) are influenced by the historic nature of the zoning overlays called "Pike Place Market Historical District" and "Pioneer Square Preservation District". These designations have been put in place by the City of Seattle with the goal of highlighting and preserving the historic architecture and unique characteristics associated with these high profile Seattle neighborhoods. However, the ability of property owners and investors to expand/renovate existing structures or undertake new development is limited by the required historic review process. These restrictions increase the costs and risk involved in property ownership, putting upward pressure on capitalization rates. With a few properties falling outside this range, capitalization rates in these two designated historic neighborhoods are generally concluded to be 5% to 6%.



*Costar July 2019

Comparable Residential Condominium Sales

The primary focus of the residential portion of the valuation analysis is on the Sales Comparison Approach. Recent market data on sales of condominium buildings within the LID boundary was gathered from the Northwest Multiple Listing Service (NWMLS), the King County Assessor's office, and from online broker and building developer databases. Estimated "before project" market values were analyzed on an overall per square foot basis; variations depend on location, age, quality, and provided amenities of the individual complexes. The lower end of the overall downtown value range was \$400 to \$600 per square foot of building area. Projects with units selling in this range tended to be older structures in outlying areas of Pioneer Square or Belltown and/or residential units in less desirable locations (basement, ground floor, alleyway entrances, etc.). Overall market value for newer construction projects in more desirable locations was in the range of \$700 to \$950/SF, with the high end of the range at \$1,200 up to \$2,500± per square foot for luxury units (penthouse suites or high-end premium condo units with excellent views and amenities).

Per CoStar Analytics, the lack of new construction condominium projects in the last five years in the downtown Seattle market has created pent-up demand for those projects that are currently under construction. At The Nexus, slated to open in the Denny Triangle in late 2019, sale prices range from \$570 per square foot to \$1,150/SF and the complex was reported to be 90% pre-sold by February 2018, more than a year before opening. Other projects, including the 352-unit 600 Wall Street and 265-unit Emerald, are slated to deliver in 2020.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

The Emerald had its top-off ceremony in late July 2019 and had a reported 20% of its units pre-sold at that time. Units range in price from \$400,000 to \$4 million at this luxury high-rise complex.

Due to the scope of this limited assignment as a mass appraisal, individual unit updates/renovations were not considered as this data is not widely available and it is not practical nor economically feasible to inspect the interiors of all units. However, based on substantial residential market research and King County Assessor's data, value adjustments were made based on an individual unit's floor placement and overall view amenity. Per square foot values for units with superior water and/or city view amenities were adjusted at intervals of \$25.00/SF (total adjustments were \$25 to \$100 per square foot when compared to lower level/ground floor units and/or units with average to no view amenities). Value adjustments were also considered for overall unit size since, on a per square foot basis, substantially smaller (studio) units typically reflect a higher per square foot value than larger multi-bedroom units. These adjustments were in line with established market data and county assessor's office practices to establish market value conclusions.

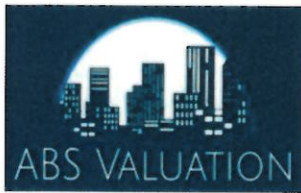
Income Approach

Again, for purposes of brevity, the reader is referred to the addenda's "Seattle Market Area" section for rental and vacancy rates and other related information on income-producing property.

Parcels along the waterfront within the LID extend from the Washington State Ferry Terminal/Pier 48 at the southerly boundary to the Edgewater Hotel at the north end. Parcels in between include the Seattle Fire Department, commercial enterprises (Piers 54 through 57), Seattle waterfront park and aquarium, and Bell Harbor Marina and Convention Center. Predominant zoning is DH1 and DH2, Downtown Harborfront designations with base maximum building heights of 45 to 85 feet. As stated, each of the economic entities is analyzed on a fee simple interest basis, although land and improvements between the inner and outer harbor lines are generally owned by the Washington State Department of Natural Resources (DNR) and leased to adjacent owners.

Generally, rental rates for waterfront properties range from \$18.00/SF to \$35.00/SF on triple net terms and vary depending on type (retail or office), quality, size, location within the building, and commercial exposure. The rates are somewhat lower than in the downtown core because of comparatively higher operating costs associated with the pier improvements.

There is additional data in this report's addenda on the downtown hotel market. This market has had one of the highest occupancy rates in the region, exceeding 80% in December 2017 according to Kidder Mathews, and room rates have also increased. However, the mid-2019 average occupancy rate dropped to 78%, and room rates and revenue per available room have flattened as significant new inventory came online. In two hotels alone, for example, the Hyatt Regency and Embassy Suites added over 1,500 rooms to the CBD inventory in 2018-2019, and nearly 190 rooms were added near Pike Place Market in conversions/renovations. As a result of this inventory growth, market softening (or correction) has occurred but is forecast to be short-term because the primary drivers of hotel demand, continuing growth of the office market and tourist industry, will absorb this increased supply.



According to the third quarter 2019 "*Kidder Mathews Office Market Report*", there was 3.4 million square feet of office space under construction this year as of September, two-thirds of which is pre-leased. Predominant room rates are \$200 to \$400 per night, based on investigation of the 52 hotels within the LID boundary; the rates vary depending on the season and day of the week.

From a retail and office standpoint, the Seattle CBD is one of the most desirable submarkets in the larger Puget Sound metro area, especially for large companies looking to establish a central location. The vacancy rate is currently at market lows due to strong absorption from large companies occupying 3 to 10 floors of space. Absorption in 2019 is mostly driven by move-ins from large tenants. One example was F5 Networks' 515,000 SF move-in at the newly constructed 801 5th Ave building in the second quarter of 2019. The high-rise tower serves as the company's new headquarters, and it has marketed 75,000 SF for sublease. In another example, engineering company Parametrix leased 88,000 SF at 800 5th Avenue in the first quarter of 2019. Lastly, the entertainment company Hulu will be moving into 67,000 SF of space at Madison Centre in the 4th quarter of 2019, leaving only 15% of the building available for lease less than two years after opening.

Positive absorption reached a record high in 2018; this was highly influenced by tech company leases. Examples include Amazon's 485,000 SF move-in at the Macy's Building in the 3rd quarter of 2018 and its occupation of 289,000 SF at Tilt49 in the first quarter of this year. These two leases accounted for roughly 40% of total net absorption in 2018. "Non-tech" companies also contributed: in one of the largest non-tech leases signed this cycle, law firm Davis Wright Tremaine moved into 167,000 SF at Madison Centre in the 4th quarter of 2018.

Co-working space has also become a popular tenant group within the Seattle CBD, helping with absorption in larger buildings. WeWork has a significant footprint in the downtown area, and the company continues to expand. In the second quarter of 2019, the company leased 49,000 SF at the Towers at 4th & Madison, bringing its total downtown footprint to more than 700,000 SF. One of its main competitors, Spaces, recently signed a lease for 91,000 SF at the under-construction 2+U Building, increasing the presence of major co-working companies in the area.

While Amazon has made its mark downtown, the company is slowing down its overall leasing considerably. They announced plans to sublease all 722,000 square feet of its committed office space at Rainier Square, the largest office project underway in the submarket, and Amazon has begun to expand significantly into the Bellevue market, another tech-oriented submarket located outside the Seattle, across Lake Washington to the east.

Overall, per Costar and Kidder Mathews research reports, annual rent growth in the Seattle downtown market in 2019 is nearly four times the submarket's historical average, with notably strong growth in Class A assets. Many spaces have pushed or exceeded \$50.00/SF in asking rent, placing Seattle's downtown on a list of the most expensive urban centers in the country. However, for new leases, discounts for large blocks of space are not uncommon. For example, F5 Networks signed their lease at \$47.00/SF (triple net terms) at F5 Tower in the second quarter of 2017; the space was being marketed at \$57.00/SF. The F5 Tower lease started in the 2nd quarter of 2019 and expires in 2033, with three 5-year renewal options.



One of the largest factors in overall lease rates, especially for Class A office space, is the large amount of new inventory slated for late 2019/2020 openings. The last three years has been a period of historically high levels of retail and office inventory being added to the core downtown market, much of it Class A high-rise space. Developers are interested in the Seattle market as it is well-positioned to attract large tenants. Deliveries were static in 2018, but construction is currently ongoing for projects slated to be completed in the near term. Overall, more than 2 million square feet of office space is set to open over the next few years; roughly 53% of that space remained available in the 2nd quarter of 2019, indicative of strong preleasing activity.

However, the owners/developers of some projects are dealing with unexpected circumstances. Rainier Square will have 722,000 SF of office space, but its tenant makeup remains unknown. Developer Wright Runstad secured a lease with Amazon a month before the project broke ground, but the company is marketing the space for sublease as it focuses on its expansion in Bellevue. The project has already garnered attention from large tenants, but no subleases had been signed as of the second quarter of 2019. In addition to office space, the complex will feature a PCC Community Market on the ground floor, with a hotel and residential units above. A few blocks away from Rainier Square, Skanska is expected to open the 690,000 SF 2+U in the fall of 2019. The developer signed leases with Indeed (200,000 SF) and co-working companies Spaces (91,000 square feet) in late 2018 and Dropbox (121,000 square feet) in mid-2019, leaving 40% of the space available for lease. The mixed-use development will include ground-floor retail and public spaces.

Other recent projects have been mid-rise properties, including the 13-story 540,000 SF Seattle Children's Research Institute, and the currently under construction 233,000 SF Federal Reserve Building. The development will add 13 stories of premier office space to the former Federal Reserve building, and it was fully available for pre-leasing starting in the 2nd quarter of 2019. The site is slated for completion by the end of 2020 and the design incorporates the original building's historic features.

With such a large pipeline of Class A office space available in the near term (excluding large spaces over 50,000 SF), supply pressures could weigh on rent growth in Class A buildings over the next few years. Landlord's Class B and C assets (lower priced, lower quality space) have also benefitted from strong rent growth, as strong demand persists from tenants that are priced out of the high-end assets that dominate the current market. Annual rent growth in Class B assets has, however, recently slowed. Based on the research and market rent surveys conducted, the following confirmed lease ranges and averages are observed in the various market areas within the LID boundary. In the valuation analysis, lease terms have been converted to a triple net (NNN) basis for making comparisons between individual leases. FS is the abbreviation for fully serviced.



Lease Rates - 2018 to 2019

Neighborhood	Type Class	Lease Range	Average	Lease Terms
Belltown	Office A	\$19.00 to \$35.00	\$35.00	NNN
	Office A	\$34.00 to \$45.00	\$40.00	FS
	Office B/C	\$18.00 to \$38.00	\$32.00	FS
	Retail	\$16.00 to \$60.00	\$33.00	NNN
CBD: (Denny Triangle/Retail Core Government/West Edge)	Office A	\$24.00 to \$56.00	\$42.00	FS
	Office B/C	\$23.00 to \$48.00	\$36.00	FS
	Retail	\$24.00 to \$75.00	\$45.00	NNN
Pioneer Square	Office A	\$32.00 to \$41.00	\$37.00	FS
	Office B/C	\$11.00 to \$45.00	\$30.00	FS
	Retail	\$19.00 to \$65.00	\$31.00	NNN

Per CoStar Analytics' "Third Quarter 2019 Multifamily Downtown Seattle" report, close-in apartment rents are among the highest in the Puget Sound metro area, due in part to the increased number of high-end units that were delivered in the last two cycles. Overall, annual gains have slowed, and this could continue in the face of increased supply; more than 3,000 new units are slated to open in 2019 and 2020 and there are several proposals in various stages of the design/review process. Advertised rent premiums exist for high-end complexes; newer Class A and B construction has an average asking rent of \$3.60/SF, a 20% premium over slightly older Class A and B complexes built five years ago. Newly built high-rises have a significant effect on the monthly rental rate figure, which can easily exceed \$4.00/SF for high quality view units.

In terms of concessions, roughly 35% of all multi-family projects in downtown Seattle offer rent specials, up from 14% at the end of 2015. Much of this increase is due to recent openings of new high-end projects. For example, the 450-unit McKenzie opened in Denny Triangle in August 2018 and has an average asking monthly rent of \$4.20/SF, although effective rent is roughly \$3.90/SF. The complex was offering up to four weeks' free rent on 12-month leases in the third quarter of 2019. In January 2019, 344-unit Arrivé opened in Belltown and it was reportedly 82% occupied by early October, a leasing rate of 30± units per month and there was up to two months' free rent during lease-up. In August 2018, 450-unit McKenzie opened in Denny Triangle and was reportedly 93% occupied by early September 2019, a leasing rate of about 32 units per month. Management was offering up to one month of free rent on a 12-month lease during the lease-up period.

Properties under construction are scattered throughout the various downtown neighborhoods, but high-density areas like Denny Triangle and the Pike/Pine corridor have many slated deliveries due to the number of high-rise projects currently under construction. Sales volume has been robust due in large part to institutional investment. Current capitalization rates are around 4%, making it one of the most expensive submarkets in the Puget Sound metro area. While overall sales activity in 2019 was initially slow, large deals later in the year have helped



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

boost volume. In September, Continental Properties paid Greystar \$216.1 million (\$590,000 per unit) for the 366-unit Met Tower. The property was reportedly 96% occupied at the time of sale. In June, ICONIQ paid Holland Partner Group \$96 million (\$459,000/unit) for the 209-unit Perry in First Hill. The complex sold as part of a portfolio with Chroma SLU in the Lake Union submarket. The Perry was built in 2019 and Chroma SLU was built in 2018.

Vacancy rates have remained high due to the onslaught of new deliveries, but demand remains strong. Based on several surveys by CoStar and Kidder Mathews, new units are leasing quickly in finished projects, due in part to generous concessions. It is typical to see new complexes offer more than one month of free rent during lease-up and average lease-up is 30± units per month for high-rise projects built in 2018. However, with a record number of deliveries slated for the next few years, there will be more intense supply pressures and lease-up rates could slow. Helping the higher lease-up rate is the influx of new jobs in the downtown area. Many notable office tenant moves and expansions are contributing to downtown's Seattle job growth. Amazon is on pace to occupy 14 million square feet of office space in Seattle by 2022, including a multi-million SF headquarters in Belltown and millions of square feet in surrounding neighborhoods. So-called "tech" companies are not the only ones heading to the downtown core; wood products giant Weyerhaeuser moved its headquarters from Federal Way to a 180,000 SF office complex at 200 Occidental Ave in Pioneer Square, in August 2016. This has contributed to the revitalization of Pioneer Square, and many multi-family residential developers have followed.

AVAILABILITY	SUBMARKET	MARKET	INVENTORY	SUBMARKET	MARKET
Vacancy Rate	6.4% ↓	5.1% ↓	Inventory Units	20,904 ↓	332,297 ↓
Vacant Units	1.3 K ↓	17.1 K ↓	Existing Buildings	176 ↓	7,677 ↓
Market Asking Rent/Unit	\$2,512 ↓	\$1,714 ↓	Avg Units Per Bldg	119 ↓	43 ↓
Market Effective Rent/Unit	\$2,487 ↓	\$1,701 ↓	12 Mo Demolished Units	0 ↓	0 ↓
Concession Rate	1.0% ↓	0.7% ↓	12 Mo Occ % At Delivery	37.8% ↓	44.5% ↓
Studio Asking Rent	\$1,645 ↓	\$1,417 ↓	Under Construction Units	3,796 ↓	20,887 ↓
1 Bedroom Asking Rent	\$2,342 ↓	\$1,614 ↓	12 Mo Construction Starts Units	2,972 ↓	6,448 ↓
2 Bedroom Asking Rent	\$3,607 ↓	\$1,838 ↓	12 Mo Delivered Units	1,655 ↓	10,860 ↓
3 Bedroom Asking Rent	\$6,902 ↓	\$2,170 ↓	12 Mo Avg Delivered Units	207 ↓	128 ↓
SALES	SUBMARKET	MARKET	DEMAND	SUBMARKET	MARKET
Market Sale Price/Unit	\$548 K ↓	\$320 K ↓	12 Mo Absorption Units	2,259	11,805
12 Mo Asking Sale Price/Unit	-	\$250 K ↓	12 Mo Absorption % of Inv	10.9%	3.6%
12 Mo Sale to Asking Price Diff	-	-2.9% ↓	Avg Household Income	\$105 K	\$106 K
Market Cap Rate	4.0% ↓	4.5% ↓	Population Growth 5 Yrs	12.1%	7.8%
12 Mo Sales Volume	\$320 M ↓	\$5.4 B ↓	Pop Growth 5 Yrs 20-29	-39.2%	-9.8%
12 Mo Properties Sold	3 ↓	374 ↓	Pop Growth 5 Yrs 30-39	-8.0%	2.9%
Months To Sale Past Year	3.8 ↓	4.0 ↓	Pop Growth 5 Yrs 40-54	30.1%	9.2%
For Sale Listings	2 ↓	77 ↓	Pop Growth 5 Yrs 55+	22.5%	17.5%



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

In a second quarter 2019 survey by Commercial Analytics covering 19 apartment buildings containing 2,352 units, the overall vacancy rate in the Belltown/Downtown/South Lake Union submarkets was 5.06% and the average rental rate was \$2,140 per month.



As noted, the average apartment rental rate in the subject submarket is one of the highest in the region but another significant segment is subsidized housing, consisting of over 1,200 dwelling units. Most of these projects are encumbered by regulatory use agreements that run with the land. Because of the subsidies and use restrictions involved, no special benefit accrues to these complexes. Properties that lack recorded regulatory agreements, those where a percentage of the units are subsidized, or buildings with imminent lease expiration dates experience some degree of special benefit due to the project and are analyzed on an individual parcel basis.

Valuation Summary---without LID

Market value conclusions for individual parcels without the LID project, as summarized in the preceding spreadsheets, reflect the market's perception of property values in the subject area as of October 1, 2019 date of valuation. Project enhancement factors (i.e. anticipation of the project) are considered and appropriate adjustments are made. This LID is relatively unique in that it is being closed out (and assessments finalized) before the actual improvements are constructed. Therefore, many of the recent sale transactions considered may contain elements of project influence resulting in anticipatory value increments to the purchase price. However, these would be relatively minor compared to overall property values and, as such, are difficult to discern. The analysis conducted and conclusions presented are the best estimates of market values in the "without LID" portion of this analysis.

As discussed earlier, the general waterfront area – extending east from Alaskan Way to the Pike Place Market – is considered to have a quality rating of "average". This is in large part due to the poor connectivity with city streets and general inaccessibility for vehicular traffic between Alaskan Way and the Western Avenue/Pike Place Market vicinity. The existing alleys (some of which are dead ends), stairwells, and poorly lighted areas contribute to an undesirable atmosphere, especially at night, despite the active foot traffic and tourist-oriented venues along the waterfront. Based on the economic studies discussed earlier, the quality of the existing waterfront and environs is concluded to be "average."

The valuation analysis conducted for this assignment is summarized on the spreadsheets; individual analysis sheets were prepared on each affected parcel in order to form the summarized conclusions, taking into consideration all factors that affect property value and utilizing the best information available. This analysis was completed under both the "without LID" and "with LID" scenarios and the individual worksheets are contained in the appraiser's files.



Valuation Summary---with LID

In addition to review of the "Seattle Market Data" section (in the addenda), adjustments to the "without LID" valuation conclusions were made based on elements of similarity to projects completed in other cities, as previously discussed (Boston, Chicago, New York, Portland, San Francisco and Vancouver BC). These studies, along with others, were also utilized in the condominium valuation process.

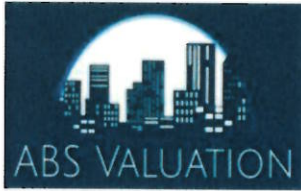
With the LID in place, there is a new waterfront promenade, consisting of continuous open space on the west side of the waterfront corridor from Pine Street to South Washington Street, with enhanced landscaping and streetscapes. Pedestrian accessibility to the waterfront and view opportunities are greatly improved by the Overlook Walk and connection points west of the viewing area, leading down to the waterfront elevation. The Pike/Pine corridor improvements provide an enhanced pedestrian link to the Overlook Walk and connection points to the waterfront. Belltown has improved access from the Overlook Walk, as well as Elliott Avenue. Union Street features an excellent, visible access point to the waterfront from Western Avenue that is served by an elevator. Additional street improvements within the Pioneer Square area provide a more aesthetically pleasing and "pedestrian friendly" link to the waterfront. Considering the greatly improved connectivity features provided by the project, the overall subjective quality rating of the area nearest to the primary LID improvements when completed is concluded to be excellent.

The main property types impacted by the Waterfront Seattle LID are summarized below. The impacts on market value and estimated value changes from the prior analysis are based partly on discussions with Seattle area property owners/developers and real estate brokers, together with review of various similar projects in other cities and published economic studies.

Unlike most of the other major city projects discussed, some additional studies completed on open space/park elements, as well as examples in other cities like New York where several streetscapes and other open space projects were completed, the subject project reflects no view element difference. Positive market value increases for a wide variety of commercial uses and multi-family/condominium developments without view enhancements were well-supported. Boston also provides a good example of open space and pedestrian improvements to a major downtown waterfront area. Although portions of this project provided view amenity enhancement, other areas lacking improved view amenities also experienced positive market value increases for commercial (office, hotel, retail, multi-family/condominium) property. The other projects reviewed also offer similarities, particularly Vancouver BC, due to the abundance of condominium and apartment development, which provided good market evidence that the Waterfront Seattle project will increase value for these market types.

Land Value

Within the waterfront area, there are a few properties with market value consisting solely of land value. With the LID in place, developments can be created on these sites to take advantage of the new waterfront amenities; they reflect a slightly higher increase in market value than similarly situated improved property. Typical market value changes for waterfront land range from 3.5±% above estimated land value without the LID project, on the high end, to slightly less than 3.0% near Pioneer Square, where lesser LID-related improvements are being constructed.



Moving east from the waterfront, land values reflected gradually diminishing increases due to increasing distance from project improvements. Depending on location, land value increases generally ranged from less than 1% to below 2.5% of “without” market value. Belltown, Denny Triangle and the Stadium District areas experienced the lowest change in value, typically 1% or below, with the Pike/Pine corridor ranging from 1% to 3% depending on specific location. Properties near the Overlook Walk (within the Pike/Pine corridor) were at the high end of the range and increases in value diminished further to the east, closer to Interstate 5.

Office/Retail Properties

Many downtown office buildings contain some retail components. Depending on location, the LID project has a more positive impact on the retail market than on office space; this was considered in the “with LID” valuation analysis. Major retail buildings, such as Nordstrom and Macy’s, have large office components (Macy’s has been converted into both retail and office condominium uses), whereas Pacific Place and Westlake Center are stand-alone retail structures. The Pike Place Market and Pioneer Square vicinities are predominately retail in character although many of the buildings also contain a significant amount of office space. Property value increases are reflected in higher rental rates, lower vacancy and capitalization rates---indicating higher overall property values with the LID project completed. The historic preservation designations in these two areas, and other use restrictions in the Pike Place Market area, were considered in the “with LID” scenario.

The vicinity experiencing the largest estimated increases in value of retail/office properties encompassed the Overlook Walk and lower Pike/Pine corridor. Market value estimates generally are 2% to slightly above 3% higher than estimated value without the project. Depending on location and property type, this level of increased value diminished moving east along the Pike/Pine corridor to 1% to 2% above estimated value without the project. In the Pike Place market area, properties are subject to varying degrees of use and development restrictions, all of which have some impact on the costs and risks associated with ownership. Higher estimated overall capitalization rates (risk) and slightly lower special benefit due to the project recognize these factors. Depending on property ownership characteristics, special benefit estimates vary from 2% to 3% of market value without the LID. Similarly, lesser special benefit accrues to parcels in the Pioneer Square region, as compared to the Overlook Walk vicinity and lower Pike/Pine corridor. Belltown, Denny Triangle and the Stadium District experienced the least market value change (typically 1% or less) due to distance from the LID improvements.

Hotel Properties

As with the retail market, Seattle hotel properties typically experience a slightly larger change in value compared to a similarly situated commercial building, due primarily to projected increases in tourism resulting from the LID project. Higher room rates, restaurant/event sales increases, and lower vacancy/capitalization rates result in higher overall property values with the LID in place. The highest estimated increases in value are along Alaskan Way, near the Overlook Walk (Marriott Hotel) and other hotels such as The Inn at the Market and Four Seasons Hotel situated near the major LID components. Estimated market value increases are 3+%, with others located further away from the waterfront and major LID components such as the Alexis Hotel, Hotel 1000, the W Hotel, Fairmont, the Grand Hyatt and Sheraton typically ranging from 1.5% to just above 2.5%. Increases in market value are estimated at



less than 1% above value without the project for the Westin Hotel and others further away from the improvements.

As stated, increases in market value are reflected in average room rates and restaurant/event revenues, together with lower capitalization rates. Market value increases (special benefit) for hotel properties were typically slightly higher than for adjacent office or retail uses, with the exception of several major retailers (Pacific Place and Nordstrom) situated in desirable retail locations along the Pike/Pine corridor.

Apartments/Subsidized Housing

The downtown apartment market consists of units rented at market rates, as well as subsidized housing. Projects featuring market rental rate units reflected the highest increases in value along the waterfront (i.e., the Cyrene, for which special benefit is estimated at 3% above market value without the project), decreasing for properties further to the east, such as the Harbor Steps. Other apartment complexes located one to two blocks from the water typically reflected increases in value from 2.0% to 2.75%, depending on specific location. Belltown, due primarily to distance from the improvements, reflected much lower value increases, as did those in the Denny Triangle neighborhood. Also, estimated special benefit (market value increase) to multi-family residential complexes in the Pioneer Square and Stadium districts were below this range.

As noted, another significant segment of the multi-family residential market is subsidized housing, consisting of over 1,200 dwelling units in the LID boundary area. Most of these projects are encumbered by regulatory use agreements that run with the land. Because of the subsidies and use restrictions involved, no special benefit accrues to those complexes. Properties without recorded regulatory agreements, those with only a percentage of the units subsidized, or buildings with imminent expiration dates on subsidies typically experience a minor special benefit and were analyzed on a case-by-case basis.

Residential Condominiums

Projects involving similar improvements across the country were researched for indications of impacts on property values, and the geographic radius of special probable benefit, created by improvements with various elements of similarity to the Waterfront Seattle project. Research included published studies and reports on waterfront, park and street beautification projects, as well as interviews with real estate brokers and appraisers in many of the affected neighborhoods. These projects are compared to the elements of the Seattle Waterfront LID to help understand how these project improvements affect real estate marketing times, demand and overall property values.

As noted, the research presents clear indications that well-designed park and street improvement projects have a positive effect on surrounding neighborhoods and property values. Parks and "walkable" streets spur more activity from nearby residents as well as create areas more inviting to tourists. These projects create a wider tax base for the city and create jobs in construction, public service, hotels, retail and services in nearby neighborhoods. It should be noted that many of the comparable projects include an enhanced view amenity, which is not considered for the subject LID since the Alaskan Way Viaduct replacement project is assumed to be complete in the "before" scenario and therefore the view amenity does not change due to the LID project.



Based on the research, there is measurable positive impact on market value of all property types within a three-block radius of an improved park with a lower yet still measurable value impact on properties up to twelve blocks away. Many studies show that approximately 75% of the benefit from an improved park is captured within the first three blocks and the remaining 25% dissipated for up to twelve blocks. This increase is well-supported in the value ranges indicated in New York, Boston, Portland and Chicago. These economic studies on parks and streetscape improvements reflected increases in property value of 5% on average, with some properties benefiting up to 10% of overall value. Urban amenity studies indicate a geographical radius of benefit within 12 blocks of the public improvement, but most significantly within the first three blocks.

In terms of direct residential impact, John Crompton's ongoing studies into the impact of parks on property values have been used by municipalities across the country. Crompton's "proximate principal" represents a "capitalization" of park land into increased property values and a widening of the tax base. One major finding based on his results deals with the location and proximity of property to the park improvements – both in urban and suburban environments:

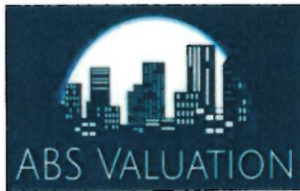
- 75% of the benefit from a park is captured within 500 feet, or three city blocks.
- The remaining 25% of the benefit is likely dissipated over a 500- to 2,000-foot range, or 4 to 12 city blocks.

In summary, the studies discussed in this report are used as a basis of valuation, given the unique assumptions of the subject LID project. Properties located closest to the park areas/enhanced streetscapes experience the most special benefit. Based on the comparable projects researched and considering the project elements within the Seattle Waterfront LID, the "after" market value of multi-family residential properties is concluded to be less than 1% to 3% higher than the overall value without, or "before", the project.

Waterfront (Pier) Properties

The waterfront properties are unique as they are mostly constructed on piers, on land leased from the State of Washington DNR (Department of Natural Resources) and consist of both leasehold value and leased fee value. As mentioned throughout this report, the conclusions presented (based on Washington State legal statutes) are valuations of the fee simple interest. The highest estimated increases in value among the waterfront properties are near Piers 54 to 56; overall market value increases are estimated at up to 3% and recognize the parking losses compared to the "without LID" valuation scenario. Properties near the northern end of the waterfront within the LID boundary include the Edgewater Hotel and Bell Harbor Conference Center/Marina; these parcels reflect market value increases (special benefit) of approximately 1% of value without the project. Several special use properties, including the Seattle Aquarium and Washington State Ferries' Seattle Terminal, experience nominal increases in value. The ferry terminal known as the Colman Dock, as all state ferry facilities, is considered part of the state highway system.

As noted in studies of other projects in multiple cities across the country, special benefit due to these types of LID improvements has ranged up to a 5% change in market value. In this analysis, the maximum change in value for the waterfront economic entities is 3%. These conclusions recognize that, while the properties benefit from enhanced relative location



arising from the project, there is also a reduced amount of available parking in the vicinity, an important factor considered in the analysis.

Special Purpose Properties

Aside from the waterfront area, the two most notable special purpose properties within the LID boundary are CenturyLink Field and events center, and T-Mobile Park. The Washington State Public Stadium Authority is the public entity that oversees CenturyLink; it came into being after a referendum for its creation was approved by Washington State voters on June 17, 1997. It is recognized herein that its use is restricted to that of a sports stadium and entertainment venue (Seahawks season tickets are sold out far into the future) and this is not likely to change in the foreseeable future. Due to the unique nature of the improvements and large site sizes, estimated value increases are nominal and concluded to be less than 0.1% of estimated overall property value without the LID project.

In the analysis of special purpose properties, most reliance is placed on the Cost Approach; this methodology reflects the specialized improvements and unique nature of the current uses. The Sales Comparison Approach is not applicable since no known transactions involving professional athletic stadiums that can be compared directly with the subject stadiums have occurred within a reasonable time frame that could provide a reliable basis for comparison.

While analysis of the income stream generated by each facility is possible, an extensive amount of additional information would be required. Such information is not readily available to the public and would require extraordinary cooperation on the part of the property owner, as well as extensive review to segregate income sources attributable solely to the real estate as opposed to any number of business value categories associated with operation of the facilities. No available data was found regarding income, expenses or appropriate capitalization rates for such properties; therefore, the Income Approach method of estimating land and/or improvement value for the two stadiums is not used.

Other special purpose properties within the LID boundary consist of churches, Benaroya Hall, the Seattle Art Museum and the Washington State Convention Center. Due to the special purpose nature of these improvements, the estimated increase in value due to the LID is concluded to be fairly minor.

Summary

The table presented below pertains to the above valuation sections and is to be used for general discussion purposes. It summarizes the estimated special benefit ranges for each affected property type, based on the percentages of property value increase. It is noted that market value estimates without and with the LID project may fall outside of the summarized ranges for some individual parcels.



Estimated Special Benefit Ranges By Property Class		
Property Class	Percentage of Property Value Increase	
	High	Low
Land value	<4.00%	<0.50%
Office/Retail	<3.50%	<0.50%
Hotel	<3.50%	<1.00%
Apartment/Subsidized housing	3.00%	0.00%
Residential condominium	3.00%	<0.50%
Waterfront	<4.00%	<0.50%
Special purpose	0.10%	1.00%

The total cost for the above LID-funded improvements is approximately \$346 million, with funding provided through a variety of sources. Further discussion of both the before (without) and after (with) conditions is contained in prior sections of this report and more detailed descriptions are presented in another separate document. There are several neighborhoods within the LID boundary; properties within these areas experience different degrees of special benefit due to variations in proximity to the project elements and other factors that affect value.

The main valuation methods used are the Sales Comparison Approach and the Income Approach. Due to the special purpose nature of some of the properties (i.e., the sports stadiums), the Cost Approach was used on a limited basis. The primary reason the market reflects increased value due to the project is enhanced location, pedestrian connectivity and appeal created by the waterfront improvement amenities. In the Income Approach, this is reflected in increased rents and lower vacancy levels/capitalization rates as well as lower perceived investment risk.

In the Sales Comparison Approach, higher land values and resulting overall property values result from improved market perception. These factors are interrelated in the decision-making process of an investor/developer/market participant when buying income-generating property like many properties within the LID boundary. Condominium values typically increase due to enhanced location/appeal and positive market perception of the elements of the waterfront project. This study also recognizes that, with the LID project constructed, Alaskan Way will be widened to eight lanes at the south end of the project. Additionally, some parking loss along Alaskan Way in the waterfront area will occur due to the project and this is considered in the analysis.

The conclusions reached herein are presented subject to the specific assumptions and limiting conditions listed following this section. The comments made on the currently strong downtown market trends are not meant to infer that the project would create further strong demand and intense development activity but rather that the new waterfront amenities and improved waterfront access would enhance positive trends already in evidence in the various downtown Seattle real estate markets. For example, as discussed in the subsequent "Seattle Market Data" section, there is a strong supply of new hotel, office, multi-family residential and retail space coming on-line in the subject area over the next several years. Although it is recognized



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
VALUATION ANALYSIS
WATERFRONT SEATTLE LID PROJECT

that this new supply will be competing with existing space, the currently strong demand will be enhanced by the subject LID project and is expected to shorten the absorption period and aid in lowering vacancy rates, increasing rental rates and lowering capitalization rates for properties within the LID boundary.

Aspects of property considered as a parcel include: (a) the economic unit, (b) the physically contiguous unit, and (c) the continuity of ownership. In cases where multiple tax lots comprise a single entity, this entity is often called the "larger parcel". As required by state statute, recommended assessments for parcels comprised of more than one county tax lot are segregated into individual tax parcels. It should be emphasized that the individual parcels, as defined above, are the entities to which the special benefits accrue and against which the assessments are levied. Division of the proposed assessments into tax lots used by the King County Assessor's and Treasurer's offices, artificial boundaries from an appraisal standpoint, are made to comply with statutory requirements and the city's accounting procedures.

Without the LID project, rebuilt Alaskan Way would be considered a transportation corridor whereby management, maintenance, security, and other factors are commensurate with that provided for typical city thoroughfares/arterial streets. It is hereby noted that Washington State Ferries (part of the Washington State Department of Transportation) already operates the ferry terminal known as the Colman Dock, in the subject area, as part of the state highway system. With the project completed, certain defined areas along the waterfront (Overlook Walk, Promenade, Union Street and Waterfront Park, formerly known as Pier 58) would be governed by the City of Seattle's public parks ordinances, and specifically Ordinance Number 125761, which was passed by the Seattle City Council on January 28, 2019.

These new waterfront amenities will be designated as "park land", conveying broader powers to the City regarding upkeep, maintenance and security of the vicinity. The ordinance grants additional authority to the city, through their employees, to maintain the integrity, security and cleanliness of these areas and eliminate undesirable activities such as loitering. Furthermore, a percentage of all affected property owners (comprising most of the owners of downtown property) have signed maintenance agreements with the city, furthering the public/private partnership and maintaining the ambience, desirability and quality of the newly installed park areas. Copies of both the 2019 ordinance and a discussion, recently provided by the client, of the impact of an operation and maintenance agreement on various LID elements, together with what operation and maintenance in the LID area would look like absent the project, are included in the separate addenda volume.

A map showing the LID boundary, together with the spreadsheets of recommended final assessments, follow the transmittal letter in this report. The findings resulting from this study, which is subject to the stated assumptions and limiting conditions, as of October 1, 2019, are as follows:

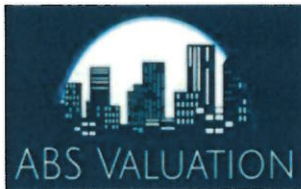
Project:
Developer:
Capital Partner:
Analysis:
Analysis Date:

West Edge
Urban Visions
Mitsui Fudosan America
LID Assessment - Competitive Set Analysis
29-Jan-20

Multifamily Valuation

Development	Parcel Number	Address	Year Built	Units	Occupancy	Base Valuation Total \$	Base Valuation \$/unit	Valuation With LID Total \$	Valuation With LID \$/Unit	LID Value	Assessment	LID Value / Unit
West Edge	1975700480	1430 2nd Ave	2018	340	88.5%	\$ 300,972,000	\$ 885,212	\$ 307,168,000	\$ 903,435	\$ 6,196,000	\$ 2,427,729	\$ 18,224
Tower 12	COMBINED	2015 2nd Ave	2017	313	96.9%	\$ 235,534,000	\$ 752,505	\$ 239,999,000	\$ 766,770	\$ 4,465,000	\$ 1,583,745	\$ 14,265
	1977200885	2015 2nd Ave	2017	313		\$ 213,274,000		\$ 217,316,000		\$ 4,042,000		
	1977200900	114 Virginia Street	2017			\$ 22,260,000		\$ 22,683,000		\$ 423,000		
Helios	7683890010	206 Pine St	2017	398	94.0%	\$ 298,884,000	\$ 750,965	\$ 304,612,000	\$ 765,357	\$ 5,728,000	\$ 2,244,356	\$ 14,392
Viktoria	1977200950	1915 2nd Ave	2014	249	93.6%	\$ 157,670,000	\$ 633,213	\$ 160,806,000	\$ 645,807	\$ 3,136,000	\$ 1,228,754	\$ 12,594
The Post	7666202540	888 Western Ave	2013	208	92.0%	\$ 116,383,000	\$ 559,534	\$ 119,004,000	\$ 572,135	\$ 2,621,000	\$ 1,026,965	\$ 12,601
Cyrene	7666202540	50 University Street	2017	168	90.0%	\$ 101,209,000	\$ 602,435	\$ 104,242,000	\$ 620,488	\$ 3,033,000	\$ 1,188,396	\$ 18,054

Waterfront LID Assessment Adjustment to Market				
		Average	Highest Tower 12	Closest Helios
Average Base Valuation, Competitive Set		\$ 659,730	\$ 752,505	\$ 750,965
West Edge Base Valuation @ Average \$/Unit	340 units	\$ 224,308,244	\$ 255,851,629	\$ 255,328,040
Average Valuation with LID, Competitive Set		\$ 674,111	\$ 766,770	\$ 765,357
West Edge Valuation w/LID @ Average \$/Unit	340 units	\$ 229,197,855	\$ 260,701,789	\$ 260,221,307
Imputed LID Benefit		\$ 4,889,611	\$ 4,850,160	\$ 4,893,266
Imputed LID Assessment	39.18%	\$ 1,915,857	\$ 1,900,399	\$ 1,917,289
Reduction in LID Benefit		\$ (1,306,389)	\$ (1,345,840)	\$ (1,302,734)
Reduction in LID Assement		\$ (511,872)	\$ (527,330)	\$ (510,440)
				Average
				\$ (1,318,321)
				\$ (516,547)



Estimates are made of the value of individual parcels without the improvement project and again with the project assumed completed, as of the same date. Estimated value ranges without and with the LID are refined into valuation conclusions by making the appropriate adjustments based on factors affecting market value of individual parcels. For each assessable parcel within the LID boundary, this basis of valuation results in a special benefit estimate, which is the difference in value before (or without) the project as compared to the same parcel after (or with) the project.

The recommended final assessments are reasonable and proportionate to each other; they are based on consideration of the physical characteristics and highest and best use of individual affected parcels with market value estimates derived from comparable sales data. In this research, market analysis, and subject to the accompanying assumptions and limiting conditions, the entire area outlined on the exhibit entitled "Aerial Photo/LID Boundary Map" has been considered.

It is also important to note that, absent the LID project, it is assumed that a rebuilt/new surface roadway to fulfill some of the functions no longer provided by State Route 99 (after the Alaskan Way Viaduct is removed) by serving both local and regional transportation needs and providing access between SR 99, downtown Seattle, and northwest Seattle, will be built in the approximate footprint of the former viaduct. A two-way bicycle facility runs along the west side of the new Alaskan Way (other details contained in city documents).

In addition to this work, which is separate and apart from the LID project, the Waterfront Seattle project would construct six main elements; each is briefly described below:

- 1) **Promenade** is a continuous public open space with amply green, landscaped spaces along the west side of the new Alaskan Way from S Washington Street to Pine Street designed for walking, sitting, gathering, and viewing the waterfront. Highlights of the 26± block-long promenade include street art, extensive plantings (evergreen trees, shrubs and flower bulbs), pedestrian walkways with railings in various sections, and lighting designed in a layered pattern to provide visual interest and wayfinding clarity including LED light sources for low-level illumination of handrails.
- 2) **Overlook Walk**, immediately west of the recently completed Pike Place MarketFront building, is a pedestrian bridge and landscaped public space that connects the Pike Place Market with the Promenade, spanning over the Elliott Way surface street. Beginning at the MarketFront, a switchback pathway referred to as the "Bluff Walk" connects to a 28-foot-high elevated lid over the new Alaskan Way surface street. Other features are 47,000 SF of public open space with excellent view amenities and an accessible pedestrian pathway, enhancing existing connections and adding new connections between Pike Place Market and the waterfront, providing opportunities to enhance the pedestrian experience and revitalize the area.
- 3) **Pioneer Square Street Improvements** include enhanced streetscapes on S Main Street, S Washington Street, Yesler Way, and S King Street featuring new sidewalk paving, landscaping, and traffic redirection to create more pedestrian-friendly links between the waterfront and Pioneer Square. Improvements could include curb extensions, new seating opportunities and coordinated development of sidewalk cafes with food and beverage uses fronting on these streets. Because this area lies within the Pioneer Square Preservation District, improvements are in accordance with the preservation district guidelines.



Pioneer Square and Pike Place Market vicinities, and special use properties. Studies and other information relating to new construction/proposed developments, supply and demand, absorption and population growth trends were also reviewed.

Special benefit to affected properties is derived from enhanced relative location provided by the LID improvements, superior waterfront amenities/market appeal and other factors. This is strongly supported by study of numerous projects with elements of similarity to the Seattle waterfront improvements that have been completed in other cities (New York, Boston, Chicago, Vancouver BC, Portland and San Francisco). These studies, along with others, were also utilized in the condominium valuation process.

As shown on the maps in the 2017 feasibility study, the downtown/waterfront area was originally segregated into distinct study areas identified herein as "areas A, B, C, D and E". Properties within these areas experience different degrees of special benefit due to variations in proximity to the above project elements and other factors that affect value. Based on analysis of these factors, the recommended boundaries of the specially benefited area, as shown on the exhibits in this document, encompass a somewhat smaller area than that covered by the five regions originally studied. As noted in the prior map's legend, it does not depict the final LID boundaries and does not mean all properties within the recommended boundary will be assessed. Examples of property that does not specially benefit from the project are public use parcels and those with various types of deed restrictions.

Within the subsequently established LID boundary, there are 6,238 individual tax parcels. Of this total, 5,187 tax parcels are in 49± condo projects, some of which are associated commercial properties. Considering the large number of parcels (individual ownerships), recommended final assessments and other pertinent information on each has been compiled on a lengthy spreadsheet separate from the remaining 1,051 ownerships, for ease of reading and comprehension. The same type of information on the other 1,051 parcels is aggregated on a second spreadsheet entitled, "All Other LID Commercial Properties"; both spreadsheets are integral parts of this report.

The difference in estimated market value of individual parcels without the improvement project and again with the project assumed completed, as of the same date, is the special benefit estimate. Estimated value ranges without and with the LID project are refined into valuation conclusions based on factors affecting market value of individual parcels. Examples of such factors include changes in locational characteristics and differing highest and best use or development potential before/after completion of the LID improvements.

Electronic data based on records of the King County Department of Assessments forms the basis of the final assessment roll spreadsheets which are integral parts of the report that follows and have previously been electronically provided to the client. Importantly, through the LID formation process and the City of Seattle's outreach program, every effort has been made in the valuation process to acquire and consider all relevant and credible information on individual affected parcels.

The special benefit estimates and recommended final assessments are based on research into the Seattle market, together with review of the other studies in various US cities where similar project elements have been installed. A primary assumption of this study is that in the before (without LID) scenario, the Alaskan Way viaduct has been removed and Alaskan Way is rebuilt, to WSDOT standards, at street level. Therefore, any view amenity enhancement created by removal of the viaduct is not considered in the analysis as it would be the same both in the before (without) and after (with) LID valuation scenarios.



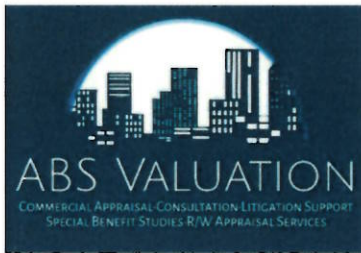
The purpose of a final special benefit/proportionate assessment study is to provide a fair and proportionate allocation of recommended assessments, based on highest and best use and market value of affected property, without as opposed to with the LID project completed. Currently, the design process for the Promenade portion of the improvements is 100% complete. Design for the Pier 58 (formerly Waterfront Park) improvements is 30% complete, the Lower Union improvements' design is 90±% complete, and design is 30±% complete for the Overlook Walk portion of the project. The Pike/Pine corridor and Pioneer Square elements of the project have not yet reached the 30% design milestone. However, based on design and engineering work completed to date and a number of discussions with the City's utilities department and others, the design teams believe that the renderings provided reflect a level of confidence commensurate with a 30% design milestone and will not change substantively once that official milestone has been reached.

As discussed further within the report, in the "without LID" (existing) situation, there is poor connectivity between the Puget Sound shoreline/Alaskan Way vicinity and the higher elevation city streets (i.e. Western Avenue) due to topography, historical street layout and other issues. With the LID project completed, accessibility to the waterfront from nearby areas including the Pike Place Market, downtown business district and Pioneer Square will vastly improve. On an overall basis, referring to the economic studies and rating system discussed herein, the waterfront area in general improves from a subjective quality rating of average in the "before" scenario to excellent with the LID project completed.

Attached is a summary of the final special benefit study, which uses mass appraisal techniques and is reported in a summary format including narrative and tabular presentation. This report is intended to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation for a summary mass appraisal report. As such, it includes limited discussions of the data, reasoning and analyses utilized in the valuation process; supporting documentation is retained in the appraiser's files. It conforms with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include USPAP, as well as additional reporting requirements discussed herein. The appraiser is not responsible for unauthorized use of this report and use by a third party is not intended.

Briefly, the scope of the assignment is to complete a final special benefit/proportionate assessment study centering around the Waterfront Seattle Project as it is currently designed and described in the addenda volume of this report, the aforementioned prior studies and separate documents describing the project, as provided by the client. The local improvement district (LID) is bordered to the west by Puget Sound and the Seattle waterfront, on the east by Interstate Highway 5, to the north by Denny Way and on the south by portions of South Massachusetts Avenue/Edgar Martinez Drive (T-Mobile Park), as visually illustrated by the maps and other exhibits on the following pages. Special benefit is defined as the difference in market value before (without the project) and after (with the project assumed complete) as of the same date.

To make estimates of probable increases in market value or special benefit resulting from the LID project, mass appraisal techniques are utilized and market sales of land and improved properties, together with lease information on properties within and near the boundary, were researched and, depending on type and current use of a specific parcel, various analysis techniques (Sales Comparison Approach, Income Approach and Cost Approach) applied. Property types consist primarily of high rise office buildings, high rise condominium structures, retail uses (both within larger buildings and "stand alone" space), hotels, apartments, unique Pike Place Market properties, sports stadiums, historic/non-designated older buildings in the



Corporate Office

Smith Tower

506 2nd Avenue
Suite 3200

Seattle, WA 98104

206-209-3016 phone

425-252-1210 fax

2927 Colby Avenue
Suite 100

Everett, WA 98201

425-258-2611 phone

425-252-1210 fax

18728 Bothell Way NE
Suite B

Bothell, WA 98104

425-450-4040 phone

425-252-1210 fax

419 Berkeley Avenue
Suite A

Fircrest, WA 98466

253-274-0099 phone

425-252-1210 fax

absvaluation.com

November 18, 2019

City of Seattle

Mr. Glen M. Lee, City Finance Director

Department of Finance and Administration Services

700 Fifth Avenue, Suite 4300

PO Box 94669

Seattle, WA 98124-4996

**RE: SUMMARY OF FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT
STUDY FOR WATERFRONT SEATTLE PROJECT LOCAL IMPROVEMENT DISTRICT
(LID), FAS 2016-048 (OUR FILE 19-0101).**

Dear Mr. Lee:

In response to your request, we have completed a final special benefit/proportionate assessment study for the Waterfront Seattle Local Improvement District (LID) which, briefly, includes development of a promenade, overlook walk, waterfront park improvements and other pedestrian realm enhancements. The client for this assignment is the City of Seattle, Department of Finance and Administrative Services.

This report presents a summary of the findings and conclusions reached in the study. It is intended to assist the City in estimating special benefit (increase in market value) to affected property resulting from the LID-funded improvements within the Waterfront Seattle Project. Based on Washington State legal statutes, the fee simple interest in the market value of each individual parcel is estimated herein. The depth of discussion is specific to the needs of the client and for only the intended use stated above. This report is authorized for use by the client and its agents, representatives and legal counsel.

ABS Valuation, formerly doing business as Valbridge Property Advisors | Puget Sound, completed an economic feasibility study for the Waterfront Seattle Project in August 2017, an executive summary of the formation special benefit study in March 2018, and a formation special benefit study in May 2018. For other reporting requirements and market area data, the reader is referred to the addenda of this report. Additional exhibits and documents relied upon and provided by the City of Seattle are in the accompanying separate companion document entitled, "Waterfront Seattle Project LID - Summary of Final Special Benefit/Proportionate Assessment Study Addenda Volume."



- 4) **Union Street Pedestrian Connection (also known as Lower Union)**, in the right of way on the south side of Union Street between Alaskan Way and Western Avenue, is a universally accessible pedestrian link between the new waterfront and Western Avenue. An elevated pedestrian walkway, elevator and stairs are enhanced by public art and nighttime lighting to illuminate the pathway, elevator, and the area underneath the pedestrian bridge.
- 5) **Pike/Pine Streetscape Improvements** provide enhanced pedestrian access to and from the Pike Place Market and waterfront. Both streets, between First and Second avenues, will be reconstructed as "shared space", without curbs. Single travel lanes (westbound on Pine and eastbound on Pike) designed for slow vehicle movement and local access will share the space with pedestrians and bicycles. Bollards and detectable warning strips help define the area to be used by vehicles, along with light poles, trees and paving treatments, and there will be more room available for sidewalk cafes. Other improvements will be made in the various blocks of Pike and Pine streets between Second and Ninth avenues (planters protecting bike lanes, etc.) including construction of a new paved public plaza, a flexible space designed to accommodate diverse programming similar to Westlake Park, on the south side of Pine Street between Third and Fourth avenues.
- 6) **Pier 58 (formerly known as Waterfront Park)**, located between Piers 57 and 59, provides a unique atmosphere for social gathering/performance spaces with excellent view amenities. Containing approximately 49,000 square feet providing a seamless connection between the park and the Promenade, highlights include a children's play area, 4,900 SF of open water coverage protected by railings, and 3,600± square feet of raised lawns.

Extensive detail on each of the six main project elements summarized above can be found in the documents prepared by the City of Seattle; they are included in a separate publication by this office ("Seattle Waterfront LID Final Special Benefit Study Report Addendum") and also on various websites created and maintained by the city, including www.waterfrontseattle.org.

Proportionality is an important element in any special benefit study. Properties with similar highest and best use, location and physical characteristics should experience a roughly similar special benefit on an overall property basis. Both land value for a specific parcel and overall improved property value are analyzed as part of this study. Many properties within the LID boundary are improved but, due to high land values, the existing improvements may not contribute to overall property value. Also, because zoning within the downtown core often allows new construction at high density (i.e., skyscrapers built on relatively small parcels of land), investors/developers are acquiring underimproved (currently developed at low density) properties for redevelopment or investment hold.

Completing a separate land value analysis offers comparisons between the land and improvements components of these redeveloped sites. It also maintains proportionality of the estimated increase in market value (special benefit). Therefore, properties improved to their highest and best use (*not* underimproved) such as office/retail buildings, apartments and condominiums---typically multi-storied structures---specially benefit in a proportionate manner; this is, there is benefit to both the land and to the improvements.

Both unimproved land and improved parcels located closer to the waterfront and various project amenities (Promenade, Pier 58---aka Waterfront Park, Overlook Walk, Pike-Pine Corridor, and Pioneer Square) specially benefit, or reflect a higher overall market value



difference without as opposed to with the project, than those parcels located further east, north or south of the main LID-funded improvements.

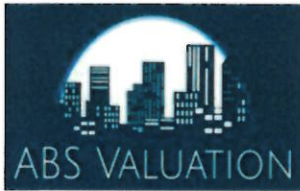
A unique aspect of this special benefit study is that the analysis does not consider any view enhancement (or resultant market value increase) due to removal of the Alaskan Way Viaduct. Therefore, this special benefit study reflects only the amenities provided by the LID project as compared with characteristics of the viaduct vicinity absent the project, as of the October 1, 2019 valuation date. The valuation conclusions resulting from this final special benefit/proportionate assessment study are summarized in the table below.

Typically, properties located closer to the waterfront improvements experience the highest overall increase in market value (special benefit). Hotels and retail properties reflected slightly higher special benefit in most instances, depending on location relative to the LID improvements. Apartments/condominiums and office buildings varied in overall special benefit, again depending on specific locations. Special purpose properties, such as the sports stadiums, experience lesser special benefit due to use restrictions and location at the far south end of the project. Lower estimated market value increases accrue to properties in the Pike Place Market and Pioneer Square vicinities, again due to use restrictions imposed within the respective historical district overlays. Properties closer to Interstate Highway 5 and in the eastern and northeastern quadrants of the district experience the lowest extent of special benefit due to distance from the LID-funded improvements and the various amenities provided by those improvements.

In general, because the project elements focus on the waterfront, Pike/Pine corridor and Pike Place market vicinities, these areas experience the highest special benefit, as reflected in the following spreadsheets. Property abutting the waterfront improvements reflects the highest range in special benefit; from approximately 2.5% to less than 4% of estimated market value without the project, depending on location and use. These increases are based on total property value, comprised of both land and improvements.

The Pike/Pine corridor reflects the second highest increase in market value due to the project, generally ranging from 1% or less at the eastern periphery of the corridor to over 3% of market value without the project at the western (Pike Place Market area) end. The Pioneer Square neighborhood generally experiences slightly less special benefit as it is situated further from significant project amenities such as the Overlook Walk. Average property value increases are slightly less than for the Pike/Pine corridor to the north. Similarly, the Belltown, Denny Triangle and Stadium District neighborhoods reflect lesser (1±%) market value increases.

The table below is to be used for general discussion purposes. It summarizes the estimated special benefit ranges for each affected property type, based on the percentages of property value increase. It is noted that market value estimates without and with the LID project may fall outside the summarized ranges for some individual parcels.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

Within this analysis, anticipatory use reflects the current market's anticipation of intensity of use as measured by buyers and sellers in the marketplace both without and with the LID project. Market value for an anticipatory use is not an estimate of projected future value but reflects the current market for real estate based on its highest and best use.

Definition and Discussion of Special Benefit

A special benefit is defined as a specific, measurable increase in value of certain real property in excess of enhancement to the general area (and benefitting the public at large) due to a public improvement project. It is measured as the difference, accruing by reason of the LID project, between market value of each parcel studied, without the LID project, and market value of the same parcel with the LID project completed and as of the same date. For this analysis, the date of valuation is October 1, 2019.

Enabling legislation providing authority to levy assessments via the mechanism of an LID is statutory in Washington State. All assessments must meet two criteria: (1) the amount of an assessment on a particular parcel may not materially exceed the special benefit to that parcel and (2) all assessments within the district must be fair and in rough proportion to all other assessments.

Final Special Benefit/Proportionate Assessment Study Methodology

This final special benefit study uses mass appraisal techniques and is reported in a summary format including narrative and tabular presentation. The report is intended to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation for a summary mass appraisal report. As such, it includes limited discussions of the data, reasoning and analyses utilized in the valuation process; supporting documentation is retained in the appraiser's files. The depth of discussion is specific to the needs of the client, the City of Seattle, and for the intended use stated herein.

The report conforms to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include USPAP, as well as additional reporting requirements discussed. The aggregate conclusions presented are subject to specific assumptions and limiting conditions. The first estimate is of market value without the project and the second is with the project assumed completed as of the same date. The increase in value, if any, is the special benefit accruing to that parcel due to the project.

Recent sales of comparable commercial and multi-family residential land, together with local commercial and apartment lease rates, were researched. Supply and demand information, as well as vacancy rates and absorption costs pertaining to the local commercial and residential markets, were considered. Developers of some projects proposed (or underway) in the subject vicinity were interviewed to obtain (when possible) perspective on the LID project and its influence on property values.

The total estimated cost for the LID improvements is \$346 million; however, as of the date of this document, the City of Seattle has set a cap of \$160 million plus financing costs (\$175,500,000 total) as that portion of the total cost to be paid by the owners of property specially benefited by the project. Dividing \$175,500,000 by the total estimated special benefit to assessable property of \$447,908,000 yields a cost/benefit ratio of (R) 39.20%. In other words, each parcel receives one dollar in market value increase (special benefit) for



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
ITEMS FORMING THE BASIS OF RECOMMENDED FINAL ASSESSMENTS
WATERFRONT SEATTLE LID PROJECT

each \$0.39± of LID assessment. Multiplying the individual special benefit estimates for the affected parcels by this constant cost/benefit ratio results in recommended proportionate final assessments to each parcel.

Definition of Local Improvement District

An LID is a defined geographical area with a specific improvement of a public nature which provides a special benefit to the real property within its boundaries. The increase in market value of each ownership provides for a portion of the cost of improvements to be paid by the owners of the benefited property over a period of time, usually 10 to 20 years.

Date of Valuation

The effective date of the applicable land use regulations and valuation analysis contained in this report is October 1, 2019.

Purpose of the Analysis

The purpose of this study is to provide estimates of special benefit and assessments to all assessable parcels resulting from the City of Seattle LID improvement project as described herein.

Use of the Study

This study is intended for use by the client and their authorized representatives for internal purposes. It is a mass appraisal report prepared in accordance with the requirements set forth under "Standard 6: Mass Appraisal, Development and Reporting" of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute and, as such, utilizes limited appraisal valuation techniques.

Primary Phases of the Assignment

ABS Valuation was requested by the client to perform the following tasks:

1. Estimate special benefit and recommend final assessments to each parcel.
2. Prepare final recommended assessment rolls including map number, ownership, tax parcel number, site address, land area, brief improvements description, zoning, probable market value without the LID and probable market value with the LID assumed completed. The total estimated cost for the LID improvements is \$346 million; however, as of the date of this document, the City of Seattle has set a cap of \$160 million plus financing costs (\$175,500,000 total) as that portion of the total cost to be paid by the owners of property specially benefited by the project. Dividing \$175,500,000 by the total estimated special benefit to assessable property of \$447,908,000 yields a cost/benefit ratio of (R) 39.20%. In other words, each parcel receives one dollar in market value increase (special benefit) for each \$0.39± of LID assessment. Multiplying the individual special benefit estimates for the affected parcels by this constant cost/benefit ratio results in recommended proportionate final assessments to each parcel.
3. Prepare a final special benefit/proportionate assessment study report summarizing pertinent findings.



CITY OF SEATTLE - WATERFRONT SEATTLE PROJECT
 FINAL SPECIAL BENEFIT/PROPORTIONATE ASSESSMENT STUDY
 VALUATION ANALYSIS
 WATERFRONT SEATTLE LID PROJECT

Residential Condos & Associated Commercial - Total Estimated Market Value Without LID.....	\$ 5,036,188,000 (Rd)
All Other LID Commercial Properties - Total Estimated Market Value Without LID	<u>\$51,323,051,000 (Rd)</u>
Total Estimated Market Value Without LID	\$56,359,239,000 (Rd)
Residential Condos & Associated Commercial - Total Estimated Market Value With LID	\$ 5,097,699,000 (Rd)
All Other LID Commercial Properties - Total Estimated Market Value With LID	<u>\$51,709,448,000 (Rd)</u>
Total Estimated Market Value With LID	\$56,807,147,000 (Rd)
Residential Condos & Associated Commercial - Estimated Special Benefit	\$ 61,511,000 (Rd)
All Other LID Commercial Properties - Estimated Special Benefit.....	<u>\$ 386,397,000 (Rd)</u>
Total Estimated Special Benefit	\$ 447,908,000 (Rd)
Cost/Benefit Ratio	39.2% (Rd)

The total estimated cost for the LID improvements is \$346 million; however, as of the date of this document, the City of Seattle has set a cap of \$160 million plus financing costs (\$175,500,000 total) as that portion of the total cost to be paid by the owners of property specially benefited by the project. Dividing \$175,500,000 by the total estimated special benefit to assessable property of \$447,908,000 yields a cost/benefit ratio of (R) 39.20%. In other words, each parcel receives one dollar in market value increase (special benefit) for each \$0.39± of LID assessment. Multiplying the individual special benefit estimates for the affected parcels by this constant cost/benefit ratio results in recommended proportionate final assessments to each parcel.


[Sign Up](#)

1900 Alaskan Way #310
Seattle, WA 98121

City of Seattle Hearing Examiner
EXHIBIT

ADMITTED ☒
DENIED ☐

FILE# CWF-0 **354**

\$402,347

Redfin Estimate

690 Sq. Ft.

\$565 / Sq. Ft.

Built: 1997

Status: Sold

\$390,000

Sold Price

1

Bed

1

Bath



Street View

Listing provided courtesy of Windermere Real Estate/East. Sold by Keller Williams Rity Bellevue.

Is This Your Home?

Track this home's estimate
& nearby sales activity

EXHIBIT

ADMITTED ☒
DENIED ☐

FILE# CWF-0 398



I filed an objection as an individual owner of a condominium within the LID boundary, and as an HOA Board Member, I am also objecting on behalf of the many condo owners here today from my building Waterfront Landings Condominiums.

Waterfront Landings has a very unique location on the waterfront and within the LID boundary. On Alaskan Way, we were the only condominium west of the viaduct before it was removed. For twenty years we have had unobstructed waterfront views, great access to the Pike Place Market and to the waterfront.

One of the major projects funded by the LID, the Overlook Walk, actually gives our building significant detriments and loss of value rather than any "Special Benefit". The Overlook Walk, which will become the roof of the new Aquarium Pavilion, will block our view to the south, will decrease our accessibility to both the Pike Place Market and the Waterfront and will increase noise and nuisance factors.

Additionally the Pine/Elliott Street Connector road, that is fully a part of the waterfront project and is being built by SDOT, not WSDOT, will have significant negative impact on our building. This new, elevated roadway is being built in front of and alongside the south portion of our building. This elevated roadway will block views and access. This will have a negative effect on our building, which was not factored in by the assessor in determining the Special Benefit assigned to Waterfront Landings Condominiums.

As part of the waterfront project, the City has informed me they are going to plant 9 Tupelo trees in front of our building. These will block views and decrease values, not add any Special Benefit deemed to increase values.

We reached out to the City after the Preliminary Special Benefit Study was published to request a meeting to discuss the unique location of our building and the detriments that several aspects of the project have on us alone, but we received no response. (See letters attached). We also pointed out the error the appraiser made in describing our neighborhood by referring to a Waterfront Trolley that he described as very popular in the summer. That trolley stopped running 13 years ago. This error was not corrected in the Final Study, and neither were the errors in our assessments. It appears that the City is willing to accept a certain degree of error in their Study and their assessments, but as an individual I am not. And so I ask the Hearing Examiner to please correct the errors in the Special Benefit assessment that is levied on my building, Waterfront Landings Condominiums, to look at the circumstances of our unique location and to adjust our assessments to reflect the significant detriments that many aspects of this project have on us.

Mary Moreno
Waterfront Landings Condominiums
1900 Alaska Way
PIN 9195871350

RE•SOLVE

GIBBONS & RIELY, PLLC
Real Estate Appraisal, Counseling & Mediation
261 Madison Ave S, Suite 102
Bainbridge, WA 98110-2579

Anthony Gibbons, MAI, CRE
Direct Dial 206 909-1046
Email: agibbons@realestatesolve.com

April 3, 2019

Marshall Foster, Director
Office of the Waterfront
City of Seattle
Sent via email: marshall.foster@seattle.gov

RE: **Review of Waterfront LID SB Study**
Regarding Waterfront Landings Condominium
APN: 919587-XXXX; 2000 Alaskan Way)

Dear Mr. Foster:

Waterfront Landings Condominium HOA has requested I provide you with a brief analysis pertaining to the Waterfront Seattle Project ("WSP") Special Benefit Assessment¹ to the Waterfront Landings Condominium ("WLC"). We request that you provide this letter to Valbridge, for purposes of correcting apparently inadvertent errors and omissions in the WLC's special benefit assessment, that reflect a lack of individual and property specific analysis pertaining to WLC vis-à-vis other apparently benefitted property.

I am available to meet with the appraiser in person, and representatives from the HOA can be on hand to provide a tour of the complex. In turn we would hope that the city or Valbridge could provide us side-by-side before and after illustrations of the property and surrounds with and without WSP, as in our opinion, these will allow for a better appreciation of the unique circumstances of WLC as pertains to other apparently benefitted property.

This analysis confines itself to specific issues associated with the location of WLC at the northern end of the Waterfront Project, and its situation behind Overlook Walk. We have not delved into individual assessments, or the overall methodology or basis of the assessment in general.

WLC Situation.

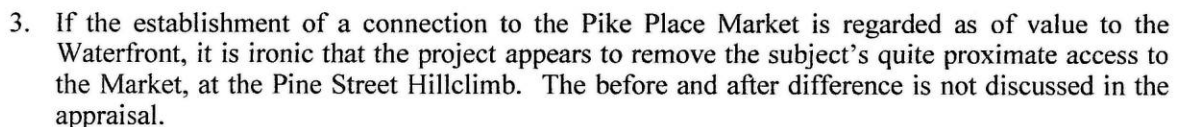
As will be noted from this image (taken from the appraisal), the situation of WLC is quite unique with respect to the Waterfront Project. There are several points to be made:

1. A significant proportion of the investment in the WSP relates to Overlook Walk, which is intended to provide a Pike Place Market connection that leads down into the waterfront



¹ As presented and contained within the Valbridge "Waterfront Seattle Project: Summary of Formation of Special Benefit/Proportional Assessment Study for Local Improvement District (LID) Project"

2. The divide provided created by the elevated Overlook Walk infrastructure is joined by the extension of Pine Street, which will extend around the north end of WLC, essentially creating pedestrian and view blockage between WLC and the balance of the waterfront. While Waterfront Seattle has apparently told WLC that this particular road project is not part of the LID (a perplexing assessment), the physical separation it will create is a fact nevertheless that must be considered in the appraisal, if not also the damages created – see below.



An aerial photograph of a city skyline, likely San Francisco, showing a large bridge spanning a body of water. The city is densely packed with buildings, and the water is a deep blue. The image is framed by a thin black border.

RE♦SOLVE

And if there are no park improvements adjacent to the complex, other than the backside of Overlook Walk (and the blank façade of the Pine Street connection), this should be considered in a re-evaluation of the level of assessment.

Final Comments.

The appraisal contains no analysis of these situational issues, and presuming they were neglected in this massive study, they should be brought to the attention of the city's appraiser. The assignment of Special Benefit to WLC at the highest level of any other condominium project appears inexplicable considering these issues, and contrary to logic. Even though there are three buildings, and multiple individual ownerships, the 3% assignment is applied to each condominium, regardless of positioning in the complex, elevation, or whether the individual unit has views of park improvements. The north building which is furthest removed, carries the same assessment as the south building. The assessment contrasts with lower assessments applied to other condominiums that are considered separated from the park improvements, and yet from a pure walking time standpoint, are closer to the park.

For example, the future center of the Promenade, at Columbia and Alaskan, is presently a 13-minute walk from the center of WLC complex. In contrast, Waterfront Place, with a lower 2.75% assessment is a 4-minute walk away. 66 Bell, which is 21 minutes away, just beyond the north end of WLC (which is 14 minutes from the Promenade), has a 0.5% assessment.

Finally, it must be noted that WFL is largely unique in its waterfront positioning, and low-rise design. The complex occupies three blocks, with the location and position of the northern building very different from that in the south. There are, and have always been, unimpeded views of the waterfront for west-facing units, and no intervening landscape that will require massive investment following the removal of the viaduct. If street trees block views, that will hardly be beneficial. Also, there are many different unit styles and orientations, some without any water views, making a blanket assessment clearly in error; for example, units on the south-side of the complex, adjacent to blank facades, will clearly have significantly inferior views in the after case.

Given these issues and comparisons, the application of a blanket special benefit to this property appears to have no reasonable basis, and moreover damages should be considered for the creation of blank facades that remove the subject's proximate Pike Place Market connection, serving to cut-off the project from the rest of the waterfront.

If I can be of further assistance, please do not hesitate to call.

Respectfully submitted,



Anthony Gibbons, MAI, CRE

Direct Phone (206) 447-2905
Direct Facsimile (206) 749-1915
pat.schneider@foster.com

April 15, 2019

Marshall Foster, Director
Office of the Waterfront
City of Seattle
Marshall.foster@seattle.gov

Re: The City's final Special Benefit Study and the Waterfront Landings
Condominiums

Dear Marshall:

This letter is a companion to the letter submitted to you by appraiser Anthony Gibbons on behalf of Waterfront Landings Condominiums ("WLC). I write to emphasize that there is no legal basis for the City's final Special Benefit Study to ignore, as does the preliminary Special Benefit Study, the *adverse impacts* of the Waterfront Seattle Project on the fair market value of the WLC.

Mr. Gibbons letter addresses the flaws in the Special Benefit Study's valuation of the units at the WLC. In particular, the massive structure that will support the extension of Pine Street to the waterfront will have a significant adverse effect on the fair market value of many units within WLC, and the City's preliminary Special Benefit Study pretends this adverse effect does not exist.

The City apparently attempts to justify its decision to disregard the adverse impacts of this structure because the City may be funding the structure from sources other than the LID itself. The Waterfront Seattle Project is a single project, however, and the extension of Pine Street is an integral part of the Project, as the City's own literature has recognized from the outset. A court will not countenance a Special Benefit Study that determines special benefit by considering only the aspects of a project that increase fair market value while ignoring the aspects of a project that diminish fair market value.

Whether there is *any* "special benefit" to the WLC must be determined by taking into account the fact that their "after" condition will include the extension of Pine Street to Alaskan Way. This massive structure immediately adjacent to WLC will block views and access and thus have a significant adverse impact on the fair market value of the WLC, while removal of the Viaduct will not increase fair market value because the Viaduct is landward of the WLC and therefore had no effect on views or access to begin with.

April 15, 2019

Page 2

I urge the City to prepare a final Special Benefit Study that does not manipulate fair market value by disregarding the adverse impacts of the Waterfront Seattle Project on the Waterfront Landings Condominiums.

Sincerely,

Patrick J. Schneider

Cc: Waterfront Landings Condominiums Board
Anthony Gibbons